TAKE-OFF IN
MYANMAR

SINGAPORE MYANMAR INVESTCO

Annual Report 2017

MISSION

To play an active and pioneering role in the modernization and growth of Myanmar.

VISION

To bring ground breaking international products and services to Myanmar to meet emerging consumer and development demand.

CONTENTS

CORPORATE PROFILE

Singapore Myanmar Investco Limited ("SMI") is an investment and management company focused on the high-growth emerging economy of Myanmar. SMI adopts a diversified business model to capitalize on the strong trends in consumer spending, international tourism and infrastructure investment.

Through this versatile platform, SMI continues to build businesses in Travel & Fashion Retail, Food & Beverage, Auto Services, Construction Services and Logistics / Supply Chain to solidify its position as a fast growing business in Myanmar.

Listed on the Main Board of the Singapore Stock Exchange, SMI has a highly capable and experienced management team with proven track record in finance, business development and emerging markets. With a strong reputation for partnerships and value creation, SMI continues to be a partner of choice in Myanmar for globally-recognized brands and companies.

FIVE CORE BUSINESS PILLARS OF SMI

TRAVEL & FASHION RETAIL
Duty-free travel retail stores and concepts at Yangon International Airport (including more than 30 international mono-brand stores) and new retail stores in the domestic market

FOOD & BEVERAGE
F&B franchises of well-known brands
Import and distribution of F&B products

AUTO SERVICES
Car rental and limousine services (sole franchisee of EUROPCAR in Myanmar)

CONSTRUCTION SERVICES
Distribution of heavy equipment for the construction industry (sole distributor of SANY in Myanmar)

LOGISTICS
Logistics and warehousing services (SMI-Senko JV)

OUR BUSINESS AND STRATEGIES

SMI has consolidated its business strategy around five core pillars

TRAVEL & FASHION RETAIL

6,700 square meters of innovative multi-sector and mono-brand duty-free retail has been opened at Yangon International Terminal 1

- A long term agreement with the airport has been signed by RGS, that has allowed SMI to introduce world class multi-category duty free supplied by DFS and also a wide range of international fashion and lifestyle brands most of which have not been present in Myanmar. These impressive developments have attracted the attention and interest of a number of leading real estate developers in the city of Yangon.

- 8 mono-brand stores have been opened, featuring brands that are present at the airport, in Junction City – the new upscale mall developed by the Shwe Taung Group, and SMI is in discussion with a number of other real estate developers for exciting new retail opportunities.

- SMI looks forward to the development of counters and stores for Shiseido, after having successfully signed a nation-wide agreement, in line with this leading cosmetics brand's global image and positioning.

- SMI will continue to look for other retail brands and concepts which it believes will fit the market opportunity in Myanmar and align with SMI's strengths, particularly its high quality international brand management capabilities.

FOOD & BEVERAGE

Growth in tourism will increase demand for F&B related businesses

- The primary focus for F&B is and will be the roll out of its F&B franchises. Coffee Bean and Tea Leaf has performed well in its airport locations. We have been very encouraged by the launch of Crystal Jade Kitchen at Junction City and the remarkable debut of Ippudo. SMI will actively look for new locations for these franchises as well consider any new franchise which can complement the already impressive portfolio. SMI is revamping its portfolio of fresh food, packaged foods and wines with a view to roll out this expanded portfolio in the near future. This initiative will initially be focused on hotels and international restaurants before broadening out into the retail consumer market in Myanmar.

- Tourism Ministry estimates that tourist volume will continue to increase significantly, leading to an increased demand for premium F&B products.

OUR BUSINESS AND STRATEGIES

AUTO SERVICES

Catering to strong demand for car rental services in Myanmar

- Following on from the signing of a master franchise agreement with Europcar, Auto has expanded this service across a wider customer base.

- Capitalising on Europcar being the only international car rental brand operating in Myanmar, Auto expects to develop this business strongly by taking advantage of its widening customer base and geographical reach.

- SMI is looking at new partnerships as some of the new 'ride-sharing' concepts are being tested in Myanmar.

- Growth is expected to be rapid as Europcar offers highly differentiated services in terms of well qualified drivers, excellent car maintenance and a trusted international brand name.

CONSTRUCTION SERVICES

Expansion of SANY's penetration of the Myanmar market

- Construction Services is strengthening its relationship with SANY, one of China's leading heavy equipment manufacturers. A strengthened management team and improved financing for our customers has led to good revenue growth in FY2017 and this is expected to continue in FY2018 and beyond.

- SANY already has a good market position in Cranes, Concrete equipment, Port Handling Machinery, Drilling Rigs, and SMI will continue to increase its market share in Road Machinery Excavators.

- With growing economic development in Myanmar and extensive infrastructure projects being planned, the country's construction sector is expected to grow rapidly.

- In FY2018, SMI will broaden its commercial sales model by offering products for sale ex-factory, from stock in Yangon and SMI will look to develop the appropriate servicing and maintenance facilities which should boost spare parts sales to the large and growing population of SANY machines in Myanmar.

OUR BUSINESS AND STRATEGIES

LOGISTICS

Expansion of logistics and warehousing services in Myanmar

- SMI has been delighted that its joint venture with Senko, a major logistics group listed on the Japanese Stock Exchange, has got off to such a promising start. Customers' reaction to the provision of first class cold, cool and dry storage have been excellent and the business is operating at close to 100% of its capacity. A property search has already been initiated with a leading real estate consultancy for a second site in Yangon.

- Supported by state-of-the-art Japanese technology, the vision for this business is a network of warehouses across Myanmar in key locations providing international standard logistics including trucking and other transport related services.

OTHER BUSINESSES

SERVICED OFFICES

Occupancy rates continue to rise

TELECOM TOWERS

Selective expansion of towers

- SMI has a joint venture with Arcc Offices, a Singapore based serviced office provider who manages the largest serviced office space (1,500 square meters) in Yangon with modern facilities and business-friendly fit-out interiors within a convenient mid-town location.
- Occupancy continue to rise as more international businesses develop an entry strategy for Myanmar

- SMI's subsidiary Myanmar Infrastructure Group Pte. Ltd. ("MIG") and its wholly owned subsidiary TPR Myanmar Limited ("TPR") have partnered with mobile network operator, Ooredoo Myanmar Limited ("OML"), for the construction of 500 telecommunications towers across Myanmar.
- The Group has completed the construction of almost 100 towers for OML and has been successful in achieving co-lease up on more than half.
- Suitable selective expansion opportunities will be considered.
- The country's demand for towers is high; over 12,000 completed towers to date, more towers still needed

CHAIRMAN'S STATEMENT

"Our trailblazing journey in Myanmar was not without its challenges but there are positive sentiment that we are on the cusp of major advances in Myanmar with strong growth potential."

"According to a World Bank report issued on January 30, 2017, Myanmar's economy will grow an average of 7.1 percent per year in the next three years."

DEAR SHAREHOLDERS,

A year has passed and I am pleased to share that Singapore Myanmar Investco Limited ("SMI" and together with our subsidiaries, the "Group") has made further business progress in Myanmar and we are now moving onwards to various elements of organic growth with our diversified business portfolio in this last frontier market in Asia.

According to a World Bank report issued on January 30, 2017, Myanmar's economy will grow an average of 7.1 percent per year in the next three years.

The landscape in Myanmar was very different when we began our transformation in 2013 but our objective for the Group remains the same: to build a diversified business model to capitalize on the strong trends in consumer spending, international tourism and infrastructure investment in this frontier market.

Our trailblazing journey in Myanmar was not without its challenges but our Group's President and CEO, Mr Mark Bedingham, has been tireless in spearheading our business strategies in Myanmar and putting the right people in place to achieve our business goals.

We have since established a strong foundation in Myanmar with five core business pillars that have one or more of the following attributes: leadership position, early mover advantage, monopoly position.

From the encouraging results shown in our portfolio of businesses so far, there are positive sentiment that we are on the cusp of major advances in Myanmar with strong growth potential.

Our aim is not just to put SMI onto the next expansion phase but to make it possible for each of our people to realize their true potential and make a significant contribution to the ecosystem in Myanmar. In doing so, we can chart new growth horizons and deliver long-term value to our stakeholders.

Long-Term Value Creation in Myanmar

While we continue to invest our time and resources in expanding our core business pillars in Myanmar to harness future opportunities, we are also focused on further improving the financial performance of our portfolio businesses.

More details of our financial performance for the financial year ended 31 March 2017 (“FY2017”) can be found in this annual report.

Notably, we have successfully completed our share placement exercise in November 2016 and our shareholder base has expanded significantly with the net proceeds of approximately S$16.5 million used to strengthen the Group’s balance sheet and expand our business endeavours in Myanmar.

A Note of Thanks & Appreciation

On behalf of the Board of Directors, I want to thank our staff for their outstanding efforts towards our business progress in Myanmar over the past one year. Our achievements outlined in this annual report would not have been possible without their commitment and dedication. I would particularly like to welcome all those who have joined SMI and share our passion in Myanmar.

In addition, I would like to thank all my fellow Directors for their incisive contributions as we continue our efforts on positioning the Group for future growth in Myanmar.

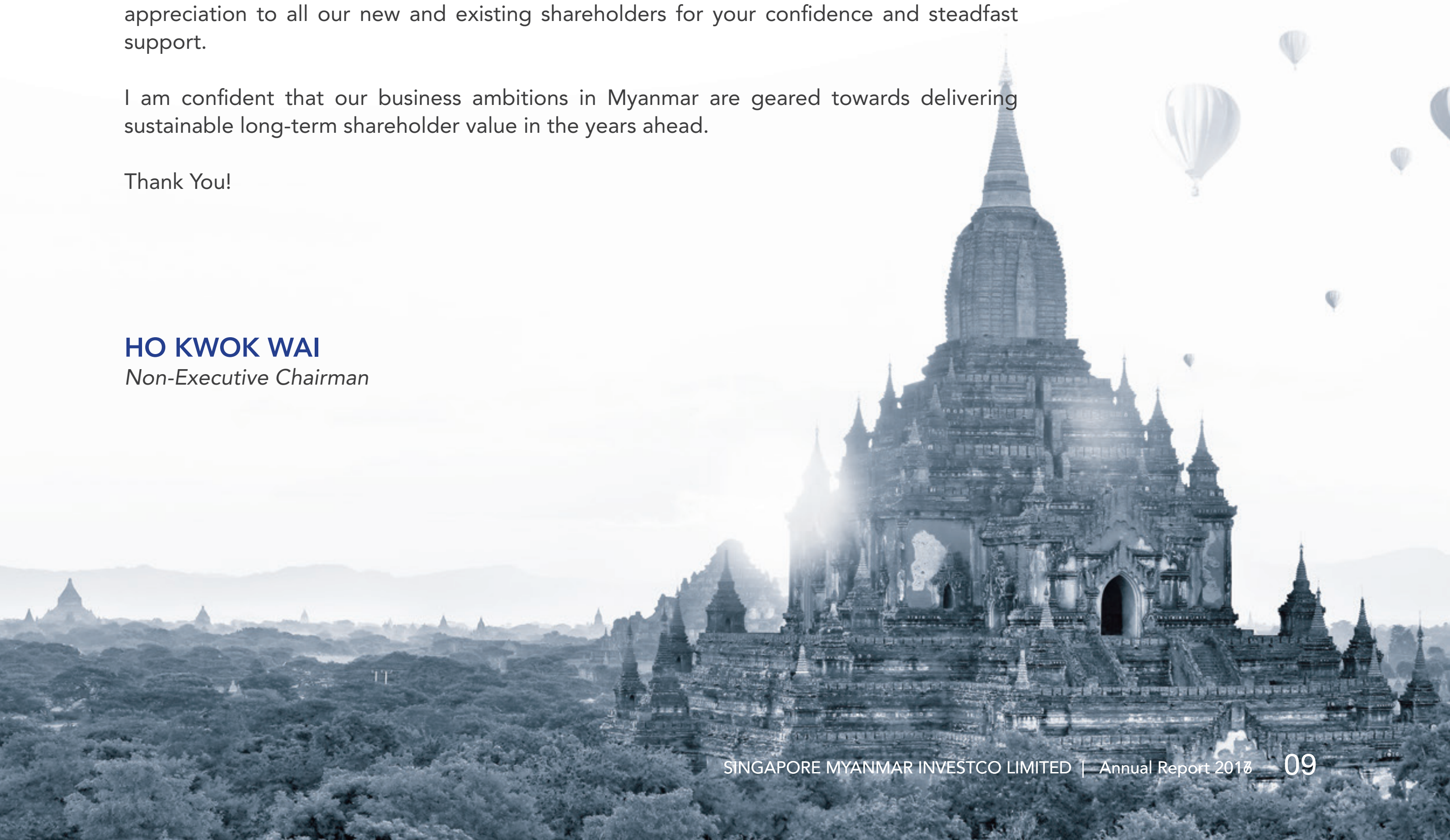
Last but not least, on behalf of the Board of Directors, I wish to express our sincere appreciation to all our new and existing shareholders for your confidence and steadfast support.

I am confident that our business ambitions in Myanmar are geared towards delivering sustainable long-term shareholder value in the years ahead.

Thank You!

HO KWOK WAI
Non-Executive Chairman

“...our shareholder base has expanded significantly with the net proceeds of approximately S$16.5 million used to strengthen the Group’s balance sheet and expand our business endeavours in Myanmar.”



CEO'S MESSAGE

"We have been able to introduce several international brands that we work with at the airport into Junction City and nearly all of these retail stores have been opened by the end of April 2017."

DEAR SHAREHOLDERS,

Over the recent years, SMI has developed a growing portfolio of high-growth consumer-related and infrastructure-related business enterprises in Myanmar and I am pleased to share the Group's latest corporate highlights here.

SMI's duty-free travel and fashion retail business started its retail presence with the completion of the duty-free and travel retail fashion and lifestyle stores in the new Yangon International Airport ("YIA") Terminal One ("T1") by September 2016, after being awarded more than 6,700 square metres of commercial space. The initial results of its retail operations at YIA are encouraging although it will take time for the new terminal to reach traffic flows at projected levels.

We have received much positive feedback from passengers and the airport management company on the quality of the duty-free and travel retail stores that we have created and this initial success has been widely noticed in the city itself.

Notably, we have used our relationship with DFS to supply a comprehensive portfolio of international wines & spirits and beauty brands for both departures and arrivals at YIA and have introduced more than 30 international fashion and lifestyle brands to create an outstanding retail experience for this very modern, newly-built terminal. This new terminal has dramatically increased the capacity of YIA to meet the expected rapid rise in international travellers; for business, for tourism and for Myanmar nationals who are also starting to travel overseas in greater numbers. This new terminal is already scheduled for further expansion and this will undoubtedly create new opportunities for SMI in travel retail at the airport.

A number of mall owners and developers in Myanmar are seeing SMI as a highly desirable partner and we have been pleased to work with Junction City – a new integrated upscale development in downtown Yangon. We have been able to introduce several international brands that we work with at the airport into Junction City and nearly all of these retail stores have been opened by the end of April 2017.

We have also been fortunate enough to sign an exclusive distribution agreement with Shiseido Asia Pacific, one of the world's leading cosmetic houses, in February 2017 and the first Shiseido flagship counter in Myanmar will be opening in Junction City by mid year 2017.

F&B Franchise started off with the successful opening of two Coffee Bean and Tea Leaf outlets at T1 at YIA and we just recently opened another store at the new domestic terminal (T3). The first Crystal Jade Kitchen was successfully opened at the airport and this has been swiftly followed by another Crystal Jade Kitchen at Junction City, in which opened in April together with the much anticipated Ippudo ramen restaurant.

F&B Distribution is in the process of revamping its portfolio of fresh food, packaged food brands and wines managed as a joint venture with Quarto Products Pte. Ltd. The acquisition of a rare wine license in Myanmar by the Group is expected to enhance the Group's market position in the growing international food and beverage market in Myanmar.

Auto started its franchise operations for Europcar in May 2015 and it has grown rapidly with over 160 cars in its fleet. Further expansion of this business segment has been hampered by restrictions on car imports but we have been resourceful in sourcing cars from the growing number of car brands locally assembled. Its portfolio of clients includes top international corporations, international hotel groups and airlines. With our Europcar operations in Myanmar, SMI Auto is the first international car rental brand marked by high levels of service, international insurance and well-trained local drivers.

Construction Services, the exclusive dealer for SANY, China's leading construction equipment manufacturer in Myanmar, have seen significant growth in FY2017. An increasingly strong relationship with the manufacturer and a strengthened management team have boosted sales with more infrastructure and real estate projects coming on stream in Myanmar. In addition, we have invested time to put in place a broader business model with improved financial packages and options for our customers.

Logistics is a joint venture signed with one of Japan's leading logistics companies, Senko. A modern warehouse has been designed and built, incorporating cold and chill storage facilities. The initial market reaction has been extremely positive and this bodes well for our future proposed expansion in this market segment.

Serviced Offices occupancy rates continue to rise as more international businesses develop an entry strategy for Myanmar.

Telecom Towers started the construction of its tower contract with Ooredoo on schedule from 1st July 2015. Almost 100 towers have been completed and nearly 50% of these towers have a co-lease up with some of the Mobile Network Operators in the country. However, after a strategic review, SMI's management and its Board of Directors have decided that this business would benefit from higher levels of capital investment to build a stronger market position and so we have been willing to listen to offers that we have received for this business.

