YOMA
STRATEGIC HOLDINGS LTD

# NURTURING A CULTURE OF EXCELLENCE

Annual Report **2019**

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# BETTER MYANMAR FOR ITS


## NURTURING A CULTURE OF EXCELLENCE

In our Annual Report 2019, we celebrate both the team spirit of our employees and the centuries-old Myanmar pastime of Chinlone. A combination of a sport and a dance, Chinlone requires focus, determination, technique, passion and, most importantly, teamwork. It's about developing one's skills as part of a team in the pursuit of excellence. At Yoma Strategic, we seek to uphold these same values as we work towards our mission to "Build a Better Myanmar for its People".

## OUR MISSION

# Build A Better Myanmar For Its People

**Mr. Serge Pun**
Executive Chairman

The "How" to "Build a Better Myanmar for its People" leads us to confront the biggest challenge facing the Group and to build a roadmap to move forward to create value in everything we do. How is a better Myanmar defined? In my own words, "better" must be compared in quantitative, qualitative, spiritual and material terms to that of today. Through passion and proficiency aligned to this deep sense of determination, the Group is committed to build a better Myanmar together with its people and for its people.

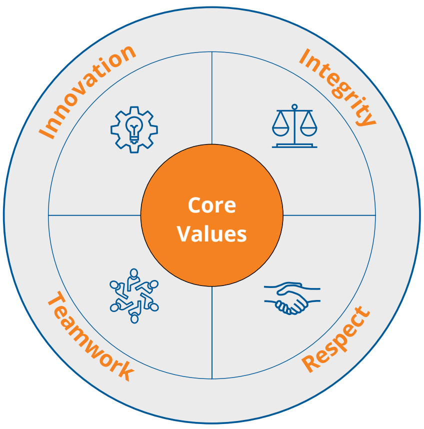
## OUR VISION

**Investor Satisfaction**
We create sustainable investment opportunities by leading with integrity and robust business practices.

**Customer Satisfaction**
We serve our customers by being their trusted partner to deliver the best products and services for their needs.

**Employee Satisfaction**
We invest in our people to build careers around a shared culture of fairness, diversity, empowerment and recognition.

## CORE VALUES




## ABOUT US

Yoma Strategic Holdings Ltd. ("Yoma Strategic", the "Company", or collectively with its subsidiaries, the "Group") was listed on the Mainboard of the Singapore Exchange in 2006 and has established itself as one of the leading conglomerates in the Republic of the Union of Myanmar ("Myanmar"). Over the last 10 years, Yoma Strategic has built a diversified portfolio of businesses in Myanmar through organic business expansions and collaborations with established international and local partners.

Yoma Strategic was founded by Mr. Serge Pun. Born in Myanmar, Mr. Pun immigrated to Beijing in 1965 and subsequently to Hong Kong in 1973, where he began a career in real estate. Mr. Pun has led many real estate developments in Hong Kong and the People's Republic of China ("China"), as well as regional hubs such as Bangkok and Kuala Lumpur. After returning to Myanmar in 1991, he founded First Myanmar Investment Public Company Limited ("FMI"), one of Myanmar's earliest public companies which became the first company to be listed on the Yangon Stock Exchange in March 2016.

Leveraging the Group's experience in Myanmar and a strong commitment to corporate governance, Yoma Strategic has forged partnerships with many international players. These partners provide invaluable expertise and capabilities which add to the Group's capacity to execute its business strategy and help to ensure that the Group's projects adhere to international standards.

# STAYING FOCUSED ON OUR GOALS

Chinlone is a highly demanding sport which requires skill and stamina. The focus in Chinlone is not to defeat one's opponents but rather to play with style and put on an impressive performance. Yoma Strategic has built its core businesses – Yoma Land, Yoma Motors, Yoma F&B and Yoma Financial Services, together with its Portfolio of Investments – to serve the people of Myanmar. The Group's focus is on continuous **INNOVATION** to provide the best products and services that meet the needs of the people of Myanmar.

BUSINESS SEGMENTS

# Focusing On Domestic Consumption

More than half of Myanmar's **51** million people is under the age of 27; within this group, a significant proportion is between the ages of five and 14, signalling a potential 'demographic dividend' for the nation[1]. Rising incomes are expected to fuel the expansion of the country's middle-income consuming class, doubling to some 10 million people, or 15% of the population by 2020, and consumer spending is projected to triple over the next decade[2].

## Yoma Land


A leading property developer and landlord in Myanmar with one of the largest landbanks that focuses on township projects.

"

On a personal level, I enjoy being part of the estate management team especially as it impacts on the lives of our residents. This is very much a validation of the trust homeowners and tenants have given the Yoma Land team to deliver on our vision of creating better communities for the future of Myanmar.

*Mr. Thika Aung*

**Senior Estate Manager**
StarCity

## Yoma F&B

An end-to-end food and beverage platform comprising restaurants, the distribution and bottling of beverages and the provision of wholesale and cold chain logistic services.

"

KFC is my first job and it has been an extremely rewarding experience. KFC provides a good platform for personal and professional growth, and I feel that hard work is recognised and appreciated here. I pride myself on being a part of the KFC family, helping to bring good food and smiles to the faces of our customers.

*Mr. Shine Htet Oo*

**Supervisor**
KFC Myanmar (Junction Square Branch)

***Notes:***

1 *http://pwc.blogs.com/growth_markets/2016/03/myanmar-asias-next-rising-star.html*

2 *Based on an article by Oxford Business Group (Retail activity expands in line with robust economic growth in Myanmar).*

BUSINESS SEGMENTS

# Four Key Businesses

## Yoma Financial Services


A technology driven platform that provides innovative financial services, including mobile payments and non-bank credit products to drive financial inclusion and efficiency in the sector.

"

Being able to offer my customers a great product and being a part of a great team is what I enjoy most about working at Yoma Fleet. I'm tremendously proud to contribute towards the development of this exciting and fast-growing business.

*Ms. May Oo Maung*

**Head of Sales & Marketing**
Yoma Fleet

## Yoma Motors

A comprehensive suite of leading automotive and heavy equipment brands in Myanmar with exclusive importer and distributorship rights for agricultural and construction equipment, passenger and commercial vehicles and parts.

"

Myanmar is developing fast. Working at Yoma JCB and supplying world-class equipment to the construction industry allows me to contribute towards these changes, making sure the construction industry has the right tools to Build a Better Myanmar for its People.

*Ms. Su Sandar Myint*

**Regional Sales Manager**
Yoma Heavy Equipment

A fast-growing economy, increasing consumer purchasing power and the rapid urbanisation of Myanmar are some of the key drivers of the Group's core businesses. Focusing on the four key sectors of Real Estate, Consumer, Automotive & Heavy Equipment and Financial Services, together with a Portfolio of Investments, Yoma Strategic is involved in some of Myanmar's most important economic sectors that cater to the rapid growth in domestic consumption.

# Geographical Presence

## SCALING UP ITS PRESENCE IN MYANMAR

We continue to expand our operational and geographical footprint by leveraging our brand and market leading position in key business segments to meet the growing needs of the Myanmar people. This investment in developing a scalable larger nationwide platform beyond the major cities leaves the Group well positioned to benefit from the long-term growth prospects offered by the developing Myanmar economy.

### YOMA LAND

**3**
large-scale real estate developments in Yangon

**>9**
million sq ft of landbank

### YOMA F&B

**72**
restaurants and stores in 11 cities

**30**
locations comprising warehouses, branches and depots. (bottling)

**2**
warehouse facilities (distribution and logistics)

### YOMA MOTORS

**14**
heavy equipment branches

**9**
passenger and commercial vehicle showrooms in four cities[1]

### YOMA FINANCIAL SERVICES

**15**
Yoma Fleet branches in 11 cities with vehicles

**289**
townships and c.45,000 Wave Money agents nationwide

*Information as at 31 March 2019.*

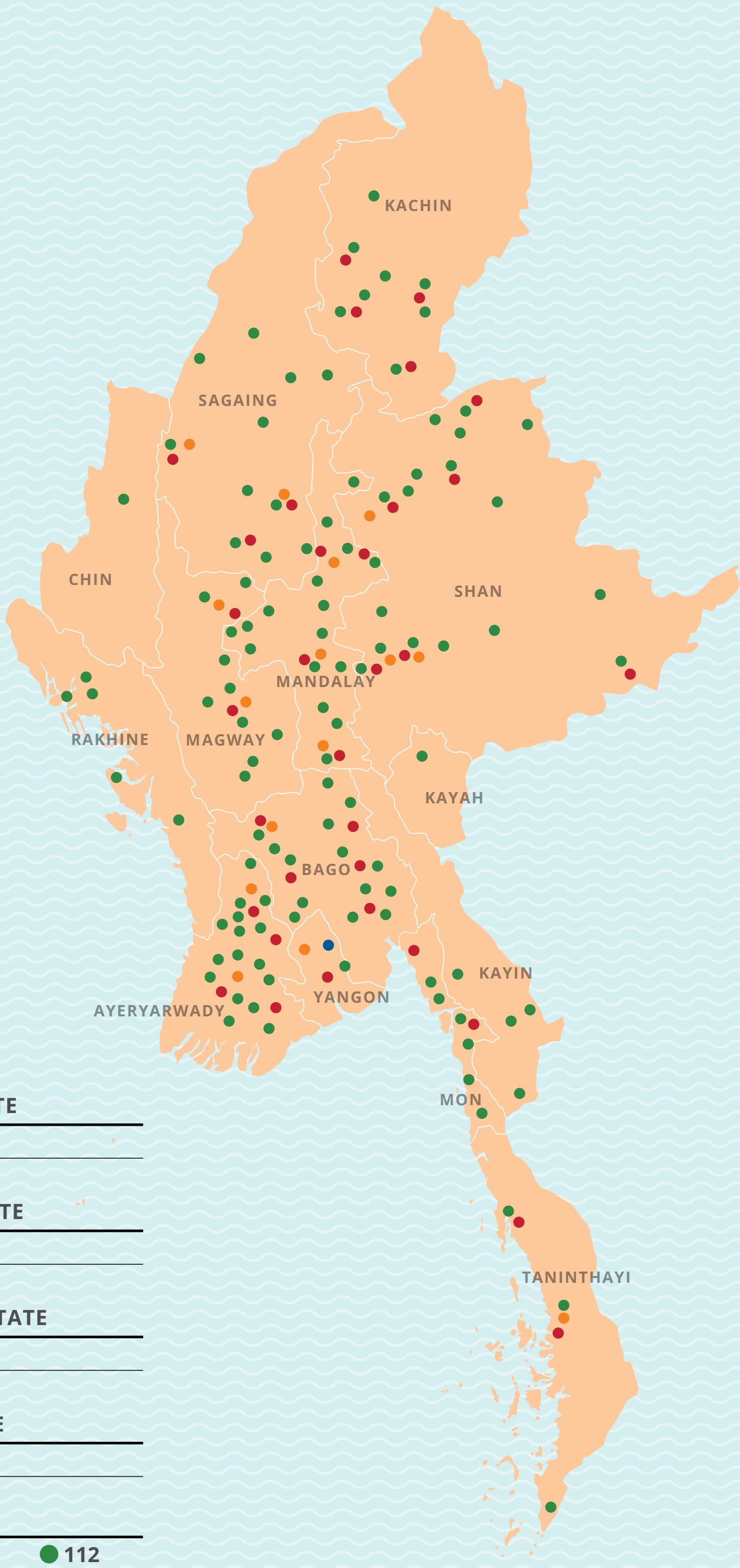
1. *Including two dealerships*

● Yoma Land

● Yoma F&B

● Yoma Motors

● Yoma Financial Services




## Presence in Cities

| | Yoma Land | Yoma F&B | Yoma Motors | Yoma Financial Services |
|---|---|---|---|---|
| YANGON REGION | 1 | 1 | 1 | 1 |
| BAGO REGION | | 5 | 1 | 14 |
| MANDALAY REGION | | 4 | 3 | 16 |
| AYERYARWADY REGION | | 4 | 2 | 16 |
| MON STATE | | 2 | | 6 |
| MAGWAY REGION | | 2 | 2 | 9 |
| KACHIN STATE | | 4 | | 8 |
| SAGAING REGION | | 3 | 2 | 11 |
| SHAN STATE | | 6 | 3 | 17 |
| TANINTHAYI REGION | | 2 | 1 | 3 |
| KAYIN STATE | | | | 4 |
| KAYAH STATE | | | | 1 |
| RAKHINE STATE | | | | 5 |
| CHIN STATE | | | | 1 |
| **TOTAL:** | **1** | **33** | **15** | **112** |

CHAIRMAN'S STATEMENT

# Message From Mr. Serge Pun

"The Group will **remain focused on steadily growing our four core businesses** while ensuring their sustainability and resilience.

*Mr. Serge Pun*

Executive Chairman

**Dear Shareholders,**

Once again, I am happy to present Yoma Strategic's annual report for the financial year ended 31 March 2019 ("FY2019"). The Group reported a net profit attributable to equity holders of US$34.1 million as we continue to scale our core businesses.

**Net Profit Attributable to Equity Holders**

US$**34.1**million

## A Developing Myanmar

The economic outlook for Myanmar continues to be positive. The Asian Development Bank predicts Myanmar's economy to enjoy GDP growth of 6.6% in fiscal year 2019 and 6.8% in fiscal year 2020[1]. These are some of the highest growth forecasts anywhere in the world. This strong growth is expected to be driven by an increase in foreign direct investment ("FDI") resulting from the pro-business reforms being implemented by the Government.

In 2018, Myanmar introduced a new Companies Law that allows foreign investors to hold up to a 35% stake in local companies. This includes foreign ownership of local banks, which will help the domestic banking industry raise much needed capital and modernise loan screening processes and data systems. Financial sector liberalisation has also affected progress in the local credit market, allowing loans to be extended without collateral and giving foreign insurance companies access to the local market[2]. These initiatives will enhance liquidity and promote the growth of a residential mortgage market, benefiting developers like Yoma Land.

"

**The economic outlook for Myanmar continues to be positive.**

**I believe Myanmar has a lot to gain from China's Belt and Road Initiative. Substantial investment is needed to build the country's infrastructure, develop the economy, generate jobs and raise the living standards for our people.**

Other pro-business reforms include current discussions for an Industrial Zone Law, which will provide a more attractive framework for FDI and aid the development of supply chain opportunities for local companies[3], and a Real Estate Services Law, which will help to create a more efficient real estate market, providing stability to land prices and protecting buyers and agents[4].

## The Next Investment Frontier

Myanmar's positive economic outlook is still susceptible to macro pressures relating to the heightened trade tensions between the US and China. Whilst this scenario could destabilise many other countries, it may have a lesser impact on Myanmar given that we are not yet fully plugged into the global economy. There also may be an impetus for foreign investment to divert from places like China to Myanmar as the next investment frontier.

I believe Myanmar has a lot to gain from China's Belt and Road Initiative. Substantial investment is needed to build the country's infrastructure, develop the economy, generate jobs and raise the living standards for our people. Myanmar's strategic location between China and the Indian Ocean makes the country an extremely important partner for the Belt and Road Initiative. It is up to Myanmar to take advantage of its strategic position and negotiate terms which will lead to a "win-win" situation for both sides.

***Notes:***

1. *https://www.adb.org/news/foreign-investment-policy-reforms-boost-myanmars-growth-2019-and-2020-adb*
2. *https://www.bangkokpost.com/world/1599786/myanmar-steps-up-financial-reforms; https://asia.nikkei.com/Business/Business-trends/Foreign-insurers-bring-disruption-in-untapped-Myanmar-market*
3. *https://www.mmtimes.com/news/legislation-needed-govern-industrial-zone-development.html*
4. *https://www.mmtimes.com/news/myanmar-real-estate-service-law-be-enacted-within-three-months.html*

CHAIRMAN'S STATEMENT

# Message From Mr. Serge Pun

The upcoming Myanmar general election in 2020 is important in terms of stabilising Myanmar's nascent democracy. A stable and smooth election will ensure continued, or an even faster pace, of reform. However, as the country moves forward in its economic development, it still faces numerous challenges in terms of infrastructure investment, human capital and basic services gaps.

## Maintaining Fundamentals

Going forward, I believe that Yoma Strategic should remain focused on steadily growing its four core businesses while ensuring their sustainability and resilience. This means having good management teams in place to navigate changes in the operating environment and growing each business significantly so as to derive benefits from economies of scale.

As a Group, we will continue to serve the needs of the people of Myanmar, and this economic alignment will continue to create opportunities for us to invest in new growth areas and bring in international partners that can accelerate the growth process.

Another important consideration is Myanmar's rapidly shifting social and economic dynamics. Myanmar has a median age of just 27. Clearly understanding the behavioural patterns and consumption choices of this younger generation is key to the long-term success of any business. Companies that do not embrace these changes and develop innovative products and ways of working will be quickly left behind.

While Myanmar's pro-business environment will continue to benefit the Group, increased FDI will no doubt also come with more competition. However, if we remain focused on the fundamentals, competition will only make us stronger in the long run. We will continue to rationalise and right-size each business as it grows, whether it is outsourcing certain operations to third-party management or disposing of our non-core businesses and assets.

Central to our development, of course, is the ongoing support of our shareholders. We will continue to maintain high corporate governance standards and transparency, which includes hosting shareholder trips to Myanmar so that you can experience first-hand the progress made by the Group and see the rapid development of the country.

Lastly, I would like to express my continued appreciation to our Board of Directors for the key role they play in guiding management on the execution of strategy and to all of the people working in team Yoma Strategic, who are celebrated as the theme of this annual report. I also wish to thank our business partners and associates who have given us their support as we Build a Better Myanmar for its People.

**Serge Pun**
Executive Chairman

CEO'S STATEMENT

# Message From Mr. Melvyn Pun

"

With the rapid expansion of our Non-Real Estate businesses over the last four to five years, **we have strengthened our business profile and improved our earnings drivers.** The Group today is well diversified. In FY2019, our Non-Real Estate businesses contributed 44% of revenue whereas our Real Estate Development and Services businesses contributed 32% and 24% of revenue respectively.

*Mr. Melvyn Pun*

Chief Executive Officer

CHAIRMAN'S STATEMENT

# Message From Mr. Melvyn Pun

**Dear Shareholders,**

FY2019 marks the fifth year since Yoma Strategic embarked on its journey to transform itself from a real estate company into a diversified group with a balanced business portfolio. During the financial year in review, Yoma Strategic's revenue increased to US$100.7 million from US$75.5 million in FY2018, while net profit attributable to equity holders of the Company grew to US$34.1 million in FY2019 as compared to US$11.9 million in FY2018.

## Reviewing Performance as a Whole

According to ADB, Myanmar's economy grew by 6.2% in FY2018[1] as compared to 6.8% in FY2017[2]. Despite the slower economic growth, we were able to accelerate the buildout of our Non-Real Estate businesses, particularly in the non-bank financial services and the consumer sectors. With the rapid expansion of our Non-Real Estate businesses over the last five years, we have strengthened our business profile and improved our earnings drivers. The Group today is well diversified. In FY2019, our Non-Real Estate businesses contributed 44% of revenue whereas our Real Estate Development and Real Estate Services businesses contributed 32% and 24% of revenue respectively.

Many of our Non-Real Estate businesses started four to five years ago, such as Yoma Fleet and KFC, and are now coming out of their incubation phases with improving EBITDA performances. The performance of our Real Estate Development business has also improved year-on-year and we have further strengthened our position in this business segment by expanding our product offering into the mass market. We expect this positive trend to continue as we focus on driving profitability and operational excellence in all of our businesses.

## Yoma Land to Build Sustainable Avenues of Revenue

Yoma Land has embarked on a number of changes in the last 12 months.

Firstly, Yoma Land launched City Loft, a new division of modern affordable housing that targets the underserved mass market in Yangon. City Loft combines an affordable price point with favourable mortgage repayments of up to 25 years, which we believe would mean that, for the first time, it is possible for someone earning less than US$500 per month to become a homeowner. The fast take-up of City Loft's initial launch is encouraging when compared to the sales volumes in previous years. We expect City Loft to open up a sizeable new market for Yoma Land and drive sales volumes moving forward.

Secondly, Yoma Land will be looking to revise its master plans for Pun Hlaing Estate and StarCity to ensure its offerings are well-tailored to Yangon's growing population and the planned infrastructure works in the city. The new master plans will focus on creating value from Yoma Land's large land bank to fuel our property development business over the next 10 years.

Thirdly, Yoma Land is looking to increase its rental revenue at StarCity and Pun Hlaing Estate. While Yoma Central is expected to transform our Real Estate Services business once it is completed in 2021, there are still opportunities to capture incremental rental demand for apartments in Yangon.

I am confident that our strategy of focusing and simplifying our operations will put us in a better position to optimise the value creation from our sizable land bank, deliver sustainable earnings and remain agile in response to changes in the market and customer preferences.

## Strengthening Yoma F&B

FY2019 was an exciting year for Yoma F&B. The acquisition of a 65% stake in YKKO, one of the largest domestic restaurant chains combined with the scale of our existing KFC business has created the leading F&B platform in the country. With the further opening of Auntie Anne's™ outlets and a Little Sheep Hot Pot restaurant, the Group now has the largest number of restaurants in Myanmar with 72 outlets as at 31 March 2019.

YKKO is already contributing positively to Yoma F&B's revenue and earnings, and with its healthy operating cash flows, it is expected to contribute positively to Yoma F&B's results for the financial year ending 31 March 2020 ("FY2020"). Going forward, the Group will continue to build up its existing brands by expanding the total number of outlets in Myanmar to approximately 90 in FY2020. Beyond market presence, Yoma F&B will, as importantly, look to further improve operational and supply chain efficiencies.

Outside of the restaurant business, we brought SF Holding Co., Ltd. ("SF Express") in as a partner in KOSPA Limited ("KOSPA"). Alongside our existing partner in the business, Kokubu Group, SF Express' technology-led international logistics experience will allow us to augment KOSPA's capabilities as one of Myanmar's leading integrated logistics service providers.

***Notes:***

1. *ADB's FY2018 is for the period commencing on 1 April 2018 to 30 September 2018.*
2. *ADB's FY2017 is for the period commencing on 1 April 2017 to 31 March 2018.*

### Yoma Financial Services to Capture New Growth in Non-Bank Financial Sector

Wave Money continued to make huge strides with revenues quadrupling during FY2019 and the company turning profitable during September 2018. By the end of March 2019, it had doubled its agent network in one year to approximately 45,000 and was providing its service to more than nine million unique customers across the country. Growth was not isolated to Wave Money's remittance business, but was also seen in its digital business through the launch of a new mobile wallet app, WavePay. Wave Money plans to further grow this business to capture the opportunities presented by Myanmar's large unbanked population and its high adoption of smartphones.

We also see vast potential for Yoma Fleet, which has grown its fleet size by 62% year-on-year. Driven by the demand for new cars, resurgent infrastructure and construction, and greater adoption of SMEs and consumer rentals, we expect this significant growth to continue. The cash-based nature of the economy and the fact that bank lending outside of key cities is limited has created huge opportunities in the automotive and heavy equipment industries for non-bank lenders.

Yoma Fleet's partnership with Tokyo Century will further accelerate this growth during the coming years. Tokyo Century has vast experience in leasing and financing related businesses regionally and will also add significant capital and expertise for business expansion. Tokyo Century's relationships with several large Japanese and international banks will also give the company the option to access more external funding through loan arrangements.

### Taking a Longer-Term View for Yoma Motors

Last year, we unfortunately experienced a heavy monsoon which caused significant flooding damage across the country, bringing significant hardship to farming communities. Consequently, sales of New Holland tractors, which is the primary revenue driver of Yoma Motors, decreased year-on-year. Notwithstanding this, the New Holland corporate business for larger heavy equipment and agricultural machines has started to pick up. Meanwhile, the Group's JCB construction equipment business is gaining traction and an upturn in the construction and infrastructure sectors is expected to drive sales going forward.

In our passenger and commercial vehicles segment, Volkswagen showrooms in both Yangon and Mandalay opened in May 2019 and will start contributing to Yoma Motor's revenue during the coming year.

### Progress Through Business' Life Cycles

Yoma Strategic continues to be well-poised to capture new business opportunities in Myanmar.

We seek to maximise value creation by actively tracking and assessing the performance of our businesses as they move through their respective lifecycles. Well timed actions have included bringing in strategic partners to accelerate growth – for example, Tokyo Century's US$26.6 million investment for a 20% stake in Yoma Fleet. This represented significant value creation given Yoma Strategic's total net investment in Yoma Fleet is about US$14 million to date. In other cases, we may look to pare down our investments to recycle capital to grow our core businesses. This was the case with the sale of half of our 25% stake in edotco Myanmar in FY2017. The sale came as our investment in edotco Myanmar grew by more than three times in value to US$70 million.

### Staying on the Course of Transformation

Going forward, we will continue to focus on driving the efficiency of our businesses. We believe that the operating leverage in our various businesses will result in much improved profitability, and thus continue to create value for our shareholders. We will also be looking to recycle capital from non-core assets to manage our balance sheet and redeploy the proceeds from these efforts into growing our core businesses.

### Well-Positioned to Define the Future of Myanmar

Yoma Strategic is a markedly different company today. We are more resilient and diversified and are operating on a stronger foundation. Given the passion and commitment of our people, we are optimistic about the future. Together with our over 4,000 employees, we will continue to entrench our leadership position in the country as we endeavour to Build a Better Myanmar for its People.

The success and progress that we enjoy at Yoma Strategic today would not be possible without the support of our stakeholders. I would like to thank our Board of Directors for their wise counsel and encouragement, our partners for believing in our cause and our shareholders for their unwavering faith. To our management team and staff, I thank you for your commitment and effort working steadfastly to grow our company to greater heights.

**Mr. Melvyn Pun**
Chief Executive Officer

# Key Milestones

## 2018

**Sep**

Yoma Fleet enters Myanmar's heavy equipment rental sector with MSP CAT partnership

**Nov**

Yoma Land expands into the mass market residential segment with the successful launch of City Loft

## 2019

**Jan**

Yoma Strategic raises US$70 million with Thai Baht Bond issuance


**Feb**

Yoma F&B acquires a majority stake in YKKO, one of Myanmar's largest restaurant chains

## 2019

**Mar**

Yoma F&B launches Auntie Anne's™ in Myanmar

KOSPA logistics forms joint venture with SF Express to widen its scope of services


Yoma F&B launches Little Sheep Hot Pot in Myanmar

**Apr**

Yoma Fleet forms partnership with Tokyo Century to rapidly expand its business

# HEADING IN THE RIGHT DIRECTION

Success in Chinlone is not based on the strength of one but the unity of a team. With more than 4,000 staff, Yoma Strategic values and recognises the importance of **TEAMWORK** for its employees, customers and investors in driving greater operational excellence and delivering better financial performance.

# Board of Directors


From left to right:

Dato Timothy Ong
Mr. Adrian Chan
Mr. Serge Pun
Mr. Melvyn Pun
Ms. Wong Su Yen
Mr. George Thia
Mr. Cyrus Pun

## Mr. Serge Pun
**Executive Chairman**

**Board Committee(s) served on:**
Nil

**Present Directorships in listed companies (as at 28 June 2019):**
- First Myanmar Investment Public Company Limited
- Myanmar Thilawa SEZ Holdings Public Limited

**Past Directorships in listed companies held over the preceding 3 years:**
Nil

**Education and Achievements:**
Awarded the special honour of being selected as one of the 65 outstanding Overseas Chinese Models worldwide to feature on a series of commemorative postage stamps celebrating the 65th anniversary of the People's Republic of China (2014)

**Date of Appointment:**
17 August 2006

**Last Re-elected:**
26 July 2017

Mr. Serge Pun is a Myanmar national and the Chairman of Serge Pun & Associates (Myanmar) Limited ("SPA"). In 1983, Mr. Pun founded Serge Pun & Associates Limited in Hong Kong and eventually returned to the country of his birth to establish SPA in 1991.

In 1992, Mr. Pun established First Myanmar Investment Public Company Limited ("FMI") as one of the earliest public companies (unlisted) in Myanmar. In 2006, he led Yoma Strategic to a successful listing on the Mainboard of the Singapore Stock Exchange, and in 2016, FMI became the first company to list on the Yangon Stock Exchange.

Mr. Pun is a member of the World Economic Forum's ASEAN Regional Strategy Group and ASEAN Regional Business Council. He is a standing member of the Chinese People's Political Consultative Conference of Dalian and a member of the Asia Business Council. He is the Chair of the International Advisory Board for Myanmar of the Singapore Management University, the Vice-Chairman and CEO of the New Yangon Development Company ("NYDC") and served as an Honorary


Board Attendance

**100%**

Gender Diversity

**14%**

Board Independence

**57%**

Non-Executive Independent Directors with < 9 years tenure

**75%**

Business Representative for Myanmar of the International Enterprise Singapore from 2004 to 2006. Mr. Pun is a frequent speaker in international forums in Myanmar and the ASEAN countries.

### Mr. Melvyn Pun
**Chief Executive Officer and Executive Director**

**Board Committee(s) served on:**
NGC (Member)

**Present Directorships in listed companies (as at 28 June 2019):**
Nil

**Past Directorships in listed companies held over the preceding 3 years:**
Nil

**Education and Achievements:**
Bachelor of Arts (First Class Honours), Masters of Engineering and Masters of Arts, University of Cambridge (2000)

**Date of Appointment:**
27 July 2015

**Last Re-elected:**
26 July 2017

Mr. Melvyn Pun was the Alternate Director to Mr. Serge Pun at Yoma Strategic and the Chief Executive Officer of SPA between 2012 and 2015. Since his appointment as the Chief Executive Officer of Yoma Strategic, he has been extensively involved in developing the Group's relationships with key partners, including Mitsubishi Corporation, IFC, ADB, Yum! Brands, New Holland, JCB, Dulwich College International, Telenor and SF Express, amongst others. Mr. Pun is also an executive committee member of Myanmar Institute of Directors.

Prior to joining SPA, Mr. Pun spent 12 years at Goldman Sachs in Hong Kong, where he was Managing Director, Head of Asia Ex-Japan Corporate Solutions Group. He has extensive financial and corporate experience in various markets across Asia such as Greater China, Southeast Asia and Korea where he provided corporations and non-profit organisations with financial services that included fund raising, investments and risk management.

# Board of Directors

## Mr. Cyrus Pun

**Non-Executive Non-Independent Director**

**Board Committee(s) served on:**
Nil

**Present Directorships in listed companies (as at 28 June 2019):**
Memories Group Limited

**Past Directorships in listed companies held over the preceding 3 years:**
Nil

**Education and Achievements:**
Bachelor's Degree in Economics, London School of Economics (2003)

**Date of Appointment:**
21 February 2011

**Last Re-elected:**
26 July 2017

Mr. Cyrus Pun commenced his career in China with an established manufacturer of building materials, where he headed a team to develop the export and trading market. In February 2007, Mr. Pun joined SPA and assumed a leading role in the development of Grand Central in Dalian, China — a real estate project undertaken by SPA Grand Central (Dalian) Enterprise Co., Ltd.

Prior to joining SPA in 2007, Mr. Pun worked for Hutchison Port Holdings in the South China Commercial Division based in Hong Kong. He was appointed as the Head of Corporate Development of Yoma Strategic in June 2010 and an Executive Director in February 2011. Subsequently, he headed various corporate exercises to identify, develop and evaluate existing businesses and new business opportunities for the Group. He most recently initiated the Company's expansion into the affordable housing segment.

Mr. Pun currently serves as the Chief Executive Officer of Memories Group Lmited and has been re-designated as a Non-Executive Non-Independent Director of Yoma Strategic.

## Mr. Adrian Chan

**Lead Independent Director**

**Board Committee(s) served on:**
NGC (Chairman), RC (Member)

**Present Directorships in listed companies (as at 28 June 2019):**
- AEM Holdings Ltd
- Ascendas Funds Management (S) Limited (manager of Ascendas REIT)
- Bowsprit Capital Corporation Limited (manager of First REIT)
- Hong Fok Corporation Limited
- Best World International Limited

**Past Directorships in listed companies held over the preceding 3 years:**
- Nobel Design Holdings Limited
- Global Investments Limited

**Education and Achievements:**
Bachelor of Laws (Honours), National University of Singapore (1989)

**Date of Appointment:**
17 August 2006

**Last Re-elected:**
24 July 2018

Mr. Adrian Chan is the Head of the Corporate Department and a Senior Partner at the law firm, Lee & Lee. He is a Board member of the Accounting and Corporate Regulatory Authority of Singapore ("ACRA") and serves on the Legal Service Commission. He is a council member of the Law Society of Singapore, a member of the Singapore Management University's Enterprise Board and Vice-Chairman of the Singapore Institute of Directors.

He currently serves as the Chairman of both the Corporate Practice Committee of the Law Society of Singapore and the Corporate Law Advisory Panel at ACRA. He has been appointed by the SGX to its Catalist Advisory Panel and serves on the Pro-Enterprise Panel.

## Ms. Wong Su Yen

**Non-Executive Independent Director**

**Board Committee(s) served on:**
ARMC (Member), RC (Chairman)

**Present Directorships in listed companies (as at 28 June 2019):**
- Nera Telecommunications Ltd
- First Resources Ltd

**Past Directorships in listed companies held over the preceding 3 years:**
Nil

**Education and Achievements:**
Bachelor of Arts (summa cum laude) in Music and Computer Science from Linfield College (1989) and Master of Business Administration from the University of North Carolina at Chapel Hill (1993)

**Date of Appointment:**
15 December 2015

**Last Re-elected:**
24 July 2018

Ms. Wong Su Yen brings over 20 years of experience in driving business strategy, strategic talent development, organisational transformation, operations re-design and risk management. She is the Chairman of the Board of Nera Telecommunications and an Independent Director at First Resources. She also serves on the boards of MediaCorp, NTUC First Campus and CPA Australia.

Previously, she was the Chief Executive Officer of the Human Capital Leadership Institute, the Chairman (Singapore) for Marsh & McLennan Companies and the Managing Director, Southeast Asia at Mercer. Prior to that, she was the Asia Managing Partner for the Communications, Information & Entertainment practice at Oliver Wyman. She has worked across North America and Asia and was previously based in Boston, Bangkok, Hong Kong, Beijing and Seoul.

## Dato Timothy Ong

**Non-Executive Independent Director**

**Board Committee(s) served on:**
ARMC (Member), NGC (Member)

**Present Directorships in listed companies (as at 28 June 2019):**
TEE Land Limited

**Past Directorships in listed companies held over the preceding 3 years:**
Nil

**Education and Achievements:**
Bachelor of Arts (Honours) Degree in Economics and Political Science from the Australian National University and Master of Science (with Distinction) in International Relations from the London School of Economics (1982)

**Date of Appointment:**
20 May 2016

**Last Re-elected:**
26 July 2016

Dato Timothy Ong is a leading Brunei businessman who served as the Acting Chairman of the Brunei Economic Development Board (BEDB) from 2005 to 2010. Dato Ong is a member of a number of leading Brunei and regional boards including Asia Inc Forum, Baiduri Bank Group, National Insurance of Brunei, Hotel Associates Sdn Bhd and the Asian Advisory Board of Prudential Financial. He is also a member of the Board of Governors of the Asian Institute of Management (AIM) and a Trustee of the Ramon Magsaysay Awards Foundation.

