

STRENGTHENING & DEVELOPING IN MYANMAR



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.

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VISION

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

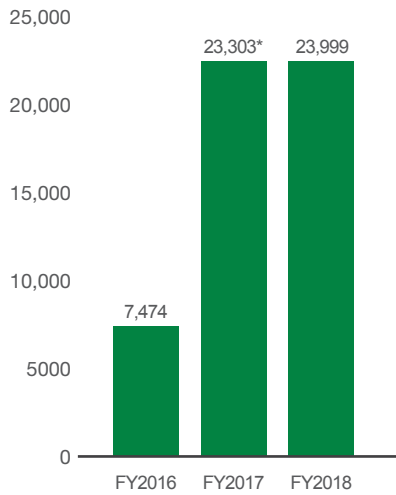


MISSION

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

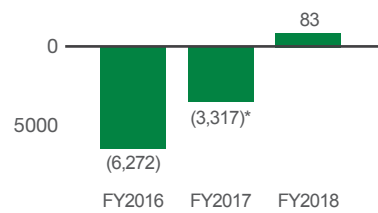
FINANCIAL HIGHLIGHTS

REVENUE (US\$'000)








* Restated

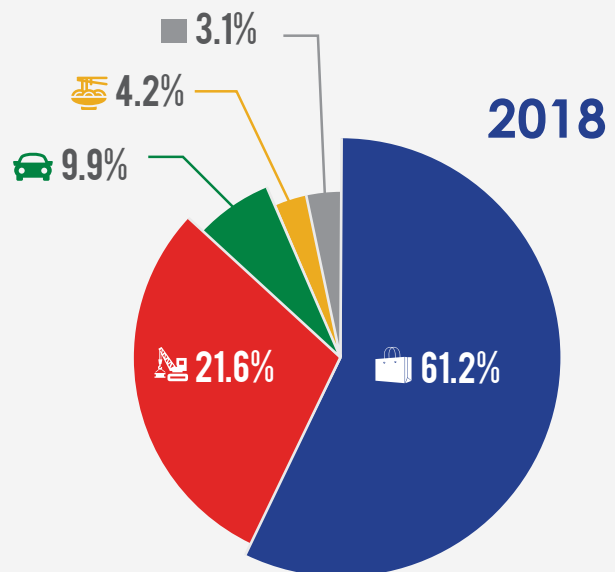
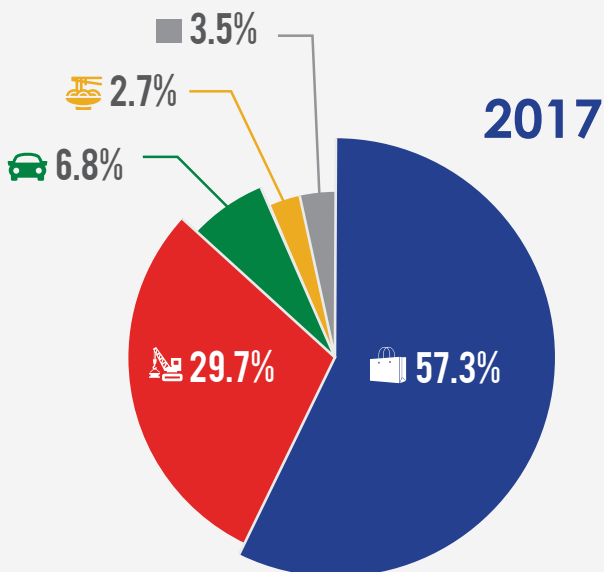
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION FROM CONTINUING OPERATIONS (US\$'000)



* Restated

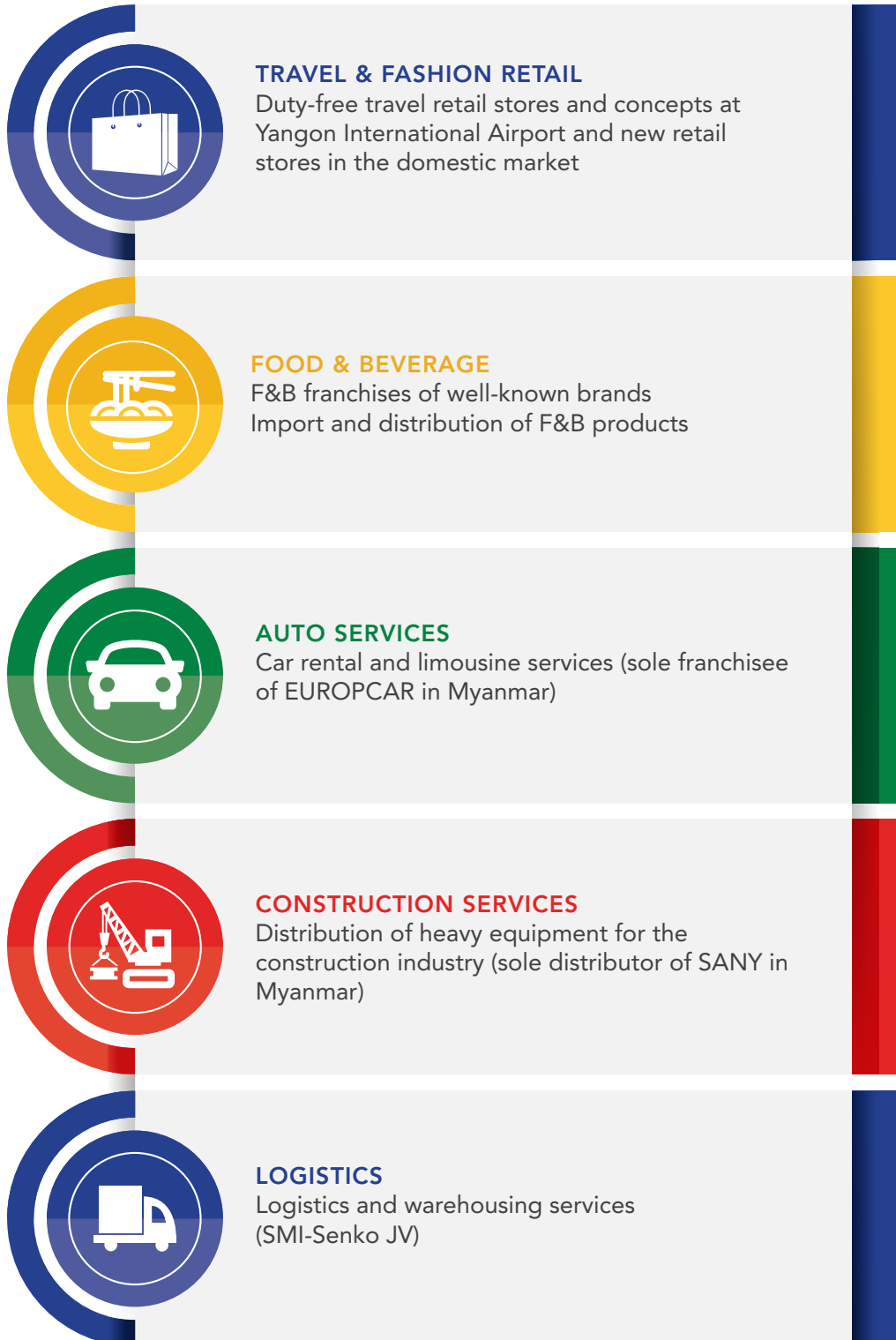
REVENUE BREAKDOWN BY BUSINESS SEGMENT

-  Travel & Fashion Retail
-  Food & Beverage
-  Construction Services
-  Unallocated
-  Auto Services



OUR BUSINESS AND STRATEGIES

FIVE CORE BUSINESS PILLARS OF SMI



OUR BUSINESS AND STRATEGIES



TRAVEL & FASHION RETAIL

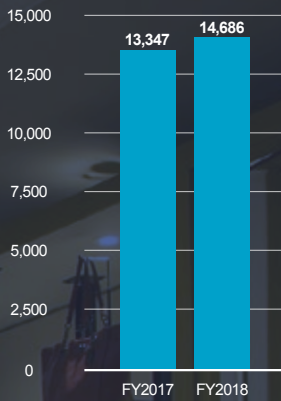
72,000 square feet of innovative multi-sector and mono-brand duty-free retail has been opened at Yangon International Terminal 1

FY2018 marks the first full year of operation for the travel retail stores that opened at Terminal 1 of Yangon International Airport ("YIA") in September 2016. SMI introduced world class multi-category duty free brands supplied by DFS and also brought in a wide range of international fashion and lifestyle brands, many of which were being introduced in Myanmar for the very first time.

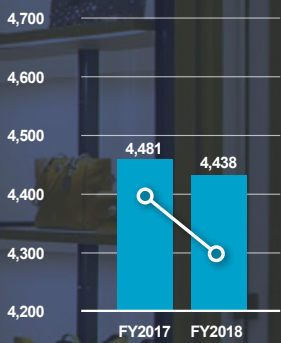
SMI has seen encouraging consumer off-take at the travel retail store level, which has grown at a much faster pace than passenger growth numbers at Yangon International Airport. Nevertheless, the Group has implemented prudent stock ordering controls for the fashion and lifestyle brands to optimise stock rotation.



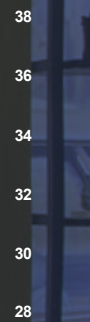
REVENUE (US\$'000)



GROSS PROFIT (US\$'000)

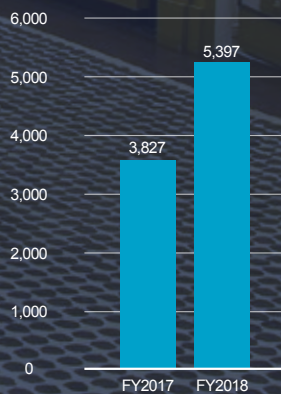


GROSS MARGIN (%)



■ GROSS PROFIT ○—○ GROSS MARGIN

EBITDA (US\$'000)



In April and May 2017, the Group opened eight fashion and cosmetic stores in Junction City and in January and February 2018, our retail presence was enhanced by two more stores in Myanmar Plaza. These stores are performing satisfactorily and SMI has been approached by more international fashion and lifestyle brands looking to work with us in Myanmar.

Aligned with one of our key strengths in high-quality international brand management, SMI will continue to look for retail brands and concepts which we believe will fit the market opportunities in Myanmar.



OUR BUSINESS AND STRATEGIES



FOOD & BEVERAGE

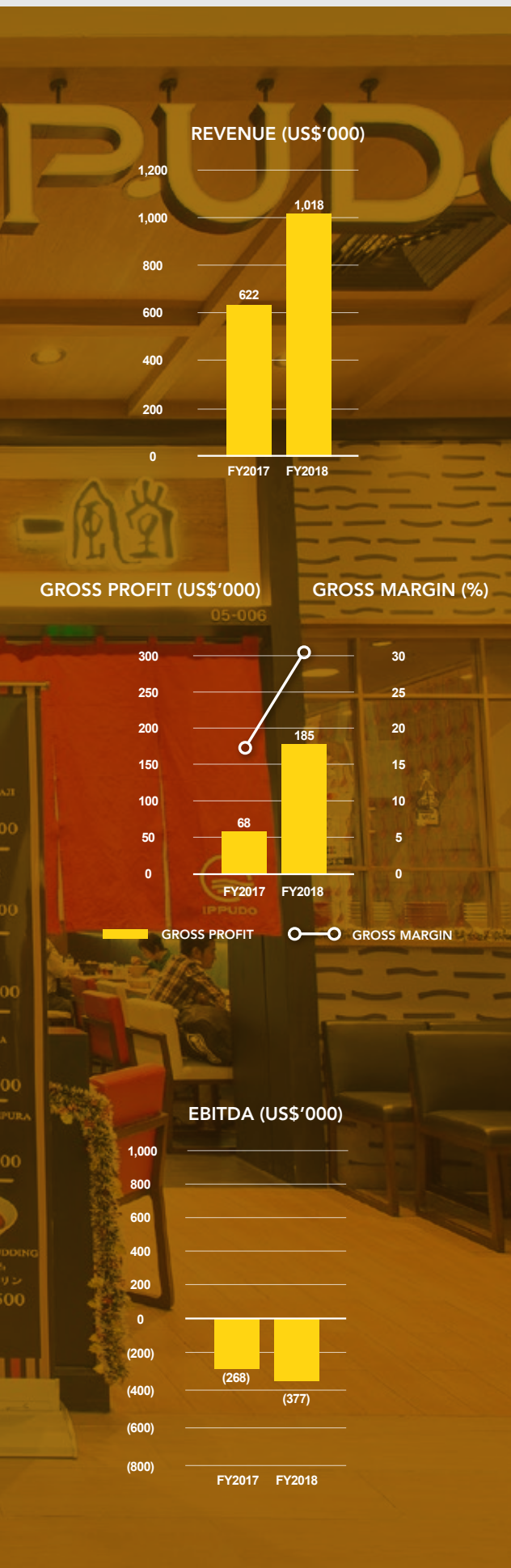
Growth in tourism will increase demand for F&B related businesses

Building on the strong performance of our Coffee Bean and Tea Leaf outlets at Yangon International Airport, SMI secured a national roll-out agreement for Coffee Bean and Tea Leaf, with the first store to be opened within 2018.

Separately, Ippudo has continued to grow its customer base in Myanmar, achieving record revenue level in FY2018 at its Junction City store. At the same time, our Crystal Jade franchise has been winning plaudits in the domestic market.

SMI will continue to actively look for new locations to expand our current F&B franchises and we are exploring new F&B franchises that can complement our impressive F&B portfolio in Myanmar.





Following a restructuring in our F&B Distribution business, SMI is revamping our portfolio of fresh food, packaged foods and wines with a view to roll out this expanded product range in the near future. Our marketing efforts will initially be focused on hotels and international restaurants before broadening out into the retail consumer market in Myanmar.

Rising income levels and continued growth of international travellers to the country will boost hotel occupancy levels and lead to higher demand for premium F&B products.



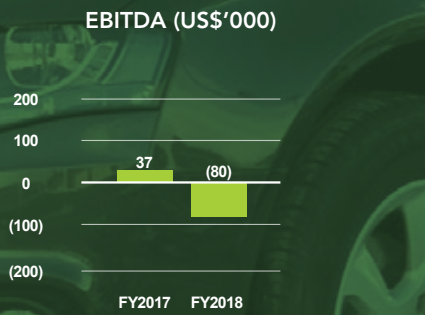
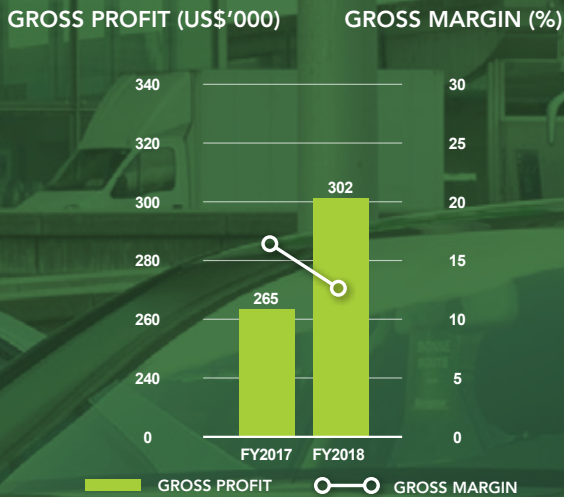
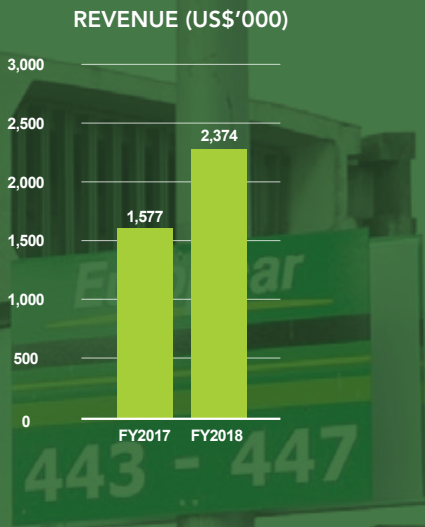
OUR BUSINESS AND STRATEGIES

AUTO SERVICES

Catering to strong demand for car rental services in Myanmar

SMI's car rental business, Europcar, in Myanmar has continued to expand during FY2018, despite growth being held back by limited car availability in the first half of FY2018. Growth in this business segment has been mainly led by corporate MNC contracts. And with the growing number of 4-star and 5-star hotels in Yangon, it is also leading to new opportunities for us to expand our car rental business.