Separately, a decision has been made to exit the telecom equipment services segment and a notice of non-renewal of the distribution contract has been given to the supplier.

Steps have been taken during FY2017 to put in place a comprehensive Enterprise Resource Planning, accounting and human resource set of systems with full implementation expected in FY2018.

Another testament of our vision in Myanmar, we have been heartened by the positive investors' reaction to the successful share placement exercise led by a major Singapore-based bank in November 2016.

Moving Ahead

With a growing relationship with domestic and international financial institutions as well as the improved global investor sentiment towards Myanmar, SMI will continue to keep its focus on consumer-related and business-related products and services, whilst looking to strengthen the range and depth of our five core business pillars in Myanmar.

MARK BEDINGHAM
President and Chief Executive Officer

CORPORATE HIGHLIGHTS

JULY 2014
Joint Venture With ARCC Offices To Provide Serviced Offices

MAY 2015
Signs Construction And Lease Agreement With Ooredoo For 500 Telecom Towers

MAY 2015
SMI Starts Europcar Operations In Myanmar

MAY 2016
SMI Signs Franchise Agreement To Bring Established Chinese Restaurant Group, Crystal Jade, To Myanmar

JUL 2016
Popular Ramen Restaurant, Ippudo, To Launch In Myanmar With SMI

SEPT 2016
Starts Duty-Free Retail Operations In YIA New Terminal

OCT 2016
SMI & SENKO Opens New Modern Warehouse And Provides Logistics And Warehouse Services

NOV 2016
Successful Completion Of Share Placement Exercise With Net Proceeds Of Approximately S$16.5 Million

FEB 2017
Signs 3-Year Exclusive Distribution Agreement With Shiseido Asia Pacific

APR 2017
Starts New Retail Brands And F&B Concepts In Junction City, Yangon

BOARD OF DIRECTORS

HO KWOK WAI

Mr. Ho was re-designated from Chairman of the Board and Executive Director of the Company to Non-Executive Chairman of the Board and Non-Executive Director on 23 January 2015. He is primarily responsible for spearheading the Group's corporate directions and strategies. Mr. Ho has more than 20 years of experience in the investment banking industry with a focus on mergers, acquisitions and capital raisings. He graduated from the Hong Kong Polytechnic University with a major in Management Accountancy.

MARK FRANCIS BEDINGHAM

Mr. Bedingham is our Executive Director, President and CEO and he was appointed on 23 January 2015. He is responsible for the Group's corporate plans, policies and business development as well as the general management of the Group's operations. He began his career with Jardine Matheson and held positions with various key divisions in Hong Kong, Malaysia and Japan before being appointed as a Director of Jardine Pacific. He joined LVMH Moët Hennessy • Louis Vuitton S.A. ("Moet Hennessy"), based in Hong Kong, in the mid-1990s as the Regional Managing Director of Asia Pacific. Spearheading the development of Moet Hennessy's business in China, he succeeded in growing the Chinese market into Moet Hennessy's largest global market. During his tenure, he also led an expansion of new subsidiaries in emerging markets across South East Asia, as well as Australia and New Zealand. Under his management, the Asia Pacific region became the largest contributor to Moet Hennessy's global business activities. Mr. Bedingham has also served, for nearly seven years, on the board of DFS, the world's largest travel retailer, and he is also a member of the Strategic Advisory Board of L Capital. During his time in Japan, he was appointed as a member of the Japanese Prime Minister's Administrative Reform Council and he was also elected as Chairman of the European Business Council in Japan. He graduated with a Master's degree in Agricultural and Forest Sciences from the School of Biological Sciences of Oxford University.

FONG SING CHAK JACK

Mr. Fong was redesignated as an Independent Director of our Group on 27 June 2016. He is currently the sole proprietor of Messrs. Jack Fong & Co., a law firm in Hong Kong and has more than 20 years of experience in legal practice. He holds a Bachelor of Laws (Hons) Degree and a Post Graduate Certificate in Laws from the University of Hong Kong. Mr. Fong is a Notary Public.

WONG YEN SIANG

Mr. Wong is an Independent Director of our Group and was appointed on 15 July 2005. He is the Lead Independent Director and Chairman of our Audit Committee. He holds a Bachelor of Commerce degree from the Nanyang University in Singapore and he started his career with a local bank. In his 21 years with the bank, he worked in various areas of responsibilities covering credit and marketing functions before pursuing new commercial opportunities in the automobile and engineering industries.

WEE SUNG LENG

Mr. Wee is an Independent Director of our Group and was appointed on 6 November 2013. He chairs our Remuneration and Nominating Committees. With more than 18 years of experience in the finance and banking sector from credit & marketing, corporate banking and investment banking. Mr. Wee has been actively involved in the origination, due diligence and execution of corporate finance transactions such as initial public offerings, reverse take-overs, share placements and rights issues and has been involved as independent financial advisors to listed companies in interested persons, delisting and general offer transactions. He holds a Bachelor of Accountancy Degree from the National University of Singapore.

KEY MANAGEMENT

ALAN LO
SVP Corporate Development

Appointed in October 2014, Alan is our Senior Vice President, Corporate Development and he is responsibe for the Group's corporate affairs and expanding our strategic business alliances. Working at various well-known financial institutions in Singapore and Hong Kong (including Maybank Kim Eng Securities Pte Ltd, Deutsche Securities Asia Limited, Morgan Stanley Asia Limited among others), Alan has accumulated more than 20 years of capital markets experience and corporate finance-related knowledge.

Alan holds a Master of Business Administration from the Columbia Business School in New York, NY, USA. During his course of studies at Columbia Business School, he was in the Dean's List as well as the Beta Gamma Sigma for his outstanding academic achievments. Alan also obtained a Bachelor in Electrical Engineering (cum laude) from Yale University CT, USA.

LUCY CHER
Finance Director

Appointed in November 2015, Lucy is our Finance Director and is responsible for the Group's accounting, finance, tax, and compliance. She is a Chartered Accountant and a finance professional with more than 25 years experience across Asia Pacific covering audit, accounting, sales financing, credit management, treasury, forecasting and controls. She worked in Caterpillar, Aegion Corporation, PriceWaterHouse Singapore and was the Group CFO for New Toyo International Holdings Limited prior to joining SMI.

Lucy gained her Six Sigma and Lean certification and experience during Caterpillar and uses it effectively to improve processes and increase profits. She is a Chartered Accountant with the Institute of Chartered Accountants of England and Wales (ICAEW) and the Institute of Singapore Chartered Accountants (ISCA). She holds a Masters of Applied Finance from Macquarie University in Sydney, Australia and a Bachelor of Accountancy from the National University of Singapore.

JOHN PIKE
General Counsel

John has been our General Counsel since May 2015 and is responsible for the Group's legal and regulatory affairs. He graduated with a Masters degree in economics from Oxford university and a diploma in Law from the London college of law. He also hold qualifications in mediation and arbitration. He has had a 15 year career in American, Japanese and German banks, as well as careers in law, investment management, shipping, development and agriculture, working in London, Tokyo, Frankfurt and Phnom Penh.

He worked with the Citibank group and in Tokyo was active in trade and project finance transactions including developing ship finance in various jurisdictions. As director of global economic Investment research at Commerzbank heading a team of 60 specialists he advised on the investment of US$140bn. John qualified as a barrister and was called to the London bar in 2003 where he practised for 7 years out of Lincoln's Inn, specialising in contract, commercial law, and fraud cases. He has published academically on competition law and is a leading authority on anti-trust issues in UK law as well as having experience in contract and war crimes law in Cambodia.

KEY OPERATIONAL MANAGERS

Vee Chockalingam
Director - Domestic Retail

Satheeishwaran Subramaniam
Director - Operations (Retail)

Tun Tun Latt
Director - Corporate Affairs and Government Relations

Shuji Hotta
Director - Logistics

Crystal Win
Director - HR

Andrew Guilfoyle
Director - National Retail (Travel and Domestic)

Adrian Lau
Director - Construction Services

James Richmond
Director - F&B & Auto

GROUP STRUCTURE

SMI SINGAPORE MYANMAR INVESTCO

Ownership	Business	Singapore Subsidiaries	Myanmar Subsidiaries
100%	AIRPORT DUTY FREE & DOMESTIC RETAIL	SMI RETAIL PTE. LTD.	SMIRS MYANMAR LTD
100%	FOOD & BEVERAGE FRANCHISING	SMI F&B PTE. LTD.	SMI FOOD CONCEPTS LTD
60%	FOOD & BEVERAGE DISTRIBUTION	SMI F&B MM PTE. LTD.	SMIFB LTD
100%	AUTO SERVICES	SMI AUTO SERVICES PTE. LTD.	SMI RENTAL SERVICES MM LTD
100%	CONSTRUCTION SERVICES	SMI CONSTRUCTION SERVICES PTE. LTD.	
50%	LOGISTICS	SMI-SENKO LOGISTICS PTE. LTD.	SENKO-SMI MYANMAR CO LTD
65%	SERVICED OFFICES	KINNAYA PTE. LTD.	YGN KINNAYA PTE LTD
97%	TELECOM TOWERS	MYANMAR INFRASTRUCTURE GROUP PTE. LTD.	TPR MYANMAR LTD

● Singapore Subsidiaries ● Myanmar Subsidiaries

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Singapore Myanmar Investco Limited (the "Company", and together with its subsidiaries, the "Group") is committed to comply with the principles of the Code of Corporate Governance 2012 (the "Code"). The Company believes that good corporate governance is essential in building a sound corporation with an ethical environment, thereby protecting the interests of all shareholders. This Corporate Governance Report sets out the Company's corporate governance practices. The Board confirms that, for the financial year ended 31 March 2017 ("FY2017"), the Company has generally adhered to the principles and guidelines set out in the Code, except where otherwise stated. Where there have been deviations from the Code, the Company has sought to provide an appropriate explanation for each deviation in this Corporate Governance Report. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time, to ensure compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

BOARD MATTERS

Principle 1: Board's Conduct of Affairs

The primary function of the Board is to provide effective leadership and direction to enhance the long term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group, approves the Group's business strategies and financial objectives, major investment and funding decisions. It also monitors and evaluates the Group's operations and financial performance by establishing goals for Management and monitoring the achievement of these goals. It is responsible for the overall corporate governance of the Group.

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group.

Board approval

Matters that require the Board's decision or approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- capital structure and funding decisions of the Group;
- nominations of Directors for appointment to the Board and appointment of the Group CEO;
- announcement of half-year and full-year results, the annual report and accounts;
- material acquisitions and disposal of assets;
- all matters of strategic importance;
- corporate governance; and
- interested person transactions.

Apart from the matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management so as to optimize operational efficiency.

Delegation of the Board

Three Committees have been established to assist the Board in discharging its duties and responsibilities and to enhance the Group's corporate governance framework. The Committees include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). The Board also delegates certain of its functions to these Committees, which would make recommendations to the Board. These Committees, which operate within clearly defined terms of reference, play an important role in ensuring good corporate governance in the Company and within the Group. These terms of reference are reviewed on a regular basis to ensure their continued relevance. The Board accepts that while these various board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Key features of board processes

Two scheduled Board meetings are conducted in a year to review the financial performance and to update the Board on significant business activities and overall business environment. In addition to the scheduled meetings, the Board also holds ad-hoc meetings as and when required to address any significant issues that may arise.

The Constitution of the Company (the "Constitution") allow board meetings to be conducted by means of telephone conference, or other methods of simultaneous communication by electronic or other communication facilities. When a physical board meeting is not possible, the Board can communicate through electronic means or via circulation of written resolutions for approval.

The details of the number of Board meetings and board committees held in the year as well as the attendance of each board member at those meetings are disclosed below.

Directors' attendance at Board and board committee meetings in FY2017

Types of Meetings / Directors	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of Meetings held	3	2	1	1
Ho Kwok Wai	3	n.a.	n.a.	n.a.
Fong Sing Chak Jack	3	2	1	1
Wong Yen Siang	3	2	1	1
Wee Sung Leng	3	2	1	1
Mark Francis Bedingham	3	n.a.	n.a.	n.a.

n.a. – not a member

Induction and training of Directors

Directors are updated regularly by the Company Secretary on the amendments and requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") and other statutory and regulatory changes which have an important bearing on the Company and the Directors' obligations to the Company, from time to time. Such new releases issued which are relevant to the Directors are circulated to the Board.

Newly appointed Directors are briefed by the Management on the business activities of the Group and its strategic directions. There are also orientation programs tailored to familiarise newly appointed Directors with the role and responsibilities of a Director of a public company in Singapore. First-time Directors will be provided training in areas such as accounting, legal and industry-specific knowledge as may be appropriate.

Upon the appointment of a new Director, the Company would issue a formal letter of appointment setting out the statutory and other duties and obligations of the Director.

All Directors are encouraged to keep themselves updated on changes to the financial, legal and regulatory as well as corporate governance requirements, framework and the business environment through reading relevant literature and attending appropriate seminars and courses conducted by bodies such as SGX-ST and Singapore Institute of Directors ("SID").

Principle 2: Board Composition and Guidance

Board size and board composition

The Board comprises five Directors, three of whom are Independent Directors. The Directors at the date of this report are as follows:–

Name of Directors	Board of Directors	Date of Appointment	Date of last re-election	Audit Committee	Nominating Committee	Remuneration Committee	Present Directorships in other Listed Companies
Ho Kwok Wai	Non-Executive Director and Chairman	6 November 2013	29 July 2015	–	–	–	Nil
Mark Francis Bedingham	Executive Director, President and Chief Executive Officer	23 January 2015	29 July 2015	–	–	–	Nil
Wong Yen Siang	Lead Independent Director	15 July 2005	29 July 2015	Chairman	Member	Member	Nil
Wee Sung Leng	Independent Director	6 November 2013	26 July 2016	Member	Chairman	Chairman	Nil
Fong Sing Chak Jack	Independent Director	6 November 2013	26 July 2016	Member	Member	Member	Nil

Each year, the NC reviews the size and composition of the Board and board committees and the skills and core competencies of its members to ensure an appropriate balance of skills and experience. These competencies include banking, accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The NC believes that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective of issues that are brought before the Board; and no individual or small group of individuals dominates the Board's decision-making process. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group's businesses and the number of board committees, the Board considers a board size of between five to six members as appropriate. The Board believes that the current composition and size provides sufficient diversity without interfering with efficient decision-making. The Directors' academic and professional qualifications are presented in pages 14 to 15 of the Annual Report.

Directors' independence review

Director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company which could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Group, is considered to be independent.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent, bearing in mind the Guidelines set forth in the Code and any other salient factor which would render a director to be deemed not independent. For the purpose of determining directors' independence, every Director has provided declaration of their independence which is deliberated upon by the NC and the Board.

After taking into account the views of the NC, the Board considers that the following Directors are regarded as Non-Independent Directors of the Company:

Name of Directors	Reasons for non-independence
Ho Kwok Wai	Mr Ho Kwok Wai is deemed not independent as he holds more than 10% of the Company's voting shares.
Mark Francis Bedingham	As President and CEO of the Group, Mr Mark Francis Bedingham is employed by the Group.

Save for the abovementioned Directors, all the other Directors on the Board are considered by the NC and the Board to be Independent Directors.

The Board also recognizes that independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. When there are such directors, the Board will do a rigorous review of their continuing contribution and independence and may exercise its discretion to extend the tenures of these directors. Presently, Mr Wong Yen Siang has served on the Board for more than nine years from the date of his first appointment in 2005. The Board has subject his independence to a particularly rigorous review.

Taking into account the views of the NC, the Board concurs that Mr Wong Yen Siang continues to demonstrate strong independence in character and judgement in the discharge of his responsibilities as a Director of the Company. He has continued to express his individual viewpoints, debated issues and objectively scrutinized and challenged Management. He has sought clarification as he required, including through direct access to the Group's employees.

Further, there has been a significant change in the Board with the appointment of Mr Ho Kwok Wai as the Chairman in 2013 and Mr Mark Francis Bedingham as President and CEO in 2015. In addition, there has been significant change to the ownership of the Company and change in the businesses of the Group. After taking into account these factors, the Board has determined Mr Wong Yen Siang continues to be considered an Independent Director, notwithstanding he has served on the Board for more than nine years from the date of his first appointment.

The Independent Directors make up more than half of the Board, which meets the requirements set out in the Code. This provides a strong and independent element on the Board. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined.

Role of the Non-Executive Director

The Board and Management fully appreciate that an effective and robust Board whose members engage in open and constructive debate, and challenge Management on its assumptions and proposals is fundamental to good corporate governance. The Board should also aid in the development of strategic proposals and oversee effective implementation by Management to achieve set objectives.

For this to happen, the Board in particular the non-executive directors ("NEDs"), must be kept well informed of the Group's businesses and be knowledgeable about the industry the Group operates in.

To ensure that NEDs are well supported by accurate, complete and timely information, NEDs have unrestricted access to Management. In addition, the NEDs meet as necessary to review and discuss matters such as board processes, corporate governance initiatives, succession planning, leadership development and other issues of concern.

Principle 3: Chairman and Chief Executive Officer

The Chairman and CEO functions in the Company are assumed by different individuals. The Chairman, Mr Ho Kwok Wai, is a Non-Executive Director, while the CEO, Mr Mark Francis Bedingham is an Executive Director.