Dato Ong has represented Brunei in a number of regional councils including the APEC Business Advisory Council (ABAC), which he chaired in 2000, the APEC Eminent Persons Group, ASEAN-Japan Business Meeting and the Pacific Economic Cooperation Council. He is also the recipient of various state honours, including the Most Honourable Order of Seri Paduka Mahkota Brunei (Second Class) (DPMB) by His Majesty, the Sultan of Brunei, which confers the title 'Dato Paduka', and the Grand Cross of the Order of Bernardo O'Higgins (highest civilian award) by the President of Chile for his contribution to regional economic cooperation.

## Mr. George Thia

**Non-Executive Independent Director**

**Board Committee(s) served on:**
ARMC (Chairman), RC (Member)

**Present Directorships in listed companies (as at 28 June 2019):**
CH Offshore Ltd.

**Past Directorships in listed companies held over the preceding 3 years:**
Nil

**Education and Achievements:**
Life Member of the Institute of Singapore Chartered Accountants, Retired Member of the Association of Chartered Certified Accountants (UK), Master of Gerontology from Singapore University of Social Science (formerly known as UniSIM)

**Date of Appointment:**
22 December 2017

**Last Re-elected:**
24 July 2018

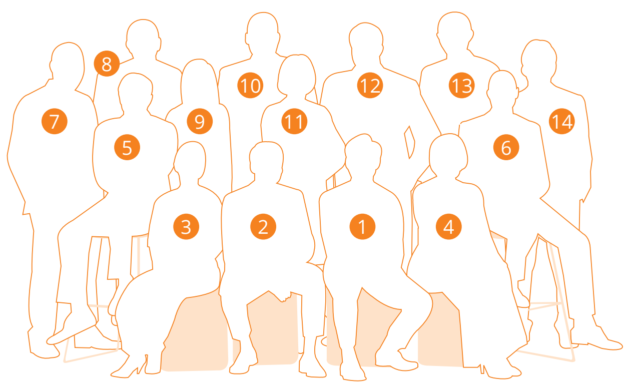
Mr. George Thia has more than 35 years' experience in merchant banking and financial services, being actively involved in many corporate finance transactions in Singapore and the surrounding region. He is a Chartered Accountant (Singapore) and practiced as an accountant with Cooper Brothers & Co. (now known as PricewaterhouseCoopers).

Mr. Thia is currently a Business Consultant for Mergers & Acquisitions at Asianic Private Limited and an advisor to a private equity fund focusing on healthcare, eldercare and education. He is also a board member of two non-profit organisations, the National Cancer Centre and the Singapore Institute of Management.

Mr. Thia was formerly a Managing Director at Morgan Grenfell, Merrill Lynch International, Sun Hung Kai Securities and Lum Chang Securities. He was also an Executive Director and Partner of Kay Hian (now UOB Kay Hian Securities). Mr. Thia was the Executive Chairman of two publicly listed companies and had served as an Independent Director and the Chairman of Audit Committees of several listed companies in Singapore, Malaysia and Indonesia. He was a consultant to the Singapore Exchange on the training of regulation officers and rendered advice on the development and launch of the alternative board, SGX Catalist. Mr. Thia practiced business consultancy in association with law firms Rodyk & Davidson (Singapore) from 2003 to 2005 and Kelvin Chia & Partners (Myanmar) from 2012 to 2013.

# Management Team

1. Mr. Melvyn Pun
2. Mr. JR Ching
3. Ms. Tin Winn Nge
4. Ms. Win Min Htwe
5. Mr. Howard Seargent
6. Mr. Michael Rudenmark
7. Mr. Allan Davidson
8. Mr. Yue Wai Khin
9. Ms. Joycelyn Siow
10. Mr. Stephen Purvis
11. Ms. Loo Hwee Fang
12. Mr. Gerhard Hartzenberg
13. Mr. Brad Jones
14. Mr. Martin Appel



## KEY MANAGEMENT

**Mr. Serge Pun**
**Executive Chairman**

**Mr. Melvyn Pun**
**Chief Executive Officer and Executive Director**

**Mr. JR Ching**
**Chief Financial Officer**

Mr. JR Ching joined the Group in May 2013 and was appointed as Chief Financial Officer in May 2015 to oversee the Group's financial functions and strategic business development.

Prior to this role, he served as the Group's Head of Business Development where he was responsible for developing the Group's businesses and new business areas, overseeing acquisition and investment opportunities and reviewing the Group's overall business strategy.

Mr. Ching also oversees the Group's KFC Myanmar business.

Mr. Ching graduated as a Morehead Scholar from the University of North Carolina at Chapel Hill with a Bachelor of Arts Degree in International Studies with the Highest Distinction. He then spent over a decade at Goldman Sachs in the Fixed Income, Currency & Commodities, Capital Markets and Investment Banking Divisions in London and Hong Kong, where he was most recently the Head of Structured Finance for the Asia- Pacific ex-Japan region. Mr. Ching has extensive financial and corporate experience in a wide range of business sectors and had executed investing, financing and risk management transactions across Asia, the Middle East, Europe and North America.

**Ms. Loo Hwee Fang**
**Group General Counsel and Company Secretary**

Ms. Loo Hwee Fang was appointed as Group General Counsel in April 2013. Prior to that she was with Lee & Lee for 13 years and was a Partner in their Corporate Department since 2006. Her main area of legal practice was in corporate finance, capital markets and fund management, and her scope of work included advising on fund raising, mergers and acquisitions, stock exchange procedures, compliance and corporate governance issues. Ms. Loo is listed in The Legal 500's GC Powerlist for South-East Asia for 2017 and 2019. She was also included in The Legal 500's GC Powerlist for Asia Pacific in 2014.

Ms. Loo graduated from the University of Sheffield, England with an L.L.B (Hons) Degree in 1996. She is also a Barrister in-law, having been called to the English Bar at Gray's Inn, England and Wales in 1997 and was admitted to the Singapore Bar in 1998.

**Ms. Joycelyn Siow**
**Group Financial Controller**

Ms. Joycelyn Siow joined as Group Finance Manager in June 2008 and was subsequently promoted to Group Financial Controller in May 2013. Prior to joining the Group, Ms. Siow had 10 years of audit experience in international audit firms where she was involved in audit services for publicly listed companies, multinational corporations and small and medium sized enterprises. Besides audit work, Ms. Siow was also involved in special assignments such as internal audit, the preparation of accountants' reports for Initial Public Offerings and Reverse Takeovers and due diligence reviews.

Ms. Siow graduated from Singapore Polytechnic with a Diploma in Banking and Financial Services and later went to pursue her ACCA qualification.

**Ms. Win Min Htwe**
**Head of Risk Management and Assurance**

Ms. Win Min Htwe was appointed as Head of Risk Management and Assurance in March 2013. Ms. Htwe possesses over 20 years of professional experience in private, public and government corporations across various industries, including consulting, financial services, auditing, insurance, IT, mining, manufacturing, utilities and FMCG.

Ms. Htwe holds a Masters of Applied Finance from the University of Western Sydney, Australia, and a Masters of Business Administration from the Sydney Graduate School of Management. Ms. Htwe is a member of the Australian Institute of Company Directors, the Institute of Internal Auditors Australia, the Australian Institute of Management and the Financial Services Accountants Association of Australia.

# Management Team

**Mr. Martin Appel**
**Head of Human Resources**

Mr. Martin Appel was appointed as the Head of Human Resources in August 2016. Prior to joining the Group, he held executive HR roles at Bank of America Merrill Lynch, Honeywell and IBM.

Originally from South Africa, Mr. Appel has lived and worked in Asia, including Singapore, Bangalore and Johore Bahru since December 2000. He is currently based in Yangon.

Mr. Appel graduated from the University of Kwa Zula Natal (formerly the University of Natal), Durban, South Africa with a BA Degree and from the University of the Witwatersrand, Johannesburg, South Africa with a Bachelor of Education (Hons).

## YOMA LAND

**Mr. Stephen Purvis**
**Head of Yoma Land**

Mr. Stephen Purvis was appointed as the Head of Yoma Land in January 2019. He has been with the Group since 2013. Prior to this appointment, he was the Project Director and subsequently the General Manager for Yoma Central since 2015. He also spearheaded the master planning of StarCity from 2013 to 2014. Mr. Purvis has more than 30 years of experience in the real estate market, including the development of substantial mixed-use city centre projects in a variety of markets.

Prior to joining the Group, Mr. Purvis was a director at Coral Capital Group Ltd, a Cuba-focused country fund, where he oversaw long-term equity real estate projects, including the design, funding, construction and operation of a portfolio of hotels under the Hotel Saratoga brand. Notably, he master planned the new container port and economic zone of Mariel with partner Dubai Ports World and was also the project manager for high profile clients such as the Prince of Wales Foundation.

Mr. Purvis is a chartered member of the Royal Institute of British Architects and holds a Bachelor of Arts (Hons) Degree in Architecture from Newcastle University, England and a Bachelor in Architecture from Westminster University, England.

**Ms. Tin Winn Nge**
**General Manager, StarCity**

Ms. Tin Winn Nge was appointed as the General Manager for StarCity in 2017. She joined the Group in 2002 and has served in various positions, including extensive experience in sales and marketing, hotel management and real estate management.

Ms. Tin graduated with a Bachelor Degree from Yangon University and then furthered her studies in hotel and restaurant management, receiving a diploma from the United States.

## YOMA MOTORS

**Mr. Michael Rudenmark**
**Head of Automotive**

Mr. Michael Rudenmark was appointed as the Head of Automotive in March 2013 and is responsible for growing the Group's Automotive division, including exploring and evaluating opportunities to secure new automotive brands for the Group.

Mr. Rudenmark has lived in Yangon for more than 20 years and has extensive experience in the Myanmar automotive market as the Founder and Managing Director of German Car Industries, an automobile sales and after-sales company since April 1996.

**Mr. Gerhard Hartzenberg**
**Head of Heavy Equipment**

Mr. Gerhard Hartzenberg joined the Group in January 2015. Prior to joining the Group, he spent more than 30 years in the automotive and related industries with companies including Super Group Industrial Products, John Deere and Imperial in South Africa. He has extensive experience in sales and marketing, operations, network development, training and brand establishment.

Mr. Hartzenberg was most recently the Chief Operating Officer for Powerstar, overseeing a network of 56 dealers. He is a member of the John Deere International Marketing Leadership Council, the Toyota S.A Dealer Council and the Toyota Wings Club. He has also received several awards including three Chairman's awards from Toyota/Hino and General Motors between 1990 and 2005.

## YOMA F&B

**Mr. Yue Wai Khin**
**Chief Operating Officer, KFC Myanmar**

Mr. Yue Wai Khin joined the Group in December 2014 to oversee the daily operations, recruiting and training and quality control functions of KFC Myanmar. Prior to joining the Group, he spent more than 25 years in the food and beverage industry at KFC/ Pizza Hut Malaysia with extensive experience in sales and operations, staff development and training and brand development.

Mr. Yue was previously the Deputy General Manager for the Pizza Hut Dine-In segment, overseeing 115 restaurants. He was also the Deputy General Manager of Field Human Resources at KFC and the Head of Field Human Resources at Pizza Hut. Mr. Yue has received several awards for both Operations Excellence and Training and Development from Yum! Brands and is certified as a Yum! Master Trainer in Malaysia.

**Mr. Howard Seargent**
**Managing Director, KOSPA**

Mr. Howard Seargent joined the Group in June 2015 as the Managing Director of Kospa Limited. Prior to joining the Group, Mr. Seargent had over 25 years of experience in managing FMCG businesses with multinational companies, including Coca-Cola and Goodman Fielder, in addition to supply chain consultancy roles in the Middle East and Asia.

Mr. Seargent holds a BSc (Hons) Degree from the University of the Witwatersrand and a Masters of Business Leadership Degree from the Graduate Business School of the University of South Africa.

## YOMA FINANCIAL SERVICES

**Mr. Allan Davidson**
**Head of Yoma Fleet**

Mr. Allan Davidson joined the Group in November 2013. Prior to joining the Group, he spent more than 25 years in the vehicle leasing and rental industry in Australia, Papua New Guinea, New Zealand and Thailand.

Mr. Davidson headed up a joint venture that started the Budget Rent A Car franchise in Thailand. During his 8 years there, he grew the business into a market leader with more than 1,450 vehicles across 25 locations while enduring the effects of the 1997 Asian financial crisis. He is a Member of the Military Division of the Order of Australia (AM).

**Mr. Brad Jones**
**Chief Executive Officer, Wave Money**

Mr. Brad Jones is the Chief Executive Officer of Wave Money and has been with the Company since February 2015. He has grown Wave Money into one of the leading fintech companies in Myanmar, serving millions of customers across a network of over 45,000 agents.

Previously Mr. Jones headed mobile money and innovation for Visa in Asia Pacific, North Africa and the Middle East. He has also been an emerging payments consultant to the World Bank Group and has worked in a variety of markets, including the Philippines, Indonesia, Bangladesh and China.

Prior to Visa, Mr. Jones was the founding Managing Director of Wing Cambodia, the first bank-led mobile money company in Asia. Mr. Jones has worked in the financial services industry for eighteen years and is a well-known executive in payments and mobile money.

# Key Financial Highlights

## Revenue
US$**101** million

The Group's performance in 2019 reflects continued advancement against its 2020 strategy to have a balanced revenue generated by its Non-Real Estate businesses and Real Estate business and to increase its recurring Real Estate Services revenue.

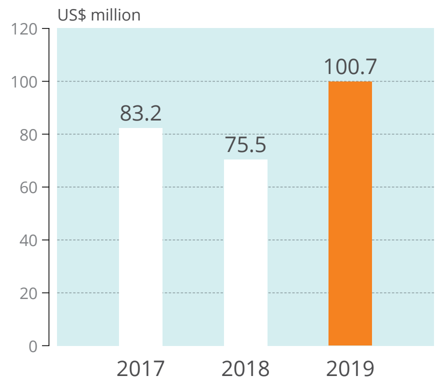
## Gross Margin
**47**%

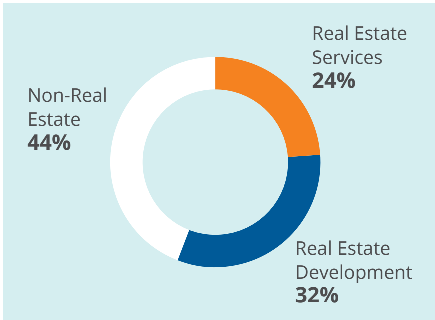
## Net Profit
US$**42** million

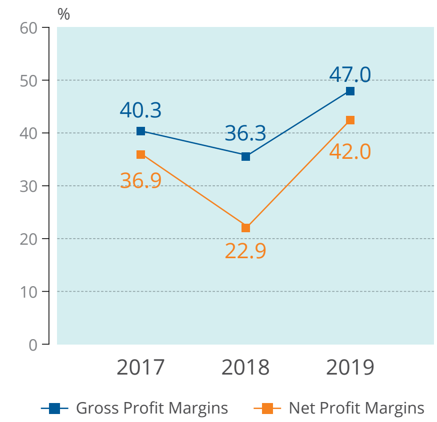
## Core Operating EBITDA
US$**95** million

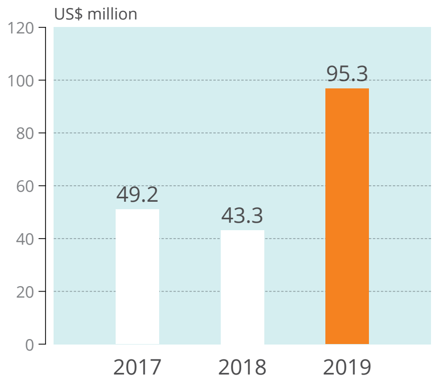
## Earnings Per Share
**1.8** US cents

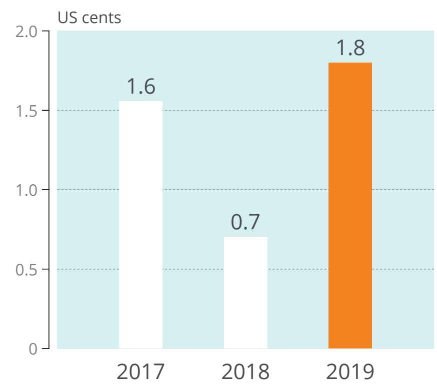
## Net Asset Value Per share
**29.3** US cents

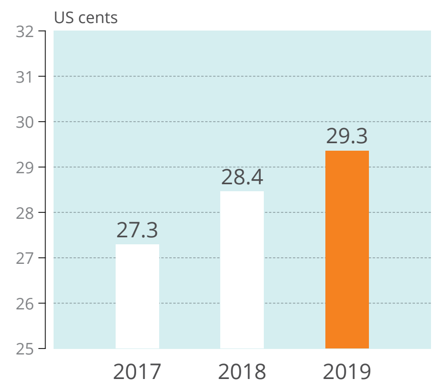
### Revenue



### Sources of Revenue



### Gross Profit & Net Profit Margin



### Core Operating EBITDA



### Earnings Per Share



### Net Asset Value Per share


## Financial Performance Summary

| US$ Million | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| **Statement of Income** | | | |
| Revenue | 89.6 | 75.5 | 100.7 |
| Gross Profit | 36.1 | 27.4 | 47.3 |
| Net Profit | 33.1 | 17.3 | 42.2 |
| Profit Attributable to Equity Holders | 28.2 | 11.9 | 34.1 |
| Core Operating EBITDA | 49.2 | 43.3 | 95.3 |
| **Statement of Cash Flow** | | | |
| Cash Flows from Operating Activities | NA[1] | NA[1] | 27.8 |
| **Statement of Financial Position** | | | |
| Total Assets | 798.2 | 1,031.7 | 1,202.7 |
| Total Liabilities | 267.8 | 368.1 | 500.3 |
| Total Equity | 530.4 | 663.6 | 702.4 |
| Number of Shares Issued (millions) | 1,737.7 | 1,893.6 | 1,895.8 |
| **Financial Indicators** | | | |
| Gross Profit Margins (%) | 40.3 | 36.3 | 47.0 |
| Net Profit Margins (%) | 36.9 | 22.9 | 42.0 |
| Net Gearing (%)[2] | 15.0 | 19.4 | 30.3 |
| Return on Equity (%) | 6.2% | 2.6% | 6.0% |
| **Per Share Attributable to Equity Holders (US cents)** | | | |
| Basic earnings | 1.62 | 0.66 | 1.80 |
| Net Asset Value | 27.3 | 28.4 | 29.3 |

***Notes:***

1. *Cash flows from operating activities for FY2017 and FY2018, which include the impact of the change in the Group's presentation currency and the adoption of SFRS(I) optional exemption to reset the foreign currency translation reserve as at 1 April 2017 to zero, are not presented as they are not comparable to FY2019.*
2. *The financial gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings (excluding loans from non-controlling interests) less cash and bank balances. Total capital is calculated as total equity plus net debt.*

# Key Financial Highlights

## Business Segments

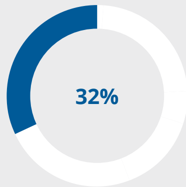
### Yoma Land (Development)

Revenue was from the sale and progressive recognition of units at StarCity, Pun Hlaing Estate and Yoma Central. In FY2019, the Group sold additional units in StarCity Galaxy Tower 2 and Tower 4 and started recognising revenue from the sales of The Peninsula Residences Yangon.

**Revenue:**
US$**31.8** Million
+89% y-o-y

**Core Operating EBITDA:**
US$**9.7** Million
-8% y-o-y

**Revenue Contribution:**



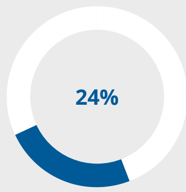

### Yoma Land (Services)

Performance was driven by a healthy leasing market and fair value gains from the addition of new investment properties and the reorganization of Pun Hlaing Golf and Country Club where the assets will be leased to a third party operator.

**Revenue:**
US$**24.4** Million
+155% y-o-y

**Core Operating EBITDA:**
US$**90.3** Million
+412% y-o-y

**Revenue Contribution:**



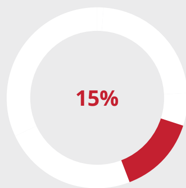

### Yoma F&B

Improvements driven by a higher store count and the emergence of same store sales growth at KFC. The core operating EBITDA loss was partly attributable to the pre-opening expenses included in launching the first Little Sheep Hot Pot restaurant and the first Auntie Anne's™ outlet.

**Revenue:**
US$**14.6** Million
+39% y-o-y

**Core Operating EBITDA Losses:**
(US$**1.1**) Million
+18% y-o-y

**Revenue Contribution:**



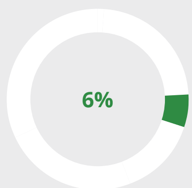

### Yoma Financial Services

Lifted by the expansion in the number of vehicles of Yoma Fleet, which grew 62% y-o-y.

**Revenue:**
US$**6.3** Million
+25% y-o-y

**Core Operating EBITDA:**
US$**4.0** Million
+40% y-o-y

**Revenue Contribution:**



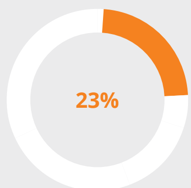

### Yoma Motors

Lower revenue was mainly due to slower sales in the heavy equipment business. The core EBITDA loss was partly due to the startup cost expenses related to the first two Volkswagen showrooms.

**Revenue:**
US$**22.7** Million
-30% y-o-y

**Core Operating EBITDA Losses:**
(US$**2.3** Million)
-86% y-o-y

**Revenue Contribution:**



# Financial Review

## Borrowings

The Group has diversified its sources of funding to ensure that it maintains an optimal maturing debt profile, foreign exchange exposure and interest rate mix. The Group borrows from development banks, such as ADB and IFC, as well as local and foreign banks in the form of short-term and long-term corporate loans and limited recourse project loans.

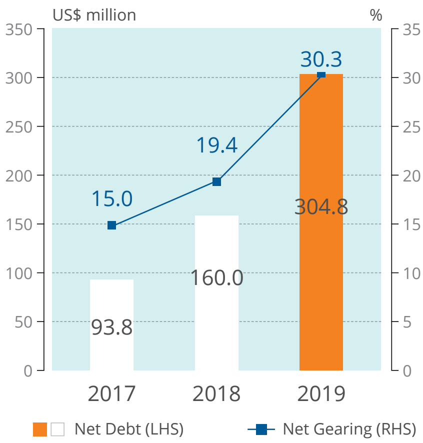
In January 2019, the Group issued THB2,220 million of Thai baht bonds. This was the first bond offering in the international capital markets by a Myanmar focused company. The bonds were rated AAA by TRIS Rating Co., Ltd., a partner of S&P Global Ratings, and are fully guaranteed by the Credit Guarantee and Investment Facility ("CGIF"), a trust fund of ADB.

The five-year fixed rate bonds were priced at 3.38% per annum, which represented a premium of 124 bps above the equivalent maturity Thai government bonds. The bonds received strong interest and were more than two and a half times oversubscribed by Thai institutional investors. The Group converted the net Thai baht proceeds from the bond offering into US dollars with the majority of the capital raised earmarked for business expansion. A portion of the proceeds has also been used for general corporate purposes, including the refinancing of existing debts, which has helped to lower the Group's average rate of borrowing.

In addition, loans of US$33.8 million were drawn down by the Yoma Central project under the dedicated non-recourse facility from IFC/ADB and other lenders which was put in place to finance the project.

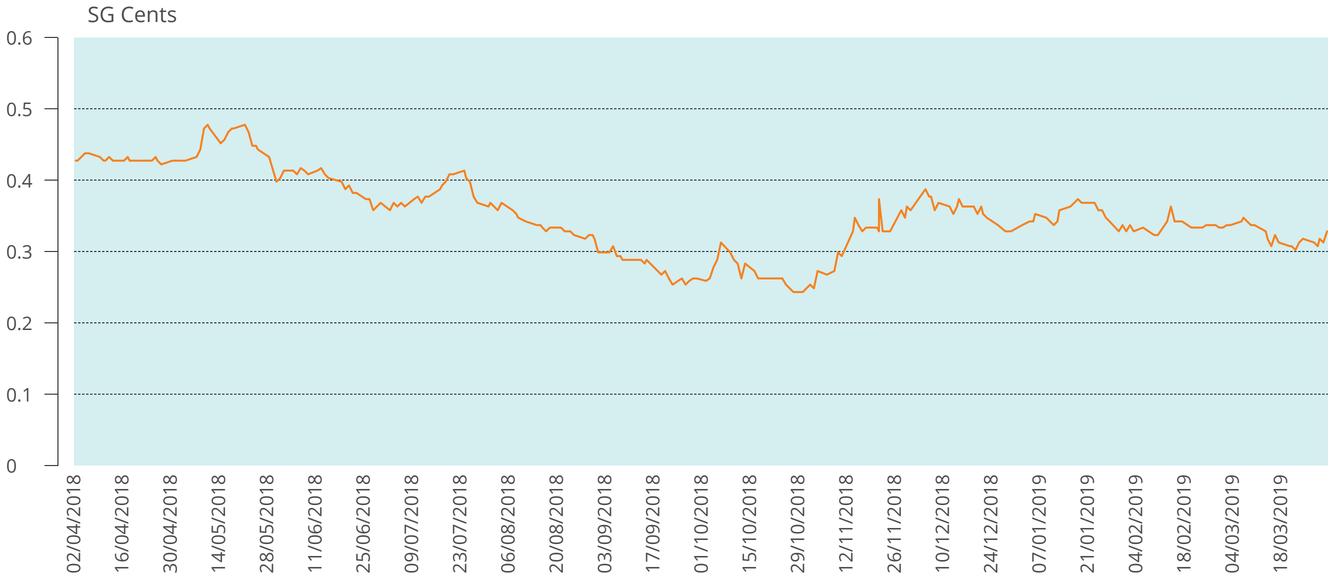
The Group's financial gearing ratio currently stands at 30.3%, which remains below the Group's maximum targeted gearing ratio of 40.0%.

## Net Debt & Net Gearing Ratio




Macroeconomic factors since March 2018 has put downward pressure on all emerging markets. The MSCI Emerging Market Asia Small and Mid-Cap Indices declined by 20%-25% between April 2018 and October 2018[1]. Yoma Strategic's share price fell by 40.7% during this period due to the negative sentiment on Myanmar's economy as well as the political situation in Rakhine State. The share price has seen some recovery since October 2018 following more positive investor sentiment in relation to the Myanmar government's introduction of pro-business reforms and promotion of foreign direct investment.

## Share Price Performance




***Note:***

*1. Data from www.msci.com*

# Group Structure

## YOMA STRATEGIC HOLDINGS LTD.

### YOMA LAND

**DEVELOPMENT PROPERTIES**

**Pun Hlaing Estate**

| | |
|---|---|
| Yoma Development Group Limited | 100% |
| Lion Century Properties Limited | 100% |

**StarCity**

| | |
|---|---|
| Thanlyin Estate Development Limited | 70% |

**Yoma Central & The Peninsula Yangon**

| | |
|---|---|
| Meeyahta Development Limited | 48%[2] |
| Peninsula Yangon Holdings Pte. Limited | 24% |

**INVESTMENT PROPERTIES**

**StarCity Residential & Commercial**

| | |
|---|---|
| Thanlyin Estate Development Limited | 70% |

**Pun Hlaing Estate Residential & Commercial**

| | |
|---|---|
| Yoma Development Group Limited | 100% |

**Dulwich College Yangon**

| | |
|---|---|
| Yangon Sand Industries Limited (Pun Hlaing Campus) | 100% |
| Star City International School Company Limited (StarCity Campus) | 70% |

**CONSTRUCTION & PROJECT SERVICES**

| | |
|---|---|
| SPA Design & Project Services Limited | 100% |
| SPA Design Pte Ltd. | 100% |
| BYMA Pte. Ltd. | 40% |

### YOMA F&B

**RESTAURANTS**

**KFC**

| | |
|---|---|
| Summit Brands Restaurant Group Company Limited | 100% |

**Little Sheep**

| | |
|---|---|
| Altai Myanmar Company Limited | 100% |

**Auntie Anne's™**

| | |
|---|---|
| Blue Ridge Company Limited | 100% |

**YKKO**

| | |
|---|---|
| Yankin Kyay Oh Group of Companies Limited | 65% |

**BOTTLING**

| | |
|---|---|
| Access Myanmar Distribution Company Limited | 30%[3] |
| Seagram MM Holdings Pte. Ltd. | 50%[4] |

**LOGISTICS & DISTRIBUTION**

| | |
|---|---|
| KOSPA Limited | 50% |
| METRO Wholesale Myanmar Limited | 15% |

### YOMA FINANCIAL SERVICES

**WAVE MONEY**

| | |
|---|---|
| Digital Money Myanmar Limited | 34% |

**LEASING ACTIVITIES**

| | |
|---|---|
| Yoma Fleet Limited | 80% |
| Yoma Leasing Company Limited | 80% |

### YOMA MOTORS

**HEAVY EQUIPMENT**

**New Holland**

| | |
|---|---|
| Convenience Prosperity Company Limited | 100% |

**Yoma JCB**

| | |
|---|---|
| Convenience Prosperity Company Limited | 100% |

**PASSENGER & COMMERCIAL VEHICLES**

**Volkswagon**

| | |
|---|---|
| Yoma German Motors Limited | 100% |
| German Car Industries Company Limited | 100% |

**Mitsubishi Motors**

| | |
|---|---|
| MM Cars Myanmar Limited | 50% |

**Hino Motors**

| | |
|---|---|
| Summit SPA Motors Limited | 23.2% |

**Bridgestone Tyres**

| | |
|---|---|
| First Japan Tire Services Company Limited | 30% |

**Denso**

| | |
|---|---|
| D Service (Myanmar) Limited | 40% |

### INVESTMENTS

**TOURISM**

| | |
|---|---|
| Memories Group Limited[5] | 33.3% |

**TELECOMMUNICATIONS TOWERS**

| | |
|---|---|
| edotco Investments Singapore Pte. Ltd. | 12.5% |

**DISTRIBUTED POWER NETWORK**

| | |
|---|---|
| Yoma Micro Power (S) Pte. Ltd. | 35% |

**AGRICULTURE**

| | |
|---|---|
| Plantation Resources Pte. Ltd. | 100% |
| Yoma Agriculture Company Limited | 100% |

**DALIAN SHOPPING MALL**

| | |
|---|---|
| XunXiang (Dalian) Enterprise Co., Ltd. | 100% |

**MITSUBISHI ELEVATORS**

| | |
|---|---|
| MC Elevator (Myanmar) Limited | 40% |

**MANDALAY AIRPORT**

| | |
|---|---|
| MC-Jalux Airport Services Company Limited | 9% |

**PRIVATE INVESTMENTS**

| | |
|---|---|
| Welbeck Global Limited | 100% |

**Yoma Strategic Holdings Ltd.**[1]
Updated as at 28 June 2019
Unless otherwise stated, effective interests are held through direct or deemed wholly-owned subsidiaries.
The complete list of subsidiaries, joint ventures and associated companies is available at the Company's website: www.yomastrategic.com

***Notes:***

1. *All interests in the Group are held by a wholly-owned intermediary holding company, Yoma Strategic Investments Ltd.*
2. *Ultimate effective interest upon the satisfaction of certain conditions.*
3. *Effective interest held through a 60%-owned subsidiary, Access Myanmar Holding Company Pte. Ltd.*
4. *Ultimate effective interest of the Company will be diluted upon completion of the investment by Pernod Ricard.*
5. *Listed on the Catalist Board of the SGX-ST.*

# MAINTAINING SUSTAINABLE MOMENTUM

A skilful Chinlone player strives on the support from the crowd and commands further respect from spectators and teammates alike. The Group strives to be a market leader in the industries in which it operates and to offer the best possible products and services to its customers, thereby earning their trust and **RESPECT**.

# YOMA LAND

## Transforming the Way People Live in Myanmar

With a focus on township projects and the mission of "Building Better Communities for the Future of Myanmar", Yoma Land is a leading property developer in the country. Boasting one of Myanmar's largest landbanks, Yoma Land is transforming Yangon's cityscape across three strategically located flagship developments - StarCity, Yoma Central and The Peninsula Yangon and Pun Hlaing Estate. From accessible mass market residential offerings to high-end luxury, Yoma Land aims to build communities that are attractive, safe and vibrant, while placing emphasis on innovative designs, building standards and product quality.

### Key Milestones

- Launch of City Loft, a new division of modern housing to drive sales volumes and expanded the affordable mass market product offering in Myanmar.
- Broadened its portfolio of investment properties with the addition of new serviced apartments and office space in StarCity and Pun Hlaing Estate.
- Reorganisation of Pun Hlaing Golf and Country Club to lease out the assets to a third-party operator.

### Market Opportunities

- Rapid urbanisation and recent economic reforms underpin the long-term prospects for Myanmar's real estate industry. This is underlined by ADB forecasting overall economic growth to reach 6.6% in FY2019 and 6.8% in FY2020[1].
- Demand for homes in the affordable market segment is expected to gain more traction in the long term supported by Myanmar's growing middle class. There remains a widely untapped demand for smaller but competitively priced units in Yangon[2].
- Demand for expatriate and corporate housing is expected to grow in line with the expected increase in activities by foreign companies[3].

### Next Phase of Growth

- Further launches of City Loft at StarCity are expected to drive sales volume and create sustainable cash flows.
- Higher value luxury properties at Pun Hlaing Estate, including upscale townhouses and villas, as well as The Peninsula Residences Yangon, will continue to redefine luxury living in Myanmar, augmenting Yoma Land's leadership position at the high-end of the property market.
- Continue to capture incremental rental revenue at StarCity and Pun Hlaing Estate, with the completion of Yoma Central in 2021 expected to transform the Real Estate Services business by significantly growing recurring revenue streams.

***Notes:***

1. *Asian Development Outlook (ADO) 2019*
2. *1Q2019 (January 2019 – March 2019) Yangon Condominium Market Report by Colliers International Myanmar*
3. *1Q2019 (January 2019 – March 2019) Yangon Serviced Apartment Market Report by Colliers International Myanmar.*

*Artist Impression of CityLoft @ StarCity.*

## REAL ESTATE DEVELOPMENT

### Operational Review

| Earning Highlights (US$ Million) | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| Revenue | 33.5 | 16.9 | 31.8 |
| Cost of sales | (17.4) | (6.1) | (18.5) |
| **Gross profit** | **16.1** | **10.8** | **13.3** |
| Other income/(loss) – net | 2.0 | 1.0 | (3.1) |
| Expenses:- | | | |
| - Administrative | (4.2) | (9.0)[4] | (9.7) |
| - Finance | (1.8) | (0.6) | (1.0) |
| Share of profits of associated companies | - | 0.1 | - |
| **Profit/(loss) before income tax** | **12.1** | **2.3** | **(0.5)** |
| **Core operating EBITDA** | **12.7** | **9.7** | **9.7** |

***Note:***

*4. Excludes the US$3.0m reversal for administrative expenses related to Meeyatha International Hotel Limited ("MIHL") which holds the land lease of Yoma Central.*

### Key Commentaries

**Revenue**

Revenue was from the sale and progressive recognition of units at StarCity Galaxy Tower 2 and Tower 4, Pun Hlaing Estate and Yoma Central. In FY2019, the Group sold additional units in StarCity Galaxy Tower 2 and Tower 4 and started recognising revenue from the sales of The Peninsula Residences Yangon.