Europcar is still the only international car rental brand operating in Myanmar and its award winning level of service has been well recognised among our MNC clientele.

Growth is expected to continue as Europcar offers a highly differentiated service in terms of experienced and qualified drivers, a well-maintained car fleet and a trusted international brand name.



OUR BUSINESS AND STRATEGIES



CONSTRUCTION SERVICES

Signing of Distribution agreement with Sany

In October 2017, SMI signed a comprehensive distribution agreement with SANY in Changsha, China. Sany is one of the world's leading industrial and heavy equipment manufacturing companies.

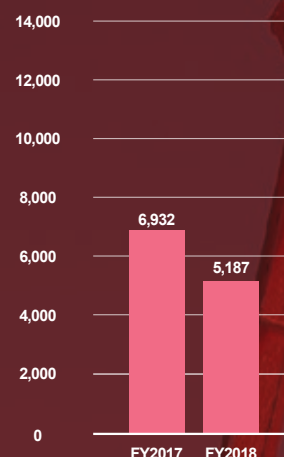


SANY already has a good market position in Cranes, Concrete Equipment, Port Handling Machinery and Drilling Rigs and SMI is looking to further increase our market share in Road Machinery and Excavators.

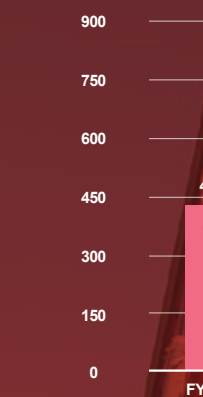
Several major construction and infrastructure projects were put on hold in Myanmar, which affected our equipment sales in FY2018 but we expect this market segment to pick up again in FY2019.

While further strengthening our servicing capability, SMI will continue its policy of broadening our commercial sales model by offering products for ex-factory sales and also from our stock inventories in Yangon.

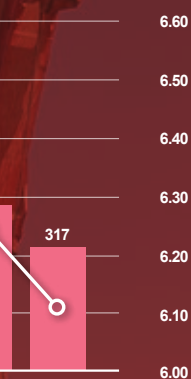
REVENUE (US\$'000)



GROSS PROFIT (US\$'000)

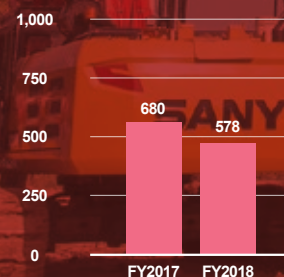


GROSS MARGIN (%)



Legend: ■ GROSS PROFIT ○ GROSS MARGIN

EBITDA (US\$'000)



LOGISTICS

Expansion of logistics and warehousing services in Myanmar

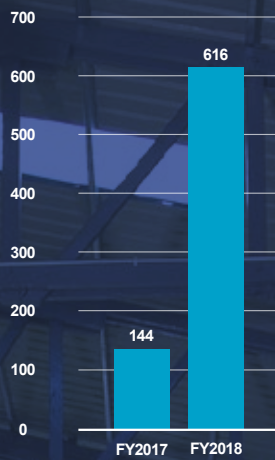
With the strong positive responses from customers to our first-class cold, cool and dry storage facilities in Yangon, SMI's joint venture with Senko, a major logistics group listed on the Japanese Stock Exchange, reinforces our expectations for this business segment.

Operating at close to maximum capacity, there are plans for a major expansion of the existing facility in FY2019.



The vision for this business is a network of warehouses across Myanmar in key locations providing international standard cold chain logistics including trucking and other transport related services.

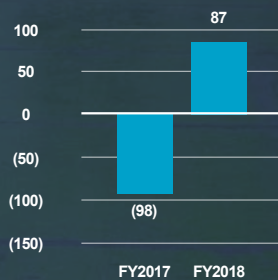
REVENUE (US\$'000)



GROSS PROFIT (US\$'000) GROSS MARGIN (%)



EBITDA (US\$'000)



Note: Logistics is not consolidated but included here for information only.

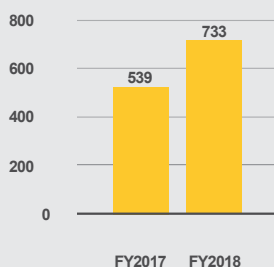
OUR BUSINESS AND STRATEGIES



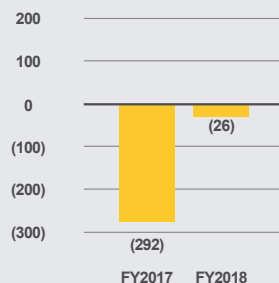
SERVICED OFFICES

Occupancy levels were relatively stable across the year and with new cost-saving measures put in place, we are seeing improvements in our operating margins.

REVENUE (US\$'000)



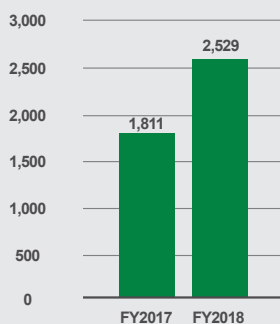
EBITDA (US\$'000)



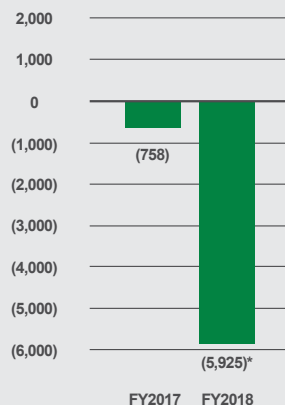
TELECOM TOWERS

This business segment has been designated a non-core business and it is being held for sale. With nearly 100 telecom towers in operation within Myanmar, TPR (the operating subsidiary in Myanmar) has achieved an almost 80% co-lease-up and at the same time, we have taken significant steps to reduce operating costs.

REVENUE (US\$'000)










EBITDA (US\$'000)



*Note: FY2018 EBITDA includes one-off impairment cost of US\$5.5 million.

GROUP STRUCTURE



BUSINESSES	EFFECTIVE SHAREHOLDING	NAME OF SUBSIDIARY
 TRAVEL & FASHION RETAIL	100% 100%	SMI RETAIL PTE. LTD. SMIRS MYANMAR LTD
	FOOD & BEVERAGE FRANCHISING	100% SMI F&B PTE. LTD. SMIFOOD CONCEPTS LTD
	FOOD & BEVERAGE DISTRIBUTION	100% 100% SMI F&B PTE. LTD. SMI F&B MM PTE. LTD.
 AUTO SERVICES	100% 100%	SMI AUTO SERVICES PTE. LTD. SMI RENTAL SERVICES MM LTD
 CONSTRUCTION SERVICES	100%	SMI CONSTRUCTION SERVICES PTE. LTD.
 LOGISTICS	50% 50%	SMI-SENKO LOGISTICS PTE. LTD. SENKOSMI MYANMAR CO LTD
 SERVICED OFFICES	65% 65%	KINNAYA PTE. LTD. YGN KINNAYA PTE LTD
 TELECOM TOWERS	97%	MYANMAR INFRASTRUCTURE GROUP PTE. LTD.
	97%	TPR MYANMAR LTD

● Singapore Subsidiaries ● Myanmar Subsidiaries

CHAIRMAN'S STATEMENT



“We have a business model that is proven and robust in the last frontier market in Asia. And I am proud of how our five core businesses have grown exponentially from scratch.”

“Myanmar has long been underperforming its vast economic potential and our unique business strategy ideally positions us to take advantage of the burgeoning consumer trends in Myanmar.”

DEAR SHAREHOLDERS,

It has been another pivotal year for Singapore Myanmar Investco Limited (“SMI” and together with our subsidiaries, the “Group”) as we executed a number of key strategic and operational initiatives to expand our diversified business portfolio in Myanmar, the last frontier market within Asia.

Myanmar has long been underperforming its vast economic potential and our unique business strategy ideally positions us to take advantage of the burgeoning consumer trends in Myanmar.

The very foundations of our five core business pillars are consumer-centric and our diversified business portfolio comprises of international and highly recognised consumer brands, F&B concepts and services, which are described in more details in the previous pages of this annual report.

Since we started our business expansion into Myanmar three years ago, our staff strength in Myanmar has increased from 70 employees to a size of more than 300.

Our people are one of our greatest assets. Growing our talent pool is a vital part of our business strategy and we continue to invest significantly in the training and development of our employees in Myanmar so each of our people can realize their true potential.

Nevertheless, the past twelve months were not without their challenges. We faced headwinds on a number of fronts and of particular note, the disposal of our telecom towers business did not conclude successfully, hence our full-year financial performance ended 31 March 2018 ("FY2018") was somewhat affected.

More details of our financial performance for FY2018 can be found within the Financial Contents in this annual report.

Although faced with such hurdles, our Group's President and CEO, Mr. Mark Bedingham, continues to steer a steady course for our five core business pillars in Myanmar, strengthening our ability to meet our organic growth objectives, and most importantly, enhancing relevance to our targeted consumers.

Sharing our optimism for Myanmar, we are encouraged by investors' strong receptiveness to our share placement exercise completed in September 2017.

We have a business model that is proven and robust in the last frontier market in Asia. And I am proud of how our five core businesses have grown exponentially from scratch and it encourages us to look to the future with confidence and assurance.

A Note of Thanks & Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to extend my appreciation to our staff for their continued efforts and professionalism to produce what I consider to be a good performance achieved in not the easiest of markets.

Our many stakeholders and business partners are important to our business and we give our thanks for their tremendous support and loyalty in recent years as we began our transformation in Myanmar.

In addition, I would like to extend my thanks to shareholders for their unwavering support when we embarked on our trailblazing business journey in Myanmar three years ago.

With our clear strategic focus in Myanmar, a unique blend of operational excellence and world-class retail expertise, we are at an inflexion point to create significant shareholder value in the future.

Thank You!

Ho Kwok Wai

Non-Executive Chairman

CEO'S MESSAGE



“ The underlying improved performance of our core businesses in FY2018 gives us strong confidence for the next financial year, and our five core business pillars are poised to further expand and entrench our business presence in Myanmar. ”

“Our focus on consumers and international travellers has intensified over the last twelve months and these areas will be core to our future growth.”

DEAR SHAREHOLDERS,

The past year has been a milestone for SMI as we achieved positive EBITDA in FY2018 within the relatively short time span of three years and positioned ourselves towards a consumer-centric business model in Myanmar.

Our focus on consumers and in particular, international travellers has intensified over the last twelve months and these areas will be core to our future growth. We have maintained tight discipline on overheads and improved our underlying gross margins.

The impairment charge for the tower business gives us further impetus to dispose of this non-core business.

It has been the first full year of operation for travel retail and we continue to refine the offer and product mix. Whilst there has been some adverse press for Myanmar which has affected western tourism, Asian travelers have continued to increase and overall airport passenger traffic grew by around 9% in the last calendar year.

It is worth highlighting that we have marked the first full year of operation for our duty-free travel retail business, spanning across 72,000 square feet of retail space in Myanmar's new international terminal.

Our success within the duty-free travel retail business has attracted the attention of major mall owners and developers in Yangon and it has culminated in the Group's expansion of our retail presence with eight retail stores in Junction City and two retail stores in Myanmar Plaza in FY2018.

We now have responsibility for over 700 staff in Myanmar and we are intensifying our efforts to broaden their workplace skills, introduce international business practices as well as bring on board returning Myanmar nationals who want to participate in the growth of their domestic economy.

For our **Retail** business activities, we have worked hard with our business partners to improve our range and product mix and this has resulted in very encouraging results such that their sales of duty-free travel retail are growing much faster than the growth in passenger traffic. With the impending closure of the other terminal at Yangon International Airport, we will be well positioned for further growth as all the passenger traffic will be diverted through the T1 terminal in which we operate.

Having successfully started our retail operations in Junction City and Myanmar Plaza, discussions have been initiated with leading apparel and lifestyle brands with a view to expanding our presence in a broader spectrum of Myanmar's consumer market.

F&B Franchise business will focus on the rollout of our 3 main franchises with a particular emphasis on Coffee Bean and Tea Leaf, now that we have succeeded in signing a national rollout agreement and expanding location for Ippudo, menu innovation will continue to be a key feature for Crystal Jade. We have found that both domestic consumers and international residents have been very receptive to the introduction of these new food concepts in Myanmar.

F&B Distribution saw a year of rebuilding as we dissolved the joint venture with Quarto Products Pte. Ltd. and we have begun the process of expanding our F&B distribution portfolio, which notably includes a wine distribution agreement with a major wine supplier, MMI.

Auto Services is poised for further expansion as there has been an improvement in passenger car supply with more kit-assembled cars in Myanmar, and it has allowed us to expand our fleet to just under 200 cars whilst growing our corporate customer base.

Construction Services signed a comprehensive exclusive distribution agreement with SANY, a leading construction equipment manufacturer in Changsha, China, on 30 October 2017. Coupled with improved financing options, this business has started to increase its market share despite a competitive construction equipment market in Myanmar.

Logistics is a joint venture with one of Japan's leading logistics companies, SENKO, and we have created the first modern cold storage warehouse in Yangon which has been virtually full since its opening and we have expansion plans to establish more of such warehouses across Myanmar.

Regarding the Group's two non-core businesses; Serviced Offices has seen stable occupancy and reduced operating costs which has substantially reduced losses and as for the Tower business, this is still a business that we are looking to exit, in spite of the last sale having fallen through. During the past financial year, we have reduced operating costs and increased co-lease up to approximately 80%.

Moving Ahead

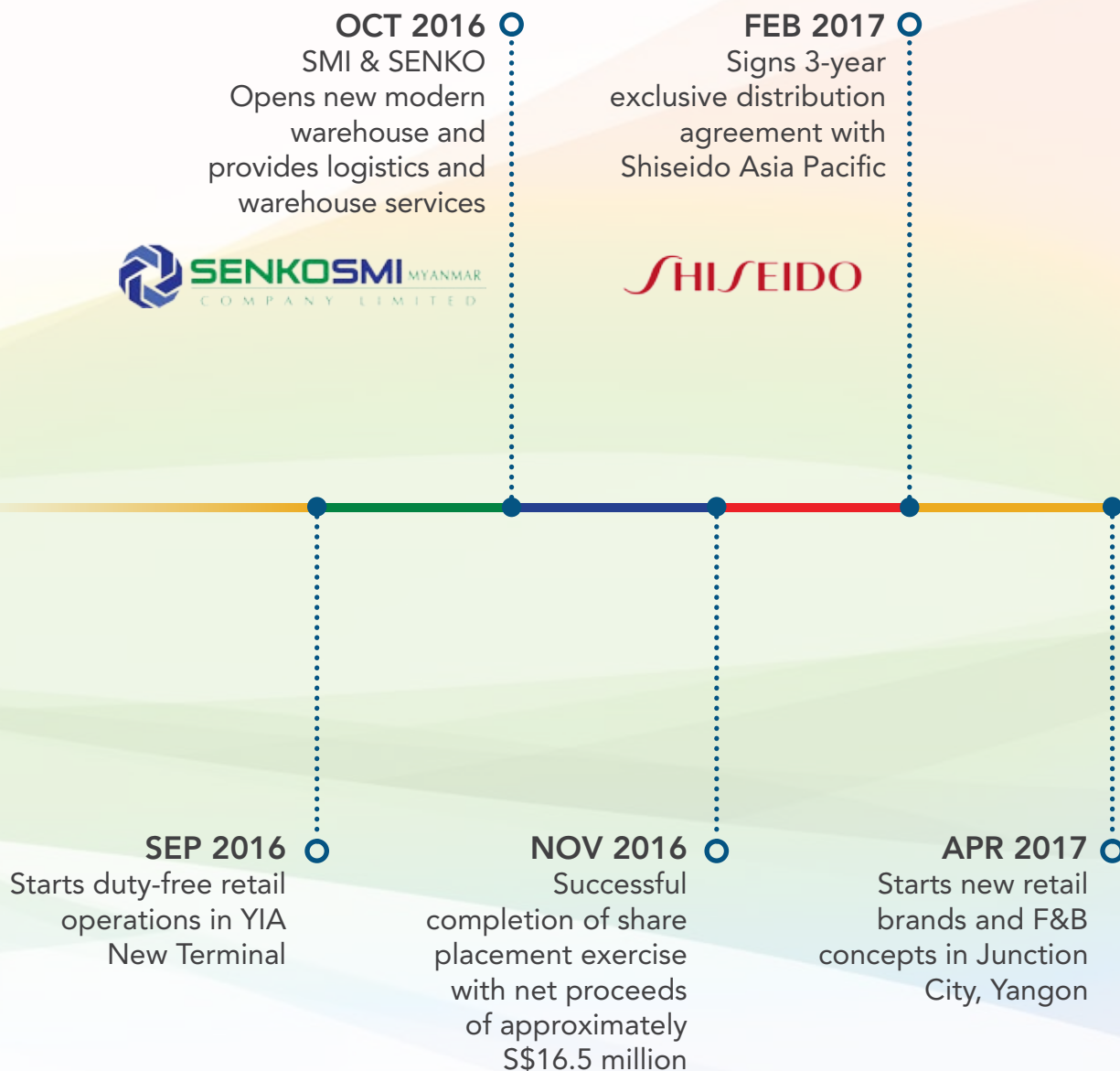
The underlying improved performance of our core businesses in FY2018 gives us strong confidence for the next financial year, where we see limited need for capital investments and our five core business pillars are poised to further expand and entrench our business presence in Myanmar.