There is a clear division of responsibilities between the Chairman and CEO, which ensures a balance of power and authority at the top of the Company.

The Non-Executive Chairman ensures that board meetings are held when necessary and sets the board meeting agenda with the assistance of the Company Secretary and in consultation with the CEO. The Chairman ensures that the board members are provided with complete, adequate and timely information in compliance with the Code and there is effective communication within the Board and within the shareholders.

The Board has delegated the daily operations of the Group to the CEO. The CEO leads the Management team and formulates the Group's strategic directions and expansion plans, executes the strategic plan, reviews the performance of its existing businesses and manage the Group's overall business development to achieve the goal set out by the Board. He ensures that the Directors are kept updated and informed of the Group's business.

As the Chairman is not an independent director, the Board has appointed Mr Wong Yen Siang to act as the Lead Independent Director. Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman or CEO has failed to provide satisfactory resolution, or when such contact is inappropriate. All the Independent Directors, including the Lead Independent Director, meet at least annually without the presence of other executive and non-independent directors to discuss matters of significance which are then reported to the Chairman accordingly.

Principle 4: Board Membership

The NC comprises the following three members, all of whom are Independent Non-Executive Directors:

1. Mr Wee Sung Leng (NC Chairman)
2. Mr Wong Yen Siang
3. Mr Fong Sing Chak Jack

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all board appointments and re-appointments. The key terms of reference of the NC include the following:–

a. review and recommend the nominations for the appointment or re-appointment of Directors having regard to the composition and progressive renewal of the Board, each Director's qualifications, competencies, commitment, contribution and performance, the number of other listed company board representations;

b. review the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company, the core competencies of the Directors as a group and make recommendations to the Board with regards to any adjustments that may be deemed necessary;

c. review board succession plan for Directors, in particular for the Chairman of the Board and CEO;

d. determine on an annual basis whether or not a Director is independent;

e. assess the performance of the Board and contribution of each Director to the effectiveness of the Board as a whole; and

f. recommend to the Board comprehensive induction training programmes for new directors and reviewing training and professional development programs for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks.

Directors' independence review

The task of assessing the independence of Directors is delegated to the NC. The NC reviews the independence of each Director annually and as and when circumstances require. It has used its best efforts to ensure that Directors appointed to the Board possess the experience and knowledge, business, finance and management skills necessary to our businesses and each Director, through his contributions, brings to the Board an independent and objective perspective to enable a balanced and well-considered decisions to be made.

Annually, each Independent Director is required to complete a Director's Independence Checklist ("Checklist") to confirm his independence. The Checklist is drawn up based on the guidelines provided in the Code.

Each Independent Director must also confirm in the Checklist whether he considers himself independent despite not having any relationships identified in the Code. Thereafter, the NC reviews the Checklist completed by each Independent Director, assess the independence of the Directors and recommends its assessment to the Board.

The Board, after taking into account the views of the NC, determined that with the exception of Mr Mark Francis Bedingham and Mr Ho Kwok Wai, all the other three Non-Executive Directors are independent.

Directors' time commitments and multiple directorships

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The Board does not prescribe a maximum number of listed company board representations which any director with multiple board representations may hold and in lieu wishes to review the matter on a case by case basis taking into account the ability and performance of each director in his performance and discharge of duties and responsibilities.

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of the Company.

The NC takes into account the results of the assessment of the effectiveness of the individual Director and the respective Directors' actual conduct on the Board, in making this determination. In respect of FY2017, the NC was of the view that each Director has discharged his duties adequately.

Currently, there is no alternate Director on the board.

Process for selection and appointment of new Directors

The NC has put in place a formal process for the selection of new directors to increase transparency of the nomination process in identifying and evaluating nominees for directors of the Company. The NC leads the process as follows:

a. NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and the key attributes that an incoming director should have.

b. After endorsement by the Board of the key attributes, the NC taps on the resources of directors' personal contacts and recommendations of the potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed in the search process.

c. NC meets with the shortlisted candidate to assess suitability and to ensure that the candidate is aware of the expectations and the level of commitment required.

d. NC recommends the most suitable candidate to the Board for appointment as director. They are appointed by way of Board resolutions of the Company.

Process for re-appointment of Directors

The NC is responsible for re-appointment of Directors. In its deliberations on the re-appointment of existing Directors, the NC takes into consideration the Director's contribution and performance (including his contribution and performance as an Independent Director, if applicable).

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 91 of the Company's Constitution provides that one third of the directors shall retire from office by rotation and be subject to re-appointment at the Company's annual general meeting ("AGM").

In addition, Article 97 of the Company's Constitution provides that a newly appointed director during the financial year must retire and submit himself for re-appointment at the next AGM following his appointment. Thereafter, he is subject to be re-appointed at least once every three years.

The NC has reviewed and recommended the re-election of the following Directors who will be retiring pursuant to the Company's Constitution at the forthcoming AGM to be held on 25 July 2017:

- Mr Wong Yen Siang (retiring pursuant to Article 91)
- Mr Mark Francis Bedingham (retiring pursuant to Article 91)

The Board has accepted the recommendations and the retiring Directors will be offering themselves for re-election at the forthcoming AGM.

The NC also assessed and reviewed the independence of the Independent Directors, namely Mr Wong Yen Siang, Mr Wee Sung Leng and Mr Fong Sing Chak Jack based on the guidelines set out in the Code. The Board, with the concurrence of the NC, concludes that Mr Wong Yen Siang, Mr Wee Sung Leng and Mr Fong Sing Chak Jack remain independent.

The information relating to the date of last election of the Directors are set out under 'Principle 2' on page 22.

Key information regarding the Directors are set out under the section of 'Board of Directors' on pages 14 to 15 of this Annual Report.

Principle 5: Board Performance

The Board has implemented a process carried out by the NC for assessing the performance and effectiveness of the Board as a whole, its board committees and the contribution by each director to the effectiveness of the Board on an annual basis.

During FY2017, the Board engaged the Company Secretary to facilitate the evaluation of the Board and board committees, as well as the contributions by each Director.

The Board believes that such arrangement not only encourages Directors to be more candid in their evaluation of the Board performance but also enhances the objectivity and transparency of the evaluation process.

Evaluation process

The NC Chairman, in conjunction with the Chairman of the Board, conducts an annual assessment of the effectiveness of the Board as a whole, effectiveness of its board committees and the contribution by each individual Director. There are three components to this assessment:

a. Self assessment;
b. Board assessment; and
c. Peer evaluations.

The performance evaluation process begins with an annual meeting between the NC Chairman and the Company Secretary on the evaluation framework to ensure that areas of particular interest and key issues are focused on.

The Company Secretary sends out a customized Board Evaluation Questionnaire ("Questionnaire") to each Director for completion. Each Director is required to complete the Questionnaire and send the Questionnaire directly to the Company Secretary. Based on the returns from each of the Directors, the Company Secretary prepares a consolidated report and briefs the NC Chairman and the Chairman of the Board on the report. Thereafter, the Company Secretary presents the report for discussion at a meeting with all the Directors, chaired by the NC Chairman. The NC Chairman then holds a discussion with all Directors to agree on future action plans.

The performance of individual Directors is taken into account in their re-appointment. Specific needs which arise from time to time are taken into account in any appointment of new directors and review of the Board's performance is carried out collectively by the Board on an annual basis. For Board assessment, it is based on factors such as the Board's structure, size, conduct of meetings, corporate strategy and planning, risk management and internal controls, measuring and monitoring performance and financial reporting. In the case of individual assessments, each Director is evaluated based on factors which include the Director's attendance, adequacy of preparation for meetings, participation in discussions as well as industry and business knowledge.

Principle 6: Access to Information

Complete, adequate and timely information

Management recognizes the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities.

To allow Directors sufficient time to prepare for the meetings, all Board and board committee papers are required to be distributed to Directors one week in advance of the meeting. Directors have separate and independent access to the Company Secretary and Management at all times. Any additional material or information requested by the Directors is promptly furnished.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations.

Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and board committee meetings.

Management also provides the Board with management report on a quarterly basis. This report includes budgets, forecasts and monthly management accounts. In respect of budgets, any material variances between the projections and actual results are disclosed and explained to the Board.

Company Secretary

Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and SGX-ST's Listing Manual, are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view of enhancing long term shareholder value.

The Company Secretary assists the Chairman in ensuring good information flows within the Board and its board committees and between Management and NEDs. The Company Secretary also facilitates the orientation and assists with professional development as required.

The Company Secretary attends and prepares minutes for all Board meetings. As secretary for all board committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the board committees and Management. The Company Secretary assists the Chairman of the Board, the Chairman of board committees and Management in the development of the agendas for the various Board and board committee meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Independent professional advice

The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Group's expense.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises the following three members, all of whom are Independent Non-Executive Directors:

a. Mr Wee Sung Leng (RC Chairman)
b. Mr Wong Yen Siang
c. Mr Fong Sing Chak Jack

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual Directors.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:–

a. Review and recommend to the Board for endorsement, a framework of remuneration for Directors and key management personnel. The framework covers all aspect of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, share-based incentives and awards and benefits in kind.

b. Review and recommend to the Board, the specific remuneration packages for the executive Director(s) of the Company; of which a significant portion of the Executive Director's remuneration is structured to link rewards to corporate and individual performance.

c. Review the level and mix of remuneration and benefits policies and practices of the Company, including the long term incentive schemes on an annual basis. The performance of the Company and that of the Executive Director(s) would be considered by the RC in undertaking such reviews.

d. Implement and administer the Company's share plan.

e. Review the Group's obligations arising in the event of termination of the Executive Director's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him.

The RC has the authority to seek any external professional advice on matters relating to remuneration of Directors as and when the need arises.

Principle 8: Level and Mix of Remuneration

In recommending the level and mix of remuneration, the RC seeks to establish a framework for attracting, retaining and motivating employees. The Group's compensation framework comprises of fixed pay, short term and long term incentives. The Group subscribes to linking executive remuneration to corporate and individual performance, based on an annual appraisal of employees. The level and structure of remuneration of directors and key management personnel are aligned with the long term interest and risk policies of the Company.

<u>Remuneration of Executive Directors and key management personnel</u>

In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long term compensation and between cash versus equity incentive compensation.

Executive Directors do not receive Directors' fees.

The remuneration structure for Executive Directors and key management personnel consists of the following components:

a. Fixed remuneration
b. Variable bonus
c. Other benefits
d. Share-based incentives

The Executive Directors' remuneration packages are based on service agreement entered into between the Company and the respective Executive Directors for a period of three (3) to five (5) years and subject to automatic renewal for subsequent periods of three (3) years unless earlier terminated.

At the moment, the Company does not use any contractual provisions to reclaim incentive components of the remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the group. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedy against the Executive Directors in the event of such breach of fiduciary duties. The RC, will consider, if required, whether there is a requirement to institute such a contractual provision.

Remuneration of NEDs

The RC reviews the scheme put in place by the Company for rewarding the NEDs to ensure that the compensation is commensurate with effort, time spent and responsibilities of the NEDs.

Independent Directors and NEDs are paid yearly Directors' fees of an agreed amount, which are determined by the Board, appropriate to the level of their contribution, taking into account factors such as the effort and time spent and the responsibilities. The fees are subject to shareholders' approval at the AGM. Except as disclosed, the Independent Directors and NEDs do not receive any other remuneration from the Company.

Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

Principle 9: Disclosure on Remuneration

For the financial year under review, the RC had recommended to the Board total Directors' fees of S$240,000 for the Independent NEDs, which will be tabled by the Board at the forthcoming AGM for shareholders' approval.

The Board has not included a separate annual remuneration report in its annual report for the current year as it is of the view that the matters, which are required to be disclosed in the annual remuneration report have already been sufficiently disclosed in this Corporate Governance Report and in the financial statements of the Company.

A breakdown, showing the level and mix of each individual Director's remuneration for financial year under review is as follows:-

Name of Director	Base Salary	Fees[1]	Bonus	Benefits in kind	Total
S$500,000 to S$750,000					
Mark Francis Bedingham	54%	–	–	46%	100%
Below S$250,000					
Ho Kwok Wai	–	100%	–	–	100%
Fong Sing Chak Jack	–	100%	–	–	100%
Wong Yen Siang	–	100%	–	–	100%
Wee Sung Leng	–	100%	–	–	100%

[1] Subject to approval by shareholders as a lump sum at the AGM for the financial year ended 31 March 2017.

Remuneration of top eight key management personnel

The remuneration paid to or accrued to the top eight key management personnel (who are not Directors or the CEO) for FY2017 is as follows:-

Name of Key Executives	Base Salary	Bonus	Benefits in kind	Total
S$250,000 to S$500,000				
Andrew Guilfoyle	61%	11%	28%	100%
Cher Soon Eng Lucy	93%	7%	–	100%
Lo Chi Chung Alan	100%	–	–	100%
Tony Pretorius	86%	–	14%	100%
Below S$250,000				
Adrian Lau (appointed on 1 August 2016)	76%	–	24%	100%
James Andrew Richmond	64%	17%	19%	100%
John Anthony Pike	70%	7%	23%	100%
Shuji Hotta	88%	10%	2%	100%

The remuneration of each individual Director and key executive is not fully disclosed as the Company believes that disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

The aggregate total remuneration paid to or accrued to the eight key executives (who are not Directors or the CEO) for FY2017 is US$1,688,710 (approximately equivalent to S$2,360,310).

There is no employee in the Group who is related to a Director or the CEO whose remuneration exceeds S$50,000 for FY2017.

The RC has reviewed and approved the remuneration packages of the Directors and key executives, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Directors and key executives are adequately but not excessively remunerated.

There are no termination, retirement or any post-employment benefits to Directors and key executives.

The SMI Performance Share Plan (formerly known as SWH Performance Share Plan) was adopted at an Extraordinary General Meeting on 30 July 2014. The SMI Performance Share Plan is administrated by the RC and contemplates the award of fully paid shares, free of charge, when or after prescribed performance targets are achieved by the selected employees of the Group. There was an award of 933,442 shares granted to Mr Mark Francis Bedingham on 24 January 2017.

AUDIT COMMITTEE

Principle 10: Accountability and Audit

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Hence, Board members receive quarterly financial and business reports from Management. Such report keep the Board members informed of the Company's and the Group's performance, position and prospects and consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax profit by operating segments compared against budgets, together with explanations for significant variances for the month and year to date.

The Board reviews and approves the results as well as any announcements before its release. The Board provides shareholders with half yearly and annual financial reports. Results for the first half year are released to shareholders within 45 days from the end of the half year. Annual results are released within 60 days from the financial year end. In presenting the annual and half yearly results to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board ensures that the Management maintains a sound system of internal control to safeguard the shareholders' investment and the Group's assets.

Principle 11: Risk Management and Internal Controls

The Board is responsible for ascertaining that Management maintains a sound system of internal controls to safeguard shareholders' investment and the assets of the Group.

The Board and the AC note that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The Company has engaged Baker Tilly Consultancy (Singapore) Pte Ltd to develop group policies and procedures which would be implemented across the Group in FY2018. The Company plans to implement the internal audit in the second half of FY2018.

The Company's external auditors, in the course of their annual audit, informed the AC and the Board that they are not aware of any reason to indicate that the internal controls and risk management systems were not adequately and effectively addressing financial, operational compliance and information technology risks which would warrant highlighting to the Board and AC.

The Board has received assurance from the CEO and Finance Director in relation to the financial information and controls for the year, including (i) the financial records have been properly maintained and the financial statements for the financial year ended 31 March 2017 give a true and fair view of the Company's operations and finances and (ii) the Company's risk management and internal control systems in place are effective.

Based on the internal controls established and maintained by the Company, works performed by the external auditors, reviews performed by Management, the AC and the Board, the Board with the concurrence of the AC is of the opinion that the Group's internal controls and risk management systems addressing financial, operational, compliance and information technology risks are adequate and effective in meeting the needs of the Group and provide reasonable assurance against material financial misstatements or material loss and to safeguard the Group's assets. This is also supported by the assurance statement from the CEO and Finance Director.

Principle 12: Audit Committee

The AC comprises the following three members, all of whom are Independent Non-Executive Directors:

a. Mr Wong Yen Siang (AC Chairman)
b. Mr Wee Sung Leng
c. Mr Fong Sing Chak Jack

All AC members have financial management knowledge and two members have accounting and related financial management expertise. The Board is of the view that the AC members have sufficient management expertise and experience to discharge their responsibilities.

The AC has written terms of reference clearly setting out its authority and duties.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

In the course of FY2017, the AC meets periodically to perform the following functions:

a. review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and Management's response;

b. review the financial statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

c. review the internal control and procedures and ensure co-ordination between the external auditors and Management, reviewing the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

d. review the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls) and to report to the Board annually;

e. review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our Management's response;

f. consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

g. review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

h. review potential conflicts of interest, if any;

i. undertake such other reviews and projects as may be requested by our Board, and report to our Board its findings from time to time on matters arising and requiring the attention of our AC; and

j. generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

The AC meets with the external auditors, at least once a year, without the presence of Management. The external auditors present to the AC the audit plan and updates relating to any change of accounting standards and issues which have a direct impact on financial statements during the AC meeting. The AC confirmed that it has undertaken a review of all non- audit services provided by the external auditors and is satisfied that such service would not, in the AC's opinion, affect the independence and objectivity of the external auditors.