**Gross Profit**

In 2Q2018, the Group bought StarCity Galaxy Towers back from a third party investor. Prior to this buyback, StarCity Galaxy Towers was under a third party investor arrangement whereby the Group recognised its revenue as shares of profits. Hence, there was minimal cost of sales relating to this revenue line item which resulted in a high gross profit margin in FY2018. Following the buyback, the Group began to recognise both the revenue and the cost of sales of the sold units progressively in accordance with the Group's accounting policy.

**Administrative Expenses**

Administrative expenses increased by 7.8% to US$9.7m in FY2019 due to the additional marketing and branding expenses incurred by Yoma Central in promoting the retail and office leasing space that is expected to commence activities in 1H2020 and 1H2021 respectively.

### Business Updates

**Key Developments**

The Group is a leading property developer and landlord in Myanmar with one of the largest landbanks comprising 9.3 million square feet across three developments in Yangon – StarCity, Pun Hlaing Estate and Yoma Central and The Peninsula Yangon. The land bank which can potentially accommodate 20 million square feet of gross floor area will be developed progressively over the next 10 to 15 years.

***StarCity***

Located along the shore of the Bago River, StarCity is a residential development with a land area of 5.9 million square feet in Thanlyin Township and is the only large-scale residential development located near the Thilawa Special Economic Zone ("SEZ"). StarCity is being developed in phases and is expected to feature some 10,000 homes and 1.7 million square feet of commercial space when completed. More than 2,000 properties at StarCity have been sold. Currently, the estate has more than 2,000 residents.

In November 2018, the Group expanded its real estate offering with City Loft, a new division of modern affordable housing that aims to address the needs of the broader Myanmar community. This marks Yoma Land's entry into the mass market segment and expands its product range beyond its traditional offerings. City Loft combines a competitive price point with mortgage financing of up to 25 years, making homeownership accessible to many who would have been traditionally priced out of the real estate market.

The first City Loft residential development will be built on a 0.5 million square feet master-planned site at StarCity ("City Loft @ StarCity"). The total number of units is approximately 1,400 which will be launched in phases. Following the positive response for its initial launch, the Group is planning the launch of the next phase.

Construction of City Loft @ StarCity commenced in April 2019. As the Group recognises revenue over time using the percentage of completion method, the Group did not recognise any revenue in relation to these sales in FY2019 but will do so in future quarters. The performance of the Real Estate Development business is expected to continue to improve meaningfully in line with the growth of the mass market housing segment and the scale up of the project itself.

***Pun Hlaing Estate***

Pun Hlaing Estate is a beautifully landscaped oasis of luxury homes set on a peninsula between the Hlaing and Pan Hlaing Rivers with a land area of 28.4 million square feet. The estate mainly comprises landed houses and low-rise apartments, set within lush green spaces. The estate offers a unique lifestyle for families with a wide range of amenities, including a world-class 18-hole Gary Player designed golf course which spans across 9.6 million square feet and a sports and country club. More than 400 properties at Pun Hlaing Estate had been sold and currently the estate has around 800 residents.

***Yoma Central and The Peninsula Yangon***

Yoma Central and The Peninsula Yangon are part of an 0.4 million square feet integrated mixed-use development with a total gross floor area of approximately 2.44 million square feet. Yoma Central is a joint venture between Yoma Strategic (48%[5]), FMI (12%[5]), the Mitsubishi Companies[7] (30%[5]), IFC (5%) and ADB (5%). The Peninsula Yangon is a joint venture between The Hongkong and Shanghai Hotels, Limited (70%), Yoma Strategic (24%) and FMI (6%). The Peninsula Hotels is one of the world's leading luxury hotel brands.

*City Loft @ StarCity showflat unit.*

*Lotus Hill, comprising 71 luxury landed houses in Pun Hlaing Estate.*

***Notes:***

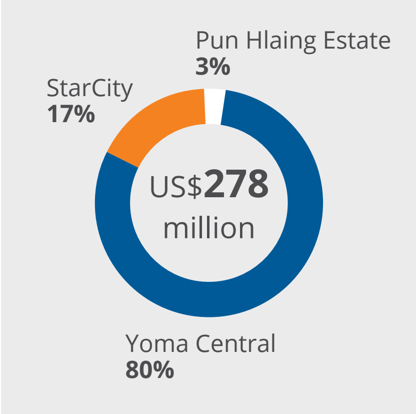
5. *Ultimate effective interest upon the satisfaction of certain conditions.*
6. *Mitsubishi Corporation and Mitsubishi Estate (together, the "Mitsubishi Companies") have established a joint venture with Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) known as MMJ Yangon Development Pte. Ltd. to hold their interest in Yoma Central. JOIN is the first and only government-private sponsored fund in Japan that specialises in overseas infrastructure investment (Source: http://www.join-future.co.jp).*

Yoma Central[7] and The Peninsula Yangon[8], which are being constructed by Bouygues Construction and Taisei Corporation, two of the most prestigious and respected global construction companies, are expected to be completed in 2021. With the collaboration of international partners and financiers and an investment of more than US$800 million[9], Yoma Central and The Peninsula Yangon are to-date the largest foreign direct investment in Myanmar's real estate sector and will help to rejuvenate downtown Yangon.

In March 2018, the Group launched the sales of The Peninsula Residences Yangon, a collection of luxury private homes that blends heritage and modern design with the Peninsula brand's refined elegance and The Peninsula Residences Yangon's 112[10] units of two-bedroom, three-bedroom, four-bedroom, and penthouse serviced residences across its 26 floors. As at 31 March 2019, the Group had sold 15 of the 30 launched units with another 3 units being reserved.

The Group is expecting to commence its retail leasing activities in 1H2020 and its office leasing activities 1H2021.

**Development Properties**
Development properties as at 31 March 2019 comprised mainly the cost of land rights and construction costs of the Group's Yoma Central project of US$221.70 million.




*Artist impression of Yoma Central.*

***Notes:***

*7. The building contractor is BTJV Myanmar Company Limited, which is a joint venture between Dragages Singapore Pte Ltd, a subsidiary of Bouygues Construction and Taisei Corporation. BTJV Myanmar Company Limited is an associated company of Yoma Strategic.*

*8. The building contractor is BYMA Pte. Ltd, which is a joint venture between Dragages Singapore Pte Ltd and a subsidiary of Yoma Strategic.*

*9. Including the value of the land cost and estimated development costs.*

*10. The Group has reconfigured some of its 3 and 4 bedroom apartments to 2 bedrooms resulting in an increase in the total number of units to 112 units from 96 units.*

### Yoma Central and The Peninsula Yangon

| Towers | Group Stake | Gross Floor Area (square feet) | Apartments/Rooms |
|---|---|---|---|
| The Peninsula Yangon | 24% | 151,089 | 88 Rooms |
| The Peninsula Yangon Residences | 48% | 442,510 | 112 Apartments |
| Business Hotel & Serviced Residences | 48% | 524,244 | 281 Rooms and 90 Apartments |
| Retail Podium | 48% | 455,132 | Not Applicable |
| Office | 48% | 898,583 | Not Applicable |

### Key Land Development Rights

| | | Land Area (million square feet) | | Estimated Gross Floor area (million square feet)[11] | |
|---|---|---|---|---|---|
| Project Names | Group Stake | FY2018 | FY2019 | FY2018 | FY2019 |
| StarCity | 70% | 4.15 | 3.6 | 11.3 | 10.3 |
| Pun Hlaing Estate | 70% | 4.74 | 4.48 | 7.2 | 6.7 |
| Pun Hlaing Estate | 100% | 0.56 | 0.56 | 0.8 | 0.8 |
| Yoma Central | 48% | 0.44 | 0.44 | 0.15 | 0.15 |
| The Peninsula Yangon | 24% | | | 2.29 | 2.29 |
| FMI City | 52.5% | 0.17 | 0.17 | - | - |
| Total | | 10.06 | 9.25 | 21.74 | 20.24 |

*The Peninsula Residences Yangon showflat.*

***Note:***
*11. Based on the latest development plans and subject to change.*

## REAL ESTATE SERVICES

### Operational Review

| Earning Highlights (US$ Million) | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| Revenue | 9.6 | 9.6 | 24.4 |
| Rental | 6.3 | 5.7 | 6.1 |
| Services | 3.3 | 3.9 | 18.3 |
| Cost of sales | (4.6) | (4.5) | (3.8) |
| **Gross profit** | **5.0** | **5.1** | **20.6** |
| Other income – net | 18.8 | 14.7 | 70.9 |
| Expenses:- | | | |
| - Administrative | (2.3) | (2.4) | (3.2) |
| - Finance | (0.1) | (0.5) | (3.0) |
| Shares of (losses)/profit of joint ventures | 0.6 | 0.5 | 0.6 |
| **Profit before income tax** | **22.1** | **17.4** | **85.9** |
| **Core operating EBITDA** | **21.6** | **17.6** | **90.3** |
| **Investment properties[11]** | **92.4** | **131.7** | **244.3** |

***Note:***
*11. Excludes the Group's commercial property in Dalian, People's Republic of China.*

### Key Commentaries

**Revenue**
In FY2019, overall revenue grew significantly due to the reclassification of Pun Hlaing Golf and Country Club ("PHGCC") as an investment property under third party management. The Group is the exclusive operator of PHGCC, and this reclassification resulted in the recognition of a fair value gain which forms part of the operator fee income in the Group's revenue.

Rental revenue from its existing portfolio of investment properties also grew by 7.0% year-on-year to US$6.1 million mainly due to the full year rental contribution from The Campus and the Golf Apartments at Pun Hlaing Estate following their completion in FY2018.

**Other Income**
The increase in other income was mainly due to the fair value gains from the addition of new investment properties which were previously carried at low historical construction and/or land costs. The new properties include (i) 200 units in Galaxy Tower 2 and Tower 4 and the remainder of StarCity Zone C, (ii) additional Golf Apartments to be completed at Pun Hlaing Estate, and (iii) additional office space for lease to external tenants at The Campus.

**Investment Properties**
The increase was mainly due to the addition of new investment properties as described in Other Income.

*The Campus, a 4-storey office development at Pun Hlaing Estate.*

## Business Updates

### Residential and Commercial Rental Properties

Based on the strategy of increasing rental revenue, Yoma Land's existing and future residential rental portfolio will include:

| Completed Investment Properties | Number of units | Gross Floor Area (square feet) |
|---|---|---|
| **Residential** | | |
| Star Residences in StarCity Zone A | 150 | 138,000 |
| The Residence at Pun Hlaing | 16 | 38,000 |
| Golf Apartments | 24 | 28,000 |
| **Commercial** | | |
| Commercial units located within StarCity A2 - A5 residential blocks | N.A | 72,000 |
| Office space in The Campus leased to third parties | N.A | 60,000 |

| Future Developments | Estimated Floor Area (square feet)[1] |
|---|---|
| **Residential** | |
| 200 units in Galaxy Towers 2 and 4 and the remainder of StarCity Zone C | 370,000[2] |
| Additional Golf Apartments | 210,000[3] |

***Notes:***
1. *Based on the latest development plans and subject to change.*
2. *Net floor area*
3. *Gross floor area*

*Golf Apartments, a 24-units residential development for lease at Pun Hlaing Estate.*

### Dulwich College Yangon

To enhance the community value of its Real Estate developments, Yoma Land built two international school campuses in co-operation with the Dulwich College International group of schools at the Pun Hlaing Estate and StarCity.

Dulwich College Yangon's Pun Hlaing Campus officially opened in August 2016 and further expanded with the completion of a senior school building featuring a 350-seat black box theatre, science laboratories, music, art and design studios, library and sports field in 2017. Construction of a Junior School building commenced in June 2019 and is scheduled to be completed by December 2020.

The Campus in StarCity opened in August 2017 and the school building features flexible indoor and outdoor learning spaces, as well as landscaped play areas and a unique bamboo façade. In 2018, the school further expanded its sport facilities to include a full-sized football field, 400 metres grass running track, a multi-sport indoor gymnasium complex, an aquatic centre with an Olympic-size (50 metres) swimming pool and 20 metre learning pool, plus a sports club house. Boarding will be offered at the StarCity school from August 2019 and the boarding house will occupy one floor of the Galaxy Towers development.

### Services Business

***Construction***

Yoma Land has a construction unit known as BYMA Pte. Ltd. (BYMA), a joint venture between Dragages Singapore Pte. Ltd, a member of Bouygues Construction and the Group. BYMA is involved in the construction of Yoma Central, The Peninsula Yangon and the Galaxy Towers at StarCity.

***Estate and Project Management Services***

The Group also owns a project management and design company that provides Real Estate Services. Its estate management team provides professional management services, such as customer service, utility and IT operations, landscaping, housekeeping, security, repair and maintenance for its residents and tenants.

# YOMA F&B

## Building an End-to-End F&B Platform in Myanmar

Yoma F&B is building an end-to-end F&B platform comprising restaurants, bottling, and distribution and logistics services. It is currently the largest restaurant operator in Myanmar with 72 stores across four international and domestic brands.

### Key Milestones

- The number of restaurants more than doubled through the continued growth of KFC, the addition of Auntie Anne's™ and Little Sheep Hot Pot and the acquisition of YKKO[1], one of Myanmar's largest restaurant chains.
- KOSPA, the Group's logistic platform, formed a partnership with SF Express, one of the leading integrated logistics service providers in China.
- METRO Myanmar commenced food wholesaling operations in March 2019.

### Key Opportunities

- The restaurant sector is expected to expand due to the rising discretionary disposable income of Myanmar's growing middle class who are seeking new F&B concepts and experiences. This group of spenders is forecasted to reach 10 million by 2022[2].
- With the growth of FMCG and other sectors in Myanmar and the increase in cross-border trade, especially with China, as economic ties between the two countries deepen with both governments working to create 'economic cooperation zones' along the Myanmar-China border, the need for reliable logistics is expected to increase.

### Next Phase of Growth

- Targets to open approximately 90 restaurants by the end of FY2020, own more than six total restaurant concepts, and operate 125+ stores nationwide, including 70+ KFCs by FY2023.
- Widen the logistic business service offering to include other categories of logistics solutions, transport services and cross-border deliveries.

***Notes:***

1. *Yankin Kyay Oh Group of Companies Limited ("YKKO")*
2. *https:/www.mmtimes.com/business/9107-affluent-myanmar-to-double-by-2020-research-finds.html*



KOSPA


DELICIOUS
HANDMADE
KFC
KFC

## Operational Review

| Earning Highlights (US$ Million) | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| Revenue | 7.8 | 10.5 | 14.6 |
| Cost of sales | (4.0) | (5.4) | (7.3) |
| **Gross profit** | **3.8** | **5.1** | **7.3** |
| | | | |
| Other income – net | - | 0.3 | 0.2 |
| Administrative expenses | (6.2) | (8.2) | (10.9) |
| Share of losses of joint ventures | (1.1) | (0.7) | (1.4) |
| Share of losses of associated companies | (0.3) | (0.7) | (5.3) |
| **Loss before income tax** | **(3.8)** | **(4.2)** | **(10.1)** |
| | | | |
| **Core operating EBITDA** | **(0.6)** | **(1.3)** | **(1.1)** |

## Key Commentaries

### Revenue

Higher revenue was mainly due to the increase in the number of KFC stores and modest same store sales growth for those stores opened for at least 12 months. YKKO also contributed additional revenue following the completion of the acquisition in March 2019.

### Gross Profit

Gross profit margin improved through stable operations at KFC and healthy operating margins from YKKO's operations.

### Share of Losses of Joint Ventures

The share of losses was attributable wholly to KOSPA Ltd ("KOSPA"). The higher share of losses was mainly due to (i) the higher administrative expenses as KOPSA expanded its workforce to cater for new customers including METRO Myanmar which had commenced operations in March 2019, (ii) higher cost of sales mainly due to higher fuel prices, and (iii) currency translation losses.

### Share of Losses of Associated Companies

The higher share of losses was due to the incurrence of market entry costs at Access Myanmar Distribution Company Limited ("AMDC") which launched two new whiskeys in the past year under the Seagram's brand umbrella and investment in improving its bottling facilities and operations.

### Core Operating EBITDA

Improvement in core operating EBITDA performance was due to an improved performance recorded in KFC and the addition of YKKO business, which was offset by the pre-opening expenses related to the first Little Sheep Hot Pot restaurant and the first Auntie Anne's™ outlet which commenced operations in March 2019.

## Business Updates

### Restaurants

KFC has continued its strong pace of development and currently has 33 stores across eight cities, with 11 of these stores opened in FY2019.

In 4Q2019, Yoma F&B expanded its platform significantly with the acquisition of a 65% stake in one of Myanmar's largest restaurant chains, YKKO, for approximately MMK19.4 billion (US$12.6 million). YKKO currently has 38 outlets across five cities. This acquisition marks the Group's first domestic restaurant brand venture and doubles Yoma F&B's store count. Founded in Yangon in 1988, YKKO is famous for its "Kyay-Oh", a popular vermicelli and flat rice noodle-based dish in Myanmar.

Yoma F&B launched two further brands in FY2019: Auntie Anne's™, the world's largest hand-rolled soft pretzel franchise, and Little Sheep, an international hot pot chain. In March 2019, the first Auntie Anne's™ store opened in downtown Yangon and a second store opened in May 2019.

The first Little Sheep Hot Pot restaurant also opened its door in March 2019 and is the first full-service restaurant concept for Yoma F&B.

### Bottling

In FY2018, the Group announced its partnership with Pernod Ricard, the world's second-largest wines and spirits company, for the production and distribution of alcoholic beverages in Myanmar. Following the partnership which Pernod Ricard took over the management of Access Myanmar Distribution Company Limited and relaunched High Class Whisky, a leading domestic whisky label in Myanmar, as Seagram's High Class. In addition, Pernod Ricard introduced Seagram's Imperial Blue to the market.


*Event for the relaunch of Seagram's High Class.*


*First Little Sheep Hot Pot restaurant.*


*First Auntie Anne's™ store.*

**Distribution and Logistics**
Yoma F&B's restaurant business is complemented by an end-to-end distribution and logistics platform which comprises KOSPA for logistics and METRO Myanmar for food wholesale and distribution.

In March 2019, the Group welcomed SF Express as a joint venture partner in KOSPA. SF Express will acquire a 25% stake in KOSPA for a consideration of US$4 million in newly issued shares. Yoma Strategic will retain its 50% stake in KOSPA, and Kokubu will hold the remaining 25%. Established in Shunde, Guangdong Province in 1993, SF Express is one of the leading integrated express logistics service providers in China, offering one-stop integrated logistics solutions[3]. KOSPA plans to leverage SF Express technological expertise to widen its service offering to other categories of logistics solutions, transport services and cross-border deliveries.

METRO Myanmar, a partnership with METRO Group, an internationally leading specialist in food wholesale and retail, commenced operations in March 2019. METRO Myanmar offers customers a convenient shopping experience with a virtual one-stop-shop solution that combines online trading with delivery services. Central to the food wholesale and distribution operations is a 62,500 square feet warehouse situated in Thilawa Special Economic Zone where incoming goods are received, stored, processed and packed in compliance with stringent quality and food safety standards for onward delivery to customers. The carefully selected range consists of around 3,000 high-quality food and non-food products[4]. Deliveries are made by KOSPA's fleet of modern, temperature controlled trucks.

***Note:***
*3. www.sf-express.com*
*4. Data from METRO Myanmar*

# YOMA FINANCIAL SERVICES

## Bringing Financial Inclusion Through Technology

Yoma Financial Services is a technology driven non-bank financial services platform spearheaded by Wave Money and Yoma Fleet. Yoma Fleet is one of the country's largest vehicle lease and rental operators and Wave Money is Myanmar's leading provider of mobile financial services.

### Key Milestones

- Yoma Financial Services recorded substantial growth with Yoma Fleet's vehicle portfolio increasing by 62% in FY2019.
- Tokyo Century, one of Japan's largest leasing companies, invested US$26.6 million for a 20% stake in Yoma Fleet in April 2019.
- Yoma Fleet expanded its rental portfolio by entering into a partnership with MSP CAT, the exclusive distributor of Caterpillar branded heavy equipment in Myanmar.
- Wave Money turned profitable in 3Q2019 and monthly revenue increased by an average of 14% month-on-month and the number of transactions grew by an average of 15% month-on-month in FY2019.

### Key Opportunities

- Myanmar's rapid penetration of smartphone usage has prompted a shift in focus towards mobile financial services.
- Total mobile penetration is at 105% with smartphones representing 80% of the mobile phones sold in the country[1], creating significant growth opportunities for products such as mobile money transfers[2].
- Myanmar has an estimated population of 53 million but financial inclusion remains low, with over 80% of the population currently unbanked[3]. A largely cash-based economy with limited bank lending outside of the key cities creates opportunities for non-bank financial players to provide consumers and companies with a much-needed source of credit.

### Next Phase of Growth

- The Group plans to double Yoma Fleet's total assets in FY2020 and targets to have an asset size of over US$200 million by FY2023. Yoma Fleet will also explore opportunities to offer other forms of consumer credit over time.
- Wave Money is set to continue to grow and maintain the profitability of its money transfer business and expand its footprint into the mobile wallet ecosystem.

***Notes:***

1. *https://www.telenor.com/wp-content/uploads/2018/02/Telenor-Realising-Digital-Myanmar-Report-06-February.pdf*
2. *https://oxfordbusinessgroup.com/overview/open-account-liberalisation-efforts-and-focus-mobile-banking-are-setting-stage-rapid-gains*
3. *https://www.channelnewsasia.com/news/videos/myanmar-plays-catch-up-with-the-world-over-cashless-payments-9907986*


YOMA Fleet
For Hire

## Operational Review

| Earning Highlights (US$ Million) | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| Revenue | 4.2 | 5.0 | 6.3 |
| Cost of sales | (3.0) | (3.4) | (3.6) |
| **Gross profit** | **1.2** | **1.6** | **2.7** |
| Other income/(loss) – net | 0.1 | 0.1 | (0.1) |
| Expenses:- | | | |
| - Administrative | (0.9) | (1.4) | (1.7) |
| - Finance | (0.1) | (0.1) | (0.9) |
| Share of profits of associated companies | - | - | 0.2 |
| **Profit before income tax** | **0.3** | **0.2** | **0.2** |
| **Core Operating EBITDA** | **2.5** | **2.9** | **4.0** |

## Operational Matrix

| Yoma Fleet (US$ million) | FY2019 |
|---|---|
| Revenue | 6.3 |
| Net loss | (0.3) |
| Number of vehicles | 1,166 |
| Total assets | 37.3 |
| Net assets | 13.2 |

| Wave Money (US$ million) | FY2019 |
|---|---|
| Revenue | 33.5 |
| Net profit | 0.6 |
| Total assets | 40.0 |
| Net assets | 9.1 |
| Wave Money agents | 45,000 |

## Key Commentaries

### Revenue

Revenue generated from the Financial Services business was exclusively from Yoma Fleet, the Group's vehicle leasing business, which grew by 25.1% year-on-year to US$6.3 million. Its fleet size increased by 61.9% year-on-year to 1,166 vehicles and its total assets under management grew by 43.5% to US$37.3 million as at 31 March 2019.

### Gross Profit

Improvement in gross margin was mainly due to the growth of new leases in Yoma Fleet's portfolio and majority are being accounted as finance leases where only interest income is recognised as revenue and there is minimum cost of sales associated with such leases.

### Share of Profits of Associated Companies

The share of profit was attributable wholly to Wave Money, which achieved EBITDA breakeven in September 2018 on the back of continuing growth in revenue and transactions.

## Business Updates

### Yoma Fleet

Yoma Fleet was established initially as a vehicle rental and contract hire business providing operating lease and rental solutions predominantly to large corporations and multi-national companies. In 2018, Yoma Fleet added finance lease solutions for SME and retail customers to its product portfolio and launched Yoma Car Share, a daily rental business, which is served by 16 branches and hubs across 11 cities.

In September 2018, Yoma Fleet formed a partnership with MSP CAT[4], the exclusive distributor for Caterpillar branded heavy equipment in Myanmar, to provide financing solutions to companies in the infrastructure, construction, mining and agricultural sectors.

In April 2019, Yoma Fleet achieved another major milestone with the formation of a strategic partnership with Tokyo Century, one of Japan's largest leasing companies.
Tokyo Century invested US$26.6 million in Yoma Fleet by way of newly issued shares for a 20% stake in the business. The additional capital and expertise provided by Tokyo Century will enable Yoma Fleet to rapidly expand in Myanmar.

***Note:***

*4. Myan Shwe Pyi Tractors Limited*

In partnership with Tokyo Century, Yoma Fleet will look to expand to other forms of credit extension over time to capture a wider opportunity in the non-bank financial services sector.

**Wave Money**

Wave Money, the leading provider of mobile financial services in Myanmar, is a joint-venture between Yoma Strategic (34%), FMI (10%), Yoma Bank (5%) and Telenor[5] (51%).

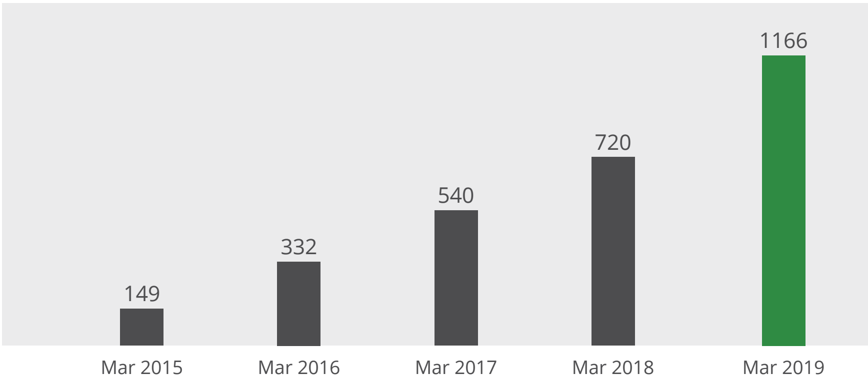
Wave Money continued to demonstrate consistently high monthly transaction and revenue growth, becoming profitable in September 2018. Given the lack of formal banking infrastructure and the high mobile penetration rate in Myanmar, Wave Money is becoming an integral part of the financial system by facilitating money transfer and digital payments throughout the country.

The number of Wave Money agents grew to c.45,000 by the end of March 2019, making Wave Money's agent network more than 16 times larger than that of the traditional bank branches[6]. Currently, Wave Money covers 88% of the country and has a presence in 289 out of the total 330 townships nationwide.

Since the start of operations more than nine million unique customers from across the country have sent money, bought airtime, paid bills and made merchant payments. Growth was not isolated to Wave Money's money transfer business, but was also seen in its digital business through the launch of an improved new wallet mobile app, WavePay.

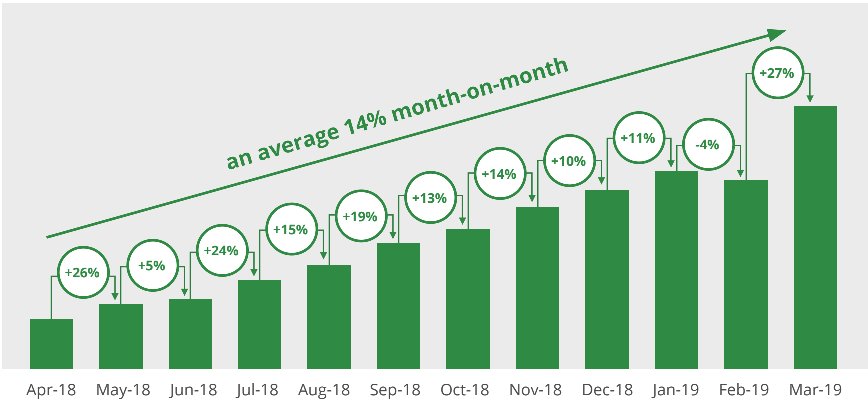
Wave Money received two major awards in 2018. It was named as one of the "Top 100 Fintech Companies" globally by KPMG and H2 Ventures, the only Myanmar company that made the list and one of 11 companies in South East Asia. Owing to its innovative approach in driving financial inclusion in Myanmar, Wave Money also received the prestigious "Best Technology Solution for Financial Inclusion Award" in the Central Banking FinTech RegTech Global Awards 2018 in Singapore.

## Yoma Fleet Number of Vehicles




## Wave Money Revenue[6]

Revenues* (MMK)

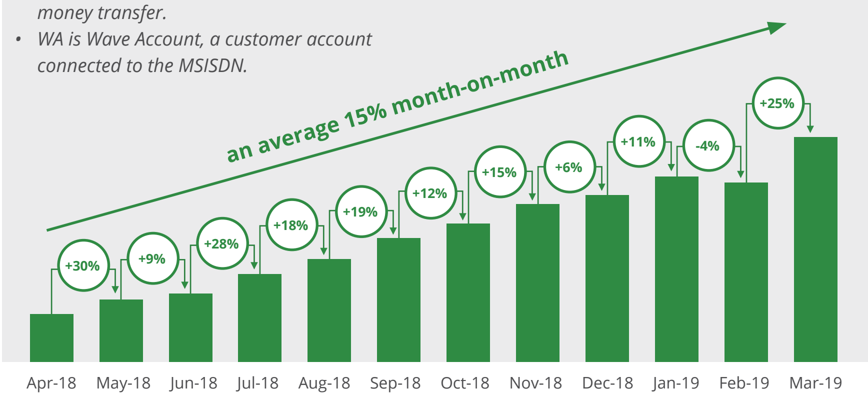



* *Revenue includes prepaid airtime sales in addition to money transfer revenues.*

## Wave Money Transaction Volume[6]

WST Transactions*

- *WST Transactions includes WST-WST and WST-WA*
- *WST is Wave Shop Transfer, an over the counter money transfer.*
- *WA is Wave Account, a customer account connected to the MSISDN.*




***Notes:***

*5. Telenor group of companies*

*6. Data from Wave Money*

# YOMA MOTORS

## A Comprehensive Suite of Automotive Brands in Myanmar

Through a nationwide network of branches and showrooms, Yoma Motors manages the import, distribution and after-sales servicing of a comprehensive portfolio of automotive brands covering the agricultural and construction equipment, and passenger and commercial vehicles sectors.

### Key Milestones

- The heavy equipment segment continued to strenghten its brand position. New Holland remained one of the top three tractor brands in Myanmar, introducing new technology to the agriculture sector including the first sugarcane and combine harvesters.
- The passenger and commercial vehicle segment saw its first Volkswagen showrooms in Yangon and Mandalay completed in 4Q2019.

### Key Opportunities

- Supported by the continuing mechanisation of the agriculture industry, Myanmar's tractor market is expected to grow to between 7,000 and 11,000 of tractor sales per year[1] in the next few years.
- Under its National Transport Master Plan, the Myanmar Government is planning to allocate US$21.4 billion to rail, road, port and aviation projects by 2030[2]. A number of large-scale infrastructure projects are currently in the pipeline or in progress which will create a healthy demand for construction equipment.
- Supported by a low vehicle penetration rate in Myanmar at 10 units per 1,000 people and new government policies to help raise number of new cars on the road including control measures on imports of used right-hand drive vehicles, which now dominate the market, the demand for vehicles is expected to increase[3].

### Next Phase of Growth

- In the heavy equipment business, the Group targets to sell more than 1,800 New Holland tractors and 300 units of JCB construction equipment annually by FY2023.
- In the passenger and commercial vehicle business, the Group targets to sell more than 500 Volkswagen and 1,000 Mitsubishi vehicles annually by FY2023.

***Notes:***

1. *Myanmar Agricultural Mechanisation Department*
2. *https://oxfordbusinessgroup.com/overview/here-there-major-road-rail-and-port-investments-bode-well-logistics-trade-and-development-potential*
3. *https://www.mmtimes.com/news/new-policy-aims-raise-number-new-cars-road.html*



JCB
eco


Welcome to Volkswagen

## Operational Review

| Earning Highlights (US$ Million) | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| Revenue | 23.3 | 32.6 | 22.7 |
| Cost of sales | (19.1) | (28.4) | (19.8) |
| **Gross profit** | **4.2** | **4.2** | **2.9** |
| Other (loss)/income – net | (0.8) | 0.2 | (0.8) |
| Expenses:- | | | |
| - Administrative | (5.2) | (6.9) | (6.5) |
| - Finance | (0.4) | (0.2) | (0.3) |
| Share of losses of joint ventures | (0.7) | (0.7) | (1.0) |
| Share of losses of associated companies | (0.1) | - | (0.1) |
| **Loss before income tax** | **(3.0)** | **(3.4)** | **(5.8)** |
| **Core operating EBITDA** | **(0.9)** | **(1.2)** | **(2.3)** |

## Key Commentaries

**Revenue**
Revenue, which was mainly contributed by the heavy equipment business, recorded a decline mainly due to the lower number of tractors sold. In FY2019, the Group sold 594 units of tractors compared to 911 units in FY2018. Business was affected more severely by the monsoon season in FY2019 as flooding caused by the heavy rains affected a wide area of the country.

**Share of Losses of Joint Ventures**
The share of losses was mainly contributed by the Mitsubishi Motors and Hino businesses. Due to a more competitive landscape, the share of losses from Mitsubishi Motors increased to US$0.4 million in FY2019 compared to US$0.2 million in FY2018, while the share of losses from Hino remained at US$0.5 million in FY2019.

**Core Operating EBITDA**
Higher core operating EBITDA losses were driven by the lower number of tractors sold and the pre-opening expenses of the Volkswagen showrooms in Yangon and Mandalay which only became fully operational in May 2019.

## Business Updates

**Heavy Equipment**
As at 31 March 2019, there were 14 Yoma Heavy Equipment branches nationwide, each offering a full range of services. During the year, Yoma Heavy Equipment appointed 16 independent parts distributors to make New Holland parts more accessible for farmers in rural areas. The number of part distributors is expected to increase to 20 by the end of 2019.

Following the positive reception to sugar cane and combine harvesters, New Holland will be introducing larger heavy equipment and precision farming technology to commercial farming operators to help improve the productivity, crop quality and mechanisation of Myanmar's agriculture industry. The continuous engagement and collaboration with major commercial farming operators as well as government and non-government organisations will enable New Holland to maintain its leading position in the sector.


*New Holland TT4 90.*

In March 2019, Yoma JCB successfully landed its first government tender to supply five 20-ton excavators and two 8-ton excavators to the Yangon City Development Committee. The anticipated upturn in the construction equipment market is expected to benefit Yoma JCB and the efforts in building a strong after-sales support team will further strengthen Yoma Heavy Equipment's brand image.