In our vision to become Myanmar's leading consumer-centric group, we recognise there is much to do and I am confident of a bright future based on our firm foundations in Myanmar.

MARK BEDINGHAM

President and Chief Executive Officer

CORPORATE HIGHLIGHTS



OCT 2017
SMI signs a comprehensive SANY dealership agreement to distribute SANY heavy equipment in Myanmar



MAY 2018
SMI wins Singapore Business Review Listed Companies Awards 2018 for luxury retail



SEP 2017
Successful completion of share placement exercise with net proceeds of approximately S\$7.0 million.



FEB 2018
SMI signs area development agreement with the Coffee Bean & Tea Leaf for Myanmar

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. ("Moët Hennessy"), based in Hong Kong, in the mid-1990s as the Regional Managing Director of Asia Pacific. Spearheading the development of Moët Hennessy's business in China, he succeeded in growing the Chinese market into Moët 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 Moët 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 Law (Hons) Degree and a Post Graduate Certificate in Law 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 an independent financial advisor to listed companies in interested persons, delisting and general offer transactions. He is currently the Chief Financial Officer of MoneyMax Financial Services Ltd, listed on the SGX-ST. 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 responsible 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 achievements. 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 holds 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



HELEN KANG

SVP, Travel & Fashion Retail



**SATHEESHWARAN
SUBRAMANIAM**

Director, Retail Operations



JAMES RICHMOND

Director, Auto Services and F&B



ADRIAN LAU

Director, Construction
Services



STEPHEN DENG

COO, Telecom Towers



TUN TUN LATT

Director, Corporate Affairs
and Government Relations



SHUJI HOTTA

Director, Logistics



**KHIN CHAW
SU WIN**

Director, Budget and
Management Accounting

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CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Singapore Myanmar Investco Limited ("SMI" and together with its subsidiaries, the "Group") is committed to comply with the principles and guidelines of the Code of Corporate Governance (the "Code") issued by the Monetary Authority of Singapore on 2 May 2012. SMI 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 SMI's corporate governance practices. The Board confirms that, for the financial year ended 31 March 2018 ("FY2018"), SMI 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, SMI has sought to provide an appropriate explanation for each deviation in this Corporate Governance Report. SMI 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").

A. BOARD MATTERS

Principle 1: Board's Conduct of Affairs

Board's Leadership and Control

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 assumes responsibility for the Group's overall strategic plans and performance objectives, key operational initiatives, major funding and investment proposals, financial performance reviews, compliance and accountability systems and corporate governance practices.

The Board oversees the business performance and affairs of the Group. The Board leads, directs and works closely with Management, to ensure alignment of interests of the Board and Management with that of the shareholders, so as to achieve the long-term sustainable success of the various businesses of the Group.

The Board has established a framework on authorisation and approval limits for capital and operating expenditure, as well as specified transactions including acquisitions and disposals of investments, procurement of goods and services, bank facilities and cheque signatories. Within this framework, the Board has set relevant authority and approval sub-limits for delegation to various Management levels to optimise operational efficiency.

Material items that require Board's decision or approval include:

- 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 interim and full-year financial reports and the annual report;
- material acquisitions and disposals of assets;
- all matters of strategic importance;
- corporate governance; and
- interested person transactions.

CORPORATE GOVERNANCE REPORT

Board Committees

The Board has constituted the following Board Committees to assist the Board in the discharge of its functions:

- the Audit Committee (“AC”);
- the Nominating Committee (“NC”); and
- the Remuneration Committee (“RC”).

The composition of the Board Committees and their specific responsibilities and authority are set out in the relevant sections of this Report. These Committees play an important role in ensuring good corporate governance in SMI and within the Group. The Board also delegates certain of its functions to these Committees, which would make recommendations to the Board. Each Board Committee is required to operate and make decisions on matters within its Terms of Reference which 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.

Board Meetings

For FY2018, the Board held a total of 2 meetings to review the financial performance and to update the Board on significant business activities and overall business environment. Throughout the financial year, as and when deemed necessary by the Board, additional Board meetings may be convened to consider urgent proposals or matters that require the Board’s review and approval.

The Constitution of SMI (the “Constitution”) allows 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.

A summary of the number of Board and Board Committee meetings held in FY2018 and the attendance of the Directors at these meetings is set out in the table below:

Directors’ attendance at Board and board committee meetings during FY2018

Directors	Board Meetings	Board Committee Meetings		
		AC	NC	RC
Number of Meetings held	2	2	2	2
Ho Kwok Wai	2	n.a.	n.a.	n.a.
Fong Sing Chak Jack	2	2	2	2
Wong Yen Siang	2	2	2	2
Wee Sung Leng	2	2	2	2
Mark Francis Bedingham	2	n.a.	n.a.	n.a.

n.a. – not a member

CORPORATE GOVERNANCE REPORT

Induction and training of Directors

Briefings are conducted by Management for the newly-appointed Directors to familiarise with the Group's business activities, strategic directions, financials, policies, governance practices, corporate culture as well as key regulatory, legal and industry developments which affect the Group. 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.

Upon the appointment of a new Director, SMI 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").

In addition, the Company Secretary and members of Senior Management also provide regular updates to the Directors during Board meetings and through emails on key legal, regulatory, industry and accounting changes which affect the Group. Such new releases issued which are relevant to the Directors are circulated to the Board.

The Directors are free to conduct independent or collective discussions with Management and subject matter experts on any area of interest or concern.

In May 2018, the two NEDs, Jack Fong and Wee Sung Leng, visited Yangon to meet with key operational managers and visited the site operations. This helped them better understand the operating environment, issues and challenges faced by the Group.

Principle 2: Board Composition and Guidance

Strong and Independent Element on the Board

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	AC	NC	RC	Present Directorship 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	25 July 2017	-	-	-	Nil
Wong Yen Siang	Lead Independent Director	15 July 2005	25 July 2017	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

CORPORATE GOVERNANCE REPORT

The Board, through the NC, annually examines its 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.

Given the scope and nature of the Group's operations, the Board is of the view that its current size of 5 is conducive and facilitates effective decision-making. In this regard, the Board has also taken into account the complexity and requirement of the Group's businesses. The Directors' academic and professional qualifications are presented in pages 20 to 21 of the Annual Report.

Directors' independence review

The Board, taking into account the views of the NC, assesses the independence of each Director annually and as and when the circumstances require whether or not a director is independent, in accordance with the guidance in the Code. A Director is considered independent if he has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of SMI which could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgement in the best interests of the Group.

After taking into account the views of the NC, all the Directors on the Board are considered by the NC and the Board to be Independent Directors except the following:

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 SMI's voting shares.
Mark Francis Bedingham	As President and CEO of the Group, Mr Mark Francis Bedingham is employed by the Group

The Board also recognises that independent directors may over time develop significant insights in the Group's businesses 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 subjected his independence to a particularly rigorous review.

Taking in 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 SMI. He has continued to express his individual viewpoints, debate issues and objectively scrutinise and challenge Management. He has sought clarification as he required, including through direct access to the Group's employees.

Further, there was 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 SMI and change in the businesses of the Group. After taking into account these factors, the Board had 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 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.

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

Clear division of responsibilities between Chairman and Chief Executive Officer to ensure a balance of power and authority

In SMI, there is a clear division in responsibilities between the leadership of the Board and Management. The Chairman and CEO functions in SMI are assumed by different individuals, ensuring an appropriate balance of powers, increased accountability and greater capacity for the Board to make independent decisions.

The Chairman is Mr Ho Kwok Wai, who is a Non-Executive Director and unrelated to the CEO. He:

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

The Board has delegated the daily operations of the Group to the CEO who is Mr Mark Francis Bedingham. He:

- leads the Management team;
- formulates the Group's strategic directions and expansion plans;
- executes the strategic plan;
- reviews the performance of its existing businesses;
- manage the Group's overall business development to achieve the goal set out by the Board; and
- ensures the Directors are kept updated and informed of the Group's businesses.

CORPORATE GOVERNANCE REPORT

Principle 4: Board Membership

Formal and transparent process for appointment and re-appointment of directors to the Board

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 Board established the NC to lead and facilitate the selection, appointment and re-appointment of Directors to the Board with written terms of reference that clearly set out its authority and duties.

Key responsibilities include:

- 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;
- review the Board structure, size and composition having regards to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of SMI, 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;
- review board succession plan for Directors, in particular for the Chairman of the Board and CEO;
- determine on an annual basis whether or not a Director is independent;
- assess the performance of the Board and contribution of each Director to the effectiveness of the Board as a whole; and
- 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.

Each Independent Director is required to complete a Director's Independence Checklist ("Checklist") to confirm his independence annually. 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 NEDs 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 representatives 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 SMI.

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.

The NC has reviewed the individual performance of each Director and is satisfied that all Directors have dedicated adequate time to the affairs of SMI and have properly discharged their duties for FY2018 and will continue to do so in FY2019. The NC is of the view that the duties of all Directors have been fully discharged based on the time and attention devoted by each Director, their individual abilities and their respective individual contribution of skills, knowledge and experience and their commitment to the affairs of SMI.

The Board does not have alternate Directors as recommended by Guideline 4.5 of the Code.

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 SMI. The NC leads the process as follows:

- 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.
- 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.
- 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.
- NC recommends the most suitable candidate to the Board for appointment as Director. They are appointed by way of Board resolutions of SMI.

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

In addition, Article 97 of SMI'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.

CORPORATE GOVERNANCE REPORT

The NC has reviewed and recommended the re-election of the following Directors who will be retiring pursuant to SMI's Constitution at the forthcoming AGM to be held on 31 July 2018:

- Mr Ho Kwok Wai (retiring pursuant to Article 91)
- Mr Fong Sing Chak Jack (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 is set out under "Principle 2" on page 27.

Key information regarding the Directors is set out under section of "Board of Directors" on pages 20 to 21 of this Annual Report.

Principle 5: Board Performance

Formal assessment of the effectiveness of the Board and Board Committees and the contribution by each Director to the effectiveness of the Board

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 of each Director to the effectiveness of the Board on an annual basis.

During FY2018, 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.

Board 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 SMI's 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 customised Board Evaluation Questionnaire ("Questionnaire") to each Director for completion. Each Director is required to complete the Questionnaire and send it 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.

Individual Director evaluation

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

Board members to have complete, adequate and timely information prior to Board meetings and on an on-going basis

Complete, adequate and timely information

SMI fully recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Management is therefore expected to provide the Board with accurate information in a timely manner concerning SMI's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing SMI.

At least five business days prior to each Board and Board Committee meeting, Management provides the Directors with timely information that is relevant to matters on the agenda for the meeting, except for sensitive matters to be tabled at the meeting itself. The Directors have separate and independent access to the Company Secretary and Management at all times. Directors are entitled to request from Management and be provided with such additional information as needed to make informed and timely decisions.

The half-yearly financial results and annual budget are presented to the Board for approval. In respect of budgets, any material variances between the projections and actual results are disclosed and explained to the Board. The monthly internal financial statements are made available to members of the Board.

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. The Board also receives regular updates on the industry and technological developments.

Company Secretary

The Company Secretaries attend all Board meetings and are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including compliance with SMI's Constitution, the Companies Act, the Securities and Futures Act and the SGX Listing Manual.

They assist the Board in implementing and strengthening corporate governance policies and processes. They are the primary point of contact between SMI and the SGX.

The Constitution provides that the appointment and removal of the Company Secretaries is subject to the approval of the Board.

Should Directors, whether as a group or individually, need independent professional advice in furtherance of their duties, the Directors have access to relevant professional advice, with such costs to be borne by SMI.

CORPORATE GOVERNANCE REPORT

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Formal and transparent procedure for fixing remuneration packages of Directors

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

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

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and senior management. The RC assists the Board to ensure that remuneration policies and practices that sound in that they are able to attract, retain and motivate without being excessive and thereby maximise shareholder value.

The functions of the RC include:

- review and recommend to the Board a framework of remuneration for the Directors and key management personnel.
- review and recommend to the Board the specific remuneration packages for the Executive Director(s) of SMI, of which a significant portion of the Executive Director's remuneration is structured to link rewards to corporate and individual performance.
- review all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind.
- review the level and mix of remuneration and benefits policies and practices of SMI, including the long-term incentive schemes on an annual basis. The performance of SMI and that of the Executive Director(s) would be considered by the RC in undertaking such reviews.
- implement and administer the share and other incentive scheme(s) adopted by the Group.
- 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 them.

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

Appropriate remuneration to attract, retain and motivate Directors and key management personnel

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 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 SMI.

The details are set out under Principle 9 below.

CORPORATE GOVERNANCE REPORT

Principle 9: Disclosure on Remuneration

Clear disclosure of remuneration policy, level and mix of remuneration

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.

Directors' Remuneration

For the period under review, the Executive Director's remuneration package includes:

- fixed remuneration
- other benefits
- share-based incentives

It is based on service agreement entered into between SMI and the respective Executive Director for a period of three to five years and subject to automatic renewal for subsequent periods of three years unless earlier terminated. Executive Director does not receive Director's Fees.

At the moment, SMI does not use any contractual provisions to reclaim incentive components of the remuneration from the Executive Director in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Group. The Executive Director owes a fiduciary duty to SMI and SMI should be able to avail itself to remedy against the Executive Director 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.

Non-Executive Directors, including the Chairman, are paid Directors' fees, subject to the approval of shareholders at the AGM. The Directors' Fees, determined by the Board, are appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the Directors such that the independence of the NEDs is not compromised by their compensation.

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

For the financial year under review, the RC had recommended to the Board total Directors' Fees of S\$240,000 for the 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 the financial statements of SMI.

A breakdown, showing the level and mix of each individual Director's remuneration payable for FY2018 is as follows:

Name of Director	Fixed Salary	Fees ¹	Benefits in kind	Share-based incentives	Total
<i>S\$500,000 to S\$750,000</i>					
Mark Francis Bedingham	95%	–	5%	–	100%
<i>Below S\$250,000</i>					
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 2018.

CORPORATE GOVERNANCE REPORT

Remuneration of Key Management Personnel

SMI adopts a remuneration policy for staff comprising a fixed component, a variable component and benefits in kind. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is lined to SMI's and individual performance. The benefits in kind include housing and car benefits.

The remuneration paid to or accrued to the top nine key management personnel (who are not Directors or the CEO) for FY2018 is follows:

Name of Key Executives	Fixed Salary	Bonus	Benefits in kind	Share-based incentives	Total
<i>S\$250,000 to S\$500,000</i>					
Adrian Lau	60%	8%	30%	2%	100%
Cher Soon Eng Lucy	81%	18%	–	1%	100%
Lo Chi Chuang Alan	92%	8%	–	–	100%
Shuji Hotta	83%	12%	3%	2%	100%
Stephen Deng	77%	8%	15%	–	100%
<i>Below S\$250,000</i>					
James Andrew Richmond	61%	19%	17%	3%	100%
John Anthony Pike	70%	10%	17%	3%	100%
Kang Liang Yio Helen (Appointed on 2 January 2018)	75%	–	18%	7%	100%
Satheeish Subramaniam	65%	17%	15%	3%	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 annual aggregate remuneration paid to the top nine key management personnel of SMI (excluding the CEO) for FY2018 is US\$1,746,851 (S\$2,318,727). The RC approves the bonus for distribution to staff based on individual contributions as well as the financial performance and commercial needs of the Group and has ensured they are adequately but not excessively remunerated.