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non- audit services for the financial year ended 31 March 2017 are as follows:

- Audit fees : S$117,500
- Non-audit fees : S$3,000

The AC, with concurrence of the Board has recommended RSM Chio Lim LLP for re-appointment as statutory auditors of the Company at the forthcoming AGM.

The Company engages suitable independent auditors to audit its foreign incorporated subsidiaries and associated companies, as disclosed in Note 15 to the financial statements in this annual report which have been cleared by the Company's external auditors. The Board and AC have reviewed and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.

The AC and the Board confirms that the Group had complied with SGX-ST Listing Rules 712 and 715 respectively.

The Company has in place whistle-blowing policy where employees of the Group have access to the AC to raise concerns about possible corporate improprieties in matters of financial reporting or other matters.

No former partner or Director of the Company's existing auditing firm or audit corporation is a member of the AC.

Principle 13: Internal Audit

The AC annually reviews the adequacy and effectiveness of the Company's internal audit function. The Company has been building up the Myanmar businesses in the past two years. In FY2017, the Company developed the Group policies and procedures with the assistance of Baker Tilly Consultancy (Singapore) Pte Ltd. The Company plans to implement the internal audit in the second half of FY2018.

Principle 14: Shareholder Rights

The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, in particular especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in the Company.

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the local newspaper and posted onto the SGXNET.

All shareholders are entitled to attend the general meetings and are afforded the opportunity to participate effectively in the general meetings. They are entitled to vote in accordance with the established voting rules and procedures.

The Constitution of the Company allows each shareholder to appoint up to two (2) proxies to attend and vote at the general meetings. The Company does not provide for absentia voting methods such as by mail, email, or fax due to concerns as to the integrity of such information and authentication of the identity of shareholders voting by such means.

With the Companies (Amendment) Act 2014, with effect from 3 January 2016, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap 50. At the forthcoming AGM, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM.

Principle 15: Communication with Shareholders

The Company is committed to maintaining a regular, effective and fair communication with shareholders. The Board strives to ensure that all material information is disclosed to the shareholders in an equal, adequate and timely manner. The Board informs and communicates with shareholders through announcement releases through SGXNET, annual reports, and advertisement of notices of meetings and at AGMs.

The Company conducts its investor relations on the following principles:

a. information deemed to be price-sensitive is disseminated without delay via announcements and/or press releases on SGXNET;

b. endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and

c. operate an open policy with regard to investor/email enquiries.

The Company does not have a fixed dividend policy at present. Key considerations that affect dividend decisions and the level of payouts include the Group's profit growth, level of cash available, projected levels of capital expenditure and investment plans and any other factors as the Board may deed appropriate.

No dividend was paid for the financial year ended 31 March 2017 as the Group reported a net operating loss for the year.

Principle 16: Conduct of Shareholder Meetings

The AGM is the principal forum for dialogue with our shareholders. The Company encourages our shareholders to attend the AGM to ensure a high level of accountability and to be updated on the Group's strategies and goals.

The Company takes note that there should be separate resolutions at general meetings on each substantially separate issue and to avoid bundling resolutions.

The Board welcomes questions and views of shareholders on matters affecting the Company raised either formally or informally before or at the AGM. A copy of the AGM minutes are available to Shareholders upon request.

The Chairman of the AC, NC and RC are present and available to address questions relating to the work of their respective committees at general meetings. The Company's external auditors are also invited to assist in addressing any queries by shareholders relating to the conduct of audit and the preparation and content of their auditors' report.

At any general meeting, a resolution of the Company will be put to vote by poll and the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced.

ADDITIONAL INFORMATION

SECURITIES TRANSACTIONS

The Company has devised and adopted policies in line with the requirements of the Listing Manual on dealings in the Company's securities.

The Company and its officers are prohibited from dealing in the Company's shares on short-term considerations or at any time when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year results, and ending on the date of the announcement of the relevant results.

In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The Company issues half yearly circular to its Directors and officers informing them that they must not deal in the Company's securities before the release of results and at any time they are in possession of unpublished material price-sensitive information.

MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed below in the Interested Person Transactions section, and in the Directors' Statement and Financial Statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

The aggregate value of interested person transactions ("IPTs") during the reporting year was as follows:

Name of interested person	Aggregate value of all interested person transactions conducted during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	FY2017	FY2016	FY2017	FY2016
Loan from Director and interest accrued thereon – Ho Kwok Wai	US$3,130,209.84	US$8,281,142	–	–
Loan from Director and interest accrued thereon – Mark Francis Bedingham	US$3,747,351.09	US$2,002,080	–	–

Mr Ho Kwok Wai is the Non-Executive Chairman and Controlling Shareholder of the Company. Pursuant to a loan agreement dated 16 February 2015, Mr Ho Kwok Wai granted a loan of a total principal amount of US$10,000,000.00 to the Company at an interest rate of 2.34% per annum, of which US$7,000,000.00 has been disbursed as at 11 February 2016. The maturity date of the loan is the date falling 24 months from the date of the first disbursement of the loan. The interest rate for the loan was agreed between the parties having regard to the applicable interest rate of 2.34% charged by United Overseas Bank Limited, being the Company's main banker, for a two-year working capital loan. The loan is unsecured.

Pursuant to the debt conversion exercise completed on 19 August 2016 ("2016 Debt Conversion") for the conversion of an aggregate amount of US$9,073,731.66 owed by the Company to Mr Ho Kwok Wai and Mr Mark Francis Bedingham into 35,264,050 Shares, an aggregate principal amount of US$9,000,000 and interest accrued thereon of US$73,731.66 owed to Mr Ho Kwok Wai and Mr Mark Francis Bedingham has been converted into Shares. Further details of the 2016 Debt Conversion may be found in the circular to shareholders dated 8 July 2016.

Mr Ho Kwok Wai has also extended a further loan of US$2,000,000 to the Company pursuant to a loan agreement dated 20 October 2016, having the same interest rate, tenure and other terms as provided in the loan agreement dated 16 February 2015. An amount of US$100,000 has been disbursed with the remaining US$1,900,000 available for disbursement as and when needed by the Company.

Mr Mark Francis Bedingham is the Executive Director, President, CEO, and Shareholder of the Company. Pursuant to a loan agreement dated 14 January 2016, Mr Mark Francis Bedingham granted a loan of a total principal amount of US$2,000,000.00 to the Company at an interest rate of 2.34% per annum, of which US$2,000,000.00 has been fully disbursed as at 11 February 2016. The maturity date of the loan is the date falling 24 months from the date of the first disbursement of the loan. The interest rate for the loan was agreed between the parties having regard to the applicable interest rate of 2.34% charged by United Overseas Bank Limited, being the Company's main banker, for a two-year working capital loan. The loan is unsecured and has been fully converted into Shares on 19 August 2016.

Pursuant to a loan agreement dated 24 June 2016, Mr Mark Francis Bedingham granted a loan of a total principal amount of US$1,000,000 to the Company, which is payable upon 30 days' prior notice being given by Mr Mark Francis Bedingham to the Company, at an interest rate of 2.34% per annum. The loan has been fully disbursed as at 14 November 2016.

In addition to the above loan of US$1,000,000, Mr Mark Francis Bedingham has granted the following loans to the Company, all of which have been fully disbursed:

Table 1: Additional loans granted by Mr Mark Francis Bedingham

<table>
<tr><th>Date of Loan Agreement</th><th>Loan Amount (US$)</th><th>Interest Rate</th><th>Tenure</th></tr>
<tr><td>1 August 2016</td><td>2,000,000</td><td rowspan="4">2.34% per annum</td><td rowspan="3">Repayable upon 30 days' prior notice being given by Mr Mark Francis Bedingham to the Company</td></tr>
<tr><td>28 September 2016</td><td>200,000</td></tr>
<tr><td>1 November 2016</td><td>500,000</td></tr>
<tr><td>21 November 2016</td><td>500,000</td><td>The loan (together with interest accrued thereon of US$737.50 has been fully repaid on 21 December 2016</td></tr>
</table>

Subsequent to 31 March 2017, the Company has obtained shareholders' approval at the extraordinary general meeting held on 25 May 2017 for the conversion of an aggregate outstanding amount of US$3,533,867.43 (comprising loans and interest) owed by the Company to Mr Ho Kwok Wai and Mr Mark Francis Bedingham into 11,885,573 Shares at S$0.42 per Share, which was completed on 2 June 2017. Further details of such conversion may be found in the circular to Shareholders dated 4 May 2017.

At the date of this report, Mr Ho Kwok Wai holds 56.97% and Mr Mark Francis Bedingham holds 5.97% of the total issued and paid-up shares (inclusive of both direct and deemed interests).

The Company has not obtained a general mandate from shareholders for IPTs.

USE OF PROCEEDS

1. The Company raised the net proceeds of approximately S$3.53 million from the placement of 10,000,000 ordinary shares in the capital of the Company at an issue price of S$0.36 for each share which was completed on 29 February 2016. Such proceeds have been utilized in accordance with the intended purposes as follows:-

   a. S$0.90 million to fund the Group's duty-free retail operations in Myanmar;

   b. S$0.14 million for loan repayment;

   c. S$0.31 million for the warehouse in relation to the Group's logistics business; and

   d. S$2.18 million for the construction of Telecom towers.

2. The Company raised the net proceeds of approximately S$2.97 million from the placement of 7,740,000 ordinary shares in the capital of the Company at an issue price of S$0.40 for each share as of 30 May 2017. Such proceeds have been utilised in accordance with the intended purposes as follows:

   a. S$2.40 million to fund Construction and fit out duty-free retail shops in Yangon Airport and purchase of duty-free merchandise; and

   b. S$0.57 million to fund Construction of warehouse in Myanmar in relation to the Group's logistics business

3. The Company raised the net proceeds of approximately US$11.89 million from the placement of 41,370,000 ordinary shares in the capital of the Company at an issue price of S$0.42 for each share as of 30 May 2017. Such proceeds have been utilised for various purposes as follows:

    a. US$4.76 million has been allocated for construction of duty-free retail and F&B shops and the purchase of duty-free, retail and F&B merchandise, in which US$4.31 million has already been utilised.

    b. US$4.76 million has been allocated for repayment of existing loans and borrowings, in which US$0.72 million is already utilised.

    c. US$1.19 million has been allocated for expansion of the Group's car rental and limousine services business

    d. US$1.96 million has been used to finance of telecommunication towers business

    e. US$0.34 million has been used for construction of warehouse in Myanmar in relation to the Group's logistics business

    f. US$0.13 million has been used to help finance the serviced offices business

    g. US$0.30 million has been used to fund ERP implementation

    h. US$3.13 million has been used as working capital

STATEMENT BY DIRECTORS

Year ended 31 March 2017

The directors are pleased to present their statement to the members together with the audited financial statements of Singapore Myanmar Investco Limited for the financial year ended 31 March 2017.

1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year covered by the financial statements or consolidated financial statements; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the Company in office at the date of this statement are:

Ho Kwok Wai
Mark Francis Bedingham
Fong Sing Chak Jack
Wong Yen Siang
Wee Sung Leng

3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except as mentioned in paragraph 4 below.

4. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 (the "Act"), none of the directors holding office at the end of the financial year had any interest in shares or debentures of the Company or its related corporations, except as follows:

	At beginning of the financial year	At end of the financial year
The Company	Deemed interest	
Singapore Myanmar Investco Limited	Number of ordinary shares	
Ho Kwok Wai	113,489,000	140,972,189
Mark Francis Bedingham	5,424,000	14,138,303
Fong Sing Chak Jack	1,000,000	1,000,000

4. Directors' interests in shares or debentures (cont'd)

During the financial year, on 24 January 2017, there was an award of 933,442 shares granted to Mr. Mark Francis Bedingham as part of the SMI Performance Share Plan (formerly known as SWH Performance Share Plan). The SMI Performance Share Plan is administrated by the RC and contemplates the award of ordinary shares, when or after prescribed performance targets are achieved by the selected employees of the Group.

By virtue of section 7 of the Act, Mr. Ho Kwok Wai with shareholdings is deemed to have an interest in all related body corporates of the Company.

The directors' interests in the ordinary shares of the Company as at 21 April 2017 were the same as those at the end of financial year.

5. Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or other body corporate in the Group.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or other body corporate in the Group.

There were no unissued shares of the Company or other body corporate in the Group. under option at the end of the financial year.

6. Audit committee

The members of the Audit Committee during the financial year and at the date of this statement are:

Wong Yen Siang (Chairman)
Wee Sung Leng
Fong Sing Chak Jack

The Audit Committee carried out its functions in accordance with section 201B(5) of the Act, including the following:

- Reviewed with the independent external auditors their audit plan, their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the Audit Committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The Audit Committee has recommended to the board of directors that the independent auditors, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the Company.

7. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the external auditor, and reviews performed by management, other committees of the board, the Audit Committee and the board are of the opinion that the Company's internal controls, addressing financial, operational, compliance and information technology risks, are adequate as at the end of the financial year 31 March 2017.

8. Subsequent developments

There are no significant developments subsequent to the release of the Group and the Company's preliminary financial statements, as announced on 30 May 2017, which would materially affect the Group and the Company's operating and financial performance as of the date of this report.

9. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

On behalf of the directors

Ho Kwok Wai Director	Mark Francis Bedingham Director

30 June 2017

To the Members of Singapore Myanmar Investco Limited (Registration No: 200505764Z)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Myanmar Investco Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue recognition for goods sold to a Myanmar retail distributor

Refer to Note 2(e) on significant judgments, assumptions and estimation uncertainties and Note 2(f) on revenue recognition.

The Group supplies duty free fashion and lifestyle goods to a Myanmar distributor that operates retail businesses at the airport and a downtown shopping mall. The Group also has agreements with this distributor to provide advice on the merchandising and management of the retail outlets and to lease out retail outlets fixtures and fittings to the distributor. Revenue recognised for the sale of goods to this distributor amounted to US$12.3 million for the financial year ended 31 March 2017, out of which US$4.7 million has been received as at 31 March 2017.

Management has assessed and concluded that the distributor is not acting as an agent of the Group, and the revenue arising from the sales of goods to the distributor meet the revenue recognition criteria on the basis disclosed in Note 2(f) of the financial statements.

We have (i) read the agreements between the Group and the distributor to understand the arrangement for the distribution; (ii) discussed with management and performed a site visit to establish the substantive evidence in relation to the Group's arrangements with the distributor; and (iii) assessed the adequacy of the disclosures in the financial statements.

Key audit matters (cont'd)

(b) Carrying amount of trade receivables

Refer to Note 2(e) on significant judgments, assumptions and estimation uncertainties, Note 2(s) on financial assets and Note 30(b) on credit risk on financial assets.

The carrying value of trade receivables amounted to US$16.2 million, accounting for 27% of the Group's total assets as at the end of the financial year. Approximately 86% of the receivables is due from the Group's three major distributors in Myanmar.

Out of the trade receivables as at 31 March 2017, US$7.8 million was past the 30 days due date and based on management's assessment, it is of the view that these amounts are recoverable.

We have (i) reviewed management's process over the recoverability of outstanding trade receivables, including the payments made by the customers during and subsequent to the financial year end; and (ii) obtained an understanding of the respective distributor's business model and business environment in which these distributors operate in Myanmar.

We have also assessed the adequacy of the disclosures in the financial statements.

(c) Impairment of cost of investments and net receivable from subsidiaries

Refer to Note 2(e) on significant judgments, assumptions and estimation uncertainties and Notes 2(s) and 2(q) on financial assets and impairment of non-financial assets. Also refer to Notes 15, 18 and 11 on investment in subsidiaries, trade and other receivables and loss from discontinued operations, net of tax.

The costs of investment in subsidiaries, the receivables from subsidiaries and assets held for sale amounted to US$1.3 million, US$19.9 million and US$22.2 million respectively as at end of the financial year. An impairment allowance of US$1.1 million and US$3.9 million have been made in relation to the receivables from subsidiaries and assets held for sale. The net amounts of US$1.3 million, US$18.8 million and US$18.3 million are classified as costs of investment in subsidiaries, receivables from subsidiaries and assets held for sale respectively. The net carrying amount of the investments, receivables and assets held for sale accounted for 93% of the Company's total assets as at the end of the financial year.

For the non-performing subsidiaries or if they have significant negative equity balances, management has prepared profit forecasts to assess the recoverable amount of the investments and net receivables from the subsidiaries concerned. For the subsidiary classified as asset held for sale, management has assessed the recoverable amount of the investment and receivables based on the estimated net realisable value of the assets expected from the disposal.

We have reviewed and challenged the assumptions and estimations used by management to prepare the profit forecasts and have also discussed with management on the prospects and future plans of these subsidiaries. We have also assessed the reasonableness of the basis used by management to estimate the net realisable value of the investment and receivable from subsidiary classified as asset held for sale.