**Passenger and Commercial Vehicles**

In 4Q2019, a 23,000 square feet showroom in Yangon and a 4,800 square feet showroom in Mandalay were completed for the Group's Volkswagen business. These showrooms became fully operational from May 2019 and carried models with specifications and price points tailored to the local market. Interest in the initial cohort of Volkswagen vehicles, including the Polo and Vento models, has been positive, and Volkswagen sales are expected to contribute to Yoma Motors' revenue in FY2020.

Following Ducati's launch in February 2019, the brand's premium motorcycles have received a positive reception in the touring and adventure bike segment.

While sales of the vehicles of Mitsubishi Motors was flat in FY2019, mainly due to a lack of new vehicle launches, the expected introduction of new and upgraded models in the coming year is expected to recapture market share for the Group's Mitsubishi Motors business.

In June 2018, the Group's Hino business obtained Myanmar Investment Commission approval for the local assembly of boxes and the import of cab-and-chassis units for its light duty trucks.

With the entry of new brands and dealers, Myanmar's automotive sector continues to be highly competitive. Yoma Motors will strengthen its position in the market through the introduction of more competitive products and the strategic expansion of its dealer network.


*One of New Holland's incentive program events for its customers.*

*Mitsubishi Motors showroom.*


*Hino Motors showroom.*

# PORTFOLIO OF INVESTMENTS

Over the last four years, Yoma Strategic has delivered superior returns on its portfolio of Investments to create value for shareholders. Key investments include Memories Group, edotco Myanmar, Yoma Micro Power and a mall in Dalian, China.

## Memories Group

In FY2019, Memories Group expanded its portfolio from six to ten assets including an island in Myanmar's Mergui Archipelago. These acquisitions were paid through a combination of cash and the issuance of new ordinary shares, which resulted in the dilution of the Group's interest from 47.6% to 33.3% as at 31 March 2019.

## edotco

edotco Myanmar owns and operates 1,970 telecommunications towers across Myanmar and has all the major mobile network operators as its tenants. The Group continues to see healthy returns on its 12.5% stake in edotco Investments Singapore Pte. Ltd. The investment recorded a US$10.4 million fair value gain during FY2019 and the value of the investment was US$50.9 million as at 31 March 2019.

## Yoma Micro Power

Yoma Micro Power is a joint venture with Norfund, the Norwegian state-owned investment fund, and IFC. The Group has a 35% stake in this joint venture. Yoma Micro Power, through its Myanmar subsidiary, started with a 10-site pilot project in Sagaing Region in FY2018 with the intention to scale up to more than 2,000 micro power plants by 2023.

With the successful implementation of the 10-site pilot project, Yoma Micro Power has been expanding its operations to build 250 micro power plants and 25 mini-grids throughout the country by the end of 2019. Twenty-nine micro power plants and four mini-grids had already commenced operations as of 31 March 2019.

## Dalian Shopping Mall

The Group also owns approximately 320,000 square feet of a retail mall in Dalian, People's Republic of China. This is a non-core asset of the Group. The value of the property was US$66.1 million as at 31 March 2019.

## Others

The Group owns the rights to 100,000 acres of agricultural land in Ayerwaddy Division, of which approximately 3,700 acres has been earmarked for a Robusta coffee plantation. The Group continues to explore opportunities to rent the land to other strategic operators of agricultural plantations.

The Group has a strategic business alliance with Mitsubishi Corporation for business opportunities in Myanmar. In addition to partnerships in the real estate and automotive sectors, the Group and Mitsubishi Corporation are also importing, supplying and providing maintenance services for elevators and Yoma Strategic has a 9% interest in a joint venture with JALUX Inc. to upgrade and operate the Mandalay International Airport.

The Group has investments in the Myanmar Opportunities Funds, private investment funds managed by Delta Capital Myanmar which is active in several of Myanmar's key growth sectors. The funds had raised over US$100 million in capital across two funds since 2013.

*Memories Group acquired a portfolio of assets including Awei Pila a luxurious boutique hotel on Kyun Pila Island in July 2018.*

*Yoma Micro Power.*

# WORKING & WINNING TOGETHER

Success in Chinlone requires not only skill and stamina, but also a mental attitude which includes respect and integrity towards the sport, team members and the audience. The Group's mission, vision and values are aligned closely to Myanmar's Sustainability & Responsibility strategy. The Group strives to uphold the highest standards of governance and business **INTEGRITY** and believes that responsible business practices are the key to sustainable growth, especially in Myanmar.

# Sustainability Report

## Our Sustainability Performance

Yoma Strategic's sustainability efforts are structured around the Sustainable Development Goals ("SDGs") of the 2030 Agenda for Sustainable Development and the Ten Principles of the UN Global Compact ("UNGC"), and its sustainability objectives are organised around People, Planet and Profit.

In FY2018, Yoma Strategic published its inaugural Sustainability Report and identified its nine key material topics through an extensive stakeholder survey and workshop. Targets were set around these material topics and the following table provides an overview of the Group's performance in FY2019 against these targets. A detailed account of the Group's sustainability performance will be published in 1H2020 in a separate Sustainability Report.

| FY2019 Target | What Yoma Strategic Has Achieved |
|---|---|
| **Compliance**<br>Yoma Strategic strives to maintain full compliance with the relevant national environmental policies, laws and regulations as well as IFC's Performance Standards, ADB's Safeguard Policy, and FMO's Sustainability Poilicy Framework | The Group is compliant with the relevant national environmental policies, laws and regulations which resulted in an award on "The Environmental Compliance Certificate (ECC)" for its Yoma Central project, one of the largest foreign direct investments in Myanmar's real estate sector to-date.<br><br>The ECC was a significant milestone as Yoma Central was the first project in Myanmar's infrastructure sector to have its Environmental and Social Impact Assessment approved by the Environmental Conservation Department in May 2019. |
| **Diversity and Equal Opportunity**<br>Anti-harassment training for 50% of its managers | The Group follows a systemic balanced approach on gender inclusion which is reflected by 41% of its working force comprising women. More than 50% of its managers have been trained on anti-harassment.<br><br>Yoma Strategic supports the Business Coalition for Gender Equality (BCGE) and FMI was awarded the Economic Dividends for Gender Equality EDGE Certification in May 2019. |
| **Training, Development & Talent Retention**<br>40,650 hours per year by FY2020 | A total of 40,152 training hours had been achieved by the Group's employees which is on track to reach the Group's FY2020 target. |
| **Labour Management Relations, Child Labour, Collective Bargaining, and Forced Labour**<br>Zero tolerance for the use of child labour by raising awareness to identify children at work | There were no reports of child labour cases in the Group's operations. |
| **Local Communities**<br>8,000 hours of volunteer work | More than doubled the Group's volunteer work hours target by achieving 15,634 volunteer work hours. |
| **Waste Management**<br>Reduce the use of plastics | Through the Refill Not Landfill campaign, the Group had distributed approximately 9,954 reusable aluminium bottles in its operations since the launch of the program in FY2018. |
| **Health and Safety Training**<br>Increase by 5% from FY2018 | Exceeded the Group's FY2018 health and safety training hours by 40%. |

## Ongoing Work

### Environmental Baseline Data Collection

Yoma Strategic is collecting data from its various businesses to measure the Group's total energy consumption, $CO_2$ emissions, fuel, electricity and water consumption. The Group will continue to collect and create a data baseline for FY2020. The baseline information will help the Group to set quantitative and qualitative targets for FY2021.

**Employee retention**
61% hiring rate and 59% employee turnover rate.

The 59% employee turnover rate in FY2019 was mainly driven by (i) Yoma Land as it streamlined some of its operations, and (ii) Yoma F&B which is a sector that generally sees a higher turnover rate. For example globally, quick service restaurants can see a turnover rate of up to 300% per year, whereas KFC Myanmar has only a 115% turnover rate[1].

The 61% hiring rate was mainly driven by Yoma Motors and Yoma F&B, which included the opening of Volkswagen showrooms in Yangon and Mandalay, the increased in the number of KFC stores and the opening of Little Sheep and Auntie Anne's™ outlets.

## Our Sustainability Strategy

Yoma Strategic's mission is closely aligned to its sustainability strategy, which enables the Group to create greater value for its stakeholders. This approach aims to integrate social and environmental considerations into business strategy, operations and decision-making.

| | | | |
|---|---|---|---|
| **Vision** | **Build A Better Myanmar For Its People** | | |
| **Strategic Objectives** | **Our Business** | **Our Planet** | **Our People** |
| **Material Topics** | Economic Performance<br>Anti-corruption and Public Policy<br>Compliance | Climate Change and Energy Efficiency<br>Water Use<br>Waste and Effluents | Diversity and Equal Opportunity<br>Training and Development, Talent Retention<br>Human Rights and Labour Management<br>Health and Safety<br>Local Community |
| **Our Actions** | Uphold and adhere to the Group's zero tolerance approach to corruption, bribery and fraud<br>Strive to maintain full compliance with the relevant national environmental policies, laws and regulations as well as IFC's Performance Standards, the ADB's Safeguard Policy and FMO's Sustainability Policy Framework | Reduce the use of plastics and minimise harm to the environment<br>Raise awareness on the importance of recycling and reducing single use plastics<br>Implement guidelines in procurement practices to reduce the amount of waste generated<br>Collection of environmental baseline data from FY2018 to FY2020 with a plan to set targets in FY2021 | Raise awareness to identify children at work to prevent the use of child labour<br>Train managers on anti-harassment and how to deal with harassment<br>Strengthen training on health and safety awareness across all business units |

***Note:***
*1. Data from KFC Myanmar*

# Sustainability Report

## Sustainability Governance

Yoma Strategic has a defined sustainability governance structure at the corporate and local levels. At the highest level, the Board of Directors approves the Group's general policies and strategies, including those relating to sustainability and the Sustainability Report.

Reporting to the Board is the Sustainability Committee (the "Committee"), which oversees the sustainability initiatives and ongoing direction of the Group. The Committee is made up of the CEO, the Head of Sustainability, the Head of Risk Management and Assurance, the Head of Human Resources, the Head of Investor Relations and the leaders of the Group's core businesses – Yoma Land, Yoma Motors, Yoma F&B and Yoma Financial Services. The CEO sits on the Board of Directors, and the Head of Sustainability is responsible for guiding the Group on its sustainability work towards achieving common goals and targets. The Committee meets at least once a year to review the sustainability performance of the business units.

Sub-committees, which are established for various projects and entities, also meet quarterly to discuss sustainability initiatives.

## United Nations Global Compact

Yoma Strategic participates in the UN Global Compact ("UNGC") initiative and is committed to observing ten generally accepted principles concerning human rights, labour standards, the environment and anti-corruption in all of its businesses. The Group has been a member and active supporter of the UNGC since 2012 and provides funding for the administrative expenses of Myanmar Business Coalition on Aid ("MBCA"), the implementing partner of UNGC in Myanmar.

## Community Impact

Yoma Strategic gives back to the community through its financial contributions and the voluntary work of its employees. In FY2019, Group employees collectively achieved more than 15,000 hours of volunteer work of its employees. Yoma Strategic contributed approximately US$79,000 for social causes, such as the provision and maintenance of a refuse facility for a local community in Yangon which improved the hygiene and living conditions for local residents.

Numerous corporate and social responsibility initiatives were also undertaken by our various businesses in FY2019. Some examples are highlighted below.

### The Fight Against Malaria

Various subsidiaries of Yoma Strategic have partnered with M2030 to raise awareness of and funds for the fight against malaria. Yoma Strategic is M2030's founding partner in Myanmar.

All funds raised through this M2030 campaign support malaria elimination programs implemented by Population Services International Myanmar, one of the leading non-profit organizations fighting malaria in the country.

### Fund Raising from the Annual Yoma Yangon International Marathon

The annual Yoma Yangon International Marathon ("YYIM"), which is co-organised by Yoma Strategic, FMI and the Yangon City Development Committee, saw more than 8,000 local and international runners taking part in its 7$^{th}$ edition in January 2019. The funds raised from this event contributed to five key projects to improve the welfare and education of children in Myanmar.

The five projects are (i) YCDC Non-Profit Child Day Care Center for Low Income Citizens, (ii) Zeyar Shwe Taung Youth Development Center (Hlegu, Yangon Division), (iii) Myanmar Red Cross Society, (iv) Su Htoo Pan Youth Development Center (Than Lyin, Yangon Division), and (v) Happy Haven Humanitarian Project (Tapin Shwe Htee Road, East Dagon, Ward 11).


*7$^{th}$ Yoma Yangon International Marathon.*

**Step-In Step-Up program**

The Group funded two programmes run by Step-In Step-Up, a charitable organization which runs programmes to empower and educate underprivileged young adults. The two programmes funded are the Vocational Training Academy and GAP Kids. Over 100 participants had attended the Vocational Training Academy since the programmes started in June 2018. GAP Kids caters to children of ages 12 to 18 and is held in collaboration with Dulwich College Yangon to create a social, learning and entertaining environment for 37 children on the weekends. The programme has seen two classes of children since it first started in September 2018.

## Reporting

Yoma Strategic publishes a Sustainability Report on an annual basis and its next report will be published in 1H2020.

The Sustainability Report is prepared based on the internationally recognised framework Global Reporting Initiative ("GRI") and aligned with the Singapore Exchange's Sustainability Reporting Guidelines.


*The Group participated in the World's Cleanup Day event in Myanmar.*

*Yoma Heavy Equipment celebrated Earth Hour by planting trees.*


*Partnering with Asia Pacific Leader Malaria Alliance to eradicate Malaria in Myanmar.*

# Sustainability Report

## Sustainable Development Goals

Yoma Strategic is committed to supporting the UN's SDGs in its operations.

| SDG | Yoma Strategic's Contribution |
| --- | --- |
| 1 NO POVERTY | The Group's businesses provide a total of approximately 4,000 jobs to locals in Myanmar. All of its employees are paid at least the local minimum wage.<br><br>Meanwhile, Wave Money, which is 34% owned by the Group, is a mobile based financial services provider that facilitates secure, real-time transactions, with the aim of improving financial inclusion in Myanmar. Wave Money caters to Myanmar's migrant worker population who have migrated to urban centers for work yet support their families in the villages by sending part of their earned wages home periodically. Wave Money addresses financial exclusion and weak economic integration of millions of Myanmar citizens where traditional financial institutions are out of reach. |
| 2 ZERO HUNGER | The Group's New Holland business operates 14 branches throughout the country and is supported by a dedicated maintenance team. Through the use of machinery, New Holland aims to help farmers improve their farming efficiency and address labour shortages. Tractors help farmers increase crop productivity, saving time and energy, as well as increasing the quality and quantity of their crops. |
| 5 GENDER EQUALITY | Approximately 41% of Yoma Strategic's workforce comprised females. The Group also has 14% of female representation on its Board of Directors. Females are represented at the executive as well as the senior management levels.<br><br>In FY2019, more than 50% of the managers have been trained on the subject of anti-harassment. |
| 7 AFFORDABLE AND CLEAN ENERGY | Yoma Micro Power has constructed 29 solar micro-power plants sites in Sagaing Region in FY2019, supplying clean and reliable power to telecommunications towers and individual customers in the surrounding rural communities. Yoma Micro Power will roll out another 250 micro plants by end of 2019 and has plans to scale up to more than 2,000 micro power plants by 2023. Approximately twenty-five villages and up to 50,000 people in off-grid areas now have access to electricity. The investment of these sites will help job creation, and support additional income for these households. |
| 8 DECENT WORK AND ECONOMIC GROWTH | The Group fully supports and practices the International Labour Organization's eight fundamental core conventions and the IFC's Labour and Working Conditions Standards. The Group prohibits child labour at all of its business operations and projects, and there were no cases of child labour reported in FY2019. |
| 11 SUSTAINABLE CITIES AND COMMUNITIES | Yoma Land is developing City Loft, a new product offering of affordable housing for the mass market at StarCity. With 0.5 million square feet of land set aside for commercial, communal and recreational areas, this development is designed to facilitate modern living standards and allow an inclusive community to thrive. City Loft is aligned with Yoma Land's wider mission to build better communities for the future of Myanmar. |
| 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | The Group strongly opposes bribery and all other kinds of corruption. This extends to its business dealings with third-party service providers and vendors. To reinforce this Code of Conduct, the Group conducts mandatory trainings for new employees covering its policies on Anti-Bribery, Anti-Corruption, Code of Conduct, Conflicts of Interest and Whistle Blowing. The Group prohibits any form of discrimination including any distinction, exclusion or preference made on the basis of race, colour, sex, religion or political opinion which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation. As a committed nation-builder, the Group believes that it has to lead by example so as to ensure that internationally recognised best practices are established early on in the rapid development of Myanmar. |

## Stakeholder Engagement

Yoma Strategic is committed to nurturing its employees and values the partnerships with its customers, local communities, suppliers, business partners, investors and other stakeholder groups. The Group has in place various different channels and platforms to help it communicate with stakeholders to better understand their needs. Please see the table below for an overview of these platforms and topics raised by key stakeholders.

| Stakeholders | How The Group Listens | What The Group Is Doing |
|---|---|---|
| Business Partners and Suppliers | • Email and phone communication<br>• Bi-weekly meetings with contractors<br>• Weekly site visits | • Stakeholder consultation<br>• Sharing policies and Code of Conduct |
| Communities | • Ad hoc meetings<br>• Feedback channel<br>• Volunteering<br>• Sponsorship<br>• Ad hoc media relations | • Yoma Yangon Marathon<br>• Yoma Micro Power<br>• World Earth Hour<br>• Clean up activities<br>• Fundraising for natural disasters and education<br>• Firefighting for communities<br>• Creating job opportunities |
| Customers | • Customer service channels<br>• Email and phone communication<br>• Social media | • Quality control |
| Employees | • Annual performance reviews<br>• Events<br>• Email and phone communication<br>• Intranet<br>• OHS hotline<br>• Whistle Blowing Policy | • Training and development<br>• Healthcare<br>• Safety<br>• Creating an inclusive workplace<br>• Myanmar New Year celebrations |
| Investors | • Annual General Meeting<br>• Quarterly Results<br>• Announcements released on SGX-ST counter<br>• Annual Report<br>• Email and phone communication<br>• Corporate website<br>• Analyst and Investor meetings and conference | • In 2017, Yoma Strategic appointed Head of Sustainability. |
| Financial Institutions, including IFC, ADB, FMO | • Site visits<br>• Email and phone communication<br>• Website<br>• Ongoing reporting requirements | • Quarterly Results<br>• Annual Report<br>• ESMS |
| NGOs (such as WWF, USAID, The Nature Conservancy, Rockefeller Foundation) | • Visits and meetings<br>• Partnerships<br>• Events and conferences | • Joint events (Earth Hour, World Clean Up Day, etc.) and programs |
| Regulators | • Briefings<br>• Site inspections<br>• Government approvals<br>• Consultations with statutory bodies | • Presentations and meetings |

# Risk Management

The Group takes a proactive enterprise risk management approach and embeds it as part of its strategic and operational activities.

The Group's Enterprise Risk Management System is designed to achieve a prudent and reasonable balance between risk and return, while providing the framework for managing risk and future events effectively. This is needed to both protect and enhance the businesses in meeting their strategic objectives. It sets out the Group's governance structure for managing risks, risk philosophy, risk appetite, tolerance levels and the approach to risk management.

## Risk Identification and Assessment

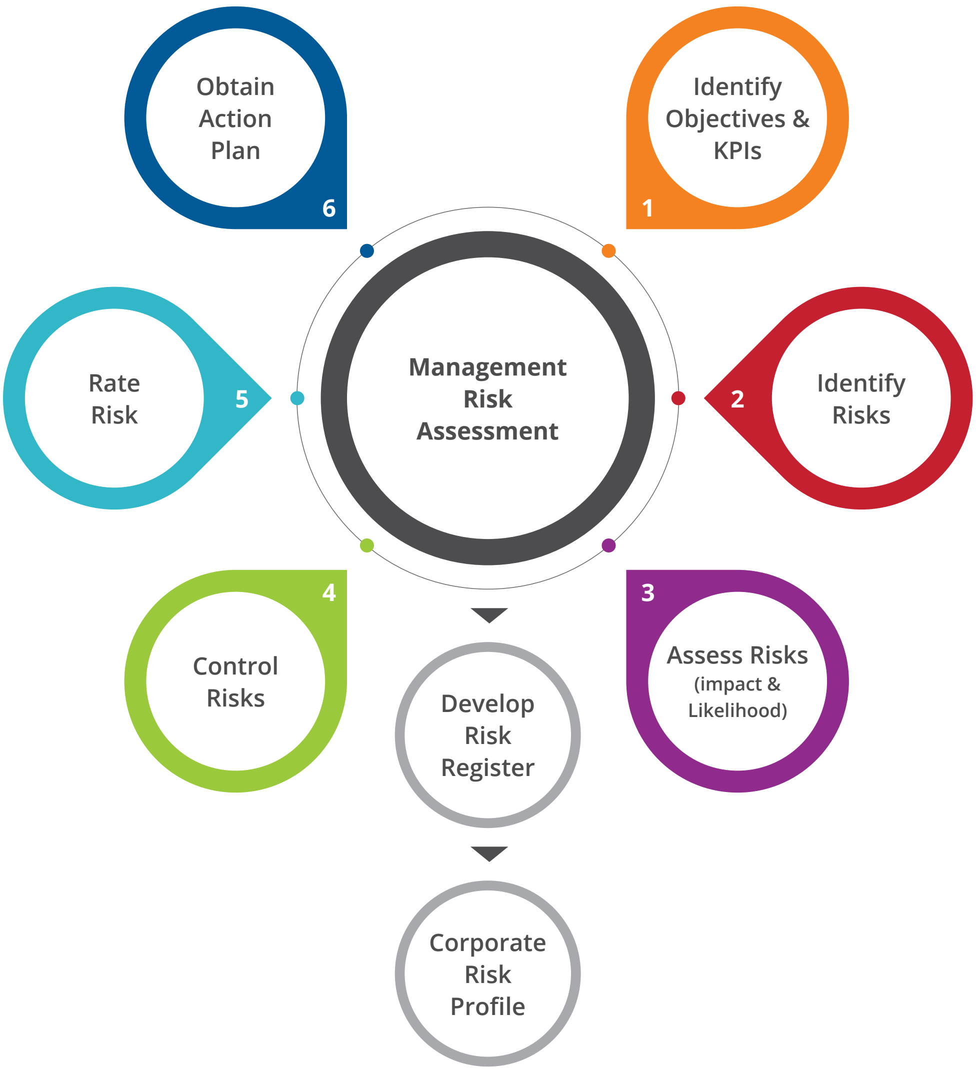
The Group follows an Enterprise Risk Assessment ("ERA") process based on the principles set out in the following international standards:

a. Enterprise Risk Management - COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework, and

b. ISO 31000:2009 Risk Management – Principles and Guidelines.

The Group's Enterprise Risk Management ("ERM') Framework, related policies and internal controls are reviewed on a regular basis and, where appropriate, refined by management with guidance from the Audit and Risk Management Committee ("ARMC") and the Board of Directors.

The diagram below sets out the six major steps in its ERA process:



Semi-annual and annual enterprise risk assessments are carried out to:

- validate the existence and effectiveness of the controls in place;
- review changes in risk profile; and
- update existing controls as required.

The process provides the ARMC and the Board of Directors with insightful information on the challenges that the businesses face, as well as the degree of residual risks, through a calibrated and integrated enterprise risk register.

The risks identified are assessed based on their inherent and residual risk ratings, taking established controls into consideration and comparing against the risk tolerance levels approved by the Board of Directors. The mitigating controls in place are aligned with the Group's strategy and are an integral part of business planning and the budgeting process.

## Risk Classification

Potential risks identified as part of the ERA are classified and presented in five categories.

### Compliance Risk

Arises from non-compliance of regulations, which include the Singapore Companies Act, the SGX listing requirements, legal contracts and intellectual property rights.

### Strategic Risk

Entails decision making processes at the senior management and the Board of Directors' level and risk of loss is associated with poor decision making by senior management, including product pricing, market entry and exit and any new product development.

### Operational Risk

Arises from ongoing business activities concerning people, processes and technologies necessary to deliver a service or produce and sell products, pertaining to the efficiency and effectiveness in executing the company's business model, satisfying customers and achieving the company's quality, cost and time performance objectives.

### Financial Risk

The risk that cash flows and financial risks are not managed effectively; uncertainty of currency, interest rate, credit and other financial risks.

### Information Technology Risk

Arises from inadequate IT governance, policies and standards, inadequate knowledge, regulations and standards (e.g. data protection rules) and risks associated with the introduction of new technologies, outsourcing, etc.

# Risk Management

## Monitoring and Reporting

The Risk Management & Assurance team monitors identified risks on an ongoing basis. An Enterprise Risk Register is maintained in accordance with the relative degree of each risk's significance in relation to impact, likelihood and exposure to the Group.

Results of the Enterprise Risk Assessment, including an update on the key risks and the established controls (or pending controls plans), are presented to the ARMC and the Board of Directors annually.

The risks and adequacy and effectiveness of mitigating controls identified in the Enterprise Risk Register are closely monitored and validated as part of the Risk-Based Internal Audit (RBIA). Identified risks are also included and monitored in the Enterprise Risk Register and mitigating measures are followed up.

The ARMC oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the ERM Framework in relation to the risks faced by the Group. Results of the RBIA are presented to the ARMC and the Board of Directors together with the semi-annual and annual enterprise risk assessment results.

Any existing or new risks that are identified as posing a high risk to the Group, exceeding the risk tolerance level of the Group or requiring immediate corrective actions are reported to senior management and the ARMC as soon as practicable.

## Our Risk Philosophy

The Group's risk philosophy and approach are consistent with its corporate culture which is committed to the highest levels of ethical conduct and corporate governance standards based on three key principles:

### Risk Management Culture

- The Group instils and promotes a risk management culture to allow prudent risk-based decision making by embedding core values, principles and dynamic internal control systems in its day to day operations.
- Ongoing communication, education, monitoring and mitigation are an integral part of the Group's dynamic risk management culture which is being adopted across all of its business activities.
- Investment assessments and due diligence exercises are carried out on prospective business opportunities to ensure that potential financial and strategic risks are identified and mitigated prior to commitment.

### Systems of Internal Control

- The systems of internal control are designed to manage the residual risks, safe guard the Group's assets against fraud and misconduct and give a reasonable assurance against material financial misstatement or loss.
- Standard operating policies and procedures are in place for financial planning, budgeting, financial management, and financial management reporting.
- RBIA, which is independent of the operating entities, monitors the effectiveness of the internal control system and the Group's operations and performance.
- Improvement opportunities identified during the RBIA are implemented as part of standard operating procedures prepared by the Risk Management & Assurance team in collaboration with businesses to further mitigate any operational risks.

### Strong Corporate Governance

- Organisational structures are in place with clear responsibilities and delegations of authority.
- Corporate policies, such as the Code of Conduct and Whistle Blowing Policy, are made available in both Myanmar and English languages to staff across all levels at the Group.
- The ARMC oversees the effectiveness of the Whistle Blowing Policy and reviews the reports made under those procedures by the internal audit function.
- The Group's Code of Conduct sets out the principles to guide employees towards the highest standards of personal and corporate integrity when dealing with its competitors, customers, other employees and the community; this is reinforced and monitored through ongoing education, training and roll out programmes.

## Risk Appetite

The Board of Directors has approved the following risk appetite:

| Low | Moderate | Significant | High |
|---|---|---|---|
| For actions resulting in an event which will have minimal impact to the Group. | For actions resulting in an event which may cause moderate material loss or exposure to the Group. | Non-compliance with business unit policies and procedures covering significant transactions / activities. | A reduction of more than:<br>• 25% of the Group's projected revenue in the coming financial year;<br>• 25% of the Group's projected profit before tax; and<br>• 10% of the Group's latest audited net tangible assets. |

## Governance Structure for Managing Risks

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's ERM Framework. The ARMC is responsible for developing and monitoring the Group's risk management policies. The ERM Framework is used to facilitate the ARMC and the Board of Directors to identify, assess, treat and monitor potential risks. The outlines of this ERM Framework are as follows:

a) Identification of potential risks inherent within the Group and external risks which the Group faces in the pursuit of its corporate objectives;
b) Assessing and rating all the identified risks in a meaningful way in order for the Group to determine the extent of the risks that it faces;
c) Treating all identified risks, as far as possible, through established controls or pending control plans;
d) Monitoring and updating any changes to the severity of the identified risks and any new risks that may have emerged; and
e) Reporting key risks and the established controls (or pending control plans) to the ARMC and the Board of Directors regularly.

## Enterprise Risk Management Framework

The ERM Framework provides a sound system of risk management and internal control and is underpinned by the strong foundation of the Group's corporate governance culture. This is supported by five pillars of the risk management control system:

- Policies and Procedures;
- Internal and External Audits;
- Due Diligence Reviews;
- Compliance Monitoring and Reporting; and
- Enterprise Risk Assessments

all of which are overseen by the ARMC and the Board of Directors.

# Risk Management

## Risk Factors

The Group understands the importance of risk management in its daily operations as well as when it comes to assessing new investment opportunities. Largely based in Myanmar, the Group recognises the potential risks to which it is exposed and which may impact its future performance. The risk categories vary, and there may be risks that are presently unknown or not currently assessed as significant. The Group aims to manage these exposures through appropriate risk management strategies, mitigating measures and internal controls.

In the recent ERA exercise, the key risk areas for the Group had been identified. The most significant residual risks are in the Operational, Financial and Strategic Risk categories.

### Operational Risks

- Product Quality
- Customer Complaints
- Food Safety
- Pipeline and Execution

### Financial Risks

- Cashflow and Funding
- Long Term Profitability and Net Margin

### Strategic Risks

- Dissemination of Confidential Informational
- Corruption and Fraud
- Recruitment and Retention

### Product Quality Risk

The Group manages product quality risk by ensuring standard operating procedures ("SOPs") and guidelines are in place including routine testing and monitoring.

### Customer Complaints and Food Safety Risk

Customer complaints and food safety risks are mitigated by adhering to established procedures, guidelines and protocols.

### Corruption and Fraud Risk

Corruption and fraud risks are mitigated by the reinforcement of the Company's core values, having clear SOP's, Whistle Blowing Policy, strict monitoring of finances and financial control processes in place.

### Recruitment and Retention Risk

Recruitment and retention risks are managed by continuous recruitment efforts via multiple channels, ongoing staff training, promoting values and career development opportunities, and increased collaboration and information sharing.

### Pipeline and Execution Risk

The risk of pipeline and execution of new initiatives is mitigated by having in place business plans, execution plans and strategies as well as working with the relevant industry groups.

### Cashflow and Funding Risk

Cashflow and funding risk is managed by budgeting, cash flow and financial management processes, supported by project planning and regular reporting of funding requirements.

### Long Term Profitability and Net Margin

Long term profitability and net margin risks are mitigated by pursuing further cost reduction initiatives, reducing of FX exposure, reviewing market data and improving financial management and inventory control.

### Dissemination of Confidetial Information

The strategic risk relating to the dissemination of business intelligence and confidential information, including best practices, trade secrets, proprietary procedures, standards, contracts, and sales data, both internally and externally is mitigated by having strict protocols in place in terms of information storage and sharing practices.

# Investor Relations

## Engaging Shareholders

The Group is committed to providing the investment and media communities with regular, relevant, unbiased and transparent information. It engages with existing and potential investors actively through a wide variety of communication channels including media publicity, investor meetings, conferences, teleconference calls and site visits. Shareholders and the public can also access the Group's current and past SGXNet announcements, media releases, financial results, presentation materials and other corporate information via its website at http://www.yomastrategic.com. Beyond that, the Group also uses Facebook and LinkedIn to provide the latest updates via these social media channels.

## Regular Communication with the Investment Community

The CEO, CFO and other key management personnel hold analyst and media briefings half-yearly to communicate the Group's financial results and strategies and when there are major or significant business developments, so as to complement the SGX announcements.
In addition, the Group holds additional standalone analyst briefings, if needed. The presentation materials for these briefings are uploaded on the SGXNet. Management also participates in investor conferences and roadshows in Singapore as well as overseas, including Thailand, Hong Kong, Dubai, the United States and Europe. Such events facilitate access to potential new investors and help Yoma Strategic deepen its relationships with existing and potential long-term investors.

*Shareholders visiting StarCity Dulwich College Yangon.*

*Shareholders visiting The Peninsula Residences Yangon showflat.*

## Investors' Visit to Yangon

The Company hosted several visits to Yangon to help institutional investors better understand the operations and growth plans for its businesses.

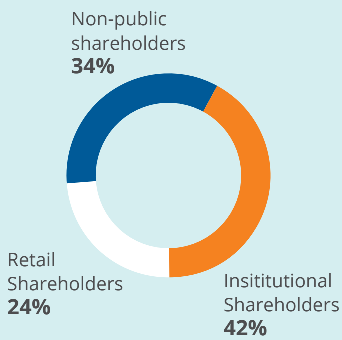
Since 2014, the Company has organised five shareholders' trips to Yangon, which is targeted at retail shareholders who are interested in getting to know the Group better. The shareholders trip is part of the Group's continuous outreach efforts to enhance communication with and engage retail shareholders beyond the Annual General Meeting.

The Company hosted its fifth shareholders' trip to Yangon in February 2019. During the trip, the Company arranged site visits to its key property developments as well as its consumer, automotive & heavy equipment and financial services businesses. Interactive sessions were hosted with the Group's key management personnel which afforded investors the opportunity to experience the long-term growth potential of the Company in Myanmar.

## Shareholder Information[1]

As at 31 May 2019, institutional investors formed 41.6%[1] of the Company's shareholder base, while retail investors and other non-public shareholders[2] formed 24.1%[1] and 34.4%[1], respectively. Its institutional shareholders were geographically diversified across Asia (14.5%[1]), North America (12.6%[1]) and Europe (14.5%[1]).

