

SINGAPORE MYANMAR INVESTCO LIMITED

(Registration No. 200505764Z)

(Incorporated in Singapore)

RESPONSES TO QUESTIONS FROM SINGAPORE STOCK EXCHANGE RELATED TO THE UNAUDITED RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

Singapore Myanmar Investco Limited (the “Company” or “SMI” and together with its subsidiaries, the “Group”) refers to the questions raised by Singapore Stock Exchange (“SGX”) in relation to the Company’s unaudited results for the quarter ended 30 June 2019 and appends the requisite replies as follows:

With reference to the unaudited financial statements for the period ended 30 June 2019, please provide further elaboration for:

(a) The increase in trade and other receivables from US\$25,472,000 for the year ended 31 March 2019 to US\$27,130,000 for the period ended 30 June 2019

Answer:

	Jun-19	Mar-19	Var	Comments
Trade Receivables	\$'000	\$'000	\$'000	
Third Parties	27,869	25,989	1,880	(i)
Less: Allowance for impairment	(1,851)	(1,851)	0	
Net trade receivables	26,018	24,138		
<u>Non trade & other receivables</u>				
Deferred consideration from disposal of subsidiaries	638	672	(34)	(ii)
Others	107	119	(12)	(ii)
Less: Allowance for impairment	(401)	(401)	0	
Net non trade receivables	343	389	(46)	
Joint Ventures	493	436	57	(ii)
GST/commercial tax receivable	461	509	(48)	(ii)
Total trade and other receivables	27,316	25,472		
Less: Reclass of interco receivable to payable	(187)	-	(187)	(ii)
Total trade and other receivables as per announcement	27,129	25,472		

(i) Increase in trade receivables is mainly attributable to increased retail sales to local retail distributor, Royal Golden Sky Co. Ltd (RGS)

(ii) No significant movement

The local retail distributor, RGS, had opened up new retail stores and stocked up inventory during 1QFY2020. Due to the time lag between SMI Retail’s sales to RGS and the latter’s sale to end customers, the effect is that of SMI Retail extending more credit to RGS to finance its inventory and distribution channels, whilst taking advantage of the growth in travel retail business.

(b) Paragraph 10 of Appendix 7.2 Financial Statements and Dividend Announcement states that in the case of half-year and full year announcements, issuers must present the following statements in the form presented in the issuer's most recently audited annual financial statements:

A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Answer:

- Airport passenger traffic has risen in Q1 mostly driven by increased arrivals from People's Republic of China and the overall passenger arrivals have increased 20% year-on-year
- SMI, together with its local retail distributor, RGS's near monopoly position (occupying over 90% of the air-side duty free retail space) at the airport means that we are well placed to take advantage of this growth for its travel retail business
- In the domestic market, consumer demand remains stable for both retail and F&B
- SMI is considered to be a key anchor client by leading mall operators and competes with two other local companies in the domestic retail market; SMI's portfolio is considered to have the more desirable brands and is able to take preferred locations in the best malls