We have also assessed the adequacy of the disclosures in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

To the Members of Singapore Myanmar Investco Limited (Registration No: 200505764Z)

Other information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Myanmar Investco Limited (Registration No: 200505764Z)

Auditor's responsibilities for the audit of the financial statements (cont'd)

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Goh Swee Hong.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

30 June 2017

Engagement partner - effective from financial year ended 31 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017

	Notes	The Group 2017	The Group (Restated) 2016
		US$'000	US$'000
Revenue	5	23,303	7,474
Cost of sales		(18,469)	(6,295)
Gross profit		4,834	1,179
Other income	6	567	287
Distribution expenses		(1,235)	(1,010)
Administrative expenses	7	(7,450)	(6,702)
Finance costs	8	(915)	(314)
Other expenses	6	–	(194)
Share of results of joint ventures, net of tax		(71)	–
Loss before tax from continuing operations		(4,270)	(6,754)
Income tax expense	10	(25)	(1)
Loss from continuing operations, net of tax		(4,295)	(6,755)
Loss from discontinued operations, net of tax	11	(3,051)	(2,831)
Gain on disposal of discontinued operations	11	–	8,761
Loss, net of tax		(7,346)	(825)
Other comprehensive income after tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		–	160
Other comprehensive income for the year, net of tax		–	160
Total comprehensive loss for the year		(7,346)	(665)
Loss attributable to:			
Equity holders of the Company		(7,080)	(319)
Non-controlling interests		(266)	(506)
Loss for the year		(7,346)	(825)
Total comprehensive loss attributable to:			
Equity holders of the Company		(7,080)	(159)
Non-controlling interests		(266)	(506)
		(7,346)	(665)
Earnings per share for loss from continuing and discontinued operations attributable to equity holders of the Company		Cents	Cents
Basic earnings per share	12		
From continuing operations		(1.95)	(4.08)
From discontinued operations		(1.40)	3.87
		(3.35)	(0.21)
Diluted earnings per share	12		
From continuing operations		(1.95)	(4.08)
From discontinued operations		(1.40)	3.87
		(3.35)	(0.21)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2017

	Notes	The Group 2017 US$'000	The Group 2016 US$'000	The Company 2017 US$'000	The Company 2016 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**14,881**	17,777	**1,029**	190
Intangible assets	14	**611**	48	**–**	–
Investments in subsidiaries	15	**–**	–	**1,300**	1,397
Investments in joint ventures	16	**579**	–	**650**	–
Trade and other receivables	18	**477**	453	**–**	–
Other assets	19	**33**	–	**33**	–
		16,581	18,278	**3,012**	1,587
Current assets					
Inventories	17	**1,592**	118	**–**	–
Trade and other receivables	18	**16,556**	9,414	**19,326**	27,401
Other assets	19	**1,049**	2,105	**155**	173
Cash and cash equivalents	20	**3,364**	3,605	**1,813**	1,357
		22,561	15,242	**21,294**	28,931
Asset classified as held for sale	11	**20,156**	–	**18,302**	–
		42,717	15,242	**39,596**	28,931
Total assets		**59,298**	33,520	**42,608**	30,518
LIABILITIES					
Non-current liabilities					
Provisions	22	**–**	812	**–**	–
Trade and other payables	24	**33**	275	**–**	–
Borrowings	23	**2,945**	8,435	**1,900**	7,200
		2,978	9,522	**1,900**	7,200
Current liabilities					
Income tax payable		**227**	2	**–**	–
Trade and other payables	24	**9,135**	8,725	**3,182**	1,514
Borrowings	23	**18,138**	5,038	**4,900**	3,000
		27,500	13,765	**8,082**	4,514
Liabilities directly associated with disposal group classified as held for sale	11	**4,622**	–	**28**	–
		32,122	13,765	**8,110**	4,514
Total liabilities		**35,100**	23,287	**10,010**	11,714
NET ASSETS		**24,198**	10,233	**32,598**	18,804
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	21	**43,256**	21,945	**43,256**	21,945
Accumulated losses		**(19,070)**	(11,990)	**(10,658)**	(3,141)
		24,186	9,955	**32,598**	18,804
Non-controlling interests		**12**	278	**–**	–
Total equity		**24,198**	10,233	**32,598**	18,804

The accompanying notes form an integral part of these financial statements.

Year ended 31 March 2017

The Group	Notes	Equity attributable to equity holders of the Company Share capital	Accumulated losses	Other reserves	Total	Non-controlling interests	Total equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Current year							
Balance at 1 April 2016		21,945	(11,990)	–	9,955	278	10,233
Total comprehensive loss for the year		–	(7,080)	–	(7,080)	(266)	(7,346)
Issue of share capital	21	21,311	–	–	21,311	–	21,311
Balance at 31 March 2017		**43,256**	**(19,070)**	**–**	**24,186**	**12**	**24,198**
Previous year							
Balance at 1 April 2015		14,252	(12,150)	3,000	5,102	2,239	7,341
Total comprehensive (loss)/income for the year		–	(319)	160	(159)	(506)	(665)
Dividend paid/payable to non-controlling interest of a subsidiary		–	–	–	–	(12)	(12)
Issue of share capital	21	7,693	–	–	7,693	–	7,693
Disposal of subsidiary with a change in control		–	386	(3,160)	(2,774)	(1,575)	(4,349)
Disposal of subsidiary without a change in control		–	93	–	93	(93)	–
Capital contribution from non-controlling interest of a subsidiary		–	–	–	–	225	225
Balance at 31 March 2016		21,945	(11,990)	–	9,955	278	10,233

The Company	Notes	Share capital	Accumulated losses	Total
		US$'000	US$'000	US$'000
Current year				
Balance at 1 April 2016		21,945	(3,141)	18,804
Total comprehensive loss for the year		–	(7,517)	(7,517)
Issue of share capital	21	21,311	–	21,311
Balance at 31 March 2017		**43,256**	**(10,658)**	**32,598**
Previous year				
Balance at 1 April 2015		14,252	(3,545)	10,707
Total comprehensive income for the year		–	404	404
Issue of share capital	21	7,693	–	7,693
Balance at 31 March 2016		21,945	(3,141)	18,804

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Notes	The Group 2017	The Group (Restated) 2016
		US$'000	US$'000
Cash flows from operating activities			
Loss before tax from continuing operations		(4,270)	(6,754)
Loss before tax from discontinued operations		(2,973)	(2,843)
Gain on disposal of discontinued operations		–	8,761
Loss before tax, total		(7,243)	(836)
Adjustments for:			
Depreciation of property, plant and equipment		2,151	1,089
Amortisation of intangible assets		104	3
Amortisation of prepaid insurance premium		–	147
Impairment losses on trade and other receivables		401	–
Interest income		(178)	(4)
Interest expense		1,021	507
Gain on disposal of property, plant and equipment		–	(64)
Gain on disposal of discontinued operations		–	(8,761)
Loss on disposal of available for sale investment		–	22
Share of results of joint ventures, net of tax		71	–
Directors' share based payments		398	–
Net effect of exchange rate changes in consolidating subsidiaries		3	(6)
Operating cash flows before changes in working capital		(3,272)	(7,903)
Inventories		(1,474)	(93)
Trade and other receivables		(9,842)	(7,177)
Other assets, current		(232)	(1,189)
Trade and other payables, current		3,611	7,729
Net cash flows used in operations		(11,209)	(8,633)
Income tax (paid) / recovered		(310)	29
Net cash used in operating activities		(11,519)	(8,604)
Cash flows from investing activities			
Purchase of property, plant and equipment		(16,932)	(16,632)
Purchase of intangible assets		(709)	–
Proceeds from disposal of property, plant and equipment		36	66
Proceeds from disposal of available for sale investment		–	64
Investment in joint venture		(650)	–
Proceeds from disposal of discontinued operations		64	2,797
Interest received		178	4
Net cash used in investing activities		(18,013)	(13,701)
Cash flows from financing activities			
Dividend paid to non-controlling shareholders of subsidiaries		–	(12)
Capital contribution from non-controlling interest		–	222
Capital contribution from share placement		11,891	5,494
(Decrease) / increase in restricted fixed bank deposits		(1,116)	527
(Repayments) / drawdown of finance leases		(641)	1,784
Drawdown of borrowings		9,556	188
Repayments of loan		(468)	–
Loans from shareholders		5,600	7,200
Loans from non-controlling shareholders of subsidiaries		–	63
Interest paid		(895)	(403)
Net cash generated from financing activities		23,927	15,063
Net decrease in cash and cash equivalents		(5,605)	(7,242)
Cash and cash equivalents at beginning of financial year		3,198	10,440
Cash and cash equivalents at end of financial year	20	(2,407)	3,198

The accompanying notes form an integral part of these financial statements.

1. General information

The Company is incorporated and domiciled in Singapore and is listed on the SGX-ST. The address of its registered office is 300 Beach Road, #29-01, The Concourse, Singapore 199555.

The principal activity of the Company is an investment holding company. The Company registered a branch in Myanmar so as to have a stronger business presence to support its Myanmar businesses. The principal activities of its subsidiaries are set out in Note 15 to the financial statements.

The financial statements of the Group as at and for the year ended 31 March 2017 comprise that of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared on a going concern basis under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("US$"), rounded to the nearest thousand dollars, unless otherwise stated.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity or areas where assumptions significant to the financial statements are disclosed in Note 2(e).

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the financial period. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the holding company and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intragroup balances and transactions, including income, expenses and cash flows are eliminated in full.

Subsidiaries are consolidated from the date of which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Changes in the Company's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

2. Significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other component of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amounts of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an transaction-by-transaction basis whether to measure them at fair value, or at the 'non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date at fair value or, when applicable, on the basis specified in another standard.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries is accounted for at cost less accumulated impairment losses. On disposal of the investments, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(d) Joint arrangements – joint ventures

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the Group is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The reporting interests in joint ventures are recognised using the equity method in accordance with FRS 28 Investments in Associates and Joint Ventures.

2. Significant accounting policies (cont'd)

(d) Joint arrangements – joint ventures (cont'd)

Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of the joint venture's net assets. The carrying value and the net book value of the investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange. The Group's profit or loss includes its share of the venture's profit or loss and the Group's other comprehensive income includes its share of the venture's other comprehensive income. Losses of a joint venture in excess of the Group's interest in the relevant joint venture are not recognised except to the extent that the Group has an obligation. Profits and losses resulting from transactions between the reporting entity and an joint venture are recognised in the financial statements only to the extent of unrelated Group's interests in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures are changed where necessary to ensure consistency with the policies adopted by the Group. The Group discontinues the use of the equity method from the date that when its investment ceases to be a joint venture and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former joint venture is measured at fair value at the date that it ceases to be a joint venture.

In the Company's separate financial statements, an investment in a joint venture is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a joint venture is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange.

(e) Significant judgments, assumptions and estimation uncertainties

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgments in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgments, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

The critical judgments made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next financial year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Revenue recognition for goods sold to a Myanmar retail distributor

The Group sells duty free, fashion and lifestyle goods to a Myanmar distributor that operates retail business at the airport and a downtown shopping mall. The Group also has agreements with this distributor to provide advice on the merchandising and management of the retail outlets and to lease retail outlets fixtures and fittings to the distributor. Revenue recognised for the sale of goods to this Myanmar distributor amounted to US$12.3 million for the year ended 31 March 2017, out of which US$4.7 million has been received as at 31 March 2017.

2. Significant accounting policies (cont'd)

(e) Significant judgments, assumptions and estimation uncertainties (cont'd)

Revenue recognition for goods sold to a Myanmar retail distributor (cont'd)

The management has assessed and concluded that the Myanmar distributor is not acting as an agent of the Group, and the revenue arising from the sales of goods to the distributor meet the revenue recognition criteria on the following basis :-

(i) Risks and rewards in relation to the goods are passed to the Myanmar distributor upon delivery of the goods and there is no option to return the goods;

(ii) While the Group advises the Myanmar distributor on the merchandising and management of the retail business, the Group does not retain any managerial involvement over control of the goods sold to the Myanmar distributor;

(iii) The Myanmar distributor is an independent entity and the Group has no control over the Myanmar distributor's operating and financial operations; and

(iv) The Group does not guarantee any fixed return to the Myanmar distributor.

Carrying amount of trade receivables

An allowance is made for doubtful trade receivables for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the financial year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next financial year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the financial year. The carrying amount is disclosed in the note on trade and other receivables.

Impairment of cost of investments and net receivable from subsidiaries

Where a subsidiary is in net equity deficit and or has suffered losses a test is made whether the amount receivable from investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. For receivables relating to subsidiary that is classified under asset held for sale, an estimate is made based on the net recoverable amount from the sale of the subsidiary. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The net carrying amount of the cost of investment in subsidiaries, receivable from subsidiaries and assets held for sale at the end of the financial year affected by assumption is US$1.3 million, US$18.8 million and US$18.3 million respectively.

Useful lives of property, plant and equipment

Included in property, plant and equipment of the Group are leasehold improvements with a carrying amount of US$7.5 million (2016: US$1.3 million) as at end of the financial year. Management has depreciated the leasehold improvements on a straight-line basis over their estimated useful lives of 2 to 10 years. The terms of the lease for the Group's premise however is less than the estimated useful lives. Management has assumed the Group will be able to renew the terms of its lease on its expiry and hence the estimated useful lives for leasehold improvements of 2 to 10 years is appropriate. In the event the Group is not able to renew the terms of its lease and the Group vacates the relevant premise, the carrying value of leasehold improvements related to the vacated premise would have to be fully impaired.

2. Significant accounting policies (cont'd)

(f) Revenue recognition

Revenue comprises the fair value for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

Revenue of sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of services

Revenue from rendering of services from that are of short duration is recognised when the services are completed.

Rental income

Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest method.

(g) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee service in the current and preceding financial years. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

Employee leave entitlement

For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur.

Bonus plan

A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

2. Significant accounting policies (cont'd)

(g) Employee benefits (cont'd)

Share-based payment

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's shares (or an estimated market price, if the entity's shares are not publicly traded). This fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

(h) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

(i) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in United State Dollars, which is the functional currency of the Company.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except for currency translation differences on net investment in foreign operations and borrowings qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within equity in the consolidated financial statements.

Currency translation differences on non-monetary items, such as available-for-sale equity securities, are reported as part of the fair value gains or losses.

Translation of Group entities' financial statements

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that reporting period;

2. Significant accounting policies (cont'd)

(i) Foreign currency translation (cont'd)

Translation of Group entities' financial statements (cont'd)

ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(j) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

(k) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

(l) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, if any.

2. Significant accounting policies (cont'd)

(m) Segment reporting

An operating segment is a component of the Group that engages in the business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Chief Operating Decision Maker ("CODM") for making decisions about allocating resources and assessing performance of the operating segments.

Segment results that are reported to the Group's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

(n) Property, plant and equipment

All property, plant and equipment are carried at cost or valuation less accumulated depreciation and impairment losses, except for construction work-in-progress that are not subjected to depreciation.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Fully depreciated assets still in use are retained in the financial statements.

Construction work-in-progress

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Disposal

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

2. Significant accounting policies (cont'd)

(n) Property, plant and equipment (cont'd)

Depreciation

No depreciation is provided on construction work-in-progress. Depreciation is calculated using a straight-line method to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives.

The estimated useful lives for the current and comparative years are as follows:

Leasehold improvements	–	2-10 years
Plant and equipment	–	1-10 years

An asset is depreciated when it is installed and available for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use until it is derecognised even if during that period the item is idle.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each end of the financial year. The effects of any revision are recognised in profit or loss when the changes arise.

(o) Intangible assets

Intangible assets are initially recognised at cost plus transactions cost which comprises its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any other directly attributable cost of preparing the asset for its intended use. Subsequently carried at cost less any accumulated amortisation and impairment losses.

On disposal of intangible assets, the difference between the net disposal proceeds and its carrying amount are recognised in profit or loss.

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Franchise Fee	–	5-10 years
License Fee	–	5-10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

The estimated useful life and amortisation method are revised at the end of each financial period with the effect of any changes in estimate being accounted for on a prospective basis.

(p) Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date as below:

(a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and

(b) the arrangement conveys a right to use the asset.

2. Significant accounting policies (cont'd)

(p) Leases (cont'd)

Finance leases

Leases of assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(q) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss. An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(r) Inventories

Inventories are carried at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2. Significant accounting policies (cont'd)

(s) Financial assets

Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturity more than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables", "cash and cash equivalents" and "other current assets" (excluding prepayments) on the statement of financial position.

Initial recognition, measurement and derecognition

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

Regular way purchases and sales or financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Subsequent measurement and impairment

Loans and receivables are carried at amortised cost using the effective interest method, less impairment. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognised an allowance for impairment when such evidence exists. Significant financial difficulties of the receivables probability that the receivables will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(t) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash and bank balances deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

(u) Financial liabilities

A financial liability, trade and other payables, is recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value plus directly attributable transaction costs (except for financial guarantee) and subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is extinguished. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2. Significant accounting policies (cont'd)

(v) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the financial period, and are discounted to present value where the effect is material.

(w) Assets and liabilities classified as held for sale

Identifiable assets, liabilities and contingent liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by FRS 105 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

(x) Fair value measurement

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in the active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the financial year and in the event the fair values are disclosed in the relevant notes to the financial statements.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3. Related party relationships and transactions (cont'd)

(a) Members of a group

Related companies in these financial statements include the members of the Company's group of companies. Associates also include those that are associates of members of the above group.

The ultimate controlling party is Mr. Ho Kwok Wai.

Intra-group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

(b) Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantees if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise. The transactions were not significant.

(c) Key management compensation

	The Group	
	2017	2016
	US$'000	US$'000
Salaries and other short-term employee benefits	**2,703**	2,590
Contributions to defined contribution plans	**50**	39
Share-based payments	**398**	–

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	The Group	
	2017	2016
	US$'000	US$'000
Directors' fees	**173**	171
Remuneration of directors of the Company	**939**	508
Share-based payments to a director of the Company	**398**	–

Further information about the remuneration of individual directors is provided in the report on corporate governance. Key management personnel include directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management.