**Shareholding by Investors**




***Notes:***
1. *Company internal data.*
2. *Other non-public shareholders refers to the Company's Board of Directors.*

# Corporate Information

## Board Of Directors

**Mr. Serge Pun @ Theim Wai**
(Executive Chairman)

**Mr. Pun Chi Tung Melvyn**
(Chief Executive Officer and Executive Director)

**Mr. Pun Chi Yam Cyrus**
(Non-Executive Non-Independent Director)

**Mr. Adrian Chan Pengee**
(Lead Independent Director)

**Ms. Wong Su Yen**
(Non-Executive Independent Director)

**Dato Timothy Ong Teck Mong**
(Non-Executive Independent Director)

**Mr. George Thia Peng Heok**
(Non-Executive Independent Director)

## Audit and Risk Management Committee

**Mr. George Thia** (Chairman)
**Ms. Wong Su Yen**
**Dato Timothy Ong**

## Nominating and Governance Committee

**Mr. Adrian Chan** (Chairman)
**Dato Timothy Ong**
**Mr. Melvyn Pun**

## Remuneration Committee

**Ms. Wong Su Yen** (Chairman)
**Mr. George Thia**
**Mr. Adrian Chan**

## Company Registration Number

196200185E

## Registered Office

78 Shenton Way
#32-00
Singapore 079120
Tel: (65) 6223 2262
Fax: (65) 62231990

## Website

www.yomastrategic.com

## Company Secretaries

Ms. Loo Hwee Fang
Mr. Lun Chee Leong

## Registrar And Share Transfer Office

**B.A.C.S. Private Limited**
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6593 4848
Fax: (65) 6593 4847

## Independent Auditor

**Nexia TS Public Accounting Corporation**
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Ms. Meriana Ang Mei Ling
Director-in-charge
(Appointed with effect from financial year ended 31 March 2018)

## Principal Bankers Of The Group

**DBS Bank Ltd**
12 Marina Boulevard
Level 3, Marina Bay Financial Centre Tower 3
Singapore 018982

**CIMB Bank Berhad**
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

**Bangkok Bank Public Company Limited**
180 Cecil Street
Bangkok Bank Building
Singapore 069546

**Industrial and Commercial Bank of China Limited, Singapore Branch**
6 Raffles Quay #23-01
Singapore 048580

**Malayan Banking Berhad**
2 Battery Road Maybank Tower
Singapore 049907

# Corporate Governance Report

**The Board of Directors (the "Board" or "Directors") and management of the Company (the "Management") of Yoma Strategic Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") firmly believe that a genuine commitment to good corporate governance is a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.**

In compliance with Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Listing Manual"), this report describes the Group's corporate governance practices and structures that were in place during the financial year ended 31 March 2019 ("FY2019"), with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "2012 Code"). If there is any deviation from the 2012 Code, each area of non-compliance will be specified. We have complied in all material aspects with the principles and guidelines of the 2012 Code.

The Monetary Authority of Singapore has issued a revised Code of Corporate Governance (the "2018 Code") that applies to annual reports covering financial years commencing from 1 January 2019. In describing corporate governance practices, the Company took guidance from the 2018 Code and accompanying Practice Guidance. The Company will adopt the 2018 Code for its financial year ending 31 March 2020.

## Corporate Governance Accolades

01

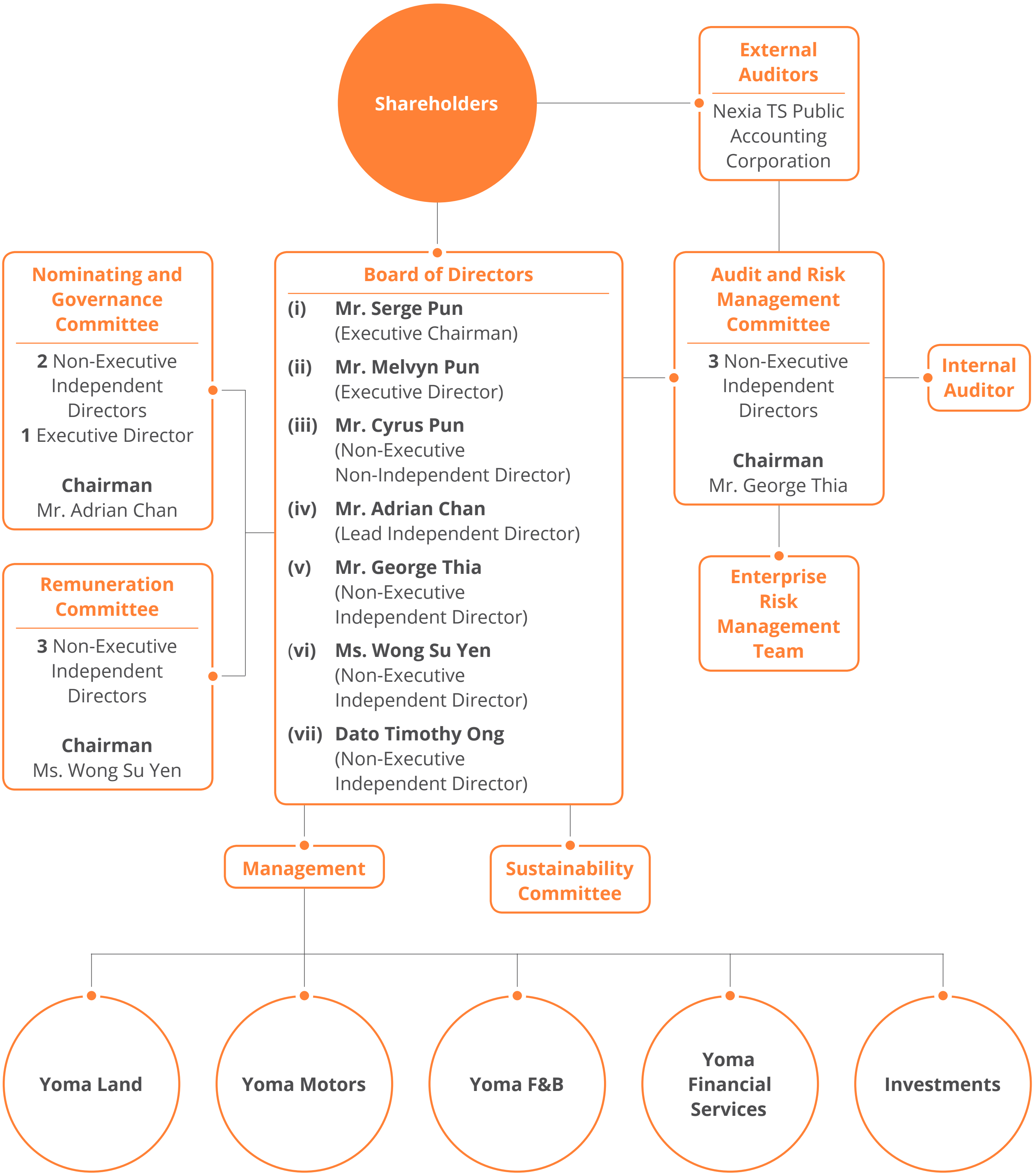
The Company continues to uphold the highest standards of corporate governance and it remains in the top 5% on the Singapore Governance and Transparency Index (SGTI) in 2018. The SGTI is aimed at assessing companies on their corporate governance disclosure and practices, as well as the timeliness, accessibility and transparency of their financial results announcements.

02

The Company was placed on the SGX Fast Track programme in April 2018, a programme which was launched by the Singapore Exchange Regulation (SGX RegCo) in recognition of listed companies which have maintained good corporate governance standing and compliance track record. Companies under this programme will receive prioritized clearance on selected corporate action submissions to SGX RegCo.

# Corporate Governance Report

## Corporate Governance Framework



## BOARD AND BOARD INDEPENDENCE

The Board comprises seven (7) Directors of whom two (2) are Executive Directors, one (1) is a Non-Executive Non-Independent Director, and four (4) are Non-Executive Independent Directors.
All four (4) Non-Executive Independent Directors collectively comprise more than fifty per cent. (50%) of the Board.

Profiles and qualifications of the Directors and the listed directorships held by the Directors as at the date of this Annual Report and in the last three (3) years are set out in the Board of Directors section of this Annual Report.

## BOARD MATTERS

### Principle 1 – The Board's Conduct of Affairs

The Board leads and controls, and is collectively responsible to oversee the business and affairs of the Company, and for the long-term success of the Group. Management is responsible for the day-to-day operations and administration of the Company in accordance with the policies and strategy set by the Board. The Management remains accountable to the Board.

***Role***

(a) Provides entrepreneurial leadership, sets strategic objectives, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives.
(b) Establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including the safeguarding of shareholders' interests and the Company's assets.
(c) Reviews Management's performance.
(d) Identifies the key stakeholder groups and recognises that their perceptions affect the Company's reputation.
(e) Sets the Company's values and standards (including ethical standards).
(f) Ensures that obligations to shareholders and other stakeholders are understood and met.
(g) Considers sustainability issues such as environmental and social factors, as part of its strategic formulation.

***Delegation***

To assist the Board in discharging its responsibilities and to enhance the Company's corporate governance framework, the Board had, without abdicating its responsibility, established three (3) Board Committees namely, the Audit and Risk Management Committee (the "ARMC"), the Nominating and Governance Committee (the "NGC") and the Remuneration Committee (the "RC"). Each Board Committee has its own terms of reference to address their respective areas of focus. All terms of reference are approved by the Board and reviewed periodically to ensure their continued relevance, taking into account the changes in governance and legal environment. All Board Committees are chaired by a Non-Executive Independent Director.

***Independent Judgment***

All Directors are expected to exercise independent judgment in the best interests of the Company. Management provides the Board with monthly operational updates. Decisions on all key matters such as material acquisitions and disposals of assets or undertakings and the release of the Company's results are made by the Board. Based on the results of peer and self-assessment carried out by the Directors for FY2019, all Directors have duly discharged this duty.

***Conflicts of Interest***

Every Director is required to declare any conflict of interest in a transaction or proposed transaction with the Company as soon as is practicable after the relevant facts have come to his/her knowledge.

Directors facing conflicts of interest recuse themselves when the conflict-related matter is discussed, unless the Board is of the opinion that his/her presence is necessary to enhance such discussion, and abstain from voting in relation to conflict-related matters.

***Board Strategic Review***

The Board periodically reviews and approves the Group's strategic plans. In FY2015, the Board approved the Group's 2020 vision to diversify so as to build the non-real estate businesses to match the scale of the real estate operations by 2020.

***Review Process***

A process is in place to support the Board in reviewing and monitoring the Group's strategic plans whereby an annual off-site board strategy meeting is organised for in depth discussion on strategic issues and direction of the Group. This is followed by an update of each business unit's strategic plans for alignment with the Group's strategy. To support the Board's oversight of the implementation of the strategic plans, Management will also present the plans and current challenges of key business units at each quarterly Board meetings and at the off-site Board meetings, selected business units are invited to meet the Board so as to provide the Board an opportunity to perform an in depth review into each of the Group's core businesses. The FY2019 off-site board strategy meeting was

# Corporate Governance Report

held in April 2019 in a neighbouring country over a 3-day period to coincide with an invitation from an investment group for site visits and presentations. All Directors attended this off-site board strategy meeting.

***Meetings***

Board meetings are scheduled to coincide with quarterly financial results reporting in order to facilitate a review of the financial statements and announcement of the unaudited quarterly results of the Group. Such quarterly Board meetings are typically scheduled before the start of the financial year to enable the Directors to plan ahead to attend these meetings. The Board endeavours to hold at least one Board meeting a year in Myanmar, where the Group has most of its operations, so that the Board can be better apprised of the business developments there and this provides an opportunity for the Non-Executive Independent Directors to familiarise themselves with the key management personnel.

Board meetings generally last a full day and may include presentations by key management personnel and external consultants/experts on strategic issues relating to specific business areas, as well as presentations by the Group's associates. This allows the Board to develop a good understanding of the Group's businesses and to promote active engagement with the Group's partners and key executives. Other ad-hoc Board meetings will be convened to discuss and approve material acquisitions and disposals of assets and major undertakings of the Group as and when the need arises, in addition to the formal Board meetings.

***FY2019***

During FY2019, the Board met on four (4) occasions. The number of Board and Board Committee meetings as well as the attendance of each Board member at these meetings and the last Annual General Meeting ("**AGM**") held on 24 July 2018 are disclosed in Table 1. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his/her attendance at meetings of the Board and/or Board Committees. A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

The Constitution of the Company provides for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously. Where the attendance of certain Directors was not physically possible, the meeting was conducted with these Directors communicating through teleconferencing. To further facilitate the efficient management of the Group, resolutions of the Board would be passed by way of circulating resolutions pursuant to the Constitution of the Company.

**Table 1: Directors' Attendance at meetings held during FY2019**

| Name | Board | ARMC | NGC | RC | AGM |
|---|---|---|---|---|---|
| Total number of meetings held | 4 | 4 | 1 | 1 | 1 |
| **Executive Directors** | | | | | |
| Mr. Serge Pun @ Theim Wai ("Mr. Serge Pun") | 4 | N.A. | N.A. | N.A. | 1 |
| Mr. Pun Chi Tung Melvyn ("Mr. Melvyn Pun") | 4 | N.A. | 1 | N.A. | 1 |
| **Non-Executive Directors** | | | | | |
| Mr. Adrian Chan Pengee ("Mr. Adrian Chan") | 4 | 1 (Out of 1)[1] | 1 | 1 | 1 |
| Mr. Pun Chi Yam Cyrus ("Mr. Cyrus Pun")[2] | 4 | N.A. | N.A. | N.A. | 1 |
| Ms. Wong Su Yen | 4 | 4 | N.A. | 1 | 1 |
| Dato Timothy Ong Teck Mong ("Dato Timothy Ong") | 4 | 4 | N.A.[3] | N.A. | 1 |
| Mr. George Thia Peng Heok ("Mr. George Thia") | 4 | 4 | 1 (Out of 1)[4] | 1 | 1 |

***Notes:***

*(1) Mr. Adrian Chan stepped down as a member of the ARMC with effect from 30 May 2018.*
*(2) Mr. Cyrus Pun was re-designated as a Non-Executive Non-Independent Director with effect from 1 February 2019.*
*(3) Dato Timothy Ong was appointed as a member of the NGC with effect from 30 May 2018.*
*(4) Mr. George Thia stepped down as a member of the NGC with effect from 30 May 2018.*

***Board Approval***

The Board has adopted a board approval matrix whereby the approval of the Board is required for any matters which are likely to have a material impact on the Group's operating units and/or financial position as well as matters other than in the ordinary course of business.

***Board Approval Matrix***

**Matters that specifically require Board approval include without limitation:**

- Group's strategic plans
- Group's annual and interim financial statement
- Dividend policy and payout
- Acquisitions and divestments exceeding the prescribed amount by any Group Company
- Group's annual budget
- Capital-related matters including capital adequacy objectives, capital structure, capital issuance and redemption
- Commitments to term loans and lines of credit exceeding one year from banks and financial institutions

***Board Orientation***

The Company conducts an induction programme for newly appointed Directors which seeks to familiarize Directors with the Group's businesses, board processes, internal controls and governance practices at the Company's expense. The induction programme includes site visits, Management presentations on the Group's businesses, strategic plans and objectives, meetings with key management personnel and briefings on key areas of the Company's operations. If a new Director has no prior experience as a director of a listed company, he/she will be encouraged to also attend the Listed Entity Director Programme conducted by the Singapore Institute of Directors in order to acquire relevant knowledge of what is expected of a listed company director. The Company has noted that such training for first-time directors is now mandatory under the revised SGX-ST rules. The Company provides a formal letter to each new Director upon his appointment, setting out clearly the Director's duties and obligations.

***Training***

The Directors are also provided with updates and/or briefings from time to time by professional advisers, auditors, Management and the Company Secretaries in areas such as directors' duties and responsibilities, corporate governance practices, risk management matters and changes in financial reporting standards. Directors also attended seminars, conferences and presentations to supplement and keep themselves updated on areas such as accounting, legal and industry-specific knowledge. The Company will also, where it feels appropriate, arrange for training courses for Directors which it will fund. In addition, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Group's operations. In the course of FY2019, the Directors were provided with a briefing from the Company's Independent Auditor on Accounting Standards Update as well as a briefing on amendments to the Listing Manual and upcoming changes to the Code of Corporate Governance and some Directors attended talks on topics relating to corporate governance, disruptive technology for directors and macroeconomics.

# Corporate Governance Report

## Principle 2 – Board Composition and Guidance

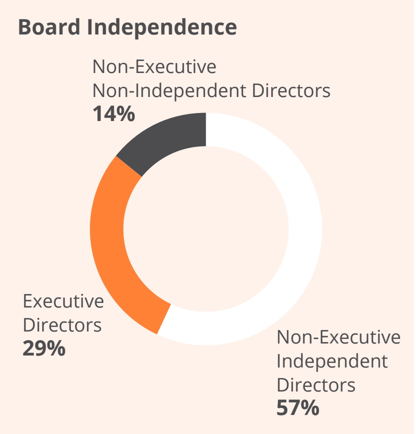
The compositions of the Board and Board Committees as at the date of this Annual Report are set out below.

| Name | Date of First Appointment | Last Re-election | Board | ARMC | RC | NGC |
|---|---|---|---|---|---|---|
| Mr. Serge Pun | 17 August 2006 | 26 July 2017 | Chairman | – | – | – |
| Mr. Cyrus Pun | 21 February 2011 | 26 July 2017 | Member | – | – | – |
| Mr. Melvyn Pun(1) | 27 July 2015 | N.A. | Member | – | – | Member |
| Mr. Adrian Chan | 17 August 2006 | 24 July 2018 | Member | – | Member | Chairman |
| Mr. George Thia | 22 December 2017 | 24 July 2018 | Member | Chairman | Member | – |
| Ms. Wong Su Yen | 15 December 2015 | 24 July 2018 | Member | Member | Chairman | – |
| Dato Timothy Ong(1) | 20 May 2016 | 26 July 2016 | Member | Member | – | Member |

***Note:***

*(1) Mr. Melvyn Pun and Dato Timothy Ong will retire and stand for re-election at the AGM to be held on 24 July 2019. The NGC has considered their contribution and performance and recommended to the Board to nominate their re-election at the AGM to be held in 2019 ("2019 AGM"). Additional information on Mr. Melvyn Pun and Dato Timothy Ong as prescribed in Appendix 7.4.1 of the Listing Manual may be found on Pages 251 to 253 of this Annual Report.*

### *Board Independence*




There is a strong independent element on the Board. The 2012 Code provides that the independent directors should make up at least half of the Board where the chairman and the CEO and immediate family members. As the Executive Chairman, Mr. Serge Pun, is the father of the CEO, Mr. Melvyn Pun, the Company has appointed Mr. Adrian Chan, Mr. George Thia, Ms. Wong Su Yen and Dato Timothy Ong as the Non-Executive Independent Directors, comprising more than half of the Board. Mr. Adrian Chan serves as the Lead Independent Director.

The independence of each Director is reviewed annually by the NGC. The Board has already adopted the 2018 Code in its review by using reference to substantial shareholders as opposed to a 10% shareholder in the definition of independence. The NGC requires each Non-Executive Independent Director to confirm his relationships with the Company, Management, officers and substantial shareholders in writing every year and reviews these confirmations of independence with the Director concerned abstaining and not taking part in any such deliberations. The NGC will recommend the independence of the Non-Executive Independent Directors to the Board only after it is satisfied that the independence of these Directors is not compromised.

The 2012 Code states that the independence of any director who has served on the Board beyond nine (9) years from the date of his first appointment ("**Long Tenured Independent Directors**") should be subject to particularly rigorous review. In this regard, the NGC noted that Mr. Adrian Chan who is a Non-Executive Independent Directors has served on the Board for more than nine (9) years.

In order to satisfy the 2012 Code requirements, the NGC developed a detailed and rigorous process and procedure to assess the independence of Long Tenured Independent Directors.

This process involved taking into account, among other things, whether their long-term relationship with Management could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment with a view to the best interests of the Company. The process extended beyond the submission of confirmations of independence which all Non-Executive Independent Director are subject to, but instead further required Long Tenured Independent Directors to undertake a detailed self-assessment in which they had to provide written justification and examples of past conduct to support why they should continue to be deemed independent. In addition to the self-assessment, the process also comprised a peer-assessment component which involved not only the NGC members but all members of the Board. The assessment criteria included, inter alia, whether the Long Tenured Independent Directors had made decisions on matters with the interest of the Company at heart without undue reliance, influence or consideration of the Company's interested parties, and avoided apparent conflicts of interest by abstaining from deliberation on matters in which they had an interest in.

All members of the Board were also given the opportunity to highlight if there had been any circumstances that could have materially interfered with any of the Long Tenured Independent Director's exercise of unfettered and independent judgment which appeared relevant to the assessment of his independence which should be brought to the Board's attention.

***Annual Review of Independence***

The NGC carried out the review on the independence of each Non-Executive Independent Director in FY2019 based on the respective Directors' self declaration in the Directors' Independence Checklist and their actual performance on the Board and Board Committees and on the rigorous review conducted in respect of Mr. Adrian Chan. The Board, after taking into consideration the recommendations of the NGC, is of the view that the Non-Executive Independent Directors are independent.

The Board concurred with the NGC that Mr. Adrian Chan had maintained his independence throughout his service on the Board, having observed many instances of Mr. Adrian Chan's contribution and objectivity in the review and evaluation of actions taken by or proposals from Management and his seeking for clarification, as and when necessary, in order to make informed decisions. Mr. Adrian Chan did not take part in the review of his own independence.

***Directors' Participation***

Non-Executive Independent Directors contribute to the Board process by monitoring and reviewing Management's performance in meeting agreed goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When constructively challenging Management's proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interests and other complexities. The Non-Executive Independent Directors also meet and communicate regularly through emails without the presence of Management and the other Directors so as to facilitate a more effective check on Management. Such meetings of the Non-Executive Independent Directors are scheduled on a need-be basis.

***Board Composition and Size***

The Board comprises business leaders and professionals with financial, legal and business management backgrounds.
The NGC has reviewed the Board composition, taking into account the scope and nature of the operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and the Board committees, and is satisfied that the current size of the Board is appropriate and allows for effective decision making. The standing of the members of the Board in the business and professional communities, and with their combined business, management and professional experience, knowledge and expertise, provides an appropriate balance and diversity of skills, experience, gender, knowledge of the Group and the necessary core competencies to meet the Group's needs and to allow for diverse and objective perspectives on the Group's strategic direction and growth.

# Corporate Governance Report

***Board Diversity Statement***

**Board Diversity Pledge**
The Board welcomes the push for greater diversity in the boardroom which can provide a more diverse approach to business decision making and the Company had, on 28 August 2015, supported the Board Diversity Pledge initiated by the Singapore Institute of Directors and SGX-ST where the Company pledged its commitment to promote "diversity as a key attribute of a well-functioning and effective Board" and shared the view "that a diverse Board will enhance decision making by harnessing the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service, and other distinguishing qualities of the members of the Board."

The Company is strongly committed to fostering diversity and inclusion on its Board, leveraging on the collective strength of its members who possess diverse abilities, knowledge, skills and professional experiences, and are able to contribute unique and valuable perspectives due to their different backgrounds, gender and cultures, effectively spurring innovative thinking and cultivating sustainable competitive advantages for the Company's long-term growth and success. At the recommendation of the NGC, the Board adopted in FY2019 a formal Board Diversity Policy setting out the framework for promoting diversity on the Board. This is aligned with Provision 2.4 of the 2018 Code.

## Principle 3 – Chairman and Chief Executive Officer

There is a clear separation of the roles and responsibilities of the Executive Chairman and the Chief Executive Officer (the "**CEO**") of the Company such that no one individual represents a considerable concentration of power. This helps to ensure an appropriate balance of power, increases accountability and enhances the Board's capacity for independent decision-making.

***Role of Chairman***
Mr. Serge Pun is the Executive Chairman of the Company.

Mr. Serge Pun plays an instrumental role in providing the Company with strong leadership and vision, assisting the Board to develop policies and strategies, and ensuring that these are implemented effectively, as well as to promote high standards of corporate governance.

As the Executive Chairman, he bears primary responsibility for the workings of the Board, by ensuring effectiveness in all aspects of its role including setting the agenda for Board meetings with input from Management, and exercising control over the quality, quantity and timeliness of information flow between the Board and Management to encourage constructive relations within the Board and between the Board and the Management. To promote a culture of openness and debate at the Board, he ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues, and he also facilitates the effective contribution of Non-Executive Directors. At the AGM and other shareholder meetings, he plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

***Role of the CEO***
Mr. Melvyn Pun is the CEO of the Company. The CEO, assisted by the Management, makes strategic proposals to the Board and after robust and constructive board discussions, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions.

The CEO is the son of the Executive Chairman. In line with best practices in corporate governance, the respective duties and responsibilities of the Executive Chairman and the CEO have been formalised in writing and approved by the Board.

***Role of the Lead Independent Director***
As the Executive Chairman and CEO are both part of Management, the Board appointed Mr. Adrian Chan as the Lead Independent Director to lead and co-ordinate the activities of the Non-Executive Independent Directors in circumstances where it would be inappropriate for the Executive Chairman to serve in such capacity. The Lead Independent Director assists the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company. He also serves as Chairman of the NGC. Led by the Lead Independent Director, the Non-Executive Independent Directors meet periodically and communicated regularly through emails without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

The Lead Independent Director also facilitates a two-way flow of information between the shareholders, the Executive Chairman and the Board, and is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer has failed to resolve or is inappropriate. No query or request on any matter which requires the Lead Independent Director's attention was received from shareholders in FY2019.

## Principle 4 – Board Membership

### *NGC Composition and Role*

**Nominating and Governance Committee ("NGC")**

The NGC has been established to make recommendations to the Board on all board appointments.

**Mr. Adrian Chan**
Chairman and
Lead Independent Director

**Dato Timothy Ong**
Non-Executive
Independent Director

**Mr. Melvyn Pun**
CEO and Executive Director

The majority of the members of the NGC including the Chairman are Non-Executive Independent Directors.

The NGC is regulated by a set of written terms of reference endorsed by the Board, setting out the duties and responsibilities of its members, and the authority delegated to it by the Board.

***Role***

(a) Develops and maintains a formal and transparent process for the appointment of new Directors, including the nomination and selection process of the new Director and how he/she will fit in the overall competency of the Board.
(b) Reviews the Board succession plans for Directors, in particular, for the Chairman and the CEO.
(c) Determines annually whether a Director is independent, bearing in mind the circumstances set forth in the Listing Manual, the 2012 Code and the 2018 Code.
(d) Recommends to the Board as to whether the Director is to be considered independent.
(e) Reviews the change in circumstances upon notification of an Independent Director to the Board that he no longer meets the criteria for independence as a result of a change in circumstances and making its recommendation to the Board.
(f) Decides whether a Director is able to and has adequately carried out his duties as a Director of the Company in particular where the Director concerned has multiple board representations.
(g) Develops and maintains a formal assessment process for the evaluation of the effectiveness of the Board as a whole and the contributions of each individual Director to the Board's effectiveness.
(h) Develops a process for evaluation of the performance of the Board, its Board Committees and Directors.
(i) Decides how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval.
(j) Retains such professional consultancy firm as it may deem necessary to enable it to discharge its duties hereunder satisfactorily.
(k) Reviews the training and professional development programs for the Board.
(l) Considers the various disclosure requirements for the appointment of Directors, particularly those required by regulatory bodies such as the SGX-ST.
(m) Undertakes such other duties as may be agreed to between itself and the Board.

### *Re-nomination of Directors*

The NGC reviews annually the nomination of the relevant Directors for re-election and re-appointment. The NGC conducts an annual performance assessment of individual Directors.

When considering the nomination of Directors for re-election and re-appointment, the NGC takes into account their contribution to the effectiveness of the Board, preparedness, participation and the competing time commitments faced by Directors with multiple board representations. The NGC, in assessing the performance of each individual Director, considers whether sufficient time and attention has been given by the Director to the affairs of the Company. It also has regard to the Director's other Board memberships and commitments.

# Corporate Governance Report

The Directors are subject to re-election at least once every three (3) years and the Constitution of the Company provides that at least one-third of the Directors (including the Executive Chairman) for the time being, shall retire as Directors at each AGM of the Company. Shareholders are provided with relevant information on the candidates for election or re-election.

At the forthcoming AGM, Mr. Melvyn Pun and Dato Timothy Ong will retire and seek re-election pursuant to Regulation 105 of the Constitution of the Company.

***Directors' Time Commitments***
Notwithstanding that some of the Directors have multiple board representations, the Board and NGC are of the view that the Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities as fiduciaries in the interests of the Group and avoiding actual or potential conflicts of interest from serving on other Boards. The Board has adopted a guide that a Director should not have more than six (6) listed company board representations. In determining whether each Director is able to devote sufficient time to discharge his duty, the contributions by Directors to and during meetings of the Board and Board Committees as well as their attendance at such meetings are also taken into account. In respect of FY2019, the NGC was of the view that each Director has given sufficient time and attention to the affairs of the Company and has been able to discharge his/her duties as director effectively. Furthermore, based on the attendance of Board and Board Committee meetings, the NGC was satisfied that in FY2019, where a Director had other listed company board representations and/or other principal commitments, the Director was able and had been adequately carrying out his/her duties as Directors of the Company.

***Alternate Director***
No alternate director had been appointed by the Board in FY2019.

***Criteria and Process for Appointment of New Directors***
The NGC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making. It will also consider the need to position and shape the Board in line with the evolving needs of the Company and the business. The NGC, in consultation with Management, assesses if there is any adequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.
The NGC's criteria for the selection and appointment of new Directors is based on potential candidates' skills, knowledge and experience. External help may be used to source for potential candidates, if need be. Directors and Management may also make recommendations. The NGC would conduct a review of the skills and experience that is needed of a potential candidate and thereafter actively seek out such potential nominees that can provide positive contributions in those areas to the Board by conducting external searches. The NGC will take an active role in screening and interviewing potential candidates before assessing the candidate's suitability and recommending him for nomination to the Board.

The NGC has fulfilled its duty of making the requisite recommendations to the Board on all Board appointments, re-nominations and re-elections.

***Succession Planning***
There is a process of refreshing the Board progressively over time so that the experience of longer serving directors can be drawn upon while tapping into the new external perspectives and insights of new appointees.

## Principle 5 – Board Performance

The Board and the NGC strive to ensure that Directors on the Board possess the experience, knowledge and skills relevant to the Group's business so as to enable them to make sound decisions. The Board also endeavours to hold an annual Board retreat at off-site locations with Management to discuss broader issues of strategy and business direction for the Group.

***Board Evaluation Process***
The Board acknowledges the importance of a formal assessment of the Board's performance and the NGC has adopted a formal system of evaluating the performance of the Board as a whole and its Board Committees, as well as to assess the contributions by the Chairman and each individual Director.

Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board and the Board Committees. The appraisal process took into account factors and criteria such as the Board's structure, size, composition, conduct of meetings, processes, responsibilities and communication with shareholders.

Completed forms were returned for collation and compilation on a non-attribution basis, so that open and frank feedback and comments can be encouraged. These performance criteria have not been changed from the criteria used since FY2017. The compiled report was then sent to the NGC for its deliberation and discussion. No external facilitator had been used. The NGC made its recommendations to, and shared its conclusions with the Board.

The NGC has also made available a process of assessment of the contribution made by each individual Director towards the effectiveness of the Board and the Board Committees, taking into account factors such as the Director's attendance, participation and contribution at Board and Board Committee meetings. The NGC also takes into consideration the feedback from individual Directors on areas relating to the Board and the Board Committee's competencies and effectiveness. The Executive Chairman will act on the results of the performance evaluation, and, in consultation with the NGC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

## Principle 6 – Access to Information

***Complete, Adequate and Timely Information and Access to Management***

Prior to each meeting, members of the Board and the Board Committees are provided with the meeting agenda and the relevant documents submitted by Management, containing where possible and practicable, complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. The Company has also adopted initiatives including regular informal updates by Management to brief the Directors on prospective deals and potential developments at an early stage before formal Board approval is sought. Management also regularly keeps the Board updated on the operational activities, future prospects, progress and development of the Company and monthly reports of the Group's businesses are provided. Comprehensive quarterly financial reports, which include background and explanatory information, are submitted to the Board for approval and release to the public. Management and the Company's Independent Auditor, who can provide additional insight into the matters for discussion, are also invited from time to time to attend such meetings.

In addition, Directors receive updates on analysts' reports on the Company and Myanmar news from the Management. Such updates enable the Directors to keep abreast of key issues and developments in the industry and the country, as well as challenges and opportunities for the Group.

The Directors have separate and independent access to Management as and when they require further enquiries or additional information. Management endeavours to meet their requirements in a timely manner so as to enable them to make informed decisions.

Directors have ongoing interactions across various levels and functions within the Company. Throughout the year, the Directors have various opportunities to interact with Management and senior executives (for instance, at Company hosted events and during the annual off-site board strategy meeting).

***Company Secretary***

The Board has separate and independent access to the Management and the Company Secretaries. The Company Secretaries play a significant role in supporting the Board in discharging its duties, and are trained in legal and company secretarial practices. The responsibilities of the Company Secretary include:

(a) Attends all Board meetings.
(b) Prepares minutes of these meetings.
(c) Ensures compliance with applicable laws and regulations.
(d) Ensures compliance with internal procedures and guidelines of the Group.
(e) Maintains and updates of all statutory books and records.
(f) Ensures good information flows within the Board and the respective Board Committees and between Management and Non-Executive Independent Directors.
(g) Advises the Board on governance matters.
(h) Facilitates orientation and assisting with professional development as required.

# Corporate Governance Report

The appointment and removal of a Company Secretary is a matter for the Board to decide as a whole.

***Independent Professional Advice***
The Directors, whether as a group or individually, are entitled to seek and obtain independent professional advice, in furtherance of their duties and in the event that circumstances warrant the same. The expenses incurred in procuring such advice shall be borne by the Company.

## REMUNERATION MATTERS

### Principle 7 – Procedures for Developing Remuneration Policies

### Principle 8 – Level and Mix of Remuneration

### Principle 9 – Disclosure on Remuneration

***Composition and Role of RC***

**Remuneration Committee ("RC")**

The principle responsibility of the RC is to ensure the level of remuneration for the Directors and key management personnel is fair, equitable and competitive based on their level of contribution.

**Ms. Wong Su Yen**
Chairman and Non-Executive Independent Director

**Mr. George Thia**
Non-Executive Independent Director

**Mr. Adrian Chan**
Lead Independent Director

All members of the RC are Non-Executive Independent Directors. The RC met once during FY2019.

The RC is regulated by a set of written terms of reference, setting out the duties and responsibilities of its members, and the authority delegated to it by the Board.

***Role***
(a) Develops and maintains a formal and transparent policy for the determination of the Directors' remuneration including but not limited to the Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind.
(b) Recommends to the Board a framework of remuneration for the Directors and specific remuneration packages for each Executive Director and the CEO.
(c) Reviews the remuneration of senior Management.
(d) Considers what compensation commitments the Directors' and key management personnel's contracts of service, if any, would entail in the event of early termination, and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous.
(e) Ensures that the level of remuneration offered is appropriate to the level of contribution, taking into account factors such as effort and time spent, pay and employment conditions within the industry and in comparable companies and responsibilities undertaken.
(f) Reviews whether the Directors should be eligible for benefits under long-term incentive schemes and to evaluate the costs and benefits of long-term incentive schemes.
(g) Makes recommendations in consultation with the CEO and submitting its recommendations for endorsement by the entire Board.
(h) Retains such professional consultancy firm as it may deem necessary to enable it to discharge its duties hereunder satisfactorily.
(i) Considers the various disclosure requirements for the Directors' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.
(j) Undertakes such other duties as may be agreed to by itself and the Board.

***RC's Evaluation Criteria and Recommendations on Directors' Remuneration***
Based on a remuneration the framework, the remuneration packages for the key management personnel comprise a fixed component (in the form of a base salary and where applicable, fixed allowances determined by the Group's Human Resource policies) and variable components (which would normally comprise short-term incentives in the form of year end and variable bonuses), together with benefits-in-kind, if any.