No employee of the Group was an immediate family member of any Director or the CEO and whose remuneration exceeded S\$50,000 per annum during this financial year.

Share-based Incentive Plan

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

The SMI Performance Share Plan ("PSP") was adopted at an Extraordinary General Meeting on 30 July 2014. The SMI PSP 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 Directors.

In addition, the SMI Share Option Scheme ("SMI ESOS") was approved and adopted at the EGM of SMI held on 25 July 2017. The key objective of the SMI ESOS is to motivate Group's key management personnel to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Group.

Further details on these incentives can be found in the Notes to the Financial Statements.

Remuneration for the Executive Director and key executives in the form of salaries, SMI PSP, SMI ESOS and bonuses are based on corporate and individual performance with emphasis on long term profitability, revenue growth and sustainability of the Company.

C. AUDIT COMMITTEE

Principle 10: Accountability and Audit

Board presents SMI's performance, position and prospects

The Board announces its half-year and full-year financial results which present a balanced and informed assessment of SMI's performance, position and prospects via public announcements and through the SGXNET.

The Board reviews and approves the results as well as any announcements before its release. Results for the first half year are released to shareholders within 45 days from the end of the half year and full year results are released within 60 days from the financial year end. In presenting the half-year and full-year 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 takes adequate steps through the establishment of appropriate internal policies to ensure compliance with legislative and regulatory requirements, including requirements under the SGX Listing Manual.

SMI recognises the importance of providing the Board with accurate and relevant information on a timely basis. Hence, Management provides the Board with management accounts and such explanation and information on a regular basis and as and when the Board may require to enable the Board to make a balanced and informed assessment of SMI's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

Sound system of Risk Governance and Internal Controls

The Board is responsible in overseeing the risk governance in the Group to ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. It also determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Based on the audit reports and management controls in place, the Board and AC are satisfied that the internal control systems provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained and financial statements are reliable. In the course of their statutory audit, the external auditors will highlight any material internal control weaknesses which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the 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 2018 give a true and fair view of SMI's operations and finances; and (ii) SMI's risk management and internal control systems in place are effective.

Based on the internal controls established and maintained by SMI, work performed by the internal and external auditors and regular reviews performed by Management, the Board and relevant Board Committees, the Board and AC are of the opinion that the Group's risk management systems and internal controls were adequate and effective as at 31 March 2018 to address financial, operational, compliance and information technology risks which SMI considers relevant and material to its operations. This is also supported by the assurance statement from the CEO and Finance Director.

The Board and AC note that the risk management system and internal controls of the Group provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that there is no risk management system and internal controls that can provide absolute assurance in this regard or against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

Code of Dealings in Securities

SMI has in place a Code of Dealings in SMI's securities, which prohibits dealings in SMI securities by all Directors of the Company and its subsidiaries, and certain employees, within certain trading periods. The "black-out" period is one month before and up to the date of announcement of SMI's half year and full year results. Directors and employees are also reminded to observe insider trading laws at all times and not to deal in SMI securities when in possession of any unpublished price-sensitive information regarding the Group or on short-term considerations. SMI issues half-yearly reminders to its Directors, relevant officers and employees on the restrictions in dealing in listed securities of SMI as set out above, in compliance with Rule 1207(19) of the SGX Listing Manual.

Principle 12: Audit Committee

Establishment of an Audit Committee with written terms of reference

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

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

The AC members are appropriately qualified to discharge their responsibilities and collectively have strong accounting and related financial and legal management expertise and experience. The AC performs the functions as set out in the Code including the following:

- 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;
- 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;
- review the internal control and procedures and ensure co-ordination between the external auditors and Management, reviewing the assistance given by Management to the auditors to 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);
- review the adequacy and effectiveness of SMI's risk management and internal control systems (including financial, operations, compliance and information technology controls) and to report to the Board annually;
- 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 material impact on SMI's operating results or financial position and our Management's response;
- consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- review potential conflicts of interest, if any;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring attention of AC; and
- 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.

CORPORATE GOVERNANCE REPORT

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

The AC meets with the external auditors, at least once a year, without the presence of Management. The audit partner of the external auditors is rotated every five years, in accordance with the requirements of the SGX Listing Manual.

Half-yearly financial statements and the accompanying announcements are reviewed by the AC before presentation to the Board for approval, to ensure the integrity of information to be released.

During the financial year, the AC reviewed the half-yearly financial statements prior to approving or recommending their release to the Board, as applicable; the auditors' evaluation of the system of internal accounting controls; the adequacy and effectiveness of SMI's internal controls; the annual audit plan of the external and internal auditors and the results of the audits performed by them and potential interested person transactions. It also reviewed the scope, results and effectiveness of the internal and external audit functions; the independence and objectivity of the external auditors and the non-audit services rendered by them and the re-appointment of the external auditors and their remuneration. Management's assessment of fraud risks, adequacy of the whistleblowing arrangements and whistleblowing complaints is reviewed by the AC.

Significant matters that were discussed with Management and the external auditors have been included as key audit matters ("KAMs") in the independent auditors' report for the financial year ended 31 March 2018, as set out on pages 49 to 52 of this Annual Report.

The AC, considering the report from the external auditors, including their findings and views on the key areas of audit focus, concluded that SMI's accounting treatment and estimates in each of the KAMs were appropriate.

External Auditors

The AC has conducted an annual review of the performance of the external auditors and the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independency and objectivity of the external auditors, before confirming their re-nomination.

The aggregate amount of fees paid or payable to the external auditors of the Group, is broken down into audit and non-audit services for the financial year ended 31 March 2018 are as follows:

- Audit fees: US\$121,200
- Non-audit fees: US\$4,899

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

SMI engages suitable independent auditors to audit its foreign incorporated subsidiaries and joint ventures, as disclosed in Notes 17 and 18 to the financial statements in this annual report which have been cleared by SMI'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 SMI.

SMI confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the SGX Listing Manual.

None of the AC members is a former partner or director of the Group's existing auditing firm.

CORPORATE GOVERNANCE REPORT

Whistleblowing Policy

The Group also has a Whistleblowing Policy to allow staff to raise concerns or observations in confidence to SMI about possible irregularities for independent investigation and appropriate follow up action to be taken. Such concerns include dishonesty, fraudulent acts, corruption, legal breaches and other serious improper conduct; unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group's reputation. The Whistleblowing Policy encourages staff to identify themselves whenever possible to facilitate investigations but will also consider anonymous complaints, in certain circumstances. It makes available to staff the contact details of the Receiving Officer who may also forward the concern to the respective Heads of Division, CEO, AC Chairman and/or Chairman.

Principle 13: Internal Audit

Establishment of an internal audit function that is independent of the functions it audits

SMI engaged Baker Tilly Consultancy (Singapore) Pte Ltd ("Baker Tilly") to develop a comprehensive set of group policies and procedures ("Group policies") in November 2016. The AC reviewed and approved the Group policies as well as appointed Baker Tilly to be the internal auditor ("IA") in May 2017.

The primary role of IA is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Company, reviewing the internal controls of SMI to ensure prompt and accurate recording of transactions and proper safeguarding of assets and reviewing that the Company complies with the relevant laws, regulations and policies established by SMI. Baker Tilly adopts a risk-based approach in its auditing activities and developed a two-year audit plan using a structured risk and control assessment framework through which the inherent risk and control effectiveness of each auditable entity in the Group are assessed.

The AC approved the two year Internal Audit plan presented by Baker Tilly in May 2017 and received their report. IA observations on control, operational and human lapses and recommendations to address them were reviewed and discussed at the AC meeting. The AC was satisfied that recommendations made were dealt with by the Management in a timely manner, with outstanding exceptions or recommendations being monitored and reported back to the AC. The IA has unfettered access to the AC, the Board and management, as well as the right to seek information and explanation. The AC is satisfied with the quality and effectiveness of the IA function and that the IA function is currently adequately resourced and has appropriate independent standing to perform its functions effectively.

Principle 14: Shareholders Rights and Responsibilities

Fair and equitable treatment of shareholders

SMI respects shareholders' rights and promotes the fair and equitable treatment of all shareholders. SMI keeps all of its shareholders sufficiently informed of its corporate affairs and activities, including any changes to SMI or its business which may materially affect the price or value of SMI shares on a timely basis.

All new material price-sensitive information is disclosed on an adequate, accurate and timely basis via SGXNET, which are also posted on the SMI Investor Relation ("IR") website. SMI recognises that the release of timely and relevant information is central to good corporate governance and assists shareholders to make informed investment decisions.

Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting. These notices are published in the local newspaper and posted onto SGXNET and SMI IR website. These notices are also contained in annual reports or circulars which are sent to all shareholders.

All shareholders are entitled to attend and vote at general meetings and are afforded the opportunity to participate effectively in the general meetings. The Constitution of the Company allows each shareholder to appoint up to two proxies to attend, speak and vote in their place at general meetings. SMI 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.

CORPORATE GOVERNANCE REPORT

Pursuant to the Companies (Amendment) Act 2014, a shareholder who is a “relevant intermediary”, is entitled to appoint more than two 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 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.

Principle 15: Communication with Shareholders

Regular, effective and fair communication with shareholders

SMI protects and facilitates the exercise of shareholders’ rights. In addition to the matters mentioned above in relation to “Access to Information”, there are regular, effective and non-discriminatory communications between shareholders and Management who will receive and attend to their queries and concerns.

SMI provides regular and timely information to the investment community regarding the Group’s performance, progress and prospects as well as major industry and corporate developments and other relevant information. In addition to shareholders’ meetings, the CEO meets with investors, analysts and the media, as well as participate in industry conferences to solicit and understand the views of the investment community. The CEO also travelled widely for non-deal roadshows to meet investors across countries. Such meetings provide useful platforms for the CEO to engage with investors and analysts.

Apart from SGXNET, announcements and the annual report, the SMI IR website at sin-mi.listedcompany.com, which is regularly updated, is the main source of information for shareholders. It houses all media releases, financial results, annual reports, SGXNET announcements, presentation materials as well as other corporate information relating to the Group. However, new material price-sensitive information such as financial results are released via SGXNET before being posted on the SMI IR website or before any media or analyst conferences are conducted. This ensures fair and non-selective disclosure of information to all shareholders.

Shareholders may direct their queries and concerns to SMI at the contact particulars given at the SMI IR website.

SMI 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 deem appropriate.

No dividend was paid for the financial year ended 31 March 2018 as the Group reported a net operating loss for the year.

Principle 16: Conduct of Shareholder Meetings

Greater shareholder participation at general meetings

SMI is in full support of shareholder participation at general meetings. The general meeting procedures allow shareholders to raise questions relating to each resolution tabled for approval and to participate, engage and openly communicate their views on matters relating to the Group.

At shareholders’ meetings, each distinct issue is proposed as a separate resolution. Such resolutions include matters of significance to shareholders such as, where applicable, adoption of Audited Financial Statements together with Directors’ Statements and Independent Auditors’ Report, remuneration of directors, re-election of directors, re-appointment of auditors and assignment of authority to the directors to fix their remuneration and authorisation to issue additional shares. Votes cast for and against and the respective percentages on each resolution will be displayed to shareholders/proxies immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the general meeting via SGXNET. Each share is entitled to one vote.

CORPORATE GOVERNANCE REPORT

All Directors, including the Chairmen of the AC, NC and RC and senior Management, are in attendance at the AGMs and EGMs to allow shareholders the opportunity to air their views and ask Directors or Management questions regarding the Group. The external auditors also attend the AGMs to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors' report. The AGM is held within four months after the close of the financial year.

The Company Secretaries prepare minutes of shareholders' meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon their requests.

D. MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, SMI 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 SMI and the Group 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.

E. INTERESTED PERSON TRANSACTION

SMI 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.

All interested person transactions will be documented and submitted to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of SMI and its minority Shareholders.

SMI has not obtained a general mandate from shareholders for interested person transactions ("IPTs").

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)	
	FY2018	FY2017	FY2018	FY2017
Loan from Director and interest accrued thereon - Ho Kwok Wai	US\$1,002,570.22	US\$3,130,209.84	-	-
Loan from Director and interest accrued thereon - Mark Francis Bedingham	US\$3,032,621.92	US\$3,747,351.09	-	-

Mr Ho Kwok Wai is the Non-Executive Chairman and Controlling Shareholder of SMI who holds 54.37% of the total issued and paid-up shares (inclusive of both direct and deemed interests) as at the date of this report. During the reporting year, Mr Ho Kwok Wai has granted the following loans to SMI:

CORPORATE GOVERNANCE REPORT

Date of Loan Agreement	Loan Amount (US\$)	Interest Rate	Tenure
17 July 2017	3,000,000 ¹	2.34% per annum	Repayable twenty-four months from the date of first disbursement upon giving seven days' notice by Mr Ho Kwok Wai to SMI
8 January 2018	2,000,000 ²		

Note:

¹ US\$3,000,000 has been disbursed and converted pursuant to the debt conversion exercise completed on 22 February 2018.

² US\$1,450,000 has been disbursed with remaining US\$550,000 available for disbursement as and when needed by SMI.

Mr Mark Francis Bedingham is the Executive Director, President and CEO and shareholder of SMI who holds 8.09% of the total issued and paid-up shares (inclusive of both direct and deemed interests) as at the date of this report. During the reporting year, Mr Mark Francis Bedingham has granted the following loans to SMI, all of which have been fully disbursed and remain outstanding.

Date of Loan Agreement	Loan Amount (US\$)	Interest Rate	Tenure
20 April 2017	500,000	2.34% per annum	Repayable two months from the date of disbursement upon giving seven days' notice by Mr Mark Francis Bedingham to SMI
17 July 2017	500,000		Repayable three months from the date of disbursement, upon giving seven days' notice by Mr Mark Francis Bedingham to SMI
11 December 2017	1,000,000		Repayable 1 month from the date of disbursement upon giving seven days' notice by Mr Mark Francis Bedingham to SMI
16 March 2018	500,000		
16 August 2017	300,000		

In addition to the above loans and excluding those loans that have been converted pursuant to past debt conversion exercises, Mr Mark Francis Bedingham has granted a loan of US\$200,000 to SMI pursuant to the loan agreement dated 28 September 2016 (prior to the reporting year) and a loan of US\$250,000, US\$500,000 and US\$750,000 to SMI pursuant to the loan agreements dated 17 April 2018, 15 May 2018 and 3 July 2018 (all subsequent to the reporting year), all of which have been fully disbursed and remain outstanding. Details of these loans are as follows:

Date of Loan Agreement	Loan Amount (US\$)	Interest Rate	Tenure
28 September 2016	200,000	2.34% per annum	Repayable two months from the date of disbursement upon giving seven days' notice by Mr Mark Francis Bedingham to SMI
17 April 2018	250,000		Repayable three months from the date of disbursement, upon giving seven days' notice by Mr Mark Francis Bedingham to SMI
15 May 2018	500,000		Repayable 1 year from the date of disbursement upon giving seven days' notice by Mr Mark Francis Bedingham to SMI
3 July 2018	750,000		Repayable three months from the date of disbursement, upon giving seven days' notice by Mr Mark Francis Bedingham to SMI

CORPORATE GOVERNANCE REPORT

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 SMI's main banker, for a two-year working capital loan. The loan is unsecured.

During the reporting year, the Company has completed debt conversion exercises on 2 June 2017 ("May 2017 Debt Conversion") and 22 February 2018 ("December 2017 Debt Conversion"), details of which are as follows:

1. May 2017 Debt Conversion - conversion of an aggregate amount of US\$3,533,867.43 (being the principal amount of shareholders' loans of US\$3,500,000 and interest accrued thereon of US\$33,867.43) owed by SMI to Mr Ho Kwok Wai and Mr Mark Francis Bedingham into 11,885,573 Shares.

Further details of the May 2017 Debt Conversion may be found in the circular to shareholders dated 4 May 2017.

2. December 2017 Debt Conversion - conversion of an aggregate amount of US\$7,889,708.48 (being the principal amount of shareholders' loans of US\$7,800,000 and interest accrued thereon of US\$89,708.48 owed by SMI to Mr Ho Kwok Wai and Mr Mark Francis Bedingham into 22,262,127 Shares.

Further details of the December 2017 Debt Conversion may be found in the circular to shareholders dated 21 December 2017.