3. Related party relationships and transactions (cont'd)

(d) Other receivables from or other payables to related parties/company

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties/company are as follows:

	Subsidiaries	
	2017	2016
	US$'000	US$'000
Company:		
Other receivables/(payables)		
Balance at beginning of year	**24,332**	3,064
Amounts paid out and settlement of liabilities on behalf of subsidiaries	**11,220**	19,974
Allowance for impairment	**(1,082)**	–
Payables forgiven (Note 11)	**–**	1,294
Reclassified to assets and liabilities classified as held for sale	**(15,330)**	–
Balance at end of year (Notes 18 and 24)	**19,140**	24,332

	Assets and liabilities classified as held for sale	
	2017	2016
	US$'000	US$'000
Company:		
Other receivables/(payables)		
Balance at beginning of year	**–**	–
Reclassified from amount due from subsidiaries	**15,330**	–
Amounts paid out and settlement of liabilities on behalf of subsidiaries	**6,772**	–
Allowance for impairment	**(3,925)**	–
Balance at end of year	**18,177**	–

4. Financial information by operating segments

(a) Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management purposes, the Group's principal operating businesses are organised according to their nature of activities as follows:-

(a) Travel and fashion retail;

(b) Construction services;

(c) Auto services; and

(d) Food and beverages.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The discontinued operations relate to the proposed disposal of the provision of telecommunication towers and related service (FY2016: disposal of manufacture and sale of moulds and the provision of services segments) (see Note 11).

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before income taxes and other unallocated items (called "ORBIT").

Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Certain assets and liabilities are not allocated to business segments because they are of general use and they are not directly attributable to the segments or cannot be allocated to the segments on a reasonable basis.

4. Financial information by operating segments (cont'd)

(b) Profit or loss from continuing operations and reconciliations

	Travel and fashion retail	Construction services	Auto services	Food and beverages	Discontinued operations	Unallocated	Elimination	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2017								
Revenue by segment								
Total revenue by segment	13,347	6,932	1,577	622	1,811	825	(1,811)	23,303
Recurring EBITDA	3,827	680	37	(268)	(1,570)	(6,781)	1,570	(2,505)
Interest income	–	177	–	–	–	1	–	178
Finance costs	(550)	(166)	(149)	–	(105)	(50)	105	(915)
Depreciation and amortisation	(578)	–	(97)	(90)	(1,298)	(192)	1,298	(957)
ORBIT	2,699	691	(209)	(358)	(2,973)	(7,022)	2,973	(4,199)
Loss before tax from continuing operations								(4,199)
Loss after tax from continuing operations								(4,295)
Loss from discontinued operations								(3,051)
Loss for the year								(7,346)
2016								
Revenue by segment								
Total revenue by segment	206	5,752	564	663	7,852	289	(7,852)	7,474
Recurring EBITDA	(211)	50	73	(341)	(1,928)	(5,843)	1,928	(6,272)
Interest income	–	199	–	–	1	1	(1)	200
Finance costs	–	(78)	(116)	–	(191)	(120)	191	(314)
Depreciation and amortisation	(37)	–	(89)	(2)	(725)	(240)	725	(368)
ORBIT	(248)	171	(132)	(343)	(2,843)	(6,202)	2,843	(6,754)
Loss before tax from continuing operations								(6,754)
Loss after tax from continuing operations								(6,755)
Loss from discontinued operations								(2,831)
Gain on disposal of discontinued operations								8,761
Loss for the year								(825)

4. Financial information by operating segments (cont'd)

(c) Assets and reconciliations

	Travel and fashion retail	Construction services	Auto services	Food and beverages	Discontinued operations	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2017							
Total group assets	**21,876**	**7,330**	**3,084**	**2,228**	**20,156**	**4,624**	**59,298**
2016							
Total group assets	1,752	5,865	1,670	718	–	23,515	33,520

Unallocated items comprise cash and cash equivalents, other receivables and prepayments and other investments. Certain assets are not allocated to business segments because they are of general use and they are not directly attributable to the segments or cannot be allocated to the segments on a reasonable basis.

(d) Liabilities and reconciliations

	Travel and fashion retail	Construction services	Auto services	Food and beverages	Discontinued operations	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2017							
Total group liabilities	**13,454**	**4,216**	**2,658**	**189**	**4,622**	**9,961**	**35,100**
2016							
Total group liabilities	328	3,442	1,377	97	–	18,043	23,287

Unallocated items comprise trade payables and accrued liabilities, other payables, income tax payable, deferred tax expense, long-term borrowings and finance leases. Certain liabilities are not allocated to business segments because they are of general use and they are not directly attributable to the segments or cannot be allocated to the segments on a reasonable basis.

(e) Other material items and reconciliations

	Travel and fashion retail	Construction services	Auto services	Food and beverages	Discontinued operations	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Expenditure for non-current assets:							
2017	**12,227**	**–**	**121**	**2**	**3,968**	**3,163**	**19,481**
2016	576	–	891	9	15,423	916	17,815

4. Financial information by operating segments (cont'd)

(f) Geographical information

	Revenue		Non-current assets	
		(Restated)		
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Singapore	**622**	210	**2,196**	2,358
Myanmar	**22,681**	7,264	**14,385**	15,920
	23,303	7,474	**16,581**	18,278

(g) Information about major customers

Revenue from major customers during the financial year are as follows:

	The Group	
	2017	2016
	US$'000	US$'000
Top 1 customer	**13,476**	1,854
Top 2 customers	**18,764**	2,681

5. Revenue

	The Group	
		(Restated)
	2017	2016
	US$'000	US$'000
Sale of goods	**19,834**	6,621
Rendering of services	**2,930**	684
Rental income from serviced office	**539**	169
	23,303	7,474

6. Other income/(expenses)

	The Group	
		(Restated)
	2017	2016
	US$'000	US$'000
Interest income	**178**	200
Commission income	**69**	87
Franchise income	**317**	–
Foreign exchange differences	**3**	(194)
	567	93
Presented in profit or loss as:		
Other income	**567**	287
Other expenses	**–**	(194)
	567	93

7. Administrative expenses

The major components include the following:

	The Group	
	2017	(Restated) 2016
	US$'000	US$'000
Consultancy fee	424	475
Depreciation and amortisation expense (Notes 13 and 14)	282	505
Employee benefits expense (Note 9)	4,113	3,590
Legal and professional fee	641	522
Impairment loss on other receivables (Note 18)	401	–
Rental of premises	332	1,032

8. Finance costs

	The Group	
	2017	(Restated) 2016
	US$'000	US$'000
Interest expenses:		
Finance leases	292	167
Bank loans and others	623	147
	915	314

9. Employee benefits expense

	The Group	
	2017	2016
	US$'000	US$'000
Short term employee benefits expense	3,580	3,511
Contributions to defined contribution plan	135	79
Share-based payments	398	–
Total employee benefits expense	4,113	3,590

10. Income tax expense

(a) Components of tax expense recognised in profit or loss includes:

	The Group	
	2017	2016
	US$'000	US$'000
Current tax expense	25	1

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	The Group	
	2017	(Restated) 2016
	US$'000	US$'000
Loss before tax	(4,270)	(6,754)
Share of results of joint ventures	71	–
	(4,199)	(6,754)
Tax benefit calculated at a tax rate of 17%	(714)	(1,148)
Expenses not deductible for tax purposes	210	398
Deferred tax assets not recognised	813	844
Utilisation of previously unrecognised deferred tax assets	(210)	–
Over provision in prior year	(3)	–
Effect of different tax rates in different countries	(99)	(93)
Others	28	–
Total income tax expense	25	1

There are no income tax consequences of dividends to owners of the Company.

(b) Deferred tax balance in the statement of financial position:

Unrecognised deferred tax assets

	Tax losses		Unrecognised deferred tax assets	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Unused tax losses available	11,700	8,152	1,989	1,386

No deferred tax asset for the tax losses (including deductible temporary differences, unused tax losses and unused tax credits) has been recognised in respect of the remaining for the above balance, as the future profit streams are not probable against which the deductible temporary difference can be utilised.

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

11. Loss from discontinued operations, net of tax

(a) Disposal of discontinued operations

2017

On 20 October 2016, the Company announced an agreement to divest its entire interests of its telecommunication tower business, Myanmar Infrastructure Group Pte Ltd ("MIG") and its subsidiary, TPR Myanmar Limited ("TPR"). The entire assets and liabilities related to MIG and TPR are classified as a disposal group held for sale in the statement of financial position and the entire results from the disposal group are presented separately in the consolidated income statement as "Discontinued Operation" and the comparative figures are also restated as a result. The final sale consideration is expected to be based on the net assets value. As at the end of the financial year, the sale has not been completed.

The Company is required to procure the sale of all the issued shares of MIG by exercising its drag along rights pursuant to the Joint Venture Agreement ("JVA") between the Company and the non-controlling interest ("GIG"). On 20 December 2016, the Company announced that it is in a dispute with GIG, and the Company intends to refute the complaints and has engaged its lawyers to assist on this matter.

2016

Following the Company's announcement on 23 March 2015 to divest the entire interests of the Company's wholly owned subsidiaries, Windsor Holding Investment Limited ("WHI") and Windsor Metal Manufacture Co Limited ("WMM"), the entire assets and liabilities related to WHI and WMM are classified as a disposal group held for sale in the statement of financial position and the entire results from the disposal group are presented separately in the consolidated income statement as "Discontinued operation". The divestment was completed on 6 August 2015.

	Group Total	
	2017	(Restated) 2016
	US$'000	US$'000
Revenue	1,811	7,852
Cost of sales	(1,796)	(6,520)
Gross profit	15	1,332
Other income	4	11
Distribution costs	(17)	(1,203)
Administrative expenses	(2,815)	(2,543)
Other expenses	(55)	(249)
Finance costs	(105)	(191)
Loss before income tax from discontinued operation	(2,973)	(2,843)
Income tax (expenses)/recovered	(78)	12
Loss from discontinued operation, net of tax	(3,051)	(2,831)

11. Loss from discontinued operations, net of tax (cont'd)

(a) Disposal of discontinued operations (cont'd)

The following table summarises the carrying value of the account balances of the discontinued operations:

	Group Total 2017
	US$'000
Property, plant and equipment	**19,074**
Intangible assets	**43**
Other assets	**194**
Trade and other receivables	**639**
Cash and cash equivalents	**206**
Total assets	**20,156**
Borrowings	**(1)**
Trade and other payables	**(4,621)**
Total liabilities	**(4,622)**

The following table summarises the carrying value of the account balances of the discontinued operations that were sold on 6 August 2015:

	Windsor Metal Group	Windsor Holding Group	Group Total
	1 April 2015 to 6 August 2015		
	US$'000	US$'000	US$'000
Property, plant and equipment	5,474	–	5,474
Non-current assets held for sale	2,354	–	2,354
Other financial assets, non-current	570	440	1,010
Deferred tax assets	451	–	451
Inventories	1,933	–	1,933
Trade and other receivables	11,826	–	11,826
Other assets, current	5,056	103	5,159
Cash and cash equivalents	3,433	–	3,433
Trade and other payables	(14,944)	(349)	(15,293)
Borrowings	(8,820)	(3,548)	(12,368)
Net assets disposed of			3,979
Non-controlling interest de-consolidated			(1,575)
Foreign currency translation reserve			(2,774)
Forgiveness of payables			(1,294)
Gain on disposal			8,761
Total consideration			7,097
Net cash inflow on disposal:			
Cash consideration			7,097
Cash balance disposed of			(3,433)
Deferred consideration (Note 18)			(867)
			2,797

11. Loss from discontinued operations, net of tax (cont'd)

(a) Disposal of discontinued operations (cont'd)

The cash flows of the discontinued operations for the previous year and for the period from the beginning of the financial year to 6 August 2015, which have been included in the consolidated financial statements, were as follows:

	Windsor Metal Group	Windsor Holding Group	Group Total
	1 April 2015 to 6 August 2015		
	US$'000	US$'000	US$'000
Operating	(2,386)	40	(2,346)
Investing	(59)	–	(59)
Financing	927	(42)	885
Net cash inflows	(1,518)	(2)	(1,520)

12. Loss per share

The following table illustrates the numerators and denominators used to calculate basic and diluted losses per share of no par value:

		The Group	
		2017	2016
		US$'000	US$'000
A.	Numerators: losses attributable to equity:		
	Continuing operations: attributable to equity holders	**(4,122)**	(6,336)
	Discontinued operations: (losses)/gains for the year	**(2,958)**	6,017
B.	Total basic losses	**(7,080)**	(319)
C.	Diluted losses	**(7,080)**	(319)
		No. of shares	
D.	Denominators: weighted average number of equity shares:		
E.	Basic	**211,492,320**	155,384,740
F.	Diluted	**211,492,320**	155,384,740

The weighted average number of equity shares refers to shares in circulation during the period.

There is no dilution of loss per shares as there are no shares under options. The denominators used are the same as those detailed above for basic and diluted losses per share.

13. Property, plant and equipment

The Group	Leasehold improvements	Plant and equipment	Construction work-in-progress	Total
	US$'000	US$'000	US$'000	US$'000
Cost				
At 1 April 2015	161	520	–	681
Additions	1,412	10,176	6,176	17,764
Disposals	–	(2)	–	(2)
At 31 March 2016	1,573	10,694	6,176	18,443
Additions	6,669	8,444	3,261	18,374
Disposals	(39)	(10)	–	(49)
Reclass	(5)	5	–	–
Transfer to assets classified as held for sale	(10)	(14,250)	(6,377)	(20,637)
At 31 March 2017	**8,188**	**4,883**	**3,060**	**16,131**
Accumulated depreciation				
At 1 April 2015	27	8	–	35
Depreciation for the year	235	396	–	631
At 31 March 2016	262	404	–	666
Depreciation for the year	485	1,666	–	2,151
Disposal	(2)	(2)	–	(4)
Transfer to assets classified as held for sale	(10)	(1,553)	–	(1,563)
At 31 March 2017	**735**	**515**	**–**	**1,250**
Net carrying value				
At 1 April 2015	134	512	–	646
At 31 March 2016	1,311	10,290	6,176	17,777
At 31 March 2017	**7,453**	**4,368**	**3,060**	**14,881**

Certain items of property, plant and equipment at a carrying value of US$787,778 (2016: US$806,285) are pledged as security for the bank facilities (Note 23).

The depreciation expense is charged as follows:

	Cost of sales	Distribution costs	Administrative expenses	Discontinued operations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
2017	**670**	**1**	**194**	**1,286**	**2,151**
2016	–	126	242	263	631

13. Property, plant and equipment (cont'd)

The Company	Leasehold improvements	Plant and equipment	Total
	US$'000	US$'000	US$'000
Cost			
At 1 April 2015	128	26	154
Additions	138	72	210
At 31 March 2016	266	98	364
Additions	475	487	962
Disposals	(39)	(2)	(41)
At 31 March 2017	**702**	**583**	**1,285**
Accumulated depreciation			
At 1 April 2015	19	3	22
Depreciation for the year	140	12	152
At 31 March 2016	159	15	174
Depreciation for the year	63	19	82
At 31 March 2017	**222**	**34**	**256**
Net carrying value			
At 1 April 2015	109	23	132
At 31 March 2016	107	83	190
At 31 March 2017	**480**	**549**	**1,029**

14. Intangible assets

The Group	MIC permit	Franchise fee	License fee	Total
	US$'000	US$'000	US$'000	US$'000
Cost				
At 1 April 2015	–	–	–	–
Additions	51	–	–	51
At 31 March 2016	51	–	–	51
Additions	6	405	298	709
Transfer to assets held for sale	(57)	–	–	(57)
At 31 March 2017	**–**	**405**	**298**	**703**
Accumulated amortisation				
At 1 April 2015	–	–	–	–
Amortisation for the year	3	–	–	3
At 31 March 2016	3	–	–	3
Amortisation for the year	11	46	46	103
Transfer to assets held for sale	(14)	–	–	(14)
At 31 March 2017	**–**	**46**	**46**	**92**
Net carrying value				
At 1 April 2015	–	–	–	–
At 31 March 2016	48	–	–	48
At 31 March 2017	**–**	**359**	**252**	**611**

14. Intangible assets (cont'd)

The amortisation expense is charged as follows:

	The Group	
	2017	2016
	US$'000	US$'000
Cost of sales	**1**	–
Distribution expenses	**3**	–
Administrative expenses	**88**	–
Discontinued operations	**11**	3
	103	3

Franchise fee and License fee

Relates to the exclusive rights granted by franchisor or licensor to develop and operate the business of the brands in Myanmar. The franchise fee and license fee are amortised over 5 to 10 years.