The RC makes recommendations on all aspects of remuneration, including but not limited to the Directors' fees, salaries and benefits in kind. In setting remuneration packages, the RC takes into account the performance of the Group, as well as individual Directors and key management personnel, aligning their interests with those of shareholders and linking rewards to corporate and individual performance. The RC also seeks to ensure that the level and mix of remuneration is competitive and appropriate to balance between current versus long-term compensation and between cash versus equity incentive compensation. The RC reviewed and made the requisite recommendations in relation to the remuneration of key management personnel during FY2019 and submitted them for endorsement by the Board. No Director was involved in deciding his own remuneration.

The RC seeks expert advice and views on remuneration and governance matters from both within and outside the Group as appropriate. In its deliberations, the RC also took into consideration industry practices and norms in compensation.

In setting the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration the remuneration and employment conditions within the same industry and of comparable companies as well as the Group's size and scope of operations. A significant and appropriate portion of the Executive Directors' and key management personnels' remuneration is structured so as to link rewards to corporate and individual performance.

Such performance-related remuneration takes into account the risk policies of the Company and is symmetric with risk outcomes and is sensitive to the time horizon of risks. In assessing the performance of the Executive Directors and key management personnel, the RC takes into account the financial and operational performance of the Group as well as their execution and expansion growth of the Company. The RC has the discretion not to award incentives or to reclaim incentive components of remuneration in any year if an Executive Director or a key management personnel is involved in exceptional circumstances of misstatement of financial results, or misconduct or fraud resulting in financial loss to the Company.

Shareholders had on 25 May 2012 approved the Yoma Strategic Holdings Employee Share Option Scheme 2012 (the "**YSH ESOS 2012**") for the remuneration of the Directors and employees of the Group. The YSH ESOS 2012 is administered by the RC. In FY2019, no options were granted. Details of the YSH ESOS 2012 are set out in the Directors' Statement section of this Annual Report.

The RC also recognises that long-term incentives reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain key talent. As such, a performance share plan ("**YSH PSP**") which comprises equity awards provisionally granted to employees based on performance had been approved by Shareholders on 27 July 2015. In FY2019, no awards were granted under the YSH PSP to employees as part of the Group's compensation for performances in FY2019. Details of the YSH PSP are set out in the Directors' Statement section of this Annual Report.

The Company has a service agreement with:

(a) the Executive Chairman, Mr. Serge Pun, which can be terminated by not less than six (6) months' notice in writing by either party; and
(b) the Chief Executive Officer, Mr. Melvyn Pun, which can be terminated by not less than six (6) months' notice in writing by either party.

The Directors and key management personnel are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

***Disclosure on Directors' Remuneration***

The RC has taken into consideration the various disclosure requirements for the Directors' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and also to enable adequate disclosure in the financial statements for enhanced transparency between the Company and relevant interested parties.

# Corporate Governance Report

The level and mix of each of the Executive Directors' remuneration for FY2019 are set out below:

| Remuneration Band & Name of Director | Base / Fixed Salary (%) | Variable Component or Bonuses (%) | Benefits-in-kind, Allowances and Other Incentives (%) | Total (%) |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| Mr. Serge Pun<br>S$700,500 | 86 | - | 14 | 100 |
| Mr. Melvyn Pun<br>S$597,040 | 90 | - | 10 | 100 |

Non-Executive Directors are paid Directors' fees which are subject to shareholders' approval at a general meeting. The RC conducted a comprehensive review of the annual fee structure for the Non-Executive Directors for FY2019 and adjusted the basic retainer fee and the fees payable for each Board Committee appointment. It believes that the current fees are appropriate and comparable to the market. The payment of the Directors' fees of S$316,000 for FY2019 had been approved by the shareholders at the last AGM on 24 July 2018.

The fee structure of the Non-Executive Directors for FY2019 is as follows:

| Basic Retainer Fee | S$ |
|---|---|
| Non-Executive Director | 48,000 |
| Lead Independent Director | 10,000 |
| **Fee for appointment to ARMC** | |
| Committee Chairman | 24,000 |
| Committee Member | 12,000 |
| **Fee for appointment to NGC and RC** | |
| Committee Chairman | 16,000 |
| Committee Member | 8,000 |

| Non-Executive Directors | S$ |
|---|---|
| Mr. Cyrus Pun | 8,000[(1)] |
| Mr. Adrian Chan | 85,333 |
| Ms. Wong Su Yen | 74,667 |
| Dato Timothy Ong | 66,667 |
| Mr. George Thia | 81,333 |

***Note:***

*(1) Mr. Cyrus Pun was re-designated as a Non-Executive Non-Independent Director on 1 February 2019. The directors' fees in the table reflects fees from 1 February 2019 to 31 March 2019.*

***Disclosure on Key Executives' Remuneration***

The level and mix of each of the management personnel of the Group (other than those who are Directors or the CEO), in bands of S$200,000, for FY2019, are set out below:

| Remuneration Band & Name of Key Management Personnel of the Group (in alphabetical order) | Base / Fixed Salary (%) | Variable Component or Bonuses (%) | | Benefits-in-kind, Allowances and Other Incentives (%) | Total (%) |
|---|---|---|---|---|---|
| | | Paid | Deferred | | |
| **S$400,000 - S$600,000** | | | | | |
| Mr. JR Ching | 88 | - | - | 12 | 100 |
| **S$200,000 - S$400,000** | | | | | |
| Mr. Allan Davidson | 100 | - | - | - | 100 |
| Mr. Cyrus Pun(1) | 87 | - | - | 13 | 100 |
| Mr. Gerhad Hartzenberg | 76 | - | - | 24 | 100 |
| Ms. Joycelyn Siow | 100 | - | - | - | 100 |
| Ms. Loo Hwee Fang | 100 | - | - | - | 100 |
| Mr. Martin Appel | 81 | - | - | 19 | 100 |
| Mr. Michael Rudenmark | 100 | - | - | - | 100 |
| Mr. Stephen Purvis | 100 | - | - | - | 100 |
| Ms. Win Min Htwe | 83 | - | - | 17 | 100 |

***Note:***

*(1) Mr. Cyrus Pun resigned as the Head of Real Estate with effect from 1 February 2019. The remuneration in the table reflects his remuneration from 1 April 2018 to 31 January 2019.*

The RC is contemplating to grant share awards under the YSH PSP to the key management personnel and senior management in the financial year ending 31 March 2020. These share awards will be long term incentive awards which will vest over a period of time pursuant to the remuneration framework adopted by the Company.

The aggregate amount of the total remuneration paid to the 5 top key management personnel of the Group for FY2019 is S$1.99 million. During FY2019, no termination, retirement and post-employment benefits have been granted to the Directors, the CEO or the top 5 key management personnel of the Group and senior management.

Apart from Mr. Serge Pun (who is the father of Mr. Melvyn Pun and Mr. Cyrus Pun), Mr. Melvyn Pun and Mr. Cyrus Pun (who are the sons of Mr. Serge Pun), there were no employees who are immediate family members of a director or CEO, and whose remuneration exceeded S$50,000 during FY2019. The remuneration of Mr. Serge Pun, Mr. Melvyn Pun and Mr. Cyrus Pun have been disclosed above. "Immediate family members" means the spouse, child, adopted child, step-child, brother, sister and parent.

## ACCOUNTABILITY AND AUDIT

### Principle 10 – Accountability

***Accountability of Board and Management***

The Board undertakes the responsibility of overseeing the corporate performance of the Company and is accountable to shareholders for the processes and structure of directing and managing the Company's business and affairs. Management's role is to report to the Board on the operational and financial performance of the Group by keeping the Board informed and updated with the provision of comprehensive financial and management reports as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Aside from adopting corporate governance practices in line with the spirit of the 2012 Code, the Company also observes obligations of continuing disclosure under the Listing Manual. The Company undertakes to circulate timely, adequate and non-selective disclosure of information.

The Board has also issued quarterly financial statements reviewed by the ARMC to provide shareholders with comprehensive information and a balanced view on the Group's performance, position and prospects.

# Corporate Governance Report

**Audit, Risk Management and Internal Controls**

**Principle 11 – Risk Management and Internal Controls**

**Principle 12 – Audit Committee**

**Principle 13 – Internal Audit**

***Composition of ARMC***

**Audit and Risk Management Committee ("ARMC")**

The principle responsibility of the ARMC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the Group's financial reporting process and material internal controls, including financial, operational, compliance, information technology and risk management controls.

**Mr. George Thia**
Chairman and Non-Executive Independent Director

**Ms. Wong Su Yen**
Non-Executive Independent Director

**Dato Timothy Ong**
Non-Executive Independent Director

None of the members of the ARMC were partners or directors of the Company's existing external auditors within the last two (2) years and none of the members of the ARMC hold any financial interest in the auditing firm.

**KEY AUDIT MATTERS**

The ARMC has discussed significant financial reporting matters with Management and the Independent Auditor which have been included as key audit matters ("KAMs") in the Independent Auditor's report for the financial year ended 31 March 2019, as set out in the Key Audit Matters section of the Independent Auditor's Report.

**Recognition of revenue from contracts with customers - sale of development properties**

**How the ARMC reviewed the matter and what decision was made:**

The ARMC reviewed the Management's approach to the recognition of revenue from sale of development properties with regard to the requirement of the new accounting standards on revenue, SFRS(I) 15 Revenue from Contracts with Customers. The ARMC also reviewed the Management's basis of assessment that the Group has an enforceable right to payment for performance to-date for its recognition of revenue from development properties over time (i.e. percentage of completion) by reference to the construction costs incurred to-date to the estimated total construction costs of the sold development properties. The ARMC concurred with the Management's methodology of revenue recognition for sale of development properties as described in the Group's significant accounting policies and the judgements involved in the determination of the estimated total construction costs to completion, which included estimation for variation works and any other claims from contractors.

**Valuation of investment properties**

**How the ARMC reviewed the matter and what decision was made:**

The ARMC considered the methodology applied to the valuation models in assessing the valuation of investment properties conducted by the independent real estate valuers (the "valuers"), and also evaluated the valuers' objectivity and competency. The ARMC also reviewed the outcomes of the annual valuation process and discussed the details of the valuation, including the valuers' assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties, with Management and the Independent Auditor. The ARMC is satisfied with the methodology and key assumptions applied by the valuers in assessing the fair values of the Group's investment properties.

In regard to re-classification of certain units of development properties to investment properties for leasing purposes, the ARMC reviewed the evidences supporting the change in use and corroborated all facts and circumstances against the Group's business plan as approved by the Board and found them to be consistent. The ARMC had also considered the disclosures in the financial statements in describing the subjectivity of the valuations, the key observable inputs and the relationships between the key unobservable inputs and fair value.

Discussions with the Independent Auditor on their review of the reasonableness and relevance of the assumptions used by the valuers were also held with the ARMC.

Based on the above, the ARMC is satisfied that the carrying value of the investment properties is not materially misstated.

**Valuation of development properties and land development rights**

**How the ARMC reviewed the matter and what decision was made:**

The ARMC reviewed on a quarterly basis (a) the actual transacted selling prices of the Group's development properties and land development rights as well as comparable development properties and land development rights sold by other developers; and (b) the estimated total costs to completion to ensure that the selling prices of the Group's development properties and land development rights are above their carrying amounts plus estimated costs to complete the development properties.

The ARMC evaluated the appropriateness of the key judgements and estimates applied by Management to compute the gross development value for the relevant projects, taking into consideration the observations and findings presented by the Independent Auditor on Management's assessment of recoverable amounts of major development properties and land development rights.

Overall, the ARMC is satisfied that the Management does monitor closely the net realisable value of development properties and land development rights and concurred with the Management's conclusion that no write-down is required for the Group's development properties and land development rights as at 31 March 2019.

***Powers and Duties of the ARMC***

The ARMC is authorised by the Board to investigate any matters it deems appropriate within its terms of reference and has direct and unrestricted access to the Independent Auditor and the internal auditor. It may invite any Director, Management, officer or employee of the Company, the Independent Auditor and internal auditor to attend its meetings. It is also authorised to engage any firm of accountants, lawyers or other professionals as it sees fit to provide independent counsel and advice to assist in the review or investigation on such matters within its terms of reference as it deems appropriate, at the Company's expense.

***Role***

(a) Reviews with Management and, where appropriate, with the Independent Auditor on the quarterly and full year financial statements to be issued by the Group before their submission to the Board.
(b) Ensures their completeness, consistency, and accuracy of the quarterly and full year financial statements of the Group.
(c) Reviews the integrity of the financial statements of the Group to be announced or reported and any other formal announcements relating to the Group's financial performance.
(d) Assesses the role and effectiveness of the internal audit function in the overall context of the Group's internal controls and risk management systems.
(e) Reviews and approves the annual audit plans of the internal auditor and Independent Auditor.
(f) Reviews, on an annual basis, the scope and results of the external audit and its cost-effectiveness and the independence and objectivity of the Independent Auditor and also the nature and extent of any non-audit services provided by the Independent Auditor to the Company.
(g) Reviews quarterly and/or annually, as applicable, with Management, the internal auditor and Independent Auditor, the results of their review on the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems and reporting to the Board annually the adequacy and effectiveness of such internal controls.
(h) Makes recommendations to the Board on the nomination for the appointment, re-appointment and removal of Independent Auditor, and to approve the remuneration and terms of engagement of the Independent Auditor.
(i) Reviews interested person transactions falling within the scope of Chapter 9 of the Listing Manual.
(j) Reviews the Company's whistle-blowing policy and arrangements put in place for raising concerns about possible improprieties in matters of financial reporting or any other matters.

The Board is of the view that all the members, including the Chairman of the ARMC, have accounting, financial, business management, corporate expertise and work experience to discharge their responsibilities as set out in its terms of reference. The Chairman of the ARMC is a member of the Institute of Singapore Chartered Accountants and the Chartered Association of Certifed Accountants (U.K.), and is well qualified to chair the ARMC.

# Corporate Governance Report

The ARMC has explicit authority to investigate any matter within its terms of reference, the right of full access to and co-operation of Management and full discretion to invite any Director or executive officer to any of its meetings. The ARMC is in possession of reasonable resources to enable it to discharge its functions properly.

During FY2019, the ARMC met with Management and the Independent Auditor on four (4) occasions. These meetings included, amongst other things, a review of the Group's financial statements, prospects of the Group and the independence of the Independent Auditor.

The Independent Auditor also met with the ARMC members without the presence of Management during FY2019.

The Independent Auditor provides periodic updates and briefings to the ARMC on changes or amendments to the accounting standards to enable the members of ARMC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

***Independent Auditor***

The Company has engaged Nexia TS Public Accounting Corporation ("Nexia TS") as its Independent Auditor. Nexia TS has confirmed that it is registered with the Accounting and Corporate Regulatory Authority in Singapore. The report of the Independent Auditor is set out in the Independent Auditor's Report section of this Annual Report.

During FY2019, the fees paid or payable by the Group to the Independent Auditor for their audit services amounted to US$316,000. The Independent Auditor did not provide any non-audit services during FY2019.

The Company has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditor.

After considering the adequacy of the resources and experience of the current auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the particular audit, the ARMC has recommended to the Board the re-appointment of Nexia TS Public Accounting Corporation as the Independent Auditor for the Company's audit obligations for the financial year ending 31 March 2020.

***Release of Annual Reports***

The Company ensures that the audited annual financial statements and the Annual Report are released within 120 days from the financial year end, and the Directors affirm in the Directors' Statements that the consolidated financial statements of the Group give a true and fair view of the state of affairs of the Company and the Group. Financial statements and other price sensitive information are disseminated to shareholders through announcements in SGXNet, press release, the Company's website as well as results briefings. This Annual Report is accessible on the Company's website.

***Whistle-blowing Policy***

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud and corruption. It undertakes to investigate complaints of suspected fraud and corruption in an objective manner. As such, the Company has put in place a whistle-blowing policy. In order to promote an environment conducive to employees to raise or report genuine concerns about possible improprieties in matters of business activities, financial reporting or other matters they may encounter in confidence and without fear of retaliatory action, all whistle-blowing reports, other than reports involving any Director, member of key management personnel (i.e. having designation of Head/Chief/Managing Director of a Division and above) shall be received by the Head of Risk Management and Assurance, who will conduct an initial review of the report received and recommend the remedial, disciplinary or other action to be taken by the Company. All investigations shall be reported to the ARMC for their attention and further action as necessary.

In the event that the whistle-blowing report involves any Director, member of the key management personnel or the Head of Risk Management and Assurance, the reports shall be escalated to the Chairman of the ARMC, for his attention and further action as necessary.

All employees who make a disclosure or raise a concern in accordance with such policy will be protected if such employee (a) discloses the information in good faith; (b) has reasonable grounds to believe such disclosure or concern is substantially true; (c) does not act maliciously; and (d) does not seek any personal or financial gain. While employees are strongly encouraged to disclose their identity when lodging complaints, efforts will be made to ensure confidentiality as far as reasonably practicable. Furthermore, anonymous complaints will not be disregarded and will be considered by the Non-Executive Independent Directors. The contact details of the Non-Executive Independent Directors have been made known to the employees for the purposes of raising their concerns under the whistle-blowing policy. The Company has policies and procedures to protect an employee who reveals illegal or unethical behaviour from retaliation.

On an ongoing basis, the whistle-blower policy is covered during employee training and periodic communication to employee as part of the Group's efforts to promote awareness of fraud control.

***Risk Management and Internal Controls***

The Board acknowledges that it oversees Management in implementing the risk management and internal controls system, and is responsible for maintaining a sound system of internal controls including financial, operational, compliance and information technology controls and risk management policies and systems to safeguard shareholders' interest and maintain accountability of its assets. The ARMC reviews the effectiveness and adequacy of the Company's internal controls, including financial operational, compliance and information technology controls, and risk management policies and systems established by Management. The Independent Auditor and the internal auditor review the internal controls of the Group and report these findings to the ARMC during its meetings. This gives the ARMC the opportunity to comment on the effectiveness and adequacy of internal controls and to submit its findings to the Board so to reassure the Board that sufficient checks have been put in place and so as to enable the Board to comment on the adequacy and effectiveness of the internal controls. The ARMC is satisfied that the independence of the Independent Auditor and the internal auditor is not compromised by any other material relationship with the Company. A framework of internal controls is in place and will be refined constantly, with reviews conducted at least annually. The internal controls structure which is established includes:

(a) a risk management framework for the identification, assessment and monitoring of the Group's key risks;
(b) policies and procedures and an approved authorization matrix in place, which are reviewed from time to time, that govern and allow from time to time the monitoring of financial and operational controls;
(c) a programme of external and internal audits; and
(d) a whistle-blowing programme, whereby staff can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters without fear of reprisals in any form, and the provision of internal arrangements for the investigation of matters raised thereunder.

The Group has also implemented a set of standard operating procedures relating to sales and accounts receivables, purchases, human resources and payroll, cash management and capital expenditure and capital disposal.

The Group's internal audit function has been outsourced to Mazars LLP, an independent accounting and auditing firm. The internal auditor reports to the Chairman of the ARMC. The ARMC reviews and approves, on an annual basis, the internal audit plans and the resources required to adequately perform this function. The Group also has in place a risk management and assurance team led by the Head of Risk Management and Assurance to assist the ARMC in ensuring that the Company maintains a sound system of internal controls through regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the ARMC, and conducting regular audits of high-risk areas. Please refer to the information on the Enterprise Risk Management Framework implemented by the Group on page 61 of this Annual Report for a description of the process and framework used to assess the internal control systems and risk management.

The Head of Risk Management and Assurance, Ms. Win Min Htwe, is a member of the Institute of Internal Auditors and the internal audits were carried out in accordance with the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. She has professional experience in providing independent assurance to the board and senior management regarding compliance with ASX Principle 7 requirements and other stewardship controls by assessing risk management framework, evaluating investment risks for new businesses/projects and conducting assurance reviews over the adequacy, economy and effectiveness of critical business processes, systems and controls.

# Corporate Governance Report

Her team is also staffed with persons with the relevant qualifications and experience, and is adequately resourced with the appropriate standing. The team has unfettered access to all the Group's documents, records, properties, personnel and to the ARMC. The ARMC approves the hiring, removal and evaluation of the Head of Risk Management and Assurance.

The ARMC was satisfied that the Group's internal audit function was independent, effective and adequately resourced.

During FY2019, the Board and the ARMC reviewed the system of internal controls and after taking into consideration and adopting the recommendations of the Group's risk management & assurance team, the work done by both the internal auditor and Independent Auditor, representations made by Management to the Board and reviews undertaken by Management, the Board Committees and the Board, the Board is of the opinion, with the concurrence of the ARMC, that the internal control systems, addressing the financial, operational, compliance and information technology risks faced by the Group, and risk management systems, are adequate to safeguard the interests of shareholders. The Board however notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities. The Board has also received assurance from the CEO and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operation and finances, and that the Company has put in place and will continue to maintain an effective and reliable system of risk management and internal controls.

The system of internal controls and risk management policies established by the Company is designed to manage, rather than eliminate, the risk of failure in achieving the Company's strategic objectives. It should be recognised that such systems are designed to provide reasonable assurance, but not an absolute guarantee, against material misstatement or loss.

The Board, together with the ARMC and Management, will continue to enhance and improve the existing internal control frameworks to identify and mitigate these risks.

An annual internal audit program is developed based on the key risk areas identified during the annual enterprise risk assessment exercise. Terms of Reference are issued for each audit prior to field work detailing the objectives, scope, methodology audit team, timing, reporting and follow up information. Field work includes:

(a) site visits, onsite observations and discussion with relevant staff to obtain understanding of the control environment and procedures;
(b) documenting key control processes and undertake walkthroughs to assess their effectiveness;
(c) data-mining and testing of key controls to determine compliance with policy and procedures;
(d) documenting observations, identifying opportunities for improvement, and recommending Management action plans to address the issues identified; and
(e) discussing findings with Management, and obtaining feedback.

Each finding is 'risk rated' as per the tolerance levels approved by the Board and action plan implementation due dates are agreed with Management. Follow up reviews are conducted to validate the existence and effectiveness of action plans implemented. Based on the review of the Group's governing framework, systems, policies and processes in addressing the risks identified under the Enterprise Risk Management Framework and the monitoring and review of the Group's overall performance, the Board, with the concurrence of the ARMC, is of the view that, as at 31 March 2019, the Group's risk management system is adequate and effective.

There were no material contracts entered into by the Company or any of its subsidiaries involving interests of any Director or controlling shareholder during FY2019.

## COMMUNICATION WITH SHAREHOLDERS

### Principle 14 – Shareholder Rights

### Principle 15 – Communication with Shareholders

### Principle 16 – Conduct of Shareholder Meetings

The Company is committed to delivering high standards of corporate disclosure and transparency through an open and non-discriminatory approach towards its communications with shareholders, the investment community and the media.

The Company has in place a communication framework that disseminates timely and complete financial data, price-sensitive information and material developments to shareholders. Quarterly releases of financial results and all other information including presentation materials are first announced on the website of the SGX-ST via SGXNet and then posted on the Company's website at http://www.yomastrategic.com. The Company's latest financial results and annual reports are available on the website. There is also a specific "Investor Relations" link and the investor relations contact provided on the Company's website. The Company also issues press releases after the release of significant developments and regularly conducts briefings for the analysts together, with key executives being present. Presentation materials for such briefings are made available on SGXNet and on the Company's website. The Company makes timely disclosures of any new material information to the SGX-ST. These filings are also posted on the Company's website, allowing investors to keep abreast of strategic and operational developments.

The Company reports financial results on a quarterly basis, within the prescribed forty-five (45) days from the end of each financial quarter for the first three quarters and within sixty (60) days from the end of the financial year. It also notifies investors of the scheduled date of announcement of the financial statements, about one week before the scheduled date via SGXNet, as a part of its commitment to ensure transparent disclosure to investors.

The contact details of the Company's Investor Relations personnel are as follows:

**Company**
Ms. Jane Kwa, Tel: (65) 9759 2602 or (95) 09 79311 3587
Email: janekwa@yoma.com.mm

**Cogent Communications Pte Ltd**
Mr. Gerald Woon, Tel: (65) 6704 9268 or (65) 9694 8364
Email: woon@cogentcomms.com

***General Meetings***

The Company also encourages active shareholder participation at its general meetings. It delivers the notice of AGM and related information at least fourteen (14) days in advance. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the notice of AGM. Notices of meetings are also published in the Business Times. Reports or circulars of the general meetings are despatched to all shareholders by post. The Company also holds its general meetings at a central location in Singapore with convenient access to public transportation.

Shareholders who are unable to attend the general meetings may appoint up to two (2) proxies each to attend and vote on their behalf and shareholders who hold shares through nominees and custodial services may attend the general meetings as observers without being constrained by the two (2) proxies requirement. A registered shareholder who is not a relevant intermediary (as defined in the Companies Act) and who is unable to attend may choose to appoint up to two proxies to attend and vote on his behalf, while relevant intermediaries may appoint more than two proxies to attend and participate in general meetings. The Company's ordinary shares have one vote per share. Voting in absentia by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

Separate resolutions are passed at every general meeting on each distinct issue. Results of each general meeting (and in the case where resolutions are passed by poll, detailed results of the voting) will be published on the website of the SGX-ST via SGXNet. Shareholders are given the right to participate in decisions including amendments to the Company's Constitution, the authorization of additional shares, the transfer of all or substantially all assets of the Company. Shareholders also have the opportunity to approve remuneration (including fees, allowances and other emoluments) and increases in remuneration for Non-Executive Independent Directors.

Prior to the commencement of each general meeting, the Executive Chairman and/or the CEO will deliver a presentation to update shareholders on the Company's progress over the past year. Shareholders are given an opportunity to air their views and ask questions regarding the Company and the Group.

The Directors and key executives are in attendance to address queries and concerns about the Company.

# Corporate Governance Report

The Company's Independent Auditor also attends the AGM to help address shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' reports.

Pursuant to Rule 730A(2) of the Listing Manual, all resolutions to be proposed at the 2019 AGM and at any adjournment thereof shall be put to the vote by way of poll. An external firm will also be appointed as scrutineers to count and validate the votes cast at the meetings. Voting and vote tabulation procedures will be disclosed at the general meeting. The total number of votes cast for or against the resolutions and the respective percentages will also be announced on SGXNet after the general meetings.

The Company Secretaries prepare minutes of general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and Management. These minutes may be accessed on the Company's website at www.yomastrategic.com.

***2018 AGM***

The 2018 AGM was attended by all the Directors, including the Chairman of the Board, the CEO and the Chairmen of all the Board Committees. It was held at The Fullerton Hotel at 1 Fullerton Square, Singapore 049178, a central and easily accessible location in Singapore. The Company's Independent Auditor was also present. The Company made the results of the votes of the 2018 AGM for all resolutions publicly available on the website of the SGX-ST via SGXNet on the same day that the meeting was held. Proxy documents are made easily available to shareholders via post.

***Shareholders' Trip***

The Company intends to organise an annual shareholders' trip as it believes that such a trip will reinforce the Company's efforts to enhance communications with shareholders. The Company has organised five (5) shareholders' trip hosting more than 300 participants of various nationalities (e.g. Bangladesh, France, Germany, Myanmar, Singapore, Thailand, the United Kingdom, and the United States). The trips have been organised for the past six (6) financial years.

The Company had hosted its fifth shareholders' trip in February 2019. During the trip, the Company arranged site visits to its key property development projects as well as its consumer, automotive and financial services businesses. Interactive sessions were also hosted with the Group's key management personnel including the Executive Directors and various business division heads in Yangon. The trip enhanced shareholders' understanding of the Company and the country. The Company will continue to seek effective ways to engage with shareholders.

***Communication with investors***

The Company is committed to provide the investment and media communities with regular, effective and transparent information. It engages its investors actively through its wide variety of communication channels such as meetings, conference calls, email communications, investor roadshows, conferences and social media platforms via Facebook and Linkedln to update investors on the latest developments of the Company. During the year, Management participated in roadshows in Singapore as well as overseas, including Thailand, Hong Kong, Dubai, the United States and Europe.

The Company also held its analyst's briefings via physical meeting or conference calls in November 2018 and May 2019 for its half-yearly and full year results to communicate its results, strategies and outlook. Key management personnel (including the CEO and CFO) were at hand during these conference calls to answer any questions that the analysts had. Site visits to the Company's real estate projects in Yangon are frequently arranged for investors and analysts to offer them a first-hand experience of our operations and a greater appreciation of the long-term growth potential of the Company.

***Dividend Policy***

The Company has adopted a dividend policy which aims to provide shareholders with an annual dividend payout of between ten per cent. (10%) to twenty per cent. (20%) of its profit after income tax attributable to shareholders as dividends subject to (a) the level of cash, gearing, return on equity and retained earnings; (b) expected financial performance; (c) projected levels of capital expenditure and other investment plans; (d) restrictions on the payment of dividends that may be imposed by the Group's financing arrangements; and (e) such other factors that the Directors deem appropriate.

The declaration and payment of dividends is determined at the sole discretion of the Board and the dividend policy is intended to maintain a balance between meeting shareholders' expectations and prudent capital management. The Board will continually review the dividend policy and reserves the right to update, amend, modify and/

or cancel the dividend policy at any time. In paying the dividends, all Shareholders will be treated equally and final dividends will be approved by shareholders at general meetings.

The Board had reviewed the Group's requirements for ongoing operations and plans for growth, including the project timeline for Yoma Central and The Peninsula Yangon, and had recommended no dividend for FY2019.

**CORPORATE VALUES AND CONDUCT OF BUSINESS**

The Company has adopted a Code of Conduct for the Group that all Directors and employees, including senior management, are required to comply with. It sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Company, its competitors, customers, suppliers and the community. The Code of Conduct is clearly stipulated to guide employees in carrying out their daily tasks. Measures are taken to ensure compliance with the Code of Conduct and breaches of the Code of Conduct will result in disciplinary action.

In line with the Board's commitment to maintain high ethical standards which are integral to the Company's corporate identity and business, the Company has the following corporate policies in place:-

(a) Anti-Bribery Policy
(b) Anti-Corruption Procedure
(c) Conflicts of Interest Policy
(d) Environmental, Health ande Safety Policy
(e) Human Rights Policy
(f) Land Acquisition Policy

These policies are available on the Company's website at http://www.yomastrategic.com.

These policies include appropriate measures to reduce the prospect of violations of anti corruption laws, and encourage and support the observance of compliance policies and procedures by personnel at all levels of the Group. These policies and procedures apply to all directors, officers and employees and, where necessary and appropriate, outside parties acting on behalf of the Group, including but not limited to, agents and intermediaries, consultants, representatives, partners and suppliers.

***Periodic Review***
The Group continues to enhance its compliance policies and procedures on the basis of a periodic risk assessment to ensure their continued effectiveness, taking into account relevant developments such as international and industry standards, and addressing the individual circumstances of the Group, and in particular corruption risks, including but not limited to its geographical organisation and sectors of industrial operation.

***Training***
The Group continuously ensures that its compliance policies and procedures are communicated effectively to all employees, including officers and Directors.

**ROLE OF STAKEHOLDERS**

The Company values its stakeholders and has affirmed its support of the Ten Principles of the United Nations Global Compact. Its efforts to promote the welfare of its stakeholders are reflected in the Sustainability Summary section of this Annual Report. The Company's contact details for both its Singapore and Myanmar offices are provided on its website to enable stakeholders to contact the Company.

As disclosed in this Annual Report, the Company is involved in various community projects in order to contribute to the growth of Myanmar. One such event is the Yoma Yangon International Marathon which the Company organises annually to promote healthy living among members of the community. The Company donates the registration fees from this Marathon to organisations which are committed to the education and healthcare of underprivileged Myanmar children.

The Company also ensures that its value chain is environmentally friendly and is consistent with promoting sustainable development. It promotes a "paperless culture" by encouraging employees to read documents on the screen instead of printing, and has introduced a "cloud based" file sharing system which eliminates the need for printing and photocopying documents.

The Company's Code of Conduct sets out principles to guide its employees in carrying out their duties and responsibilities when dealing with competitors, customers, suppliers, other employees and the community. The whistle-blowing policy stated above is a prominent example of its efforts to work against corruption.

**EMPLOYEE PARTICIPATION**

The Company has policies and programmes in place to enhance the performance of its employees. Please refer to the Sustainability Summary of this Annual Report for more information on these training and development programmes.

# Corporate Governance Report

## INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. This policy requires Directors to disclose their interest in transactions and any other conflicts of interest, abstain from participating in Board discussions on a particular agenda when they are conflicted. The Company discloses trading in the Company's shares by its directors where such trading has taken place.

All interested person transactions are subject to review by the ARMC which determines whether such transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. None of the interested person transactions in FY2019 can be classified as financial assistance to entities other than wholly-owned subsidiary companies.

On 26 July 2017, the Company obtained shareholders' approval for the modifications to, and renewal, of a shareholders' mandate to enable the Company, its subsidiaries and associated companies not listed on the SGX-ST or an approved exchange to enter into transactions within the categories of Interested Person Transactions set out in the Company's circular, with such persons within the class or classes of Interested Persons as described in that circular (the "IPT Mandate"). The IPT Mandate was last renewed by shareholders on 24 July 2018 and shareholders' approval will be sought at the 2019 AGM to renew the IPT Mandate. The details of interested person transactions for FY2019 are set out below.

| **Name of Interested Person** | **Aggregate value of all interested person transactions during FY2019 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)** | **Aggregate value of all interested person transactions during FY2019 which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)** |
|---|---|---|
| Associates of Mr. Serge Pun in relation to:- | US$'000 | US$'000 |
| (a) Purchases | - | 1,057 |
| (b) Sales | 1,603 | 1,106 |
| (c) Treasury transactions | - | 2,498 |
| (d) Treasury transactions (Yoma Central Project) | - | 1,141 |
| (e) Financial arrangement | 2,673 | 4,984 |
| (f) Prepayments for projects | - | 418 |

## SECURITIES TRANSACTION

The Company has adopted an internal code on dealings in securities by its officers who have access to price-sensitive or confidential information. Directors and employees of the Company are required to observe this code and adhere to the following rules at all times:-

(a) to observe insider trading laws and avoid potential conflict of interests at all times when dealing in securities;
(b) not to deal in the Company's shares while in possession of unpublished material price sensitive information;
(c) not to deal in the Company's shares for short-term considerations; and
(d) not to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three-quarters of its financial year, or one (1) month before the announcement of the Company's full year financial statements, and ending on the date of announcement of such results, or when they are in possession of unpublished price-sensitive information on the Company.

The Directors are required to report any dealings in the Company's shares within two (2) business days of such dealing.

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# Directors' Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

The Directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 March 2019 and the statement of financial position of the Company as at 31 March 2019.

In the opinion of the Directors,

(a) the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the 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 has on this statement, authorised these financial statements for issue.