F. USE OF PROCEEDS

SMI raised the net proceeds of approximately S\$7.0 million from the placement of 15,411,600 ordinary shares in SMI's capital at an issue price of S\$0.48 for each share which was completed on 11 September 2017. Such proceeds have been utilised for various purposes as follows:-

- a. US\$1.44 million has been utilised for purchase of duty-free, retail and F&B merchandise;
- b. US\$0.08 million has been utilised for payment of F&B franchise and royalty fees;
- c. US\$0.12 million has been utilised for expansion of the Group's car rental and limousine services business;
- d. US\$0.71 million has been used to finance telecommunication towers business;
- e. US\$2.83 million has been used as working capital

STATEMENT BY DIRECTORS

For the reporting year ended 31 March 2018

The directors are pleased to present their statement to the members together with the audited financial statements of Singapore Myanmar Investco Limited for the reporting year ended 31 March 2018.

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 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the reporting 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 reporting 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 for the conversion of the loans into ordinary shares – 10,188,945 shares at S\$0.42 and 13,588,737 at S\$0.48 to Ho Kwok Wai and 1,696,628 shares at S\$0.42 and 8,673,390 at S\$0.48 to Mark Francis Bedingham.

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 reporting year had any interest in shares or debentures of the Company or its related corporations, except as follows:

	At beginning of the reporting year	At end of the reporting year
The Company		<u>Deemed interest</u>
<u>Singapore Myanmar Investco Limited</u>		<u>Number of ordinary shares</u>
Ho Kwok Wai	140,972,189	164,749,871
Mark Francis Bedingham	14,138,303	24,508,321
Fong Sing Chak Jack	1,000,000	1,000,000

STATEMENT BY DIRECTORS

For the reporting year ended 31 March 2018

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

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 2018 were the same as those at the end of reporting year.

5. Share options

The Company has in place the Singapore Myanmar Investco Limited Employee Share Option Scheme ("SMI ESOS").

The SMI ESOS was approved and adopted at the Extraordinary General Meeting ("EGM") of the Company held on 25 July 2017.

The SMI ESOS is established for the benefit of all personnel in the key management team and its objectives are as follows:

- (a) to incentivize all participants;
- (b) to motivate participants to optimise performance, efficiency and productivity;
- (c) to reward and retain key participants whose contributions are important to the long-term prospect and profitability of the Group;
- (d) to promote a sense of loyalty amongst the participants to further the growth of the Group; and
- (e) to align the interests of the participants with the interests of the Shareholders.

Subject to the absolute discretion of the Committee, key employees shall be eligible to participate in the SMI ESOS, provided that as of the Offer Date such key employees:

- (a) have attained the age of 21 years;
- (b) are not undischarged bankrupts;
- (c) in the opinion of the Committee, have contributed or will contribute to the success and development of the Group;
- (d) must hold such position as may be designated by the Company from time to time; and
- (e) must have their eligibility confirmed by the Company as at each proposed Date of Grant as determined by the Committee.

Key employees who are Controlling Shareholders or their Associates shall not participate in the SMI ESOS, unless:

- (a) such participation is approved by independent Shareholders and that a separate resolution is and will be passed to approve the participation of each such person and further that the resolution will approve the actual number and terms of options to be granted to that participant;
- (b) the actual number and terms of any Option to be granted to them have been specifically approved by Shareholders who are not beneficiaries of the SMI ESOS in a general meeting in separate resolutions for each such Controlling Shareholder or his Associates; and

STATEMENT BY DIRECTORS

For the reporting year ended 31 March 2018

5. Share options (cont'd)

- (c) all conditions for their participation in the SMI ESOS as may be required by the regulations of the SGX-ST from time to time are satisfied. In this regards, pursuant to Rule 845 of the Listing Manual, (1) the aggregate number of SMI Shares available to Controlling Shareholders and their Associates must not exceed 25% of the SMI Shares available under the SMI ESOS; and (2) the number of SMI Shares available to each Controlling Shareholder or his Associates must not exceed 10% of the SMI Shares available under the SMI ESOS.

Since the commencement of the SMI ESOS to the reporting year ended 31 March 2018, 1,360,000 share options were granted by the Company. The options shall only be exercisable after two years from the date of grant and shall be exercisable within three years thereof.

The movement of share options of the Company during the reporting year ended 31 March 2018 is as follows:

Date of grant	Balance outstanding at 1 April 2017	Number of share options granted	Number of share options forfeited	Balance outstanding at 31 March 2018
4 October 2017	–	1,325,000 ^(a)	(109,100)	1,215,900
11 December 2017	–	35,000 ^(b)	(20,000)	15,000
Total	–	1,360,000	(129,100)	1,230,900

(a) Exercise price : S\$0.46

(b) Exercise price : S\$0.44

Subsequent to the reporting year ended 31 March 2018, the Company has on 26 April 2018, granted 50,000 share options, at exercise price of S\$0.31 per share and on 8 June 2018, granted 945,000 share options, at exercise price of S\$0.29 per share.

During the reporting year, there were no shares of the Company issued by virtue of exercising of share options.

At the end of the reporting year, there were no unissued shares of the Company under option.

6. Audit committee

The members of the Audit Committee during the reporting 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 with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- 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).

STATEMENT BY DIRECTORS

For the reporting year ended 31 March 2018

6. Audit committee (cont'd)

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 internal and 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 reporting year 31 March 2018.

8. Subsequent developments

The Company, together with its subsidiary, Myanmar Infrastructure Group Pte. Ltd. ("MIG"), has on 1 June 2018 entered into a share sale agreement with an independent entity, Tiger Infrastructure Pte. Ltd., for the proposed disposal of (i) the entire interest in TPR Myanmar Ltd ("TPR") held by MIG, and (ii) all tower stock and power equipment stock held by TPR for a consideration of US\$10.8 million.

MIG's minority shareholder, Golden Infrastructure Group Limited ("GIG"), has through GIG's legal solicitors on 20 June 2018 filed an originating summons against the Company, MIG and the Purchaser seeking, inter alia, an injunction restraining the completion of the Share Sale Agreement ("SSA").

In addition, GIG's legal solicitors have concurrently filed an ex parte summons against the Company seeking, inter alia, an interim injunction to prevent the Company from completing the SSA. As at the date of this report, no interim injunction has been granted and the Company intends to proceed with completion in accordance with the terms of the SSA.

Except for the above matter, there are no other significant developments subsequent to the release of the Group and the Company's preliminary financial statements, as announced on 28 May 2018, 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

5 July 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Myanmar Investco Limited

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 2018, 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 2018 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(c) on significant judgments, assumptions and estimation uncertainties and Note 2(d) on revenue recognition.

The Group supplies duty free fashion and lifestyle goods to a Myanmar distributor that operates retail businesses at an 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\$15.9 million for the reporting year ended 31 March 2018, out of which US\$3.0 million has been received as at 31 March 2018.

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(d) 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Myanmar Investco Limited

Key audit matters (cont'd)

(b) Carrying amount of trade receivables

Refer to Note 2(c) on significant judgments, assumptions and estimation uncertainties, Note 2(p) on financial assets and Note 31(b) on credit risk on financial assets.

The carrying value of trade receivables amounted to US\$24.0 million, accounting for 40.5% of the Group's total assets as at the end of the reporting year. Approximately 91% of the receivables are due from the Group's three major distributors in Myanmar.

Out of the trade receivables as at 31 March 2018, US\$17.8 million were past the 60 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 reporting year end; and (ii) obtained an understanding of the respective distributors' business models 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 carrying amount of assets classified as held for sale

Refer to Note 2(c) on significant judgements, assumptions and estimation uncertainties and Note 13 on loss from discontinued operations. Also refer to Note 2(h) on discontinued operations and Note 2(n) on impairment of non-financial assets.

The assets classified as held for sale amounted to US\$14.7 million as at end of the reporting year. An impairment allowance of US\$5.5 million has been made in relation to the carrying amount of the non-current assets classified as held for sale. The net carrying amount of the assets classified as held for sale accounted for 24.9% of the Group's total assets as at 31 March 2018.

Management has assessed the recoverable amount of the assets classified as held for sale based on the estimated fair value less costs to sell from expected disposal.

We have reviewed and challenged the assumptions and estimates used by management to determine the fair value less costs to sell of the assets classified as held for sale and have also discussed with the management on the investee's business and industry outlook. We have also discussed with management on the potential buyers and have reviewed the indicative offer prices from the potential buyers. We have also assessed the adequacy of the disclosures in the financial statements.

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

Refer to Note 2(c) on significant judgments, assumptions and estimation uncertainties and Notes 2(n) and 2(p) on impairment of non-financial assets and financial assets. Also refer to Notes 17 and 20 on investment in subsidiaries and trade and other receivables.

The costs of investment in subsidiaries and the receivables from subsidiaries amounted to US\$22.3 million and US\$35.0 million respectively as at end of the reporting year. An impairment allowance of US\$11.3 million and US\$6.1 million have been made in relation to the investment in subsidiaries and receivables from subsidiaries. The net amounts of US\$11.0 million and US\$28.9 million are classified as costs of investment in subsidiaries and receivables from subsidiaries respectively. The net carrying amount of the investments and receivables accounted for 91.6% of the Company's total assets as at the end of the reporting 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Myanmar Investco Limited

Key audit matters (cont'd)

(d) Impairment of cost of investments and net receivable from subsidiaries (cont'd)

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.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Myanmar Investco Limited

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

- (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.
- (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

5 July 2018

Engagement partner - effective from reporting year ended 31 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the reporting year ended 31 March 2018

	Notes	The Group	
		2018	(Restated) 2017
		US\$'000	US\$'000
Revenue	5	23,999	23,303
Cost of sales		(18,567)	(18,469)
Gross profit		5,432	4,834
Other income	6	1,528	567
Distribution expenses		(1,181)	(1,235)
Administrative expenses	7	(7,460)	(8,262)
Finance costs	8	(1,333)	(915)
Other expenses	6	(224)	–
Share of results of joint ventures, net of tax		(115)	(71)
Loss before tax from continuing operations		(3,353)	(5,082)
Income tax expense	12	(50)	(25)
Loss from continuing operations, net of tax		(3,403)	(5,107)
Loss from discontinued operations, net of tax	13	(7,581)	(2,239)
Loss, net of tax		(10,984)	(7,346)
Total comprehensive loss for the year		(10,984)	(7,346)
Loss attributable to:			
Equity holders of the Company		(10,730)	(7,080)
Non-controlling interests		(254)	(266)
Loss for the year		(10,984)	(7,346)
Total comprehensive loss attributable to:			
Equity holders of the Company		(10,730)	(7,080)
Non-controlling interests		(254)	(266)
		(10,984)	(7,346)
Loss per share for loss from continuing and discontinued operations attributable to equity holders of the Company		Cents	Cents
Basic loss per share	14		
From continuing operations		(1.15)	(2.29)
From discontinued operations		(2.77)	(1.06)
		(3.92)	(3.35)
Diluted loss per share	14		
From continuing operations		(1.15)	(2.29)
From discontinued operations		(2.77)	(1.06)
		(3.92)	(3.35)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

	Notes	The Group		The Company	
		2018	(Restated) 2017	2018	(Restated) 2017
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	14,675	14,881	1,056	1,029
Intangible assets	16	514	611	–	–
Investments in subsidiaries	17	–	–	11,056	1,397
Investments in joint ventures	18	464	579	650	650
Trade and other receivables	20	170	477	–	–
Other assets	21	84	33	33	33
		15,907	16,581	12,795	3,109
Current assets					
Inventories	19	440	1,592	–	–
Trade and other receivables	20	24,965	15,816	30,339	36,791
Other assets	21	1,764	1,049	173	155
Cash and cash equivalents	22	1,429	3,372	158	1,813
		28,598	21,829	30,670	38,759
Asset classified as held for sale	13	14,743	20,888	130	740
		43,341	42,717	30,800	39,499
Total assets		59,248	59,298	43,595	42,608
LIABILITIES					
Non-current liabilities					
Trade and other payables	25	416	33	416	–
Borrowings	24	2,513	2,945	1,000	1,900
		2,929	2,978	1,416	1,900
Current liabilities					
Income tax payable		586	227	111	–
Trade and other payables	25	9,873	9,798	1,827	3,182
Borrowings	24	12,919	18,138	3,000	4,900
		23,378	28,163	4,938	8,082
Liabilities directly associated with disposal group classified as held for sale	13	3,195	3,959	4	28
		26,573	32,122	4,942	8,110
Total liabilities		29,502	35,100	6,358	10,010
NET ASSETS		29,746	24,198	37,237	32,598
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	23	59,862	43,256	59,862	43,256
Accumulated losses		(30,445)	(19,070)	(22,654)	(10,658)
Employee share option reserve		29	–	29	–
		29,446	24,186	37,237	32,598
Non-controlling interests		300	12	–	–
Total equity		29,746	24,198	37,237	32,598

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

STATEMENTS OF CHANGES IN EQUITY

For the reporting year ended 31 March 2018

The Group	Notes	Equity attributable to equity holders of the Company				Non-controlling interests	Total equity
		Share capital	Accumulated losses	Employee share option reserves	Total		
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Current year							
Balance at 1 April 2017		43,256	(19,070)	–	24,186	12	24,198
Total comprehensive loss for the year		–	(10,730)	–	(10,730)	(254)	(10,984)
Issue of share capital	23	16,606	–	–	16,606	–	16,606
<u>Total contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees	11	–	–	29	29	–	29
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of non-controlling interests without a change in control		–	5	–	5	(105)	(100)
Disposal of subsidiary without a change in control		–	(650)	–	(650)	647	(3)
Balance at 31 March 2018		59,862	(30,445)	29	29,446	300	29,746
Previous 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	23	21,311	–	–	21,311	–	21,311
Balance at 31 March 2017		43,256	(19,070)	–	24,186	12	24,198

The Company	Notes	Share capital	Accumulated losses	Employee share option reserve	Total
		US\$'000	US\$'000	US\$'000	US\$'000
Current year					
Balance at 1 April 2017		43,256	(10,658)	–	32,598
Total comprehensive loss for the year		–	(11,996)	–	(11,996)
Issue of share capital	23	16,606	–	–	16,606
Grant of equity-settled share options to employees		–	–	29	29
Balance at 31 March 2018		59,862	(22,654)	29	37,237
Previous year					
Balance at 1 April 2016		21,945	(3,141)	–	18,804
Total comprehensive income for the year		–	(7,517)	–	(7,517)
Issue of share capital	23	21,311	–	–	21,311
Balance at 31 March 2017		43,256	(10,658)	–	32,598

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the reporting year ended 31 March 2018

	Notes	The Group	
		2018	(Restated) 2017
		US\$'000	US\$'000
Cash flows from operating activities			
Loss before tax from continuing operations		(3,353)	(5,082)
Loss before tax from discontinued operations		(7,581)	(2,161)
Loss before tax, total		(10,934)	(7,243)
Adjustments for:			
Depreciation of property, plant and equipment		3,568	2,151
Amortisation of intangible assets		116	103
Impairment losses on trade and other receivables		42	401
Interest income		(135)	(178)
Interest expense		1,450	1,021
Impairment losses on property, plant and equipment		5,500	–
Property, plant and equipment written off		1	–
Inventory written off		26	–
Share of results of joint ventures, net of tax		115	71
Share based payments		29	398
Net effect of exchange rate changes in consolidating subsidiaries		224	4
Operating cash flows before changes in working capital		2	(3,272)
Inventories		1,126	(1,474)
Trade and other receivables		(11,329)	(7,898)
Other assets		(1,033)	(232)
Trade and other payables, current		3,032	3,330
Net cash flows used in operations		(8,202)	(9,546)
Net cash used in operating activities		(8,202)	(9,546)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,248)	(16,932)
Purchase of intangible assets		(35)	(709)
Proceeds from disposal of property, plant and equipment		15	36
Investment in joint ventures		–	(650)
Proceeds from disposal of discontinued operations		–	64
Interest received		157	198
Net cash used in investing activities		(3,111)	(17,993)
Cash flows from financing activities			
Capital contribution from share placement (Note 23)		5,227	11,891
Increase / (decrease) in restricted fixed bank deposits		953	(1,116)
(Repayment) / drawdown of finance leases		(2,436)	1,901
(Decrease) / increase in borrowings		(505)	4,655
Loans from shareholders		8,500	5,600
Acquisition of subsidiary, net of cash		(100)	–
Interest paid		(1,336)	(997)
Net cash generated from financing activities		10,303	21,934
Net decrease in cash and cash equivalents		(1,010)	(5,605)
Cash and cash equivalents at beginning of reporting year		(2,407)	3,198
Effects of exchange rate changes on cash balances held in foreign currencies		(74)	–
Cash and cash equivalents at end of reporting year (overdrawn)	22	(3,491)	(2,407)

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

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

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 17 to the financial statements.