15. Investment in subsidiaries

	The Company	
	2017	2016
	US$'000	US$'000
Unquoted equity investment, at cost	**1,300**	1,397

The subsidiaries held by the Company and subsidiaries are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of investment		Proportion of ownership interest	
	2017	2016	**2017**	2016
	US$'000	US$'000	**%**	%
Held by the Company:				
SMI Construction Services Pte Ltd [b] Singapore Distribution of heavy equipment and spare parts	**(a)**	(a)	**100.0**	100.0
SMI Infrastructure Services Pte Ltd [b] Singapore Infrastructure engineering services	**(a)**	(a)	**100.0**	100.0
Myanmar Infrastructure Group Pte Ltd [b][d] Singapore Build, distribution and own telecom infrastructure	**97**	97	**97.0**	97.0

15. Investment in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of investment		Proportion of ownership interest	
	2017	2016	**2017**	2016
	US$'000	US$'000	**%**	%
Held by the Company (cont'd):				
Kinnaya Pte Ltd [(b)]	**1,300**	1,300	**65.0**	65.0
Singapore				
Provider of serviced offices				
SMI F&B Pte Ltd [(b)]	**(a)**	(a)	**100.0**	100.0
Singapore				
Distribution of food & beverage items				
SMI Auto Services Pte Ltd [(b)]	**(a)**	(a)	**100.0**	100.0
Singapore				
Provision of car rental & limousine services				
SMI Retail Pte Ltd [(b)]	**(a)**	(a)	**100.0**	100.0
Singapore				
Distribution of duty free & retail products				
SMI Mobile Pte Ltd [(b)]	**(a)**	(a)	**100.0**	100.0
Singapore				
Distribution of B2B telecom plans				
Held through Myanmar Infrastructure Group Pte Ltd:				
TPR Myanmar Co Ltd [(c)(d)]	**16,050**	50	**97.0**	96.9
Myanmar				
Build, lease and own telecom infrastructure				
Held through Kinnaya Pte Ltd:				
YGN Kinnaya Co Ltd [(c)]	**50**	50	**65.0**	65.0
Myanmar				
Provider of serviced offices				
Held through SMI F&B Pte Ltd:				
SMI F&B MM Pte Ltd [(b)]	**334**	334	**60.0**	60.0
Singapore				
Distribution of food & beverage items				
SMI Food Concepts Ltd [(c)]	**25**	–	**100.0**	–
Myanmar				
Consultancy for the food and beverage industry				

15. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of investment		Proportion of ownership interest	
	2017	2016	**2017**	2016
	US$'000	US$'000	**%**	%
Held through SMI F&B MM Pte Ltd:				
SMI FB Ltd [(c)]	**50**	50	**60.0**	60.0
Myanmar				
Consultancy and advertising services for the food and beverage industry				
Held through SMI Retail Pte Ltd:				
SMIRS Myanmar Ltd [(c)]	**50**	50	**100.0**	100.0
Myanmar				
Management consultancy services				
Held through SMI Mobile Pte Ltd:				
SMIMM Mobile Co Ltd [(c)]	**25**	25	**100.0**	100.0
Myanmar				
Consultancy for telecommunication services				
Held through SMI Auto Services Pte Ltd:				
SMIRental Services MM Ltd [(c)]	**50**	50	**100.0**	100.0
Myanmar				
Equipment rental, vehicle repair and fleet management services				

(a) Cost of investment is less than US$1,000.

(b) Audited by RSM Chio Lim LLP.

(c) Audited by MAT Audit & Professional Services, RSM International correspondent firm in Myanmar.

(d) The cost of investment has been reclassified as assets held for sale.

As is required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the audit committee and the board of the directors of the Company have satisfied themselves that the appointment of the different auditors for its overseas subsidiaries would not compromise the standard and the effectiveness of the audit of the group.

There are no subsidiaries that have non-controlling interests that are considered material to the reporting entity.

16. Investments in joint ventures

	The Group		The Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Unquoted equity shares, at cost	**(a)**	(a)	**(a)**	(a)
Additions	**650**	–	**650**	–
Share of accumulated losses, net of tax	**(71)**	–	**–**	–
	579	(a)	**650**	(a)

Name of joint ventures, country of incorporation, place of operations and principal activities	Cost of investment		Proportion of ownership interest	
	2017	2016	**2017**	2016
	US$'000	US$'000	**%**	%
Held by the Company:				
SMI-Senko Logistics Pte Ltd [(b)]	**650**	(a)	**50.0**	50.0
Singapore				
Value added logistics providers and general warehousing				
Held by SMI-Senko Logistics Pte Ltd:				
Senko-SMI Myanmar Co Limited [(c)]	**1,000**	–	**50.0**	–
Myanmar				
Provision of warehousing services				

(a) Cost of investment is less than US$1,000.

(b) Audited by RSM Chio Lim LLP.

(c) Audited by MAT Audit & Professional Services, RSM International correspondent firm in Myanmar.

As is required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the audit committee and the board of the directors of the Company have satisfied themselves that the appointment of the different auditors for its overseas joint ventures would not compromise the standard and the effectiveness of the audit of the group.

16. Investments in joint ventures (cont'd)

The summarised financial information of the Group's joint ventures, which is adjusted for the percentage of ownership interest held by the Group, are as follows:

	Group Total
	2017
	US$'000
Summarised statement of financial position	
Non-current assets	564
Current assets	258
Current liabilities	(243)
Total equity attributable to the equity holders of the joint ventures	579
Summarised statement of comprehensive income	
Revenue	74
Loss after tax and total comprehensive loss	(71)

17. Inventories

	The Group	
	2017	2016
	US$'000	US$'000
Finished goods	1,600	118
Less: Allowance for inventory	(8)	–
	1,592	118
Movements in allowance:		
Balance at beginning of the year	–	–
Charge to profit or loss included in cost of sales	8	–
Balance at end of the year	8	–
Included in cost of sales:		
Finished goods	9,888	669

There are no inventories pledged as security for liabilities.

18. Trade and other receivables

	The Group		The Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
<u>Trade receivables</u>				
Third parties	**16,187**	6,617	**57**	–
<u>Other receivables</u>				
Subsidiaries (Note 3)	**–**	–	**19,868**	24,332
Joint ventures	**6**	–	**5**	–
GST/commercial tax receivable	**364**	96	**64**	–
Share placement receivable (Note 21)	**–**	2,199	**–**	2,199
Deferred consideration from disposal of discontinued operations (Note 11)	**802**	867	**802**	867
Others	**75**	88	**14**	3
Sub-total	**1,247**	3,250	**20,753**	27,401
Less: Allowance for impairment	**(401)**	–	**(1,484)**	–
	846	3,250	**19,269**	27,401
Total trade and other receivables	**17,033**	9,867	**19,326**	27,401
Movements in allowance:				
Balance at beginning of the year	**–**	–	**–**	–
Charge to profit or loss included in administrative expenses	**401**	–	**1,484**	–
Balance at end of the year	**401**	–	**1,484**	–
Presented as:				
Trade and other receivables, current	**16,556**	9,414	**19,326**	27,401
Trade and other receivables, non-current	**477**	453	**–**	–
	17,033	9,867	**19,326**	27,401

Trade receivables of US$1.7 million (2016: US$3.0 million) are pledged as security for the bank facilities (see Note 23).

The trade receivables are carried at amortised cost using the effective interest method (10% to 13% per annum) over the repayment period between 5 to 24 months. The carrying amount is a reasonable approximation of fair value (Level 3).

19. Other assets

	The Group		The Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Deposits	**403**	359	**58**	59
Prepayments	**475**	1,573	**115**	29
Recoverables	**4**	82	**15**	18
Others	**200**	91	**–**	67
	1,082	2,105	**188**	173
Presented as:				
Other assets, current	**1,049**	2,105	**155**	173
Other assets, non-current	**33**	–	**33**	–
	1,082	2,105	**188**	173

20. Cash and cash equivalents

	The Group		The Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Available for use	**1,841**	3,198	**763**	1,357
Restricted in use [(a)]	**1,523**	407	**1,050**	–
	3,364	3,605	**1,813**	1,357

(a) This amount is held by bankers as security for financial liabilities (Note 23).

The rate of interest for the cash on interest earning account of US$1.5 million (2016: US$0.4 million) for the group ranges from 0.58% to 0.94% (2016: 0.05% to 0.58%) per annum.

	The Group	
	2017	2016
	US$'000	US$'000
As stated above	**3,364**	3,605
Fixed bank deposits restricted in use [(a)]	**(1,523)**	(407)
Discontinued operations (Note 11)	**206**	–
Bank overdraft (Note 23)	**(4,454)**	–
Cash and cash equivalents for statement of cash flows purposes at end of year	**(2,407)**	3,198

During the financial year, there were acquisitions of certain assets under property, plant and equipment with a total cost of US$1.5 million (2016: US$0.9 million) remain unpaid as at year end.

During the financial year, there were acquisitions of certain assets under property, plant and equipment with a total cost of US$Nil (2016: US$5,311) acquired by means of finance leases.

21. Share capital

	Group and Company	
	Number of shares issued	Share Capital
		US$'000
Ordinary shares of no par value:		
Balance as at 1 April 2015	146,880,000	14,252
Issue of shares at S$0.36 each on 28 July 2015	11,250,000	2,971
Issue of shares at S$0.36 each on 29 February 2016	10,000,000	2,523
Issue of shares at S$0.40 each on 29 March 2016	7,740,000	2,199
	28,990,000	7,693
Balance as at 31 March 2016	175,870,000	21,945
Issue of shares at S$0.36 each on 19 August 2016	35,264,050	9,022
Issue of shares at S$0.42 each on 30 November 2016	41,370,000	11,891
Issue of shares at S$0.605 each on 24 January 2017	933,442	398
	77,567,492	21,311
Balance as at 31 March 2017	**253,437,492**	**43,256**

During the financial year ended 31 March 2017, the Company issued 35,264,050 ordinary shares via a debt conversion of shareholders' loans at S$0.36 per share, 41,370,000 ordinary shares for cash of S$0.42 each by way of a share placement and 933,442 ordinary shares to a director pursuant to the SMI Performance Share Plan. The share issue expenses totalled US$0.9 million.

The previous financial year ended 31 March 2016, the Company issued 28,990,000 ordinary shares for cash at an average price of S$0.37, by way of share placements. The share issue expenses totalled US$0.3 million.

Capital management

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the financial year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the financial year.

The primary objectives of the Company's capital management is to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to support its business and growth and enhance shareholders' value.

The management sets the amount of capital to meet its requirements and the risk taken. No changes were made to the objectives, policies or processes of capital management during the financial year ended 31 March 2017 and 31 March 2016.

In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividends payment, return capital to shareholders, issue new shares, or sell assets to reduce borrowings.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

21. Share capital (cont'd)

	The Group	
	2017	2016
	US$'000	US$'000
Net debt:		
All borrowings including finance leases	**21,083**	13,473
Less: cash and cash equivalents	**(3,364)**	(3,605)
Deficit of cash over debt	**17,719**	9,868
Net capital:		
Equity	**24,198**	10,233
Debt-to-equity ratio	**73%**	96%

The improvement as shown by the decrease in the debt-to-equity ratio for the financial year resulted primarily from the increase in the issue of shares. There was a favourable change with improved retained earnings.

22. Provisions

	The Group	
	2017	2016
	US$'000	US$'000
Non-current		
Provision for reinstatement	**–**	812

The provision for reinstatement is based on the present value of costs to be incurred to reinstate the leased property to its original condition. The estimate is based on quotations from external contractors.

23. Borrowings

	The Group		The Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Non-current				
Finance leases	**842**	1,235	**–**	–
Shareholders' loan	**1,900**	7,200	**1,900**	7,200
Bank loans (secured)	**203**	–	**–**	–
	2,945	8,435	**1,900**	7,200
Current				
Finance leases	**3,864**	1,570	**–**	–
Shareholders' loan	**4,900**	3,000	**4,900**	3,000
Bank overdrafts (secured)	**4,454**	–	**–**	–
Bank loans (secured)	**4,920**	468	**–**	–
	18,138	5,038	**4,900**	3,000
Total	21,083	13,473	6,800	10,200
The non-current portion is repayable as follows:				
Due within 1 to 2 years	2,945	8,342	1,900	7,200

The range of floating rate interest rates paid were as follows:

Bank loans (secured)	
2017	2% to 5.10%
2016	2.35% to 2.65%
Bank overdrafts (secured)	
2017	4.28% to 13.00%
2016	–

The ranges of fixed rate interest rates paid were as follows:

Finance leases	
2017	3.80% to 5.19%
2016	3.80% to 13.00%
Shareholders' loan	
2017	2.34%
2016	2.34%

23. Borrowings (cont'd)

Finance leases

The Group	Minimum payments	Finance charges	Present value
	US$'000	US$'000	US$'000
2017			
Minimum lease payments payable:			
Due within one year	4,173	(309)	3,864
Due within 2 to 5 years	1,091	(249)	842
	5,264	(558)	4,706
Carrying value of property, plant and equipment under finance leases			788

The Group	Minimum payments	Finance charges	Present value
	US$'000	US$'000	US$'000
2016			
Minimum lease payments payable:			
Due within one year	1,676	(106)	1,570
Due within 2 to 5 years	1,365	(130)	1,235
	3,041	(236)	2,805
Carrying value of property, plant and equipment under finance leases			806

The finance leases were drawdown by subsidiaries to repay its suppliers for the purchase of heavy equipment and automotive that were leased to the subsidiaries' customers under extended credit terms of up to 24 months. All leases are on a fixed repayment basis. All lease obligations are denominated in United States Dollars. The fair value of the lease obligations approximates to their carrying amount. The obligations under finance leases for heavy equipment are secured by the subsidiary's trade receivables (Note 18) and the charge over the assets sold to the customers.

Bank overdrafts (secured)

The total for bank overdrafts is US$4.5 million (2016: US$Nil) at floating rates of interest range from 4.28% to 13%.

The bank overdrafts are secured by assignment of a Myanmar retail distributor's inventories and sale proceeds.

Bank loans (secured)

The total for bank loans is US$5.1 million (2016: US$0.5 million) at floating rates of interest. The fair value (Level 2) is a reasonable approximation of the carrying amounts as they are floating rate instruments that are frequently re-priced to market interest rates.

23. Borrowings (cont'd)

Bank loans (secured) (cont'd)

The bank loans are secured by the following:

(a) a corporate guarantee of US$2.0 million executed by the Company;

(b) fixed bank deposit (Note 20); and

(c) floating charge over a subsidiary's trade receivables (Note 18).

The bank loans are repayable over 24 monthly instalments, commencing from their drawdown on various dates.

Shareholders' loans

The loan amounts are due to shareholders, who are also directors of the Company, and are denominated in US Dollars (2016: US Dollars) and are unsecured. Interest is accrued on indebtedness at the rate of 2.34% per annum (2016: 2.34% per annum).

The fair value of loan from shareholders, non-current, is US$1,883,176 (2016: US$7,135,430). The fair value of the loan from shareholders was estimated by discounting the future cash flows payable using the year-end market interest rate of 5.28% (2016: 5.35%) (Level 3) per annum.

24. Trade and other payables

	The Group		The Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Trade payables				
Third parties	**6,204**	4,091	**942**	1
	6,204	4,091	**942**	1
Other payables				
Subsidiaries (Note 3)	**–**	–	**728**	–
Joint ventures	**2**	–	**–**	–
Accrued liabilities	**1,968**	4,053	**869**	1,240
Deposits from customers	**129**	87	**–**	–
Deferred income	**7**	121	**–**	–
Unearned revenue	**842**	9	**635**	–
Others	**16**	639	**8**	273
Sub-total	**2,964**	4,909	**2,240**	1,513
Total trade and other payables	**9,168**	9,000	**3,182**	1,514
Presented as:				
Trade and other payables, current	**9,135**	8,725	**3,182**	1,514
Trade and other payables, non-current	**33**	275	**–**	–
	9,168	9,000	**3,182**	1,514

Non-current trade and other payables relates to the amount due to suppliers that is unsecured and is not expected to be repaid within 12 months after financial year end.

25. Capital commitments

	The Group	
	2017	2016
	US$'000	US$'000
Commitments to purchase of property, plant and equipment	**–**	417
Future payment commitments for construction of Tower Equipment under the back to back contract agreement	**1,190**	2,298

26. Operating lease payments commitments – as lessee

At the end of the financial year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	The Group	
	2017	2016
	US$'000	US$'000
Not later than one year	**938**	523
Later than one year but not later than five years	**1,340**	1,245
More than 5 years	**729**	784
Rental expense for the year	**963**	924

Operating lease payments mainly represent rental payable by the group for certain of its office and leased properties. The lease rental terms are negotiated for terms for 1 to 15 years (2016: 1 to 15 years) at fixed rentals.

27. Operating lease income commitments – as lessor

At the end of the financial year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	The Group	
	2017	2016
	US$'000	US$'000
Not later than one year	**244**	6
Rental income recognised as revenue for the year	**539**	169

Operating lease income commitments represent rental receivable by the group for its serviced office.

28. Contingent liabilities

The Group has provided the following guarantees at the end of the financial year:

- a corporate guarantee amounting to US$0.05 million (2016: US$0.05 million) to a supplier of a subsidiary's mobile business; and

- a corporate guarantee amounting to US$1.5 million (2016: US$Nil) to a financial institution to secure a loan for a Myanmar retail distributor.

28. Contingent liabilities (cont'd)

The Company has provided the following guarantees at the end of the financial year:

- a corporate guarantee amounting to US$12.4 million (2016: US$2.2 million) to financial institutions of the Group's subsidiaries during the financial year, and

- a guarantee to its subsidiaries' franchisors in relation to the payments and performance obligations of the subsidiaries. No liability is expected to arise (2016: US$ Nil).