## DIRECTORS

The Directors of the Company in office as at the date of this statement are as follows:

Mr. Serge Pun @ Theim Wai
Mr. Pun Chi Tung Melvyn
Mr. Pun Chi Yam Cyrus
Mr. Adrian Chan Pengee
Mr. Thia Peng Heok George
Dato Timothy Ong Teck Mong
Ms. Wong Su Yen

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under "Option Scheme" and "Performance Share Plan" of this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# Directors' Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

(a) According to the Register of Directors' Shareholdings, none of the Directors holding office at the end of the financial year had any interest in the shares and debentures of the Company or its related corporations, except as disclosed herein:

| | Holdings registered in name of Director or nominee | | Holdings in which Director is deemed to have an interest | |
|---|---|---|---|---|
| | At 31.3.2019 | At 1.4.2018 | At 31.3.2019 | At 1.4.2018 |
| **Company** | | | | |
| Number of ordinary shares | | | | |
| Mr. Serge Pun @ Theim Wai | **128,636,358** | 450,436,358 | **500,896,790** | 179,096,790 |
| Mr. Pun Chi Tung Melvyn | **20,147,800** | 18,300,000 | **-** | - |
| Mr. Pun Chi Yam Cyrus | **888,000** | 888,000 | **-** | - |
| Mr. Adrian Chan Pengee | **694,681** | 645,181 | **-** | - |
| Dato Timothy Ong Teck Mong | **1,024,000** | 974,500 | **-** | - |
| Ms. Wong Su Yen | **99,000** | 49,500 | **-** | - |

(b) According to the Register of Directors' Shareholdings, certain Directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Yoma Strategic Holdings Employee Share Option Scheme 2012 as set out under "Option Scheme" of this statement.

(c) According to the Register of Directors' Shareholdings, certain Directors holding office at the end of the financial year had interests in shares of the Company granted pursuant to the Yoma Performance Share Plan as set out under "Performance Share Plan" of this statement.

(d) By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr. Serge Pun @ Theim Wai is deemed to have interests in all the ordinary shares of the Company's subsidiary corporations.

(e) The Directors' interests in the ordinary shares of the Company as at 21 April 2019 were the same as those as at 31 March 2019.

# Directors' Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## OPTION SCHEME

### (a) Yoma Strategic Holdings Employee Share Option Scheme 2012

The Yoma Strategic Holdings Employee Share Option Scheme 2012 (the "YSH ESOS 2012") was approved by the Company's shareholders at an Extraordinary General Meeting held on 25 May 2012.

The YSH ESOS 2012 provides eligible participants with an opportunity to participate in the equity of the Company to motivate and encourage them towards better performance through stronger ties and dedication to the Company and its subsidiary corporations (the "Group"). Under the scheme, options to subscribe for the ordinary shares of the Company (the "Shares") are granted to eligible participants including Group Executive Directors and Group Non-Executive Directors who, in the opinion of the Remuneration Committee ("RC"), have contributed or will contribute to the success and development of the Group. Controlling shareholders of the Company and their associates are also eligible to participate in the YSH ESOS 2012.

The aggregate number of Shares over which the RC may grant options under the YSH ESOS 2012 (the "Options") on any date, when added to the number of Shares issued and issuable in respect of all Options granted under the YSH ESOS 2012 and any other share-based incentive schemes of the Company, shall not exceed 10% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.

Under the rules of the YSH ESOS 2012, the Options that are granted may have exercise prices that are, at the RC's discretion, set at the price equal to the average of the last dealt prices for the Shares as determined by reference to the last daily official list or any other publication published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive market days immediately preceding the relevant date of grant of an Option (the "Market Price"), or at a discount to the Market Price (provided that the maximum discount shall not exceed 20% (the "Discount Price Options"). An Option which is fixed at the Market Price shall not vest earlier than the first anniversary of the date of grant of the Option (the "Date of Grant") and shall be exercised before the fifth anniversary of the Date of Grant or such earlier date as may be determined by the RC. The Options may be exercised in full or in part in respect of 1,000 Shares or any multiple thereof, after the second anniversary of the Date of Grant of that Option and in accordance with the vesting schedule and the conditions (if any) to be determined by the RC on the Date of Grant of the relevant Options, provided that all Discount Price Options shall be exercised before the tenth anniversary of the relevant Date of Grant of the Option, or such earlier date as may be determined by the RC.

The YSH ESOS 2012 is administered by the RC in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors of the Company, provided that no member of the RC shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

The Company granted Options under the YSH ESOS 2012 to subscribe for an aggregate of 19,250,000 ordinary shares of the Company during the financial year ended 31 March 2013 ("2013 Options"), 3,750,000 ordinary shares of the Company during the financial year ended 31 March 2014 ("2014 Options"), 4,600,000 ordinary shares of the Company during the financial year ended 31 March 2015 ("2015 Options"), and 6,000,000 ordinary shares of the Company during the financial year ended 31 March 2016 ("2016 Options"). Particulars of these Options were set out in the Directors' Report for the financial years ended 31 March 2013, 31 March 2014, and 31 March 2015 and the Directors' Statement for the financial year ended 31 March 2016 respectively.

# Directors' Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## OPTION SCHEME (CONTINUED)

### (a) Yoma Strategic Holdings Employee Share Option Scheme 2012 (continued)

Details of the Options granted to certain Directors are as follows:

| | Granted in financial year ended 31.03.2019 | Aggregate granted since commencement of the scheme to 31.03.2019 | Aggregate adjusted since commencement of the scheme to 31.03.2019(i) | Aggregate exercised/ forfeited since commencement of the scheme to 31.03.2019 | Aggregate outstanding as at 31.03.2019 |
|---|---|---|---|---|---|
| Mr. Serge Pun @ Theim Wai | - | 2,000,000 | 161,154 | (666,000) | 1,495,154 |
| Mr. Pun Chi Tung Melvyn | - | 4,000,000 | - | - | 4,000,000 |
| Mr. Pun Chi Yam Cyrus | - | 2,000,000 | 161,154 | (666,000) | 1,495,154 |

(i) On 9 February 2015, the Company issued and allotted 432,537,405 new ordinary shares ("rights share") at an issue price of S$0.38 for each share based on one rights share for every three existing shares held by shareholders of the Company as at 14 January 2015. As a result of the completion of the rights issue, the RC had determined that the adjustments are to be made to the outstanding share options under the YSH ESOS 2012.

A total of 8,322,308 Options have been granted to controlling shareholders of the Company or their associates (as defined in the Listing Manual of SGX-ST).

No participant under the scheme has received 5% or more of the total number of Options available under the scheme.

There are no Options granted or exercised during the financial year ended 31 March 2019. A total of 2,297,620 Options were forfeited during the financial year ended 31 March 2019 upon the expiry of the relevant exercise periods granted to the employees who have resigned.

All Options were issued at a discount of 20% to the market price, except for 4,000,000 Options under 2016 Options – Second Tranche, which were granted at Market Price.

# Directors' Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## OPTION SCHEME (CONTINUED)

### (b) Options outstanding

The number of unissued ordinary shares of the Company under Option in relation to the YSH ESOS 2012 outstanding at the end of financial year was as follows:

| | No. of unissued ordinary shares under Options 31.3.2019 | Exercise price | Exercise period |
|---|---|---|---|
| 2013 Options | | | |
| – First Tranche | 5,352,723 | S$0.28* | 3.7.2014 - 1.7.2022 |
| 2014 Options | | | |
| – First Tranche | 840,604 | S$0.57* | 2.4.2015 - 31.3.2023 |
| – Second Tranche | 840,604 | S$0.58* | 2.5.2015 - 30.4.2023 |
| | 1,681,208 | | |
| 2015 Options | | | |
| – First Tranche | 1,457,046 | S$0.51* | 29.11.2016 - 27.11.2024 |
| 2016 Options | | | |
| – First Tranche | 2,000,000 | S$0.37 | 29.7.2017 - 27.7.2025 |
| – Second Tranche | 4,000,000 | S$0.36 | 25.8.2020 - 23.8.2025 |
| | 6,000,000 | | |
| | 14,490,977 | | |

* Adjusted pursuant to the completion of the rights issue on 9 February 2015 in accordance with Rule 11.1 of the YSH ESOS 2012.

## PERFORMANCE SHARE PLAN

### (a) Yoma Performance Share Plan

The Yoma Performance Share Plan (the "Yoma PSP") was approved by the Company's shareholders at an Extraordinary General Meeting held on 27 July 2015.

The Yoma PSP allows the Company to target specific performance objectives and to provide an incentive for eligible participants to achieve these targets, which ultimately, will create and enhance economic value for shareholders. Through the Yoma PSP, the Company will be able to recognise and reward past contributions and services and motivate eligible participants to continue to strive for the Group's long-term prosperity. In addition, the Yoma PSP aims to foster an ownership culture within the Group. Under the Yoma PSP, awards of fully-paid shares, free of charge, are granted to Group employees including Group Executive Directors and Group Non-Executive Directors who, in the opinion of the RC, have contributed or will contribute to the success and development of the Group. Controlling shareholders of the Company and their associates are also eligible to participate in the Yoma PSP.

# Directors' Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## PERFORMANCE SHARE PLAN (CONTINUED)

### (a) Yoma Performance Share Plan (continued)

In considering the grant of an Award to a participant, the RC shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of services and potential for future development of the participant. The length of the vesting period in respect of each Award will be determined by the RC on a case-by-case basis taking into consideration the length of service of the participant and the need to retain the participant so as to encourage him/her to continue serving the Group for a further period even after having satisfied the performance target. No minimum vesting periods are prescribed under the Yoma PSP. The criteria and terms of the Awards will be applied consistently to all participants including the controlling shareholders and their associates.

The aggregate number of shares over which the RC may grant under the Yoma PSP on any date, when aggregated with the aggregate number of shares which may be granted under the YSH ESOS 2012 and any other share-based incentive scheme, shall not exceed 10% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.

The Yoma PSP is administered by the RC in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors of the Company, provided that no member of the RC shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

During the financial year ended 31 March 2017, the Company granted Awards for an aggregate of 7,255,409 shares and 600,000 shares respectively to the employees and Directors of the Company pursuant to the Yoma PSP. The total fair value of the Awards granted was estimated to be US$2,187,000. During the financial year ended 31 March 2018, the Company granted Awards for an aggregate of 4,186,111 shares to the employees of the Company pursuant to the Yoma PSP. The total fair value of Awards granted was estimated to be US$1,655,000. During the financial year ended 31 March 2019, the Company granted Awards for an aggregate of 3,214,719 shares to the employees of the Company pursuant to Yoma PSP. The total fair value of the Awards granted was estimated to be US$801,000.

No Award has been granted to controlling shareholders of the Company or their associates during the financial year ended 31 March 2019.

# Directors' Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## PERFORMANCE SHARE PLAN (CONTINUED)

### (b) Information on Awards

Awards granted, vested and cancelled during the financial year, and awards outstanding at the end of the financial year, were as follows:

**Performance shares for employees**

| Date of grant | Number of Awards outstanding as at beginning of the financial year | Number of Awards granted during the financial year | Number of Awards vested and released during the financial year | Number of Awards cancelled during the financial year | Number of Awards outstanding as at end of the financial year |
|---|---|---|---|---|---|
| 27.05.2016 | 6,498,803 | - | (688,959) | (258,500) | 5,551,344 |
| 23.06.2017 | 4,186,111 | - | (1,307,163) | - | 2,878,948 |
| 06.07.2018 | - | 3,214,719 | - | - | 3,214,719 |

**Performance shares for Non-Executive Directors**

| Date of grant | Number of Awards outstanding as at beginning of the financial year | Number of Awards granted during the financial year | Number of Awards vested and released during the financial year | Number of Awards cancelled during the financial year | Number of Awards outstanding as at end of the financial year |
|---|---|---|---|---|---|
| 07.11.2016 | | | | | |
| Mr. Adrian Chan Pengee | 100,500 | - | (49,500) | - | 51,000 |
| Ms. Wong Su Yen | 100,500 | - | (49,500) | - | 51,000 |
| Dato Timothy Ong Teck Mong | 100,500 | - | (49,500) | - | 51,000 |
| Mr. Basil Chan* | 100,500 | - | (100,500) | - | - |
| | 402,000 | - | (249,000) | - | 153,000 |

* Mr. Basil Chan ceased to be a Director of the Company on 22 December 2017 and his outstanding number of awards vested and were released during the financial year ended 31 March 2019.

# Directors' Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Audit and Risk Management Committee (the "ARMC") at the end of financial year ended 31 March 2019 were as follows:

Mr. Thia Peng Heok George (Chairman)
Dato Timothy Ong Teck Mong
Ms. Wong Su Yen

All members of the ARMC were independent and non-executive directors.

The ARMC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. In performing those functions, the ARMC reviewed:

- the scope and results of the internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and its report on the weaknesses of internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position of the Company as at 31 March 2019 and the consolidated financial statements of the Group for the financial year ended 31 March 2019 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group.

The ARMC has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

## INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

**Mr. Serge Pun @ Theim Wai**
Director

**Mr. Pun Chi Tung Melvyn**
Director

28 June 2019

# Independent Auditor's Report

TO THE MEMBERS OF YOMA STRATEGIC HOLDINGS LTD.

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of Yoma Strategic Holdings Ltd. (the "Company") and its subsidiary corporations (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 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *Basis of 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 ("ACRA") *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 judgement, were most significant in our audit of the financial statements for the financial year ended 31 March 2019. 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.

(1) <u>Recognition of revenue from contracts with customers – Sale of development properties</u>

See accounting policies on Note 2.3(d)
Refer to Note 4 to the financial statements

*Area of focus*

One of the Group's significant revenue streams is derived from the sale of development properties which amount to US$28.86 million for the financial year ended 31 March 2019.

In accordance with SFRS(I) 15 *Revenue from Contracts with Customers*, the analysis of whether these contracts comprise of one or more performance obligations, and whether the performance obligations are satisfied over time or at a point in time, are areas requiring critical judgement by the Group. The requirements of SFRS(I) 15 were applied retrospectively when the standard became effective from 1 January 2018 and, accordingly a similar analysis was required to be conducted on the ongoing contracts during the financial year ended 31 March 2018.

Revenue from the sale of development properties is recognised when control over the property has been transferred to the customer. In respect of a development property where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised based on the percentage of completion. The percentage of completion is measured by reference to the construction costs incurred to-date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the development properties.

# Independent Auditor's Report

TO THE MEMBERS OF YOMA STRATEGIC HOLDINGS LTD.

## Report on the Audit of the Financial Statements (continued)

### *Key Audit Matters (continued)*

(1) Recognition of revenue from contracts with customers – Sale of development properties (continued)

In respect of a development property where the Group has no enforceable right to payment until the property is delivered to the customer, revenue is recognised when the legal title has been transferred to the customer. Revenue is measured at the transaction price agreed under the contract.

Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified milestones in the contract.

Where the period between the satisfaction of a performance obligation and the payment by the customer does not coincide and/or where the difference between the timing of receipt of the payment and the transfer of development properties is 12 months or more, the Group adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the Group uses a discount rate that would reflect that of a separate financing transaction between the Group and its customer at inception of the contract.

This revenue stream also warrants additional audit focus as significant judgements are required to determine the estimated total construction costs to completion, which include estimation for variation works and any other claims from contractors. Any changes to the estimated total construction costs will impact the stage of completion and consequentially the revenue recognised.

*How our audit addressed the area of focus*

Our audit procedures included obtaining samples of the contracts with customers, particularly with investors, which generally are not standard contract terms, and reviewing the terms and conditions of such contracts, along with discussions with management, to assess if management's identification of the performance obligations and the timing of revenue recognition is fair, and to identify the relevant adjustments on revenue recognition arising from the adoption of SFRS(I) 15.

We reviewed the credit review assessment prepared by management for customers with significant new contracts, and we analysed settlement of significant contracts to identify if the collectability of contract consideration is probable.

In respect of the sale of development properties under construction in which revenue is recognised over time based on the input method by reference to construction costs incurred to-date over estimated total construction costs, we sighted the certified progress reports submitted by contractors and approved by the Group's project department, performed site visits and collaborated the observations with project managers to assess the appropriateness of management's estimates of the works completed by subcontractors and suppliers.

We evaluated the effectiveness of management's controls over the estimation of total contract costs and assessed the reasonableness of key inputs in the estimation of costs. We tested the appropriateness of estimated contract costs by comparing these against actual contract costs incurred. We recomputed the cumulative and current financial year's revenue and costs recognised from the sale of development properties under construction based on the respective percentage of completion and traced these to the accounting record.

We assessed the adequacy of disclosures in describing the areas of judgement and estimation uncertainties involving revenue recognition in relation to development properties.

# Independent Auditor's Report

TO THE MEMBERS OF YOMA STRATEGIC HOLDINGS LTD.

## Report on the Audit of the Financial Statements (continued)

### *Key Audit Matters (continued)*

(2) Valuation of investment properties

See accounting policies on Note 2.10
Refer to Note 23 to the financial statements

*Area of focus*

The Group owns a portfolio of investment properties comprising an office building, commercial units, residential units, school buildings and a shopping centre and retail stores, which are primarily located in Myanmar and People's Republic of China. As at 31 March 2019, the carrying value of the Group's investment properties stated at fair value based on independent external valuations by real estate valuers (the "valuers") of US$310.36 million accounted for 25.8% of the Group's total assets.

During the financial year ended 31 March 2019, the Group transferred certain units of development properties and land development rights to investment properties for leasing purposes following a change in use of the properties as required under SFRS(I) 1-40 *Investment Properties*. The transfer is in line with the Group's effort to increase its recurring leasing revenue as well as to meet the market's demand for leased properties. The Group has recorded fair value gains of US$45.70 million on these transferred investment properties as at 31 March 2019.

The valuation process involves significant judgements in determining the appropriate valuation methodologies; in estimating adjustments to comparable property prices when using the direct comparison method; in projecting income and estimating the appropriate capitalisation rate under the income capitalisation method; in projecting development costs and related costs capitalised and estimating the appropriate margin of developer profit under the depreciated replacement costs method. It also involves the use of certain key assumptions, such as adopted values per square foot, discount rates, capitalisation rates and growth rates. These assumptions are dependent on the prevailing market conditions.

Given the degree of complexity, subjective nature and the involvement of assumptions in the valuation process, additional audit focus was placed on this area. Any input inaccuracies or unreasonable bases used in the valuation model could result in a material misstatement of the Group's consolidated financial statements.

*How our audit addressed the matter*

Our audit procedures included reviewing the evidences supporting the change in use of the transferred investment properties and obtaining written representations from management and those charged with governance regarding their understanding of the Group's future plans and the faithfulness of all facts and circumstances of the evidences supporting the change in use of the transferred investment properties.

We focused on the valuation process, taking into consideration the Group's processes for the selection of the valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the valuers.

We assessed the qualifications and competency of the valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We evaluated the appropriateness of valuation methodologies and significant underlying assumptions used in the valuation of the investment properties. We reviewed and discussed with both the valuers and management for the bases of fair value measurement and the appropriateness of inputs provided by management to the valuers, taking into consideration comparability and market factors.

We considered the adequacy of the descriptions in the financial statements, in describing the inherent degree of subjectivity and the key assumptions in the estimates. This includes the relationship between the key unobservable assumptions, or inputs, and the fair values in conveying the uncertainties.

# Independent Auditor's Report

TO THE MEMBERS OF YOMA STRATEGIC HOLDINGS LTD.

## Report on the Audit of the Financial Statements (continued)

***Key Audit Matters (continued)***

(3) Valuation of development properties and land development rights

See accounting policies on Note 2.6 and Note 2.7
Refer to Note 16 and Note 26 to the financial statements

*Area of focus*

The Group has significant development properties and land development rights in its core market – Myanmar, which are carried at the lower of cost and net realisable value. As at 31 March 2019, the carrying values of the Group's development properties and land development rights of US$277.76 million and US$151.54 million, respectively, accounted for 23.1% and 12.6% of the Group's total assets. No write-down has been recognised for the Group's development properties and land development rights for the financial year then ended.

Specific audit focus in this area is required, as the determination of the estimated net realisable value of these assets involves significant judgements and is critically dependent upon the Group's expectation of future selling prices, which are assessed with reference to market prices at the reporting date for comparable completed properties and land development rights, less direct selling expenses and management's estimation of the budgeted total costs to complete the development properties. In addition, general macroeconomic conditions in Myanmar might exert downward pressure on transaction volumes and prices, which may potentially result in future trends in the market departing from known trends. There is, therefore, a risk that the Group's estimates of net realisable values may exceed future selling prices, which may result in these assets having to be written-down.

*How our audit addressed the matter*

We evaluated the design, implementation and operating effectiveness of key internal controls over the preparation, monitoring and management of the budgeted construction and other costs for major property development projects.

We assessed the Group's estimated total construction costs for development properties by comparing the budgeted costs to contracts and agreements and through inquiries with the project teams, taking into consideration the costs incurred to-date, the status of construction progress, the deviation in design plans or cost overruns, if any, and the appropriateness of management's basis of allocating common costs and infrastructure costs which are capitalised in development properties and land development rights.

We challenged the Group's forecasted selling prices by comparing the forecasted selling prices to, where available, recently transacted selling prices and/or prices of comparable development properties and land development rights in the same or similar locations to the respective development properties and land development rights.

# Independent Auditor's Report

TO THE MEMBERS OF YOMA STRATEGIC HOLDINGS LTD.

## Report on the Audit of the Financial Statements (continued)

### *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 audited 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.

### *Responsibility 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 SFRS(I)s, 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 skepticism throughout the audit. We also:

- 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.

- 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.

# Independent Auditor's Report

TO THE MEMBERS OF YOMA STRATEGIC HOLDINGS LTD.

## Report on the Audit of the Financial Statements (continued)

### *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

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

- 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.

- 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.

- 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 controls 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 year 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 the auditor, have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Ms. Meriana Ang Mei Ling.

**Nexia TS Public Accounting Corporation**
**Public Accountants and Chartered Accountants**

Singapore
28 June 2019

# Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| | Note | 2019 US$'000 | 2018 US$'000 (Restated) |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 4 | **100,698** | 75,497 |
| Cost of sales | | **(53,368)** | (48,083) |
| Gross profit | | **47,330** | 27,414 |
| Other income - net | | | |
| – Impairment loss on financial assets at amortised cost | | **(746)** | - |
| – Others | 6 | **77,428** | 42,332 |
| Expenses | | | |
| – Administrative | | **(45,958)** | (39,728) |
| – Finance | 7 | **(21,711)** | (9,701) |
| Share of losses of joint ventures | 20 | **(2,883)** | (804) |
| Share of losses of associated companies | 21 | **(9,485)** | (396) |
| Profit before income tax | | **43,975** | 19,117 |
| Income tax expense | 9(a) | **(1,732)** | (1,547) |
| Net profit from continuing operations | | **42,243** | 17,570 |
| **Discontinued operations** | | | |
| Loss from discontinued operations, net of tax | 10 | **-** | (258) |
| **Total profit for the financial year** | | **42,243** | 17,312 |
| **Other comprehensive (loss)/income:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| – Currency translation (losses)/gains arising from consolidation | | **(41,628)** | 17,788 |
| – Share of other comprehensive loss of joint ventures | 20 | **(170)** | - |
| – Share of other comprehensive loss of associated companies | 21 | **(2,283)** | - |
| – Reclassification of currency translation gains on disposal of subsidiary corporations | 12 | **-** | 2,114 |
| – Fair value change on available-for-sale financial assets | 19 | **-** | 261 |
| | | **(44,081)** | 20,163 |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| – Currency translation (losses)/gains arising from consolidation | | **(2,401)** | 250 |
| **Other comprehensive (loss)/income, net of tax** | | **(46,482)** | 20,413 |
| **Total comprehensive (loss)/income for the financial year** | | **(4,239)** | 37,725 |
| **Total profit attributable to:** | | | |
| Equity holders of the Company | | **34,125** | 11,909 |
| Non-controlling interests | | **8,118** | 5,403 |
| | | **42,243** | 17,312 |
| **Total profit/(loss) attributable to equity holders of the Company relates to:** | | | |
| Profit from continuing operations | | **34,125** | 12,212 |
| Loss from discontinued operations | | **-** | (303) |
| | | **34,125** | 11,909 |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Equity holders of the Company | | **(9,956)** | 32,072 |
| Non-controlling interests | | **5,717** | 5,653 |
| | | **(4,239)** | 37,725 |
| **Earnings per share attributable to equity holders of the Company (US cents per share)** | 11 | | |
| – Basic | | **1.80** | 0.66 |
| – Diluted | | **1.79** | 0.65 |

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

# Statements of Financial Position

AS AT 31 MARCH 2019

| | Note | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| | | | (Restated) | (Restated) | | (Restated) | (Restated) |
| **ASSETS** | | | | | | | |
| **Current assets** | | | | | | | |
| Cash and bank balances | 12 | **29,877** | 25,455 | 24,917 | **14,906** | 14,008 | 8,919 |
| Trade and other receivables | 13 | **85,776** | 50,532 | 41,988 | **8,710** | 5,559 | 2,644 |
| Inventories | 15 | **18,401** | 26,862 | 23,724 | **-** | - | - |
| Development properties | 16 | **277,761** | 272,244 | 188,023 | **-** | - | - |
| Other assets | 17 | **61,894** | 54,273 | 17,676 | **3,393** | 2,195 | 2,767 |
| Financial assets at fair value through profit or loss | 18 | **50,852** | 41,102 | 35,663 | **-** | - | - |
| Land development rights | 26 | **1,007** | 6,258 | 5,604 | **-** | - | - |
| | | **525,568** | 476,726 | 337,595 | **27,009** | 21,762 | 14,330 |
| **Non-current assets** | | | | | | | |
| Trade and other receivables | 13 | **13,214** | 24,790 | 56,116 | **-** | - | - |
| Other assets | 17 | **7,380** | 6,527 | 5,404 | **-** | - | - |
| Available-for-sale financial assets | 19 | **-** | 6,195 | 4,353 | **-** | - | - |
| Financial assets at fair value through profit or loss | 18 | **9,396** | - | - | **-** | - | - |
| Investments in joint ventures | 20 | **11,372** | 9,747 | 8,591 | **-** | - | - |
| Investments in associated companies | 21 | **81,350** | 76,654 | 20,935 | **-** | - | - |
| Investments in subsidiary corporations | 22 | **-** | - | - | **715,377** | 623,694 | 490,761 |
| Investment properties | 23 | **310,359** | 202,505 | 156,914 | **-** | - | - |
| Property, plant and equipment | 24 | **65,066** | 51,994 | 36,468 | **165** | 73 | 156 |
| Intangible assets | 25 | **28,252** | 19,947 | 20,566 | **-** | - | - |
| Land development rights | 26 | **150,530** | 156,620 | 151,282 | **-** | - | - |
| Deferred income tax asset | 29 | **208** | - | - | **-** | - | - |
| | | **677,127** | 554,979 | 460,629 | **715,542** | 623,767 | 490,917 |
| **Total assets** | | **1,202,695** | 1,031,705 | 798,224 | **742,551** | 645,529 | 505,247 |

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

# Statements of Financial Position

AS AT 31 MARCH 2019

| | Note | Group 31 March 2019 US$'000 | Group 31 March 2018 US$'000 (Restated) | Group 1 April 2017 US$'000 (Restated) | Company 31 March 2019 US$'000 | Company 31 March 2018 US$'000 (Restated) | Company 1 April 2017 US$'000 (Restated) |
|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | | | | | | |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 27 | **76,129** | 106,826 | 105,696 | **4,500** | 7,200 | 5,637 |
| Current income tax liabilities | 9(b) | **4,143** | 4,452 | 3,606 | **196** | 237 | 112 |
| Borrowings | 28 | **116,156** | 71,118 | 29,222 | **85,865** | 58,477 | 22,369 |
| | | **196,428** | 182,396 | 138,524 | **90,561** | 65,914 | 28,118 |
| **Non-current liabilities** | | | | | | | |
| Trade and other payables | 27 | **11,700** | 13,703 | - | **-** | - | - |
| Borrowings | 28 | **259,004** | 143,169 | 128,492 | **161,994** | 86,800 | 78,000 |
| Put options to non-controlling interests | 30 | **30,134** | 28,348 | - | **30,134** | 28,348 | - |
| Financial liabilities at fair value through profit or loss | 31 | **1,616** | - | - | **1,616** | - | - |
| Deferred income tax liabilities | 29 | **1,407** | 526 | 771 | **-** | - | - |
| | | **303,861** | 185,746 | 129,263 | **193,744** | 115,148 | 78,000 |
| **Total liabilities** | | **500,289** | 368,142 | 267,787 | **284,305** | 181,062 | 106,118 |
| **NET ASSETS** | | **702,406** | 663,563 | 530,437 | **458,246** | 464,467 | 399,129 |
| **EQUITY** | | | | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | | | | |
| Share capital | 32 | **513,716** | 483,178 | 423,228 | **513,716** | 483,178 | 423,228 |
| Perpetual securities | 33 | **30,000** | - | - | **30,000** | - | - |
| Other reserves | 35 | **(79,526)** | (1,388) | 3,241 | **(24,437)** | 9,717 | 1,106 |
| Retained profits/ (accumulated losses) | 36 | **90,726** | 56,120 | 47,577 | **(61,033)** | (28,428) | (25,205) |
| | | **554,916** | 537,910 | 474,046 | **458,246** | 464,467 | 399,129 |
| **Non-controlling interests** | | **147,490** | 125,653 | 56,391 | **-** | - | - |
| **Total equity** | | **702,406** | 663,563 | 530,437 | **458,246** | 464,467 | 399,129 |

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

# Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| | | Attributable to equity holders of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Share capital US$'000 | Perpetual securities US$'000 | Other reserves US$'000 | Retained profits US$'000 | Total US$'000 | Non-controlling interests US$'000 | Total equity US$'000 |
| **2019** | | | | | | | | |
| **Balance as at 31 March 2018, as restated** | | 483,178 | - | (1,388) | 56,120 | 537,910 | 125,653 | 663,563 |
| Adoption of SFRS(I) 9 | 2.2 | - | - | 260 | 313 | 573 | - | 573 |
| **Balance as at 1 April 2018, as restated** | | 483,178 | - | (1,128) | 56,433 | 538,483 | 125,653 | 664,136 |
| Effect of changes in functional currency | 2.1 | 29,605 | - | (32,743) | 3,138 | - | - | - |
| Issuance of shares pursuant to exercise of share awards | 32, 35(b)(ii) | 933 | - | (933) | - | - | - | - |
| Employee share options scheme – value of employee services | 35(b)(i) | - | - | 197 | - | 197 | - | 197 |
| Employee share awards scheme – value of employee services | 35(b)(ii) | - | - | 1,451 | - | 1,451 | - | 1,451 |
| Forfeiture of share options and share awards | | - | - | (503) | 503 | - | - | - |
| Additional capital contributions from non-controlling interests | 22(a) | - | - | - | - | - | 13,313 | 13,313 |
| Acquisition of subsidiary corporations | 43(c) | - | - | - | - | - | 2,859 | 2,859 |
| Increase in share capital of subsidiary corporations | | - | - | - | - | - | 24 | 24 |
| Accretion of imputed interest – put options to non-controlling interests | 30, 35(b)(v) | - | - | (1,786) | - | (1,786) | - | (1,786) |
| Issuance of perpetual securities classified as equity | 33 | - | 30,000 | - | - | 30,000 | - | 30,000 |
| Dividends paid | 38 | - | - | - | (3,473) | (3,473) | - | (3,473) |
| Dividends declared to non-controlling interests | | - | - | - | - | - | (76) | (76) |
| Total comprehensive (loss)/income for the financial year | | - | - | (44,081) | 34,125 | (9,956) | 5,717 | (4,239) |
| **Balances as at 31 March 2019** | | 513,716 | 30,000 | (79,526) | 90,726 | 554,916 | 147,490 | 702,406 |

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

# Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| | | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | Share capital US$'000 | Other reserves US$'000 | Retained profits US$'000 | Total US$'000 | Non-controlling interests US$'000 | Total equity US$'000 |
| **2018** | | | | | | | |
| Balance as at 1 April 2017 | | 423,228 | (34,486) | 86,423 | 475,165 | 56,391 | 531,556 |
| Cumulative effects of adopting SFRS(I) | | - | 37,727 | (37,727) | - | - | - |
| Adoption of SFRS(I) 15 | 2.2 | - | - | (1,119) | (1,119) | - | (1,119) |
| Balance as at 1 April 2017, as restated | | 423,228 | 3,241 | 47,577 | 474,046 | 56,391 | 530,437 |
| Issuance of shares pursuant to exercise of share awards | 32, 35(b)(ii) | 322 | (322) | - | - | - | - |
| Issuance of share under private placement | 32 | 60,333 | - | - | 60,333 | - | 60,333 |
| Shares issue expenses | 32 | (705) | - | - | (705) | - | (705) |
| Employee share options scheme – value of employee services | 35(b)(i) | - | 319 | - | 319 | - | 319 |
| Employee share awards scheme – value of employee services | 35(b)(ii) | - | 1,445 | - | 1,445 | - | 1,445 |
| Fair value of put options to non-controlling interests | 30, 35(b)(v) | - | (28,348) | - | (28,348) | - | (28,348) |
| Additional capital contributions from non-controlling interests | 22(a) | - | - | - | - | 71,265 | 71,265 |
| Increase in share capital of subsidiary corporations | 22(b) | - | - | - | - | 19,132 | 19,132 |
| Effect of changes in shareholdings in subsidiary corporations without a change of control | 22(b) | - | - | (162) | (162) | 162 | - |
| Dividends paid | 38 | - | - | (3,204) | (3,204) | - | (3,204) |
| Dividends declared to non-controlling interests | | - | - | - | - | (6,875) | (6,875) |
| Disposal of subsidiary corporations | 12 | - | 2,114 | - | 2,114 | (20,075) | (17,961) |
| Total comprehensive income for the financial year, as previously reported | | - | 20,163 | 11,579 | 31,742 | 5,653 | 37,395 |
| Adoption of SFRS(I) 15 | 2.2 | - | - | 330 | 330 | - | 330 |
| Total comprehensive income for the financial year, as restated | | - | 20,163 | 11,909 | 32,072 | 5,653 | 37,725 |
| Balance as at 31 March 2018, as restated | | 483,178 | (1,388) | 56,120 | 537,910 | 125,653 | 663,563 |

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

# Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| | 2019 US$'000 | 2018 US$'000 (Restated) |
|---|---|---|
| **Cash flows from operating activities** | | |
| Total profit | **42,243** | 17,312 |
| Adjustments for: | | |
| – Income tax expense | **1,732** | 1,527 |
| – Depreciation of property, plant and equipment | **9,231** | 7,056 |
| – Amortisation of intangible assets | **1,015** | 1,099 |
| – Write-off of property, plant and equipment | **157** | 20 |
| – Net fair value gains on investment properties | **(69,412)** | (14,180) |
| – Financial liabilities at fair value through profit or loss | **1,616** | - |
| – Gain on disposal of property, plant and equipment | **(164)** | (83) |
| – Gain on disposal of subsidiary corporations | **-** | (21,212) |
| – Interest income on bank deposits | **(18)** | (21) |
| – Interest income on loan to a non-related party | **-** | (990) |
| – Interest income from trade receivables under instalments | **(451)** | (638) |
| – Interest expense on borrowings | **17,350** | 9,605 |
| – Employee share option expenses | **197** | 319 |
| – Employee share award expenses | **1,451** | 1,445 |
| – Share of losses of joint ventures | **2,883** | 804 |
| – Share of losses of associated companies | **9,485** | 396 |
| – Unrealised currency translation (gains)/losses | **(8,527)** | 4,436 |
| **Operating cash flows before changes in working capital** | **8,788** | 6,895 |
| Changes in working capital, net of effects from acquisition of subsidiary corporations: | | |
| – Inventories | **8,815** | (3,433) |
| – Development properties | **59,701** | (413) |
| – Trade and other receivables | **(5,275)** | (6,277) |
| – Land development rights | **5,618** | (5,992) |
| – Trade and other payables | **(44,686)** | 15,267 |
| – Financial assets at fair value through profit or loss | **(12,951)** | (5,439) |
| Cash generated from operations | **20,010** | 608 |
| Interest received | **470** | 337 |
| Income tax paid | **(1,256)** | (1,874) |
| **Net cash provided by/(used in) operating activities** | **19,224** | (929) |
| **Cash flows from investing activities** | | |
| Additions to investment properties | **(15,018)** | (16,598) |
| Additions to property, plant and equipment | **(23,916)** | (17,415) |
| Additions to available-for-sale financial assets | **-** | (1,575) |
| Additions to investment in future projects | **(19,891)** | (5,774) |
| Additions to development properties intended for investing activities | **(124,791)** | (110,333) |
| Acquisition of subsidiary corporations, net of cash acquired | **(12,436)** | - |
| Disposal of subsidiary corporations, net of cash disposed-off | **-** | (2,190) |
| Dividend income from joint venture | **3** | - |
| Shareholders' loans to associated company | **(317)** | (5,398) |
| Investments in joint ventures | **(5,356)** | (1,721) |
| Investments in associated companies | **(5,634)** | (16,350) |
| Prepayment for operating rights | **(893)** | (602) |
| Prepayment for property, plant and equipment | **(1,565)** | (1,106) |
| Proceeds from disposal of property, plant and equipment | **2,443** | 1,648 |
| **Net cash used in investing activities** | **(207,371)** | (177,414) |

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

# Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| | Note | 2019 US$'000 | 2018 US$'000 (Restated) |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Interest paid | | **(15,539)** | (7,589) |
| Proceeds from issuance of perpetual securities | | **30,000** | - |
| Dividends paid | | **(3,472)** | (3,204) |
| Proceeds from borrowings | | **196,786** | 80,358 |
| Repayment of borrowings | | **(46,110)** | (14,446) |
| Loan to a non-related party | | **-** | (2,460) |
| Capital contribution from non-controlling interests | | **13,337** | 71,265 |
| Repayment of loan from a non-related party | | **-** | (5,590) |
| Proceeds from issuance of ordinary shares under placement | | **-** | 60,333 |
| Share issue expenses | | **-** | (705) |
| Interest received | | **-** | 989 |
| Loan from non-controlling interests | | **18,203** | - |
| Increase in bank deposits restricted for use | | **(1,958)** | (4,392) |
| **Net cash provided by financing activities** | | **191,247** | 174,559 |
| **Net increase/(decrease) in cash and cash equivalents** | | **3,100** | (3,784) |
| Cash and cash equivalents at beginning of financial year | | **13,023** | 16,877 |
| Effects of currency translation on cash and cash equivalents | | **(636)** | (70) |
| **Cash and cash equivalents at end of financial year** | 12 | **15,487** | 13,023 |

*Reconciliation of liabilities arising from financing activities*

| | 1 April 2018 US$'000 | Net (proceeds)/ payment of principal and interest US$'000 | Non-cash changes: Offsetting arrangement US$'000 | Non-cash changes: Interest expense US$'000 | Non-cash changes: Foreign exchange movement US$'000 | 31 March 2019 US$'000 |
|---|---|---|---|---|---|---|
| Borrowings | (185,487) | (150,676) | - | - | 1,514 | (334,649) |
| Loans from non-controlling interests | (28,800) | (18,203) | 4,494 | - | 1,998 | (40,511) |
| Interest payable (included in trade and other payables) | (1,953) | 15,539 | - | (17,350) | 271 | (3,493) |

| | 1 April 2017 US$'000 | Net (proceeds)/ payment of principal and interest US$'000 | Non-cash changes: Offsetting arrangement US$'000 | Non-cash changes: Interest expense US$'000 | Non-cash changes: Foreign exchange movement US$'000 | 31 March 2018 US$'000 |
|---|---|---|---|---|---|---|
| Borrowings | (118,722) | (65,912) | - | - | (853) | (185,487) |
| Loans from non-controlling interests | (38,992) | 5,590 | 5,060 | - | (458) | (28,800) |
| Interest payable (included in trade and other payables) | (728) | 7,589 | - | (9,604) | 790 | (1,953) |

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

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Yoma Strategic Holdings Ltd. on 28 June 2019.