The financial statements of the Group as at and for the year ended 31 March 2018 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

Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore ("FRSs").

Basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention except as disclosed in the accounting policies below.

Functional and presentation currency

The financial statements are presented in United States Dollars ("US\$"), which is the Company's functional currency, rounded to the nearest thousand, unless otherwise stated.

Use of estimates and judgements

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 reporting 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(c).

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

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.

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.

Business combinations

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 a 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.

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 Group's interest in a subsidiary that do not result in the loss of control are accounted for as 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.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are consolidated from the date of which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in joint ventures (equity-accounted investees)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

Investments in joint ventures (equity-accounted investees) (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 a 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.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and joint ventures in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position 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.

Investment in joint ventures is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for joint ventures 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 ventures are not necessarily indicative of the amounts that would be realised in a current market exchange.

(c) Significant judgements, assumptions and estimation uncertainties

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 reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting 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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(c) Significant judgements, assumptions and estimation uncertainties (cont'd)

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 an 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\$15.9 million for the year ended 31 March 2018, out of which US\$3.0 million has been received as at 31 March 2018.

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 reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

Impairment of carrying amount of assets classified as held for sale

Assets classified as held for sale should be measured at the lower of its carrying amount or fair value less cost to sell. The determination of fair value less cost to sell requires significant judgement to be made by the management and therefore there is significant measurement uncertainty involved in determining the amount. An estimate is made of the fair value of the assets based on the financial health and the near term business outlook of the investee, including factors such as industry and sector performance, and operating and financing cash flow, and through discussion with potential buyers of the investee. It is impractical to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year are different from the assumptions and could require a material adjustment to the carrying amount of the asset affected. The carrying value of the asset classified as held for sale is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(c) Significant judgements, assumptions and estimation uncertainties (cont'd)

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 reporting 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 and receivable from subsidiaries at the end of the reporting year affected by assumption is US\$11.0 million and US\$28.9 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\$0.5 million (2017: US\$0.6 million) as at end of the reporting 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.

Write back of accrued management fee

The Group has during the year ended 31 March 2018 written back accrued management fee of US\$0.7 million upon termination of the service agreement for the construction and maintenance of a subsidiary's telecom towers in Myanmar (Note 6). The write back was made after the management has reviewed the subsidiary's obligations under the service agreement, the services provided by the consultant and discussion with external legal advisors.

(d) 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 have been transferred to the buyer, recovery of the consideration is probable, 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(d) Revenue recognition (cont'd)

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion when it can be measured reliably. The stage of completion is determined based on completion of work performed and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

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.

Finance income and costs

Finance income comprises interest income arising from financial instruments. Interest income is recognised using the effective interest method.

Finance costs comprise interest expense and similar charges. They are recognised in the profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

Franchise income

Franchise income is an income for the franchisor that is obtained once the franchise has been established. It is a fixed percentage amount of the gross sales that the franchisee has made.

(e) 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 reporting years. The Group's contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the reporting years to which related services are rendered by employees.

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.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(e) Employee benefits (cont'd)

Employee Share Option Scheme

The Employee Share Option Scheme are accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in the income statement on a straight basis over the vesting period. At each reporting date, the Company revises its estimates of the number of shares that the participating employees are expected to receive based on non-market vesting conditions. The difference is charged or credited to the profit or loss, with a corresponding adjustment to equity.

(f) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

(g) Income taxes

Current income tax for current and prior periods are 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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(h) 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. Identified assets and liabilities of the discontinued operations are classified as held for sale as their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

(i) 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, which comprise share options granted to employees.

(j) 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 any of the Group's other components. 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.

(k) Property, plant and equipment

Recognition and measurement

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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

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

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 its cost can be reliably measured. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as 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.

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.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from 1st day of the following month of which the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

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

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 reporting year. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(l) 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 1st day of the following month of which 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.

(m) Leases

When the Group is the lessee:

The Group leases motor vehicles under finance leases and land, office spaces and certain plant and machinery and office equipment under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as motor vehicles and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(m) Leases (cont'd)

When the Group is the lessor

The Group leases motor vehicles and serviced offices under operating leases to non-related parties.

(i) Lessor – Operating leases

Leases of motor vehicles and serviced offices where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

(n) Impairment of non-financial assets

Property, plant and equipment, intangible assets and investments in subsidiaries and joint ventures

Property, plant and equipment, intangible assets and investments in subsidiaries and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill 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 or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued assets was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

(o) 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 estimated 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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(p) 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

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

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.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group 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 Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises 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. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. For the purpose of presentation in the consolidated statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(r) Financial liabilities

A financial liability, trade and other payables, is recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

A financial liability is initially recognised at fair value less directly attributable transaction costs (except for financial guarantee) and subsequently measured at amortised cost using the effective interest method. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

These financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

(s) Provisions

Provisions are recognised when the Group 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.

(t) Assets and liabilities classified as held-for-sale and discontinued operations

Assets (or disposal groups) are classified as held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

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

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

2. Significant accounting policies (cont'd)

(u) Fair value measurement (cont'd)

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 reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

(v) Share capital

Incremental costs directly attributable to the issuance of new equity shares are recognised as a deduction from equity, net of any tax effects.

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.

(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.

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, the item includes in the followings:

	The Company	
	2018	(Restated) 2017
	US\$'000	US\$'000
<u>Subsidiaries</u>		
Amounts paid out and settlement of liabilities on behalf of subsidiaries	–	21,916
Amounts paid in and settlement of liabilities on behalf of the Company	(297)	–

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

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 (see Note 13).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

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	Unallocated	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2018						
Revenue by segment						
Total revenue by segment	14,686	5,187	2,374	1,018	734	23,999
Recurring EBITDA	4,820	(62)	(182)	(712)	(3,781)	83
Interest income	–	102	–	–	33	135
Finance costs	(858)	(196)	(136)	–	(143)	(1,333)
Depreciation and amortisation	(1,673)	–	(114)	(100)	(236)	(2,123)
ORBIT	2,289	(156)	(432)	(812)	(4,127)	(3,238)
Share of results of JV – net of tax						(115)
Loss before tax from continuing operations						(3,353)
Loss after tax from continuing operations						(3,403)
Loss from discontinued operations						(7,581)
Loss for the year						(10,984)
2017 (Restated)						
Revenue by segment						
Total revenue by segment	13,347	6,932	1,577	622	825	23,303
Recurring EBITDA	3,827	680	37	(268)	(7,592)	(3,316)
Interest income	–	177	–	–	1	178
Finance costs	(550)	(166)	(149)	–	(51)	(916)
Depreciation and amortisation	(578)	–	(97)	(90)	(192)	(957)
ORBIT	2,699	691	(209)	(358)	(7,834)	(5,011)
Share of results of JV – net of tax						(71)
Loss before tax from continuing operations						(5,082)
Loss after tax from continuing operations						(5,107)
Loss from discontinued operations						(2,239)
Loss for the year						(7,346)

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

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
<u>2018</u>							
Total group assets	30,227	5,780	2,677	2,758	14,742	3,064	59,248
<u>2017</u>							
Total group assets	21,876	7,330	3,084	2,228	20,888	3,892	59,298

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
<u>2018</u>							
Total group liabilities	15,455	1,915	1,935	644	3,195	6,358	29,502
<u>2017</u>							
Total group liabilities	13,454	4,216	2,658	189	3,959	10,624	35,100

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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

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

(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
<u>Total Expenditure for non-current assets:</u>							
2018	1,575	–	68	35	1,449	156	3,283
2017	12,278	–	127	662	5,089	927	19,083

(f) Geographical information

	Revenue		Non-current assets	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore	1	622	2,205	2,196
Myanmar	23,998	22,681	13,702	14,385
	<u>23,999</u>	<u>23,303</u>	<u>15,907</u>	<u>16,581</u>

(g) Information about major customers

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

	The Group	
	2018	2017
	US\$'000	US\$'000
Top 1 customer	15,852	13,476
Top 2 customers	<u>20,623</u>	<u>18,764</u>

5. Revenue

	The Group	
	2018	2017
	US\$'000	US\$'000
Sale of goods	18,228	19,834
Rendering of services	2,300	1,864
Usage of retail fit-out	2,738	1,066
Rental income from serviced offices	733	539
	<u>23,999</u>	<u>23,303</u>

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

6. Other income/(expenses)

	The Group	
	2018	(Restated) 2017
	US\$'000	US\$'000
Interest income	135	178
Commission income	123	69
Consultancy income	202	–
Franchise income	356	317
Foreign exchange differences	(224)	3
Royalty income	24	–
Write-back of accrued NPM fee	688	–
	1,304	567
Presented in profit or loss as:		
Other income	1,528	567
Other expenses	(224)	–
	1,304	567

The Group has written back accrued National Program Manager (“NPM”) of US\$0.7 million for prior reporting period as no services was performed. The NPM agreement for the construction and maintenance of a subsidiary’s telecom towers in Myanmar was terminated on 15 September 2017.

7. Administrative expenses

The major components include the following:

	The Group	
	2018	(Restated) 2017
	US\$'000	US\$'000
Consultancy fee	286	424
Depreciation and amortisation expense (Note 15 and Note 16)	337	282
Employee benefits expense (Note 9)	4,713	4,113
Legal and professional fee	324	641
Impairment loss on other receivables (Note 20)	–	401
Rental of premises	287	332

8. Finance costs

	The Group	
	2018	(Restated) 2017
	US\$'000	US\$'000
Interest expenses:		
Finance leases	373	292
Bank loans and others	960	623
	1,333	915

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

9. Employee benefits expense

	The Group	
	2018	(Restated) 2017
	US\$'000	US\$'000
Short term employee benefits expense	4,538	3,580
Contributions to defined contribution plan	146	135
Share-based payments	29	398
Total employee benefits expense (Note 11 and Note 23)	<u>4,713</u>	<u>4,113</u>

10. Key management compensation

	The Group	
	2018	(Restated) 2017
	US\$'000	US\$'000
Salaries and other short-term employee benefits	2,541	2,703
Contributions to defined contribution plans	59	50
Share-based payments (Note 11 and Note 23)	<u>27</u>	<u>398</u>

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

	The Group	
	2018	(Restated) 2017
	US\$'000	US\$'000
Directors' fees	180	173
Remuneration of directors of the Company	483	476
Share-based payments to a director of the Company	<u>–</u>	<u>398</u>

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.

11. Share-based payments

Singapore Myanmar Investco Limited Employee Share Option Scheme

The key objective of the Singapore Myanmar Investco Limited Employee Share Option Scheme ("SMI ESOS" or the "Scheme") is to motivate Group's key employees to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Group.

The management of the Company has underlined the following primary objectives of the implementation of the SMI ESOS, such as:

- (a) To incentivize all participants;

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

11. Share-based payments (cont'd)

- (b) To motivate participants to optimise performance, efficiency and productivity;
- (c) To reward key participants whose contributions are important to the long-term prospects and profitability of the Group;
- (d) To promote a sense of loyalty amongst the participants to further the growth of the Group; and
- (e) To align the interests of the participants with the interests of the shareholders.

On 4 October 2017 (the "Grant Date"), the Company granted a total of 1,325,000 share options to personnel in its key management team, at an exercise price of S\$0.460 vesting for two years from Grant Date and exercisable within three years thereof.

On 11 December 2017 (the "Grant Date"), the Company granted a total of 35,000 share options to personnel in its key management team, at an exercise price of S\$0.440 vesting for two years from Grant Date and exercisable within three years thereof.

Date of grant	Balance outstanding at 1 April 2017	Number of share options granted	Number of share options forfeited	Balance outstanding at 31 March 2018
4 October 2017	–	1,325,000	(109,100)	1,215,900
11 December 2017	–	35,000	(20,000)	15,000
Total	–	1,360,000	(129,100)	1,230,900

11A. Share option reserve

	The Group and the Company	
	2018	2017
	US\$'000	US\$'000
At beginning of the year	–	–
Grant of share option	29	–
At end of the year	29	–

The fair value of the options is obtained using binomial model (level 3) at the grant value date of the options. In order to approximate the expectations that would be reflected in a current market or negotiated exchange price for these options, the calculations take into consideration factors like behavioural considerations and non-transferability of the options granted.

The assumptions under the model take into account the following factors:

	2018
Historical and expected volatility	44.4%
Dividend yield	0.0%
Risk-free interest rate	1.5%
Forfeiture probability: leaving pre-vesting	10.0%

Expected volatility was determined taking into consideration the company's volatility over a three and half-year period prior to each award date. Dividends used are those last known at the date the plan was approved.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

12. Income tax expense

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

	The Group	
	2018	2017
	US\$'000	US\$'000
Current tax expense	50	25

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 (Restated)	
	2018	2017
	US\$'000	US\$'000
Loss before tax	(3,353)	(5,082)
Share of results of joint ventures	115	71
	(3,238)	(5,011)
Tax benefit calculated at a tax rate of 17%	(550)	(852)
Expenses not deductible for tax purposes	536	348
Deferred tax assets not recognised	201	813
Tax exempt income	(1)	–
Tax rebate/incentives	(14)	–
Utilisation of previously unrecognised deferred tax assets	(28)	(210)
Over provision in prior year	(3)	(3)
Effect of different tax rates in different countries	(91)	(99)
Others	–	28
Total income tax expense	50	25

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	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Unused tax losses available	12,882	11,700	2,190	1,989

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 carry forwards 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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

12. Income tax expense (cont'd)

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

For the Myanmar companies, the realisation of the future tax benefits from tax loss carry forwards is available for a period of 3 years subject to certain conditions imposed by law. The Myanmar subsidiaries' tax losses carry forward is not significant as at reporting year end date.

13. Loss from discontinued operations, net of tax

- (a) 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 as at 31 March 2017 and the entire results from the disposal group are presented separately in the consolidated income statement for the year ended 31 March 2017 as "Discontinued Operation" and the comparative figures are also restated as a result. This disposal was however terminated on 30 June 2017. The Company however continue to negotiate with other potential buyers to dispose its interest in TPR during the year ended 31 March 2018. As such the disposal group's classification for TPR as held for sale is still appropriate. See Note 34.

Consequently, TPR continues to be considered as held for sale and its entire assets and liabilities 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 comparative figures are restated to exclude MIG's assets and liabilities from disposal group assets and liabilities held for sale and its income statement from the losses from discontinued operation (Note 34).

As part of the Group's review of recoverable value on all its assets, the Group has made an impairment allowance of US\$5.5 million on the carrying value of TPR's property, plant and equipment under other losses.

	2018	(Restated) 2017
	US\$'000	US\$'000
Revenue	2,529	1,811
Cost of sales	(2,454)	(1,796)
Gross profit	75	15
Other income	-	3
Distribution costs	(46)	(17)
Administrative expenses	(1,893)	(2,002)
Other expenses	(100)	(55)
Other losses	(5,500)	-
Finance costs	(117)	(105)
Loss before income tax from discontinued operation	(7,581)	(2,161)
Income tax expenses	-	(78)
Loss from discontinued operation, net of tax	(7,581)	(2,239)

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

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

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

	The Group	
	2018	2017
	US\$'000	US\$'000
Net cash flows from operating activities	1,445	2,569
Net cash flows used in investing activities	(1,449)	(3,488)
Net cash flows from financing activities	–	948
Total cash flows	<u>(4)</u>	<u>29</u>

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

	The Group		The Company	
	(Restated)		(Restated)	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Property, plant and equipment	13,472	19,073	–	–
Intangible assets	31	43	–	–
Other assets	471	195	–	–
Trade and other receivables	575	1,379	130	740
Cash and cash equivalents	194	198	–	–
Total assets	<u>14,743</u>	<u>20,888</u>	<u>130</u>	<u>740</u>
Trade and other payables	3,195	3,959	4	28
Total liabilities	<u>3,195</u>	<u>3,959</u>	<u>4</u>	<u>28</u>

14. 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	
	2018	(Restated) 2017
	US\$'000	US\$'000
A. Numerators: losses attributable to equity:		
Continuing operations: attributable to equity holders	(3,149)	(4,841)
Discontinued operations: losses for the year	(7,581)	(2,239)
B. Total basic losses	<u>(10,730)</u>	<u>(7,080)</u>
C. Diluted losses	<u>(10,730)</u>	<u>(7,080)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

14. Loss per share (cont'd)

	No. of shares	
D. Denominators: weighted average number of equity shares:		
E. Basic	<u>273,775,383</u>	211,492,320
F. Diluted	<u>273,775,383</u>	211,492,320

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

There is no dilutive effect from the share options as they are anti-dilutive because their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations.

