SINGAPORE MYANMAR INVESTCO LIMITED
(Registration No. 200505764Z)
(Incorporated in Singapore)

RESPONSES TO QUESTIONS FROM SINGAPORE STOCK EXCHANGE RELATED TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

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 Annual Report for the year ended 31 March 2020 and appends the requisite replies as follows:

1. With reference to the audited consolidated statement of cash flows on page 44 of the Company's FY2020 Annual Report, please provide an explanation for the material difference in the amount of the net cash used in financing activities of approximately $2,730,000, as compared to the unaudited financial results announcement of the Company of $2,259,000 for the financial year ended 31 March 2020. Please also explain whether and how the Company has complied with Listing Rule 704(6).

Answer:

The difference in the net cash used in financing activities is due to the late audit adjustment from the recognition of the right-of-use assets and lease liability in one of the Myanmar subsidiaries.

The rental payments for the leased assets is presented as part of the cash flow from operation in the unaudited result announcement. This was presented under "Lease liabilities-principal portion paid" and "Interest paid" as required under the new SFRS (I) 16 Leases, in the audited consolidated statement of cash flows on page 44 of the Company's FY2020 annual report. This variance for the financing activities in the cash flow statement relates to the material variances/adjustments in the Statement of Financial Position.

(In US$'000)	Group		
	Audited	Previously announced	Variance
Cash Flows from Financing Activities			
Decrease in restricted fixed bank deposits	125	125	-
Lease liabilities-principal portion paid	(949)	(1,129)	180
Decrease in borrowings	(389)	(389)	-
Interest paid	(1,517)	(866)	(651)
Net Cash Flows used in from Financing Activities	(2,730)	(2,259)	(471)

Pursuant to Listing Rule 704(6), the Company has made an announcement on 12th October with regards to the material variances difference between the audited financial statements and the unaudited financial statement results announcement released on 28 August 2020.

2. Provision 2.4 of the Code of corporate governance 2018 (the "Code") states that, "The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy

and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report."

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Please disclose how the Company has deviated from Provision 2.4 of the Code, and in particular, the required disclosure on board diversity policy and progress made towards implementing the board diversity policy, including objectives.

Answer:

The Board, through the Nomination Committee (NC), annually examines the size and composition of the Board and Board Committees and the skills and core competencies of its members to ensure an appropriate balance of skills and experience. These competencies include banking, accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The Board believes that, in consideration for the need for diversity, 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. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Although the Chairman is not independent, the Independent Directors of the Company make up majority of the Board; there are three Independent directors making up more than half of the Board, providing an independent element on the Board capable of exercising objective judgment; no individual or group is able to dominate the Board's decision making process. It is also noteworthy that given the scope and nature of the Group's operations, the Board is of the view that its current size of 5 is appropriate and conducive to facilitate effective decision-making. In this regard, the Board has also taken into account the complexity and requirement of the Group's businesses.

Given the disclosures in the Annual Report under Provision 2.4, they are consistent with the intent of Principle 2 of the Code which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

3. Provision 8.1 of the Code states that "The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and
(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel." (emphasis added)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regard to the disclosure of the amounts of remuneration of each individual director and the CEO. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the

procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Answer:

The Company has disclosed the level and mix of remuneration in bands of $250,000 and a breakdown of each Director's as well as the top 8 management personnel's remuneration and fees in terms of percentage and the different components of the remuneration i.e. fixed salary, fees, bonus, benefits in kind and share-based incentives. The aggregate remuneration of the top 8 of our management personnel has also been disclosed accordingly.

In view of the competitive pressure in the industry and talent market as well as confidentiality of remuneration matters, the Board is of the opinion that disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in. The Remuneration Committee (RC) has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

Under the Company's disclosures under Principle 6 of the Code in its Annual Report, the Company has disclosed, among other things, that the RC adopted a set of Terms of Reference, including the following functions:

- 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.

While there are challenges presented by COVID 19 and the tough business environment which has necessitate a measure of adjustments and changes in the HR recruitment and policies such as size, composition and remuneration, the Board is satisfied that the current process and evaluations implemented are sufficient and adequate. Given the disclosures in the Annual Report under Principle 6, read together with the disclosures under Provision 8.1, the current disclosures are consistent with the intent of Principle 8 of the Code.

4. We refer to the announcement issued by the Company on 12 October 2020 entitled "Material differences between the audited financial statements and the unaudited financial results announcement for the financial year ended 31 March 2020" (the "Announcement"). Please provide an explanation for the material differences between the audited financial statements and unaudited financial results for the financial year ended 31 March 2020.

Answer:

(In US$'000)		**Group**		
Description	**Impact**	**Audited**	**Previously Announced**	**Variance**
Loss, net of tax	Statement of Comprehensive Income	(10,557)	(10,486)	(71)
Total assets	Statement of Financial Position	41,505	40,199	1,306
Total liabilities	Statement of Financial Position	26,752	25,375	1,377

As part of the Group's adoption of the new standard on SFRS (I) 16 Leases, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The associated right-of-use assets were measured at the amount equal to the lease liability recognised in the statement of financial position as at 1 April 2019. These leases mainly relate to the Group F&B business, which are lease agreements for its franchise businesses.

The variances of US$1.3 million to total asset and liability arise mainly due to a late audit adjustment from the recognition of the right-of-use assets and lease liability in one of the Myanmar subsidiaries.

By Order of the Board

Mark Francis Bedingham
Executive Director, President and CEO
27 October 2020