29. Categories of financial instruments

The following table categorises the carrying amount of financial instruments recorded at the end of the financial year:

	The Group		The Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Financial assets:				
Cash and cash equivalents	**3,570**	3,605	**1,813**	1,357
Loans and receivables	**18,488**	9,867	**37,530**	27,401
	22,058	13,472	**39,343**	28,758
Financial liabilities:				
Measured at amortised costs:				
Borrowings	**22,031**	13,473	**6,800**	10,200
Trade and other payables	**33,649**	9,000	**3,206**	1,514
	55,680	22,473	**10,006**	11,714

Further quantitative disclosures are included throughout these financial statements.

30. Financial risk management

The Group are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risks, liquidity risk, interest rate risks and foreign currency risk. Credit risk on cash balances and derivative financial instruments is limited because the counter-parties are banks with high credit ratings. The Executive Director (Finance and Administrative) who monitors the procedures reports to the board.

The management has certain strategies for the management of financial risks and action to be taken in order to manage the financial risks. The following guidelines are followed:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following acceptable market practices.

30. Financial risk management (cont'd)

(a) Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's major classes of financial assets are bank deposits and other receivables. Credit risk on bank deposits is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables on ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position.

Other receivables are normally with no fixed terms and therefore there is no maturity.

As part of the process of setting customer credit limits, different credit terms are used. Except for certain customers also be given credit period of 5 to 24 months, the average credit period generally granted to trade receivable customers is about 60 days (2016: 60 days). But some customers may take a longer period to settle the amounts.

Ageing analysis of the age of trade receivable amounts that are past due as at the end of financial year but not impaired:

	The Group	
	2017	2016
	US$'000	US$'000
61 to 90 days	**2,055**	359
91 to 150 days	**2,521**	53
Over 150 days	**3,194**	174
Total	**7,770**	586

Concentration of trade receivable customers as at the end of financial year:

	The Group	
	2017	2016
	US$'000	US$'000
Top 1 customer	**8,287**	718
Top 2 customers	**12,553**	1,299
Top 3 customers	**13,886**	1,787

30. Financial risk management (cont'd)

(c) Liquidity risk

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

The Group	Less than 1 year	1 – 2 years	Total
	US$'000	US$'000	US$'000
2017			
Gross borrowings commitments	**18,077**	**3,732**	**21,809**
Trade and other payables	**9,135**	**33**	**9,168**
At end of year	**27,212**	**3,765**	**30,977**
2016			
Gross borrowings commitments	5,290	8,902	14,192
Trade and other payables	8,725	275	9,000
At end of year	14,015	9,177	23,192

The Company	Less than 1 year	1 – 2 years	Total
	US$'000	US$'000	US$'000
2017			
Gross borrowings commitments	**4,970**	**1,990**	**6,960**
Trade and other payables	**3,182**	**–**	**3,182**
At end of year	**8,152**	**1,990**	**10,142**
2016			
Gross borrowings commitments	3,140	7,537	10,677
Trade and other payables	1,514	–	1,514
At end of year	4,654	7,537	12,191

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counter-party has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 60 to 90 days (2016: 60 to 90 days). In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. In addition, the financial assets are held for which there is a liquid market and that are available to meet liquidity needs.

30. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

Financial guarantee contracts - For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the financial year no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

The Group	Less than 1 year
	US$'000
2017	
Financial guarantee contracts - bank guarantee in favour of a Myanmar retail distributor (Note 28)	1,500
Financial guarantee contracts - bank guarantee in favour of a subsidiary (Note 28)	50
2016	
Financial guarantee contracts - bank guarantee in favour of a subsidiary (Note 28)	50

(d) Interest rate risk

The interest rate risk exposure is from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities which are both fixed rate and floating rate. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	The Group	
	2017	2016
	US$'000	US$'000
Financial assets		
Floating rate	1,523	407
Financial liabilities		
Fixed rate	11,506	13,005
Floating rate	9,577	468
At end of year	21,083	13,473

The floating rate debt instruments are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the respective notes.

Sensitive analysis for interest rate risk is not disclosed as the effect on the profit or loss is considered not significant with all other variables including tax rate being held constant.

30. Financial risk management (cont'd)

(e) Foreign currency risk

The Company

There is no significant exposure to foreign currency risk as the transactions are made in the Group's functional currency.

The Group

There is exposure to foreign currency risk as part of its normal business of the Group. In particular, there is a significant exposure to the Myanmar Kyats currency risk due to the borrowings that are dominated in Myanmar Kyats.

The Group's currency exposure to the non-functional currencies are as follows:

	Singapore Dollars	Myanmar Kyats	Others	Total
	US$'000	US$'000	US$'000	US$'000
2017				
Financial assets:				
Cash and cash equivalents	**610**	**64**	**7**	**681**
Loans and receivables	**2,029**	**397**	**149**	**2,575**
Total financial assets	**2,639**	**461**	**156**	**3,256**
Financial liabilities:				
Borrowings	**–**	**4,405**	**–**	**4,405**
Trade and other payables	**1,036**	**468**	**217**	**1,721**
Total financial liabilities	**1,036**	**4,873**	**217**	**6,126**
Net financial assets/(liabilities) at end of year	**1,603**	**(4,412)**	**(61)**	**(2,870)**

	Singapore Dollars	Myanmar Kyats	Others	Total
	US$'000	US$'000	US$'000	US$'000
2016				
Financial assets:				
Cash and cash equivalents	819	78	8	905
Loans and receivables	274	833	38	1,145
Total financial assets	1,093	911	46	2,050
Financial liabilities:				
Trade and other payables	897	107	13	1,017
Total financial liabilities	897	107	13	1,017
Net financial assets at end of year	196	804	33	1,033

30. Financial risk management (cont'd)

(e) Foreign currency risk (cont'd)

Sensitivity analysis:

The effect on loss before tax for the Group as follows:

	The Group	
	2017	2016
	US$'000	US$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency United States Dollar against Singapore Dollar (SGD) with all other variables held constant would have an adverse effect on pre-tax loss of	**(160)**	(20)
A hypothetical 10% strengthening in the exchange rate of the functional currency United States Dollar against Myanmar Kyats (MMK) with all other variables held constant would have an favourable/(adverse) effect on pre-tax loss of	**441**	(80)
A hypothetical 10% strengthening in the exchange rate of the functional currency United States Dollar against other currencies with all other variables held constant would have an favourable/(adverse) effect on pre-tax loss of	**6**	(3)

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

The analysis above has been carried out on the basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

31. Events after the end of the financial year

Subsequent to the end of the financial year, on 2 June 2017, US$3,533,867 of the shareholders' loans (Note 23) were settled by the issuance of 11,885,573 new ordinary shares in the capital of the Company at the issue price of S$0.42 per share. The share issuance was made as partial settlement of shareholders' loans and accrued interest at 2.34% per annum.

32. Changes and adoption of financial reporting standards

In the current financial year, the Group has adopted all the new and revised FRSs and the related Interpretations of FRS ("INT FRSs") to its operations and effective for the current financial year. The adoption of these new or revised FRSs and INT FRSs did not have any material effect on the financial position of the Group.

New or revised FRSs and INT FRSs issued at the end of the financial period but not effective

New standards, amendments to standards and interpretations that have been issued at the end of the financial period but are not yet effective for the financial year ended 31 March 2017 have not been applied in preparing this financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

FRS No.	Title	Effective date for periods beginning on or after
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
FRS 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019

IFRS convergence

Singapore-incorporated companies listed on the Singapore Exchange will be required to comply with new financial reporting standards (to be issued by the Singapore Accounting Standards Council) as identical to the International Financial Reporting Standards for reporting year beginning on after 1 January 2018. Comparative figures are required. The management anticipate that new financial reporting standards will be adopted in the financial statements when they become mandatory. The application of IFRS 1 First-time adoption of IFRS might have a significant effect on amounts reported in the financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

STATISTICS OF SHAREHOLDINGS

As at 20 June 2017

Issued and fully paid share capital	:	S$70,575,373.66
Total number of shares in issue	:	265,323,065
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

There are no treasury shares held in the issued share capital of the Company.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 36.68% of the issued ordinary shares of the Company were held in the hands of the public as at 20 June 2017 and therefore Rule 723 of the Listing Manual is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	–	99	–	–	–	–
100	–	1,000	62	5.30	55,100	0.02
1,001	–	10,000	562	48.03	4,027,200	1.52
10,001	–	1,000,000	532	45.47	28,059,200	10.57
1,000,001	and	above	14	1.20	233,181,565	87.89
TOTAL			1,170	100.00	265,323,065	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	MAYBANK KIM ENG SECURITIES PTE LTD	120,532,400	45.43
2	HSBC (SINGAPORE) NOMINEES PTE LTD	43,515,534	16.40
3	CITIBANK NOMINEES SINGAPORE PTE LTD	17,834,531	6.72
4	DBS NOMINEES PTE LTD	11,152,700	4.20
5	OCBC SECURITIES PRIVATE LTD	6,895,700	2.60
6	RHB SECURITIES SINGAPORE PTE LTD	6,085,500	2.29
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,072,600	2.29
8	QUAH SUAT LAY NANCY (KE XUELI NANCY)	5,761,000	2.17
9	HO CHEE TONG	5,000,000	1.88
10	CHONG YEAN FONG	3,000,000	1.13
11	PHILLIP SECURITIES PTE LTD	2,579,500	0.97
12	UOB KAY HIAN PTE LTD	2,162,100	0.81
13	DB NOMINEES (SINGAPORE) PTE LTD	1,500,000	0.57
14	LIU NAN	1,090,000	0.41
15	LIM & TAN SECURITIES PTE LTD	716,400	0.27
16	COLIN LIM	650,000	0.24
17	OR LAY HUAT DANIEL	650,000	0.24
18	ABN AMRO CLEARING BANK N.V.	631,700	0.24
19	CIMB SECURITIES (SINGAPORE) PTE LTD	560,000	0.21
20	LEE KEE SAN	523,000	0.20
		236,912,665	89.27

As at 20 June 2017

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name	Number of Shares	%	Number of Shares	%
Ho Kwok Wai[1]	–	–	151,161,134	56.97
Jet Palace Holdings Limited[1]	33,400,000	12.59	–	–
Taipan Grand Investments Limited[1]	77,933,000	29.37	–	–
Mark Francis Bedingham[2]	–	–	15,834,931	5.97

Note:

1. Ho Kwok Wai's aggregate deemed interest comprised 33,400,000 shares held by Jet Palace Holdings Limited, 77,933,000 shares held by Taipan Grand Investments Limited and 39,828,134 shares held by EFG Bank AG.

2. Mark Francis Bedingham's aggregate deemed interest comprised 15,834,931 shares held by Bank Julius Baer.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SINGAPORE MYANMAR INVESTCO LIMITED (the "Company") will be held at TKP Conference Centre, 55 Market Street #03-01, Singapore 048941 on Tuesday, 25 July 2017 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2017 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$240,000 for the financial year ended 31 March 2017. (2016: S$240,000) **(Resolution 2)**

3. To re-elect Mr Wong Yen Siang, a Director retiring under Article 91 of the Company's Constitution and who being eligible, will offer himself for re-election. **(Resolution 3)**

   (see explanatory note 1)

4. To re-elect Mr Mark Francis Bedingham, a Director retiring under Article 91 of the Company's Constitution and who being eligible, will offer himself for re-election. **(Resolution 4)**

5. To re-appoint Messrs RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution, with or without any modifications:

6. **Authority to Allot and Issue Shares** **(Resolution 6)**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall be limited as follows:

(A) without prejudice to sub-paragraph (1)(B) below, the aggregate number of shares to be issued shall not exceed 50 per centum (50%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20 per centum (20%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) ("**General Limit**");

(B) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issues on a pro rata basis ("**Renounceable Rights Issues**") shall not exceed 50 per centum (50%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below ("**Additional Limit**");

(C) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;

(D) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

(E) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

(2) the General Limit and the Additional Limit shall not, in aggregate, exceed 100 per centum (100%) of the total number of issue shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per centum (50%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(4) (subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1)(A) and (1)(B) above, the total number of issued shares (**excluding treasury shares and subsidiary holdings**) shall be based on the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(5) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(6) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

(see explanatory note 2)

7. **Authority to grant awards and to allot and issue shares under SMI Performance Share Plan** **(Resolution 7)**

"That approval be and is hereby given to the Directors to grant awards from time to time in accordance with the provisions of SMI Performance Share Plan ("**SMI PSP**"), and, pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of the awards under SMI PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to SMI PSP, when aggregated together with Shares to be allotted and issued pursuant to any other existing employee share schemes of the Company shall not exceed 15 per cent (15%) of the total number of issued Shares excluding treasury shares from time to time."

(see explanatory note 3)

8. To transact any other business that may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Lee Wei Hsiung
Wang Shin Lin, Adeline
Company Secretaries
Singapore

10 July 2017

EXPLANATORY NOTES:

1. Mr Wong Yen Siang will, upon re-election as a Director of the Company, continue to serve as the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. He does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its 10% shareholders.

2. The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding the aggregated of (i) 50% of the total number of issued shares (**excluding treasury shares and subsidiary holdings**)

in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of the Company (the General Limit)and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (the Additional Limit), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (**excluding treasury shares and subsidiary holdings**) at the time Ordinary Resolution 6 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company ("**the Enhanced Rights Issue Limit**"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders as it widens fund-raising avenues available to the Company, thereby enabling it to respond to financing needs to meet on-going changes and challenges in the business environment in more expedient and cost-efficient manner.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

3. The proposed Ordinary Resolution 7, if passed, will empower the Directors to offer and grant awards under SMI PSP (as from time to time amended, modified or supplemented), which was approved at the extraordinary general meeting of the Company on 30 July 2014, and to allot and issue Shares in the capital of the Company, pursuant to the vesting of the awards under SMI PSP provided always that the aggregate number of Shares to be issued under SMI PSP, when aggregated with Shares to be issued under any other existing share scheme of the Company, does not exceed 15 per cent (15%) of the total number of issued Shares excluding treasury shares and subsidiary holdings for the time being.

Notes:

(i) (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting ("**AGM**"). Where such member's form of proxy appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

(ii) A proxy need not be a member of the Company.

(iii) The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than forty-eight (48) hours before the time appointed for the AGM.

PERSONAL DATA PRIVACY

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SINGAPORE MYANMAR INVESTCO LIMITED

(Company Registration Number 200505764Z)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

Important:
1. For investors who have used their CPF monies to buy the Shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their respective CPF Approved Nominees.

I/We* ______________________________ (Name) NRIC/Passport number* ________________________ of

____ (Address)

being a shareholder/shareholders* of SINGAPORE MYANMAR INVESTCO LIMITED (the "**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing *him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at TKP Conference Centre, 55 Market Street #03-01, Singapore 048941 on Tuesday, 25 July 2017 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of AGM. In the absence of specific directions, the *proxy/proxies will vote or abstain as *he/they may think fit, as *he/they will on any other matter arising at the AGM.)

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Adoption of Directors' Statements and Audited Financial Statements for financial year ended 31 March 2017 together with the Independent Auditors' Report thereon		
2.	Approval of Directors' fees amounting to S$240,000 for financial year ended 31 March 2017		
3.	Re-election of Wong Yen Siang as a Director		
4.	Re-election of Mark Francis Bedingham as a Director		
5.	Re-appointment of RSM Chio Lim LLP as Auditors and authorise the Directors to fix their remuneration		
	Special Business		
6.	Authority to allot and issue new shares in the Company and make/grant/offer Instruments		
7.	Authority to grant awards and to allot and issue shares under SM! Performance Share Plan		

* Delete accordingly

Dated this __________ day of ____________________ 2017

Total number of Shares held in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (1) proxy, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as alternate to the first named proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Act").

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than forty-eight (48) hours before the time appointed for the AGM.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.

8. The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the AGM if he/she so wishes.

9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

10. The Company shall be entitled to reject the instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy or if the member, being the appointor, is not shown to have shares against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 July 2017.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ho Kwok Wai
Non-Executive Chairman and Non-Executive Director

Mark Francis Bedingham
Executive Director, President and Chief Executive Officer

Wong Yen Siang
Lead Independent Director

Fong Sing Chak Jack
Independent Director

Wee Sung Leng
Independent Director

AUDIT COMMITTEE

Wong Yen Siang
Chairman

Wee Sung Leng

Fong Sing Chak Jack

NOMINATING COMMITTEE

Wee Sung Leng
Chairman

Wong Yen Siang

Fong Sing Chak Jack

REMUNERATION COMMITTEE

Wee Sung Leng
Chairman

Wong Yen Siang

Fong Sing Chak Jack

COMPANY SECRETARIES

Lee Wei Hsiung
Wang Shin Lin, Adeline

COMPANY REGISTRATION NUMBER

200505764Z

REGISTERED OFFICE AND BUSINESS ADDRESS

300 Beach Road
29-01 The Concourse
Singapore 199555
Tel: (65) 6718 6677
Fax: (65) 6391 9636
Website: www.sin-mi.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

AUDITORS

RSM Chio Lim LLP
Public Accountants and Chartered Accountants
(a member of RSM International)
8 Wilkie Road #03-08
Wilkie Edge
Singapore 228095
Partner-In-Charge: **Goh Swee Hong**
(effective from financial year ended 31 March 2015)

PRINCIPAL BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad, Yangon Branch
Kanbawza Bank Limited (KBZ Bank)

Singapore Myanmar Investco Limited

300 Beach Road
#29-01 The Concourse
Singapore 199555
www.sin-mi.com

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Tel: 63278398