15. 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 2016	1,573	10,694	6,176	18,443
Additions	6,669	8,444	3,261	18,374
Disposals	(39)	(10)	–	(49)
Reclassified	(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
Additions	10	243	1,575	1,828
Disposals	–	(16)	–	(16)
Write-offs	–	(3)	–	(3)
Reclassified	2,799	1,834	(4,633)	–
At 31 March 2018	10,997	6,941	2	17,940
Accumulated depreciation				
At 1 April 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
Depreciation for the year	992	1,026	–	2,018
Disposal	–	(1)	–	(1)
Write-offs	–	(2)	–	(2)
At 31 March 2018	1,727	1,538	–	3,265
Net carrying value				
At 1 April 2016	1,311	10,290	6,176	17,777
At 31 March 2017	7,453	4,368	3,060	14,881
At 31 March 2018	9,270	5,403	2	14,675

Certain items of property, plant and equipment at a carrying value of US\$1,285,793 (2017: US\$787,778) are pledged as security for the bank facilities (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

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

The depreciation expense is charged as follows:

	Cost of sales US\$'000	Distribution costs US\$'000	Administrative expenses US\$'000	Discontinued operations US\$'000	Total US\$'000
2018	1,767	13	238	1,550	3,568
2017	670	1	194	1,286	2,151

The Company	Leasehold improvements US\$'000	Plant and equipment US\$'000	Total US\$'000
-------------	------------------------------------	---------------------------------	-------------------

Cost

At 1 April 2016	266	98	364
Additions	475	487	962
Disposal	(39)	(2)	(41)
At 31 March 2017	702	583	1,285
Additions	10	144	154
Disposals	–	(1)	(1)
Reclass	38	(38)	–
At 31 March 2018	750	688	1,438

Accumulated depreciation

At 1 April 2016	159	15	174
Depreciation for the year	63	19	82
At 31 March 2017	222	34	256
Depreciation for the year	58	68	126
At 31 March 2018	280	102	382

Net carrying value

At 1 April 2016	107	83	190
At 31 March 2017	480	549	1,029
At 31 March 2018	470	586	1,056

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

16. Intangible assets

The Group	MIC permit US\$'000	Franchise fee US\$'000	License fee US\$'000	Total US\$'000
Cost				
At 1 April 2016	51	–	–	51
Additions	6	405	298	709
Transfer to assets held for sale	(57)	–	–	(57)
At 31 March 2017	–	405	298	703
Additions	–	35	–	35
Reclass	–	–	(29)	(29)
At 31 March 2018	–	440	269	709
Accumulated amortisation				
At 1 April 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
Amortisation for the year	–	55	49	104
Reclass	–	–	(1)	(1)
At 31 March 2018	–	101	94	195
Net carrying value				
At 1 April 2016	48	–	–	48
At 31 March 2017	–	359	252	611
At 31 March 2018	–	339	175	514

The amortisation expense is charged as follows:

	The Group	
	2018 US\$'000	2017 US\$'000
Cost of sales	–	1
Distribution expenses	5	3
Administrative expenses	99	88
Discontinued operations	12	11
	116	103

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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

17. Investment in subsidiaries

	The Company	
	2018	(Restated) 2017
	US\$'000	US\$'000
Unquoted equity investment, at cost	22,322 ^(c)	1,397
Less: Allowance for impairment	(11,266)	–
Net carrying amount	11,056	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	
	2018	2017	2018	2017
	US\$'000	US\$'000	%	%
<u>Held by the Company:</u>				
SMI Construction Services Pte. Ltd. ^(b) Singapore Distribution of heavy equipment and spare parts	(a)	(a)	100	100
SMI Infrastructure Services Pte. Ltd. ^(b) Singapore Infrastructure engineering services	(a)	(a)	100	100
Myanmar Infrastructure Group Pte. Ltd. ("MIG") ^{(b) (c)} Singapore Build, distribution and own telecom infrastructure	21,023	97	97	97
Kinnaya Pte. Ltd. ^(b) Singapore Provider of serviced offices	1,300	1,300	65	65
SMI F&B Pte. Ltd. ^(b) Singapore Distribution of food & beverage items	(a)	(a)	100	100
SMI Auto Services Pte. Ltd. ^(b) Singapore Provision of car rental & limousine services	(a)	(a)	100	100
SMI Retail Pte. Ltd. ^(b) Singapore Distribution of duty free & retail products	(a)	(a)	100	100
SMI Mobile Pte. Ltd. ^(b) Singapore Distribution of B2B telecom plans	(a)	(a)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

17. Investment in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of investment		Proportion of ownership interest	
	2018 US\$'000	2017 US\$'000	2018 %	2017 %
<u>Held through Myanmar Infrastructure Group Pte Ltd:</u>				
TPR Myanmar Ltd ("TPR") ^{(d)(e)}	16,050	16,050	97	97
Myanmar				
Build, lease and own telecom infrastructure				
<u>Held through Kinnaya Pte Ltd:</u>				
YGN Kinnaya Co Ltd ^(d)	50	50	65	65
Myanmar				
Provider of serviced offices				
<u>Held through SMI F&B Pte Ltd:</u>				
SMI F&B MM Pte Ltd ^(b)	434	334	100	60
Singapore				
Distribution of food & beverage items				
SMI Food Concepts Ltd ^(d)	25	25	100	100
Myanmar				
Consultancy for the food and beverage industry				
<u>Held through SMI F&B MM Pte Ltd:</u>				
SMI FB Ltd ^(d)	50	50	100	100
Myanmar				
Consultancy and advertising services for the food and beverage industry				
<u>Held through SMI Retail Pte Ltd:</u>				
SMIRS Myanmar Ltd ^(d)	2,850	50	100	100
Myanmar				
Management consultancy services				
<u>Held through SMI Mobile Pte Ltd:</u>				
SMIMM Mobile Co Ltd ^(d)	25	25	100	100
Myanmar				
Consultancy for telecommunication services				
<u>Held through SMI Auto Services Pte Ltd:</u>				
SMIRental Services MM Ltd ^(d)	50	50	100	100
Myanmar				
Equipment rental, vehicle repair and fleet management services				

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

17. Investments in subsidiaries (cont'd)

- (a) Cost of investment is less than US\$1,000.
- (b) Audited by RSM Chio Lim LLP.
- (c) On 10 October 2017, the Company converted US\$21.6 million intercompany advances due from MIG to equity investment. The investment in MIG was subsequently impaired by US\$11.3 million during the reporting year due to the impairment loss in MIG's cost of investment in TPR, determined based on estimated fair value less costs to sell upon expected disposal.
- (d) Audited by MAT Audit & Professional Services, RSM International correspondent firm in Myanmar.
- (e) 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.

18. Investments in joint ventures

	The Group		The Company	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Unquoted equity shares, at cost	579	(a)	650	(a)
Additions	–	650	–	650
Share of accumulated losses, net of tax	(115)	(71)	–	–
	464	579	650	650

Name of joint ventures, country of incorporation, place of operations and principal activities

	Cost of investment		Proportion of ownership interest	
	2018	2017	2018	2017
	US\$'000	US\$'000	%	%
<u>Held by the Company:</u>				
SMI-Senko Logistics Pte Ltd ^(b)	650	650	50	50
Singapore				
Value added logistics providers and general warehousing				
<u>Held by SMI-Senko Logistics Pte Ltd:</u>				
Senko-SMI Myanmar Co Limited ^(c)	1,000	1,000	50	50
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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

18. Investments in joint ventures (cont'd)

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.

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:

	The Group	
	2018	2017
	US\$'000	US\$'000
Summarised statement of financial position		
Non-current assets	641	564
Current assets	274	258
Non-current liabilities	(175)	–
Current liabilities	(276)	(243)
Total equity attributable to the equity holders of the joint ventures	464	579
Summarised statement of comprehensive income		
Revenue	308	74
Loss after tax and total comprehensive loss	(115)	(71)

19. Inventories

	The Group	
	2018	2017
	US\$'000	US\$'000
Finished goods	414	1,600
Raw materials and consumables	26	–
Less: Allowance for inventory	–	(8)
	440	1,592

	The Group	
	2018	2017
	US\$'000	US\$'000
Movements in allowance:		
Balance at beginning of the year	8	–
Charge to profit or loss included in cost of sales	26	8
Amount written off	(34)	–
Balance at end of the year	–	8

	The Group	
	2018	2017
	US\$'000	US\$'000
The amount of inventories included in cost of sales	13,413	15,265

Inventory of US\$0.3 million (2017: US\$Nil) are pledged as security to a financial institution (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

20. Trade and other receivables

	The Group		The Company	
	2018	(Restated) 2017	2018	(Restated) 2017
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Trade receivables</u>				
Third parties	24,041	15,452	336	57
Less: Allowance for impairment	(42)	–	–	–
	23,999	15,452	336	57
<u>Other receivables</u>				
Subsidiaries	–	–	35,016	41,257
Joint ventures	256	1	256	5
GST/commercial tax receivable	331	364	51	64
Deferred consideration from disposal of subsidiaries disposed	839	802	840	802
Others	111	75	–	14
Sub-total	1,537	1,242	36,163	42,142
Less: Allowance for impairment	(401)	(401)	(6,160)	(5,408)
	1,136	841	30,003	36,734
Total trade and other receivables	25,135	16,293	30,339	36,791
Movements in allowance on trade receivables:				
Balance at beginning of the year	–	–	–	–
Charge to profit or loss included in distribution expenses	42	–	–	–
Balance at end of the year	42	–	–	–
Movements in allowance on other receivables:				
Balance at beginning of the year	401	–	5,408	–
Charge to profit or loss included in administrative expenses	–	401	752	5,408
Balance at end of the year	401	401	6,160	5,408
	The Group		The Company	
	2018	(Restated) 2017	2018	(Restated) 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Presented as:				
Trade and other receivables, current	24,965	15,816	30,339	36,791
Trade and other receivables, non-current	170	477	–	–
	25,135	16,293	30,339	36,791

Trade receivables of US\$0.7 million (2017: US\$1.7 million) are pledged as security for the bank facilities (Note 24).

The trade receivables of US\$0.2 million (2017: US\$0.5 million) 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).

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For the reporting year ended 31 March 2018

21. Other assets

	The Group		The Company	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Deposits	472	403	57	58
Prepayments	198	475	100	115
Recoverables	116	4	28	15
Others	1,062	200	21	–
	1,848	1,082	206	188
<i>Presented as:</i>				
Other assets, current	1,764	1,049	173	155
Other assets, non-current	84	33	33	33
	1,848	1,082	206	188

22. Cash and cash equivalents

	The Group		The Company	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Available for use	859	1,849	158	763
Restricted in use ^(a)	570	1,523	–	1,050
	1,429	3,372	158	1,813

(a) This amount is held by bankers as security for financial liabilities (Note 24).

The rate of interest for the cash on interest earning account of US\$0.6 million (2017: US\$1.5 million) for the group ranges from 0.08% to 0.95% (2017: 0.58% to 0.94%) per annum.

22A. Cash and cash equivalents in the statement of cash flows:

	The Group	
	2018	2017
	US\$'000	US\$'000
As stated above	1,429	3,372
Fixed bank deposits restricted in use ^(a)	(570)	(1,523)
Discontinued operations (Note 13)	194	198
Bank overdraft (Note 24)	(4,544)	(4,454)
Cash and cash equivalents for statement of cash flows purposes at end of year	(3,491)	(2,407)

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

22. Cash and cash equivalents (cont'd)

22B. Non-cash transactions:

During the reporting year, there were acquisitions of certain assets under property, plant and equipment with a total cost of US\$Nil million (2017: US\$1.5 million) remain unpaid as at year end.

A total of 11,885,573 ordinary shares of no par value were issued in off-set against the shareholders' loan. See Note 23.

22C. Reconciliation of liabilities arising from financing activities:

	2017	Cash flows	Non-cash changes		2018
	US\$'000	US\$'000	US\$'000		US\$'000
Shareholders loan	6,800	8,500	(11,300)	(a)	4,000
Borrowings	5,123	(505)	–		4,618
Finance lease liabilities	4,706	(2,436)	–		2,270
Total liabilities from financing activities	16,629	5,559	(11,300)		10,888

	2016	Cash flows	Non-cash changes		2017
	US\$'000	US\$'000	US\$'000		US\$'000
Shareholders loan	10,200	5,600	(9,000)	(a)	6,800
Borrowings	468	4,655	–		5,123
Finance lease liabilities	2,805	1,901	–		4,706
Total liabilities from financing activities	13,473	12,156	(9,000)		16,629

(a) Conversion of debt to equity

23. Share capital

	Group and Company	
	Number of shares issued	Share Capital
		US\$'000
Ordinary shares of no par value:		
Balance as at 1 April 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
Issue of shares at S\$0.42 each on 2 June 2017	11,885,573	3,512
Issue of shares at S\$0.48 each on 18 September 2017	15,411,600	5,227
Issue of shares at S\$0.48 each on 22 February 2018	22,262,127	7,867
	49,559,300	16,606
Balance as at 31 March 2018	302,996,792	59,862

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

23. Share capital (cont'd)

During the reporting year ended 31 March 2018, the Company issued 11,885,573 ordinary shares at S\$0.42 per share and 22,262,127 ordinary shares at S\$0.48 per share via a debt conversion, 15,411,600 ordinary shares for cash of S\$0.48 each by way of a share placement. The share issue expenses totalled US\$0.4 million.

The previous reporting 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.

Capital management

In order to maintain its listing on the Singapore Stock Exchange the Company 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 reporting 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 reporting 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 reporting year ended 31 March 2018 and 31 March 2017.

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.

	The Group	
	2018	2017
	US\$'000	US\$'000
<u>Net debt:</u>		
All borrowings including finance leases	15,432	21,083
Less: cash and cash equivalents	(1,429)	(3,372)
Deficit of cash over debt	<u>14,003</u>	<u>17,711</u>
<u>Net capital:</u>		
Equity	<u>29,746</u>	<u>24,198</u>
Debt-to-equity ratio	<u>47%</u>	<u>73%</u>

The improvement as shown by the decrease in the debt-to-equity ratio for the reporting year resulted primarily from the increase in the issue of shares.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

24. Borrowings

	The Group		The Company	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Non-current</u>				
Finance leases	900	842	-	-
Shareholders' loan	1,000	1,900	1,000	1,900
Bank loans (secured)	613	203	-	-
	2,513	2,945	1,000	1,900
<u>Current</u>				
Finance leases	1,370	3,864	-	-
Shareholders' loan	3,000	4,900	3,000	4,900
Bank overdrafts (secured)	4,544	4,454	-	-
Bank loans (secured)	4,005	4,920	-	-
	12,919	18,138	3,000	4,900
Total	15,432	21,083	4,000	6,800

	The Group		The Company	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
The non-current portion is repayable as follows:				
Due within 1 to 2 years	2,513	2,945	1,000	1,900

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

Bank loans (secured)

2018	2% to 5.98%
2017	2% to 5.10%

Bank overdrafts (secured)

2018	4.73% to 13.00%
2017	4.28% to 13.00%

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

Finance leases

2018	3.80% to 5.72%
2017	3.80% to 5.19%

Shareholders' loan

2018	2.34%
2017	2.34%

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

24. Borrowings (cont'd)

Finance leases

The Group	Minimum payments US\$'000	Finance charges US\$'000	Present value US\$'000
2018			
Minimum lease payments payable:			
Due within one year	1,556	(186)	1,370
Due within 2 to 5 years	1,031	(131)	900
	2,587	(317)	2,270
Carrying value of property, plant and equipment under finance leases			1,286
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 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 of US\$0.7 million (2017: US\$1.7 million) (Note 20) and the charge over the assets sold to the customers.

Bank overdrafts (secured)

The total for bank overdrafts is US\$4.5 million (2017: US\$4.5 million) at floating rates of interest range from 4.73% to 13% (2017: 4.28% to 13%) per annum.

The bank overdrafts are drawdown by a subsidiary to finance the cost of the fixtures and fittings that are leased to a Myanmar retail distributor and are covered by assignment of the Myanmar retail distributor's inventories and sales proceeds.

Bank loans (secured)

The total for bank loans is US\$4.6 million (2017: US\$5.1 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.

The bank loans are secured by the following:

- (a) a corporate guarantee of US\$2.0 million executed by the Company;
- (b) a corporate guarantee of US\$2.75 million executed by the Company;
- (c) fixed bank deposit (Note 22);
- (d) floating charge over a subsidiary's trade receivables (Note 20); and
- (e) floating charge over a subsidiary's bank account

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

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

24. Borrowings (cont'd)

Shareholders' loans

The loan amounts are due to shareholders, who are also directors of the Company are denominated in US Dollars (2017: US Dollars) and are unsecured. Interest is accrued on indebtedness at the rate of 2.34% per annum (2017: 2.34% per annum).

During the reporting year, the Company issued 11,885,573 ordinary shares loans at S\$0.42 per share and 22,262,127 ordinary shares at S\$0.48 per share via a debt conversion, reducing the shareholders' loans by US\$11.3 million.

The fair value of loan from shareholders, non-current, is US\$ 991,064 (2017: US\$1,883,176). 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 5.33% (2017: 5.28%) (Level 3) per annum.

25. Trade and other payables

	The Group		The Company	
	2018	(Restated) 2017	2018	(Restated) 2017
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Trade payables</u>				
Third parties	8,368	6,864	709	970
	8,368	6,864	709	970
<u>Other payables</u>				
Subsidiaries	–	–	515	700
Joint ventures	–	2	7	–
Accrued liabilities	1,398	1,971	813	869
Deposits from customers	157	129	–	–
Deferred income	44	7	–	–
Unearned revenue	49	842	–	635
Others	273	16	199	8
Sub-total	1,921	2,964	1,534	2,212
Total trade and other payables	10,289	9,831	2,243	3,182
Presented as:				
Trade and other payables, current	9,873	9,798	1,827	3,182
Trade and other payables, non-current	416	33	416	–
	10,289	9,831	2,243	3,182

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 reporting year end.

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For the reporting year ended 31 March 2018

26. Capital commitments

	The Group	
	2018	2017
	US\$'000	US\$'000
Future payment commitments for construction of Tower Equipment under the back to back contract agreement	<u>221</u>	<u>1,190</u>

27. Operating lease payments commitments – as lessee

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

	The Group	
	2018	2017
	US\$'000	US\$'000
Not later than one year	1,484	938
Later than one year but not later than five years	3,535	1,340
More than 5 years	<u>486</u>	<u>729</u>
Rental expense for the year	<u>1,487</u>	<u>963</u>

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 (2017: 1 to 15 years) at fixed rentals.

28. Operating lease income commitments – as lessor

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

	The Group	
	2018	2017
	US\$'000	US\$'000
Not later than one year	744	244
Later than one year but not later than five years	<u>2,976</u>	–
Rental income recognised as revenue for the year	<u>733</u>	<u>539</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

29. Contingent liabilities

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

- a corporate guarantee amounting to US\$1.3 million (2017: US\$1.5 million) to a financial institution to secure a loan for a Myanmar retail distributor

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

- a corporate guarantee amounting to US\$6.7 million (2017: US\$12.4 million) to financial institutions to secure credit facilities for the Group's subsidiaries; and
- a corporate guarantee amounting to US\$1.5 million (2017: US\$1.5 million) to a financial institution to secure a loan for a subsidiary
- a guarantee to its subsidiaries' franchisors in relation to the payments and performance obligations of the subsidiaries. No liability is expected to arise as at 31 March 2018.

30. Categories of financial instruments

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

	The Group		The Company	
	2018	(Restated) 2017	2018	(Restated) 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets:				
Cash and cash equivalents	1,429	3,372	158	1,813
Loans and receivables	25,135	16,293	30,339	36,791
	26,564	19,665	30,497	38,604
Financial liabilities:				
Measured at amortised costs:				
Borrowings	15,432	21,083	4,000	6,800
Trade and other payables	10,289	9,831	2,243	3,182
	25,721	30,914	6,243	9,982

Further quantitative disclosures are included throughout these financial statements.

31. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

31. Financial risk management (cont'd)

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.

(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 90 days (2017: 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 reporting year but not impaired:

	The Group	
	2018	2017
	US\$'000	US\$'000
61 to 90 days	2,285	2,055
91 to 150 days	4,864	2,521
Over 150 days	10,699	3,194
Total	17,848	7,770

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

31. Financial risk management (cont'd)

(b) Credit risk (cont'd)

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

	The Group	
	2018	2017
	US\$'000	US\$'000
Top 1 customer	16,436	8,287
Top 2 customers	20,674	12,553
Top 3 customers	21,829	13,886

(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 – 5 years	Total
	US\$'000	US\$'000	US\$'000
2018			
Gross borrowings commitments	14,033	2,662	16,695
Trade and other payables	9,873	416	10,289
At end of year	23,906	3,078	26,984
2017			
Gross borrowings commitments	19,616	3,035	22,651
Trade and other payables	9,798	33	9,831
At end of year	29,414	3,068	32,482
The Company			
	Less than 1 year	1 – 5 years	Total
	US\$'000	US\$'000	US\$'000
2018			
Gross borrowings commitments	3,070	1,024	4,094
Trade and other payables	1,827	416	2,243
At end of year	4,897	1,440	6,337
2017			
Gross borrowings commitments	5,015	1,945	6,960
Trade and other payables	3,182	–	3,182
At end of year	8,197	1,945	10,142

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.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

31. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

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 to 60 to 90 days (2017: 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.

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 reporting 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:

<u>The Group</u>	<u>Less than 1 year US\$'000</u>
2018:	
Financial guarantee contracts - in favour of a Myanmar retail distributor (Note 29)	<u>1,348</u>
2017:	
Financial guarantee contracts - in favour of a Myanmar retail distributor (Note 29)	<u>1,500</u>

(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:

	<u>The Group</u>	
	<u>2018</u>	<u>2017</u>
	<u>US\$'000</u>	<u>US\$'000</u>
Financial assets		
Fixed rate	570	-
Floating rate	1,029	1,523
At end of year	<u>1,599</u>	<u>1,523</u>
Financial liabilities		
Fixed rate	7,771	11,506
Floating rate	7,661	9,577
At end of year	<u>15,432</u>	<u>21,083</u>

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.

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For the reporting year ended 31 March 2018

31. 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
2018:				
<u>Financial assets:</u>				
Cash and cash equivalents	72	65	8	145
Loans and receivables	811	379	–	1,190
Total financial assets	<u>883</u>	<u>444</u>	<u>8</u>	<u>1,335</u>
<u>Financial liabilities:</u>				
Borrowings	–	4,494	–	4,494
Trade and other payables	870	1,602	181	2,653
Total financial liabilities	<u>870</u>	<u>6,096</u>	<u>181</u>	<u>7,147</u>
Net financial assets/(liabilities) at end of year	<u>13</u>	<u>(5,652)</u>	<u>(173)</u>	<u>(5,812)</u>
2017:				
<u>Financial assets:</u>				
Cash and cash equivalents	610	64	7	681
Loans and receivables	2,029	397	149	2,575
Total financial assets	<u>2,639</u>	<u>461</u>	<u>156</u>	<u>3,256</u>
<u>Financial liabilities:</u>				
Borrowings	–	4,405	–	4,405
Trade and other payables	1,036	468	217	1,721
Total financial liabilities	<u>1,036</u>	<u>4,873</u>	<u>217</u>	<u>6,126</u>
Net financial assets/(liabilities) at end of year	<u>1,603</u>	<u>(4,412)</u>	<u>(61)</u>	<u>(2,870)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

31. 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	
	2018	2017
	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	(1)	(160)
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 effect on pre-tax loss of	565	441
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 effect on pre-tax loss of	17	6

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.

32. Events after the end of the reporting year

- Subsequent to the end of the reporting year, loans totalling US\$1,950,000 were granted by director, US\$1,500,000 by Mark Francis Bedingham and US\$450,000 by Ho Kwok Wai respectively.
- The Company, together with its subsidiary, Myanmar Infrastructure Group Pte. Ltd. ("MIG"), has on 1 June 2018 entered into a share sale agreement with an independent entity, Tiger Infrastructure Pte. Ltd., for the proposed disposal of (i) the entire interest in TPR Myanmar Ltd ("TPR") held by MIG, and (ii) all tower stock and power equipment stock held by TPR for a consideration of US\$10.8 million.

MIG's minority shareholder, Golden Infrastructure Group Limited ("GIG"), has through GIG's legal solicitors on 20 June 2018 filed an originating summons against the Company, MIG and the Purchaser seeking, inter alia, an injunction restraining the completion of the Share Sale Agreement ("SSA").

In addition, GIG's legal solicitors have concurrently filed an ex parte summons against the Company seeking, inter alia, an interim injunction to prevent the Company from completing the SSA. As at the date of this report, no interim injunction has been granted and the Company intends to proceed with completion in accordance with the terms of the SSA.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

33. Changes and adoption of financial reporting standards

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

Companies listed on the Singapore Exchange ("SGX") currently reporting under FRSs are required to comply with new financial reporting standards (issued by the Singapore Accounting Standards Council) that would be identical to the International Financial Reporting Standards for reporting years beginning on after 1 January 2018. The new framework is referred to as SFRS(I). Non-listed companies may elect to voluntarily apply SFRS(I). SFRS(I) 1 First-time Adoption of International Financial Reporting Standards will be adopted in the financial statements when it becomes mandatory as the Company is listed on SGX. Based on the current accounting treatment of the account balances management does not anticipate that the application of SFRS(I) will have a material impact on the financial position and financial performance of the reporting entity.

For the future reporting years new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s ("SFRS(I) INT") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

FRS No.	Title	Effective date for periods beginning on or after
SFRS(I) 9	Financial Instruments	1 Jan 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 Jan 2018
	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
SFRS(I) 16	Leases	1 Jan 2019

The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards will have on the entity's financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the reporting year ended 31 March 2018

34. Reclassification of comparative figures

As disclosed in note 13, the consolidated financial statements for the year ended 31 March 2017 was restated to exclude MIG from the assets and liabilities held for sale and the loss from discontinued operation. The reclassification are as follows:

	After restatements	The Group Before restatements	Difference
	US\$'000	US\$'000	US\$'000
<u>2017 Statement of financial position:</u>			
Trade and other receivables	15,816	16,556	(740)
Cash and cash equivalents	3,372	3,364	8
Assets held for sale	20,888	20,156	732
Trade and other payables	(9,798)	(9,135)	(663)
Liabilities held for sale	(3,959)	(4,622)	663
<u>2017 Statement of comprehensive income:</u>			
Administrative expenses	(8,262)	(7,450)	812
Loss from discontinued operations	(2,239)	(3,051)	(812)

	After restatements	The Company Before restatements	Difference
	US\$'000	US\$'000	US\$'000
<u>2017 Statement of financial position:</u>			
Investments in subsidiaries	1,397	1,300	97
Trade and other receivables	36,791	19,326	17,465
Assets held for sale	740	18,302	(17,562)

As the Company only announced the decision to divest its interest in MIG and TPR on 20 October 2016, the assets and liabilities classified as held for sale in the statement of financial position for period prior to year ended 31 March 2017 was not reclassified in accordance with FRS 105 Non-Current Assets Held for Sale and Discontinued Operations. Accordingly, a statement of financial position as at the beginning of the earliest comparative period is not presented.

STATISTICS OF SHAREHOLDINGS

As at 26 June 2018

Issued and fully paid share capital	:	S\$88,658,762.62
Total number of shares in issue	:	302,996,792
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 37.21% of the issued ordinary shares of the Company were held in the hands of the public as at 26 June 2018 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	1	0.10	1	0.00
100 – 1,000	63	6.21	52,900	0.02
1,001 – 10,000	467	46.06	3,317,500	1.09
10,001 – 1,000,000	468	46.15	26,333,498	8.69
1,000,001 and above	15	1.48	273,292,893	90.20
TOTAL	1,014	100.00	302,996,792	100.00

STATISTICS OF SHAREHOLDINGS

As at 26 June 2018

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	MAYBANK KIM ENG SECURITIES PTE LTD	119,952,614	39.59
2	RAFFLES NOMINEES (PTE) LTD	54,192,771	17.89
3	CITIBANK NOMINEES SINGAPORE PTE LTD	28,319,121	9.35
4	DBS NOMINEES PTE LTD	23,979,487	7.91
5	OCBC SECURITIES PRIVATE LTD	6,737,200	2.22
6	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,409,100	2.12
7	RHB SECURITIES SINGAPORE PTE LTD	6,108,500	2.02
8	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	6,087,000	2.01
9	HO CHEE TONG	5,000,000	1.65
10	QUAH SUAT LAY NANCY (KE XUELI NANCY)	4,969,900	1.64
11	HSBC (SINGAPORE) NOMINEES PTE LTD	4,121,400	1.36
12	CHONG YEAN FONG	3,000,000	0.99
13	LIU NAN	1,730,400	0.57
14	UOB KAY HIAN PTE LTD	1,544,200	0.51
15	PHILLIP SECURITIES PTE LTD	1,141,200	0.38
16	ABN AMRO CLEARING BANK N.V.	721,400	0.24
17	OR LAY HUAT DANIEL	650,000	0.21
18	LIM & TAN SECURITIES PTE LTD	538,400	0.18
19	LEE KEE SAN	523,000	0.17
20	DBSN SERVICES PTE LTD	428,900	0.14
		276,154,593	91.15

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Ho Kwok Wai ¹	–	–	164,749,871	54.37
Jet Palace Holdings Limited ¹	33,400,000	11.02	–	–
Taipan Grand Investments Limited ¹	77,933,000	25.72	–	–
Mark Francis Bedingham ²	–	–	24,508,321	8.09

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 53,416,871 shares held by EFG Bank AG.
2. Mark Francis Bedingham's aggregate deemed interest comprised 24,508,321 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, 31 July 2018 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 2018 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 2018. (2017: S\$240,000) **(Resolution 2)**
3. To re-elect Mr Ho Kwok Wai, a Director retiring under Article 91 of the Company's Constitution and who being eligible, will offer himself for re-election. **(Resolution 3)**
4. To re-elect Mr Fong Sing Chak Jack, a Director retiring under Article 91 of the Company's Constitution and who being eligible, will offer himself for re-election. (see explanatory note 1) **(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,

NOTICE OF ANNUAL GENERAL MEETING

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;

NOTICE OF ANNUAL GENERAL MEETING

(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 allot and issue shares pursuant to the awards granted under SMI Performance Share Plan** (Resolution 7)

"That, pursuant to Section 161 of the Companies Act, approval be and is hereby given to the Directors 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 Performance Share Plan ("**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 centum (15%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) from time to time." (see explanatory note 3)

8. **Authority to allot and issue shares pursuant to the exercise of options under SMI Employee Share Option Scheme** (Resolution 8)

"That, pursuant to Section 161 of the Companies Act, approval be and is hereby given to the Directors 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 options under SMI Employee Share Option Scheme ("**SMI ESOS**"), provided always that the aggregate number of shares to be allotted and issued pursuant to SMI ESOS, 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 centum (15%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) from time to time." (see explanatory note 4)

9. 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

16 July 2018

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. Mr Fong Sing Chak Jack will, upon re-election as a Director of the Company, continue to serve as a member of the Audit, Remuneration and Nominating Committees. 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 a 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 allot and issue shares in the capital of the Company, pursuant to the vesting of the awards under SMI PSP which was approved at the extraordinary general meeting of the Company on 30 July 2014, 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 centum (15%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) for the time being.
4. The proposed Ordinary Resolution 8, if passed, will empower the Directors to allot and issue shares in the capital of the Company, pursuant to the vesting of the options under SMI ESOS which was approved at the extraordinary general meeting of the Company on 23 July 2017, provided always that the aggregate number of shares to be issued under SMI ESOS, when aggregated with shares to be issued under any other existing share scheme of the Company, does not exceed 15 per centum (15%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) for the time being.

NOTICE OF ANNUAL GENERAL MEETING

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, 31 July 2018 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 2018 together with the Independent Auditors' Report thereon		
2.	Approval of Directors' fees amounting to S\$240,000 for financial year ended 31 March 2018		
3.	Re-election of Ho Kwok Wai as a Director		
4.	Re-election of Fong Sing Chak Jack 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 allot and issue shares pursuant to the awards granted under SMI Performance Share Plan		
8.	Authority to allot and issue shares pursuant to the exercise of options under SMI Employee Share Option Scheme		

* Delete accordingly

Dated this _____ day of _____ 2018

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 16 July 2018.

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

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