## 1. GENERAL INFORMATION

Yoma Strategic Holdings Ltd. (the "Company") is listed on the Singapore Exchange Securities Trading Limited and incorporated and domiciled in Singapore. The address of its registered office is 78 Shenton Way, #32-00 Singapore 079120.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiary corporations are disclosed in Note 22.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

***Change in functional and presentation currency***

Prior to 1 April 2018, the Singapore Dollar ("S$") was regarded as the functional currency of the Company and the consolidated financial statements were also presented in S$. The Group and the Company had, having reviewed the business and operating environment of the Group, changed its functional currency from S$ to United States Dollar ("US$") for the financial year ended 31 March 2019. The change in functional currency of the Company was applied prospectively from the date of change, 1 April 2018, in accordance with SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates*.

In conjunction with the change in functional currency, the Company and the Group had also changed its presentation currency to US$. The change in presentation currency has been applied retrospectively in accordance with SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The comparative figures of the Group and the Company in these financial statements have been restated in US$ in order to provide meaningful comparable information.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

***Change in functional and presentation currency** (continued)*

In accordance with SFRS(I) 1-21 the following methodology was followed in restating historical financial statements from S$ into US$:

(i) all assets and liabilities are translated from their functional currency into the new presentation currency at the beginning of the comparative period using the opening exchange rate and retranslated at the closing rate;

(ii) profit and loss items are translated at the average exchange rate;

(iii) share capital, other reserves and retained profits are restated into the new presentation currency as if they had always been in the presentation currency; and

(iv) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

### 2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018. These financial statements for the year ended 31 March 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards ("FRS").

In adopting SFRS(I) on 1 April 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I).

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 March 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening statement of financial position has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

***(a) Optional exemptions applied***

SFRS(I) 1 allows exemption from the application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Foreign currency translation reserve (FCTR)

The Group considers that restating FCTR to comply with current SFRS(I) 1 may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition and reclassified the cumulative deficit in FCTR of US$37,727,000 as at 1 April 2017 determined in accordance with FRS at that date to retained profits. After the date of transition, any gain or loss on the disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR increased by US$37,727,000 and retained profits decreased by the same amount as at 1 April 2017.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

#### *(a) Optional exemptions applied (continued)*

(ii) SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 April 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for the financial year ended 31 March 2018, accordingly, the information as previously reported and presented under FRS 39 *Financial Instruments: Recognition and Measurement* are not restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained profits and reserves as at 1 April 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under SFRS(I) 7 relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 April 2018:
  - The determination of the business model within which a financial asset is held.
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - The designation of an investment in equity instruments that is not held for trading as being a financial asset at fair value through other comprehensive income (FVOCI).
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL).
- If an investment in a debt security had low credit risk at 1 April 2018, then the Group assumed that the credit risk on the asset has not increased significantly since its initial recognition.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

***(a) Optional exemptions applied (continued)***

(ii) SFRS(I) 9 *Financial Instruments* (continued)

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

Classification and measurement: financial assets

SFRS(I) 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous categories under FRS 39 of held to maturity, loans and receivables and available for sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated from the host. Instead, the hybrid financial instrument as a whole is assessed for classification.

SFRS(I) 9 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under SFRS(I) 9, see Note 2.12.

For financial assets held by the Group on 1 April 2018, management has assessed the business model that are applicable on that date to those assets so as to classify them into the appropriate categories under SFRS(I) 9. The following table and accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 April 2018.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

*(a)* ***Optional exemptions applied*** *(continued)*

(ii) SFRS(I) 9 *Financial Instruments* (continued)

| | Note | Original classification under FRS 39 | New classification under SFRS(I) 9 | Original carrying amount under FRS 39 US$'000 | New carrying amount under SFRS(I) 9 US$'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **1 April 2018** | | | | | |
| **Financial assets** | | | | | |
| Cash and bank balances | (A) | Loans and receivables | Amortised cost | 25,455 | 25,455 |
| Trade and other receivables | (A) | Loans and receivables | Amortised cost | 75,322 | 73,952 |
| Other deposits | (A) | Loans and receivables | Amortised cost | 1,907 | 1,907 |
| Equity shares | (B) | Fair value through profit or loss | Fair value through profit or loss | 41,102 | 41,102 |
| Equity shares | (B) | Available-for-sale | Fair value through profit or loss | 280 | 2,223 |
| Private investment funds | (B) | Available-for-sale | Fair value through profit or loss | 5,915 | 5,915 |

(A) Cash and bank balances, trade and other receivables and other deposits that were classified as loans and receivables under FRS 39 are now classified at amortised cost. An increase of US$1,370,000 in the allowance for impairment over trade receivables was recognised in opening retained profits at 1 April 2018 on the transition to SFRS(I) 9.

(B) The Group has elected to recognise changes in the fair value of its private investment funds and investments in equity shares, as financial assets at fair value through profit or loss. The fair value reserve relating to the fair value changes of the private investment funds of US$260,000 has been reclassified to retained profits as at 1 April 2018. In addition, the Group reassessed the fair value of equity shares with carrying amount of US$280,000 as at 1 April 2018, which was previously classified as available-for-sale of which its fair value could not be reliably measured and recognised a fair value gain of US$1,943,000 in the opening retained profits at 1 April 2018 on the transition to SFRS(I) 9. No adjustment was made to other comprehensive income for the financial year ended 31 March 2018 as the Group has elected to apply the short-term exemption on the adoption of SFRS(I) 9, and the adjustment does not have any impact on the Group's financial performance, cash flows and earnings per share for the financial year ended 31 March 2018.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

#### *(a) Optional exemptions applied (continued)*

(iii) SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group has adopted SFRS(I) 15 in its financial statements for the financial year ended 31 March 2019, using the retrospective approach. As a result, the Group applied all of the requirements of SFRS(I) 15 retrospectively, except as described below, and the comparative period presented in the financial statements for the financial year ended 31 March 2018 were restated.

The Group has used the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The Group has used the practical expedients for variable considerations. This means that for contracts with variable consideration that were completed on or before the initial application date, the transaction price at the date of completion is used rather than estimating the amount of variable consideration.

The Group has used the practical expedients for performance obligation disclosures. This means that for periods presented before the initial application date, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when that revenue was recognised are not disclosed.

The key impacts for the adoption of SFRS(I) 15 are described below.

(A) Timing of revenue and cost recognition – Development properties under construction

The Group previously recognised revenue from development properties under construction where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, using the percentage of completion method, provided the outcome of the contract can be reliably estimated. Under SFRS(I) 15, the Group determined that control over the development properties under construction is transferred progressively to the customer as the Group does not have an alternative use for the specified properties stated in the contracts, and the Group has an enforceable right to payment for performance completed to date. Accordingly, the Group continues to recognise revenue on development properties under construction over time. The costs associated to fulfil the performance obligation are expensed as control of goods or services is transferred to the customer over time. When the right to payment for performance completed to date cannot be enforced due to non-enforceability of the right to payment for performance completed to date, the revenue and related cost of sales are recognised only when the constructed assets are delivered to customers.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

***(a) Optional exemptions applied (continued)***

(iii) SFRS(I) 15 *Revenue from Contracts with Customers* (continued)

(B) Significant financing component

The Group has certain contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer buyer do not coincide on where the difference between the timing of the receipt of the payment and/or the transfer of goods and services is 12 months or more. In such cases, contract revenue contains a financing component. For contracts where financing components are determined to be significant, the transaction price is adjusted for the time value of money of the contracts. The Group has adjusted the significant financing component for uncompleted contracts as at 1 April 2017 of US$1,119,000 in the opening retained profits and trade receivables and recognised interest income of US$330,000 for the financial year ended 31 March 2018.

(C) Consideration payable to customer

The Group accounts for consideration payable to a customer as reduction of the transaction price if the payment is not for distinct goods or services received from the customer. If the payment is for distinct goods or services received from the customer, the Group accounts for any excess of the consideration payable to the customer over the fair value for the distinct goods or services as a reduction of the transaction price. If the Group cannot reliably estimate the fair value of the goods or services received from the customer, it accounts for all of the consideration payable to the customer as a reduction of the transaction price. The Group recognises the reduction of revenue at the later of: (a) when it recognises revenue for the transfer of the related goods or services to the customer; (b) when it promises to pay the consideration.

The Group previously recognised expenses incurred as the exclusive operator and manager of Pun Hlaing Golf Country Club ("HRGCC"), i.e. the operating costs incurred by HRGCC in providing various services and sale of goods, directly in profit or loss as costs of sales and administrative expenses. Upon adoption of SFRS(I) 15, those expenses are not treated to be payments for distinct goods or services received from HRGCCL, accordingly they are offset against revenue generated from HRGCC to derive the net profit which is the basis of the Group's operator fee income. This has resulted in reduction of revenue, costs of sales and administrative expenses of US$3,975,000, US$2,363,000 and US$1,612,000 respectively, with no impact to the net profit for the financial year ended 31 March 2018.

(D) Presentation of contract assets and contract liabilities

The Group has also changed the presentation of certain amounts in the statement of financial position as at 31 March 2018 on adopting SFRS(I) 15:

- Contract assets relate primarily to the Group's right to consideration for works completed but not billed at the reporting date in respect of its property development business. Contracts assets previously presented as "trade receivables" under FRS amounted to US$11,294,000 (1 April 2017: US$14,271,000) under FRS.

- Contract liabilities relate primarily to advance consideration received from customers and contractual progress billing in excess of the Group's right to the consideration. Contract liabilities previously presented as "amount due to customers on development properties under construction" under FRS amounted to US$7,965,000 (1 April 2017: US$2,315,000).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's Statement of Financial Position reported in accordance with FRS to SFRS(I):

| | As at 1 April 2017 reported under FRS US$'000 | Effects of applying SFRS(I) 1 US$'000 | Effects of applying SFRS(I) 15 US$'000 | As at 1 April 2017 reported under SFRS(I) US$'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 24,917 | - | - | 24,917 |
| Trade and other receivables | 41,988 | - | - | 41,988 |
| Inventories | 23,724 | - | - | 23,724 |
| Development properties | 188,023 | - | - | 188,023 |
| Other assets | 17,676 | - | - | 17,676 |
| Financial assets at fair value through profit or loss | 35,663 | - | - | 35,663 |
| Land development rights | 5,604 | - | - | 5,604 |
| | 337,595 | - | - | 337,595 |
| **Non-current assets** | | | | |
| Trade and other receivables | 57,235 | - | (1,119) | 56,116 |
| Other assets | 5,404 | - | - | 5,404 |
| Available-for-sale financial assets | 4,353 | - | - | 4,353 |
| Investments in joint ventures | 8,591 | - | - | 8,591 |
| Investments in associated companies | 20,935 | - | - | 20,935 |
| Investment properties | 156,914 | - | - | 156,914 |
| Property, plant and equipment | 36,468 | - | - | 36,468 |
| Intangible assets | 20,566 | - | - | 20,566 |
| Land development rights | 151,282 | - | - | 151,282 |
| | 461,748 | - | (1,119) | 460,629 |
| **Total assets** | 799,343 | - | (1,119) | 798,224 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 105,696 | - | - | 105,696 |
| Current income tax liabilities | 3,606 | - | - | 3,606 |
| Borrowings | 29,222 | - | - | 29,222 |
| | 138,524 | - | - | 138,524 |
| **Non-current liabilities** | | | | |
| Borrowings | 128,492 | - | - | 128,492 |
| Deferred income tax liabilities | 771 | - | - | 771 |
| | 129,263 | - | - | 129,263 |
| Total liabilities | 267,787 | - | - | 267,787 |
| **NET ASSETS** | 531,556 | - | (1,119) | 530,437 |
| **EQUITY** | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | |
| Share capital | 423,228 | - | - | 423,228 |
| Other reserves | (34,486) | 37,727 | - | 3,241 |
| Retained profits | 86,423 | (37,727) | (1,119) | 47,577 |
| | 475,165 | - | (1,119) | 474,046 |
| **Non-controlling interests** | 56,391 | - | - | 56,391 |
| **Total equity** | 531,556 | - | (1,119) | 530,437 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's Statement of Financial Position reported in accordance with FRS to SFRS(I) (continued):

| | As at 31 March 2018 reported under FRS US$'000 | Effects of applying FRS(I) 15 US$'000 | As at 31 March 2018 reported under SFRS(I) US$'000 | Effects of applying SFRS(I) 9 US$'000 | As at 1 April 2018 reported under SFRS(I) US$'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | 25,455 | - | 25,455 | - | 25,455 |
| Trade and other receivables | 50,532 | - | 50,532 | - | 50,532 |
| Inventories | 26,862 | - | 26,862 | - | 26,862 |
| Development properties | 272,244 | - | 272,244 | - | 272,244 |
| Other assets | 54,273 | - | 54,273 | - | 54,273 |
| Financial assets at fair value through profit or loss | 41,102 | - | 41,102 | - | 41,102 |
| Land development rights | 6,258 | - | 6,258 | - | 6,258 |
| | 476,726 | - | 476,726 | - | 476,726 |
| **Non-current assets** | | | | | |
| Trade and other receivables | 25,579 | (789) | 24,790 | (1,370) | 23,420 |
| Other assets | 6,527 | - | 6,527 | - | 6,527 |
| Available-for-sale financial assets | 6,195 | - | 6,195 | (6,195) | - |
| Financial assets at fair value through profit or loss | - | - | - | 8,138 | 8,138 |
| Investments in joint ventures | 9,747 | - | 9,747 | - | 9,747 |
| Investments in associated companies | 76,654 | - | 76,654 | - | 76,654 |
| Investment properties | 202,505 | - | 202,505 | - | 202,505 |
| Property, plant and equipment | 51,994 | - | 51,994 | - | 51,994 |
| Intangible assets | 19,947 | - | 19,947 | - | 19,947 |
| Land development rights | 156,620 | - | 156,620 | - | 156,620 |
| | 555,768 | (789) | 554,979 | 573 | 555,552 |
| **Total assets** | 1,032,494 | (789) | 1,031,705 | 573 | 1,032,278 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's Statement of Financial Position reported in accordance with FRS to SFRS(I) (continued):

| | As at 31 March 2018 reported under FRS US$'000 | Effects of applying SFRS(I) 15 US$'000 | As at 31 March 2018 reported under SFRS(I) US$'000 | Effects of applying SFRS(I) 9 US$'000 | As at 1 April 2018 reported under SFRS(I) US$'000 |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 106,826 | - | 106,826 | - | 106,826 |
| Current income tax liabilities | 4,452 | - | 4,452 | - | 4,452 |
| Borrowings | 71,118 | - | 71,118 | - | 71,118 |
| | 182,396 | - | 182,396 | - | 182,396 |
| **Non-current liabilities** | | | | | |
| Trade and other payables | 13,703 | - | 13,703 | - | 13,703 |
| Borrowings | 143,169 | - | 143,169 | - | 143,169 |
| Put options to non-controlling interests | 28,348 | - | 28,348 | - | 28,348 |
| Deferred income tax liabilities | 526 | - | 526 | - | 526 |
| | 185,746 | - | 185,746 | - | 185,746 |
| **Total Liabilities** | 368,142 | - | 368,142 | - | 368,142 |
| **NET ASSETS** | 664,352 | (789) | 663,563 | 573 | 664,136 |
| **EQUITY** | | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | | |
| Share capital | 483,178 | - | 483,178 | - | 483,178 |
| Other reserves | (1,388) | - | (1,388) | 260 | (1,128) |
| Retained profits | 56,909 | (789) | 56,120 | 313 | 56,433 |
| | 538,699 | (789) | 537,910 | 573 | 538,483 |
| **Non-controlling interests** | 125,653 | - | 125,653 | - | 125,653 |
| **Total equity** | 664,352 | (789) | 663,563 | 573 | 664,136 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

(c) Reconciliation of the Group's Statement of Comprehensive Income reported in accordance with FRS to SFRS(I):

| | Reported under FRS US$'000 | Effects of applying SFRS(I) 15 US$'000 | Reported under SFRS(I) US$'000 |
|---|---|---|---|
| **For the financial year ended 31 March 2018** | | | |
| **Continuing operations** | | | |
| Revenue | 79,472 | (3,975) | 75,497 |
| Cost of sales | (50,446) | 2,363 | (48,083) |
| Gross profit | 29,026 | (1,612) | 27,414 |
| Other income – net | 42,002 | 330 | 42,332 |
| Expenses | | | |
| – Administrative | (41,340) | 1,612 | (39,728) |
| – Finance | (9,701) | - | (9,701) |
| Share of losses of joint ventures | (804) | - | (804) |
| Share of losses of associated companies | (396) | - | (396) |
| Profit before income tax | 18,787 | 330 | 19,117 |
| Income tax expenses | (1,547) | - | (1,547) |
| Net profit from continuing operations | 17,240 | 330 | 17,570 |
| **Discontinued operations** | | | |
| Loss from discontinued operations, net of tax | (258) | - | (258) |
| **Total profit** | 16,982 | 330 | 17,312 |
| **Other comprehensive income:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| – Currency translation gains arising from consolidation | 17,788 | - | 17,788 |
| – Reclassification of currency translation gains on disposal of subsidiary corporation | 2,114 | - | 2,114 |
| – Fair value change on available-for- sale financial assets | 261 | - | 261 |
| | 20,163 | - | 20,163 |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| – Currency translation gains arising from consolidation | 250 | - | 250 |
| **Other comprehensive income, net of tax** | 20,413 | - | 20,413 |
| **Total comprehensive income for the financial year** | 37,395 | 330 | 37,725 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied over time or at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods –Automotive & heavy equipment, food & beverages and agricultural products*

Revenue from these sales is recognised at a point in time when the goods have been transferred to the customers and coincides with the delivery of the goods and acceptance by the customers.

(b) *Rendering of services – Project management, design, estate management, golf estate operator (collectively "real estate services").*

Revenue from the rendering of services is recognised at a point in time when the services have been rendered to the customers and acceptance by the customers.

(c) *Sale of land development rights*

Revenue from the sale of land development rights is recognised at a point in time when the Group transfers the control over the land development rights to the customers and the customers have accepted the terms as stated in the sale contract.

(d) *Sale of development properties*

<u>Completed development properties</u>

Revenue from the sale of completed development properties is recognised at a point in time when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the consideration to which it would be entitled in exchange for the assets sold.

<u>Development properties under construction</u>

The Group develops and sells residential and commercial properties before the completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time based on construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Revenue recognition (continued)

*(d) Sale of development properties (continued)*

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon the achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs to obtain a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods or services and that have not been recognised as expenses.

*(e) Leasing income from investment properties and motor vehicles*

Leasing of investment properties and motor vehicles under operating leases (net of any incentives given to the lessees) are recognised on a straight-line basis over the lease term.

*(f) Dividend income*

Dividend income is recognised when the right to receive payment is established.

*(g) Interest income*

Interest income is recognised using the effective interest method.

*(h) Management services fees*

Management services fees are recognised upon the rendering of management and consultation services to and acceptance by subsidiary corporations, joint ventures and associated companies.

*(i) Interest income from finance leases*

Interest income from finance leases is recognised based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.4 Group accounting

*(a) Subsidiary corporations*

*(i) Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the assets transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets which are attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

*(ii) Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the date of the acquisition either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Please refer to paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (continued)

*(a) Subsidiary corporations (continued)*

*(iii) Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specified Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, joint ventures and associated companies" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

*(b) Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within retained profits attributable to the equity holders of the Company.

*(c) Associated companies and joint ventures*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

*(i) Acquisitions*

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of the acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (continued)

*(c) Associated companies and joint ventures (continued)*

*(ii) Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' and joint ventures' post-acquisition profits or losses of the investees' profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company and a joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies and joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

*(iii) Disposals*

Investments in associated companies and joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained equity interest at the date when significant influence or joint control is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures, in which significant influence or joint control is retained, are recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, joint ventures and associated companies" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item 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. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and recognised as an expense when incurred. Cost also includes borrowing costs (refer to Note 2.18 on borrowing costs).

(b) *Depreciation*

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | Useful lives |
|---|---|
| Buildings | 10 - 30 years |
| Machinery, facilities and equipment | 3 - 10 years |
| Renovation, furniture and office equipment | 3 - 5 years |
| Motor vehicles | 3 - 5 years |
| Hot air balloons and equipment | 6 years |
| Water treatment plant | 10 years |
| Bearer plants | 20 years |

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

Assets under construction which are included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On the disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income - net".

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Development properties

Development properties refer to properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties that are unsold are carried at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity.

Borrowing costs that are directly attributable to the acquisition and construction of the development properties are capitalised as part of the development properties during the period of construction.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money, if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.7 Land development rights

Land development rights refer to rights to own, use, develop and sell plots of land acquired for sale in the ordinary course of business and for future development.

Land development rights are carried at the lower of cost and net realisable value. Cost includes acquisition costs, capitalised borrowing costs and other costs directly attributable to the acquisition. Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money, if material, less the estimated costs necessary to make the sale.

Land development rights on plots sold are transferred at their carrying values to profit or loss. Land development rights are presented as non-current assets, except for those to be sold or developed within 12 months after the reporting date which are presented as current assets.

### 2.8 Investments in subsidiary corporations, joint ventures and associated companies

Investments in subsidiary corporations, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiary corporations on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisitions of subsidiary corporations prior to 1 January 2010 and on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets required. Goodwill on joint ventures and associated companies is included in the carrying amount of the investments.

Gain and losses on the disposal of subsidiary corporations, joint ventures and associated companies include the carrying amount of goodwill relating to the entities sold.

(b) *Agriculture operating rights*

Agriculture operating rights pertain to the 70% exclusive rights granted by a related party to the Group to manage and oversee all existing and future plantation estates (the "Maw Tin estate") which are owned or to be owned by a joint venture company of the related party, and to market and sell the produce for the related party in accordance with the terms and conditions set out in the Joint Planting and Operation Deed. Agriculture operating rights for agriculture activities are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the operating rights over 30 years, which is the shorter of the estimated useful lives and the periods of contractual rights.

(c) *Golf estate operating rights*

Golf estate operating rights pertain to the 70% exclusive rights acquired from a related party to operate and manage the entire estate of Pun Hlaing Golf Estate including the golf estate and country club. Golf estate operating rights are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the operating rights over 37 years, which is the shorter of the estimated useful lives and the periods of contractual rights.

(d) *Air operator certificates*

Air operator certificates acquired in a business combination are initially recognised at cost, which represents the fair value at the date of acquisition, and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of air operator certificates over the management's estimated useful lives of six years. Air operator certificates relate to the certificate issued by the Myanmar Department of Civil Aviation to authorise an operator to carry out specific commercial air transport operations, i.e. hot air balloons for the Group and the certificate for each balloon to be flown over Bagan, Myanmar.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Intangible assets (continued)

*(e) Distributor licence*

The distributor licence acquired in a business combination is initially recognised at cost, which represents the fair value at the date of acquisition, and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of distributor license over the management's estimated useful life of ten years. The distributor license relates to an Import and Distribution Agreement entered into with CNH International SA ("CNHI") whereby the Group is licensed by CNHI to market and sell agricultural tractors under the brand of New Holland Agriculture.

*(f) Trademarks*

Trademarks were acquired in business combinations. The useful lives of the trademarks are estimated to be indefinite because management believes there is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows for the Group.

Trademarks with indefinite useful lives are subject to an annual impairment review and no amortisation is required. The useful life of trademarks is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The amortisation period and amortisation method of intangible assets other than goodwill and trademarks are reviewed at least at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

### 2.10 Investment properties

Investment properties include an office building, residential units, commercial units, school buildings and a shopping centre and retail stores that are held for long-term rental yields and/or for capital appreciation. Investment properties also include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value which is determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The costs of maintenance, repairs and minor improvements are recognised in profit or loss when incurred.

On the disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Impairment of non-financial assets

(a) *Goodwill and intangible assets with indefinite useful life*

Goodwill and intangible assets with indefinite useful life recognised separately as an intangible assets are tested for impairment annually and whenever there is indication that the goodwill or intangible assets with indefinite useful life may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from the synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill or intangible assets with indefinite useful life, exceeds the recoverable amount of the CGU or the asset. The recoverable amount of a CGU or the asset is the higher of the CGU's or the asset's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Other intangible assets*
*Property, plant and equipment*
*Investments in subsidiary corporations, joint ventures and associated companies*
*Other non-financial assets*

Other Intangible assets, property, plant and equipment, investments in subsidiary corporations, joint ventures and associated companies and other non-financial assets 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 flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the 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 the recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed 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 the 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 asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Financial assets

The accounting for financial assets before 1 April 2018 are as follows:

(a) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial asset and financial assets at fair value through profit or loss. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 13) and "cash and bank balances" (Note 12) on the statements of financial position.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date.

(iii) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with the Group's documented investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

(b) *Recognition and derecognition*

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

Financial assets are derecognised when the rights to receive the 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 the 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.

(c) *Initial measurement*

Financial assets are initially recognised at their 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.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Financial assets (continued)

The accounting for financial assets before 1 April 2018 are as follows: (continued)

*(d) Subsequent measurement*

Loans and receivables are subsequently carried at their amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at their fair value. Investments in equity instruments classified as available-for-sale financial assets whose fair values cannot be reliably measured are measured at cost less impairment loss.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

*(e) Impairment*

The Group assesses at each reporting 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.

*(i) Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delays in payments are objective evidence that loans and receivables 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.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Financial assets (continued)

The accounting for financial assets before 1 April 2018 are as follows: (continued)

*(e) Impairment (continued)*

*(ii) Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent periods.

The accounting for financial assets from 1 April 2018 are as follows:

*(f) Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

<u>At initial recognition</u>

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Financial assets (continued)

The accounting for financial assets from 1 April 2018 are as follows: (continued)

*(f) Classification and measurement (continued)*

<u>At subsequent measurement</u>

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for sale and for the collection of contractual cash flows, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in the fair value reserve, except for the recognition of impairment gains or losses, interest income and currency translation gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income - net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "Interest income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income - net".

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income - net", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "Fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Financial assets (continued)

The accounting for financial assets from 1 April 2018 are as follows: (continued)

(*g*) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 41(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(*h*) *Recognition and derecognition*

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On the disposal of a debt instrument, 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.

On the disposal of an equity investment, the difference between the carrying amount and the sale proceeds is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and the sale proceeds would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

### 2.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Inventories

Inventories consist of construction materials and consumables which are purchased for the purposes of development properties and property leasing, trading of goods, such as tractors, implements, other spare parts, motor vehicles and the sale of food & beverages in the ordinary course of business.

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchase comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operation losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### 2.17 Financial guarantee contracts

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts and recognised as a provision based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date if the Group considers it probable that the claim will be made against the Group under the financial guarantee. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

The unrecognised financial guarantee contracts are disclosed as contingent liabilities in the Group's financial statements.

### 2.18 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transactions costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the acquisition of land development rights and the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction.

### 2.20 Leases

(a) *When the Group is the lessee:*

The Group leases offices, apartment units, retail spaces and office equipment under operating leases from non-related parties and related parties.

Lessee - Operating leases

Leases where substantially all of the 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.

(b) *When the Group is the lessor:*

The Group leases motor vehicles under both finance leases and operating leases and investment properties under operating leases to non-related parties and related parties.

Lessor – Finance leases

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

The leased asset is derecognised and the present value of the lease receivable is recognised on the statements of financial position and included in “trade receivables”. The difference between the gross receivable and the present value of the lease receivables is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as expenses in profit or loss over the lease term on the same basis as the lease income.

Lessor - Operating leases

Leases of investment properties and motor vehicles where the Group retains substantially all of the risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) 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.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting 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 deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, joint ventures and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) 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 reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment properties measured at fair value are presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.22 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

*(a) 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 Social Security Board in Myanmar on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Employee compensation (continued)

*(b) Share-based compensation*

The Group operates an equity-settled, share-based compensation plan (i.e. share options plan and performance share plan). The values of the employee services received in exchange for the granting of options and shares are recognised as expenses with a corresponding increase in the share option reserve and share awards reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options and shares granted on the grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable and the number of shares that are expected to be issued on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable and the number of shares that are expected to be issued on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve and share awards reserve over the remaining vesting period.

When the options are exercised and shares are issued through the issuance of new ordinary shares, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve and share awards reserve are credited to the share capital account, or to the treasury shares account, when treasury shares are re-issued to the employees.

*(c) Bonus plan*

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

### 2.23 Currency translation

*(a) Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United State Dollar, which is the functional currency of the Company and all values have been rounded to the nearest thousand ("US$ 000") unless otherwise stated.

*(b) Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from loans in foreign currencies qualifying as net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented within "Other income - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Currency translation (continued)

(c) *Translation of Group entities' financial statements*

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

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

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

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are translated at the closing rates at the reporting date.

### 2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Key Management Team whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.25 Cash and cash equivalents

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

### 2.26 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs for which they are intended to compensate on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.27 Biological assets

Biological assets, excluding bearer plants, are measured at fair value less costs to sell. Gains or losses arising on the initial recognition of the plantations at fair value less estimated costs to sell and from the changes in fair value less estimated costs to sell the plantations at each reporting date are included in profit or loss for the period in which they arise. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs.

The fair value of biological assets is estimated by reference to independent professional valuations using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of a biological asset are estimated using the estimated yield of the biological asset and the estimated market price of the crops. In determining the present value of the expected net cash flows, an entity includes the net cash flows that market participants would expect the asset to generate in its most relevant market. The estimated yield of the biological asset is dependent on the genotype-species and varieties to plant, the environment and its management.

Cultivation of seedlings is stated at cost. The accumulated costs will be reclassified to immature plantations at the time of planting. Biological assets also included land preparation costs which are the costs incurred to clear the land and to ensure that the plantations are in a state ready for the planting of seedlings.

### 2.28 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 2.29 Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

### 2.30 Perpetual securities

Perpetual securities, including perpetual bonds do not have a maturity date and the Company is able to elect to defer or not making a distribution subject to terms and conditions of the securities or bonds. Perpetual securities are classified as equity when there is no contractual obligation to deliver cash or other financial assets (i.e. to make principal repayments or distributions in respect of its perpetual securities) to another person or entity or to exchange financial assets or liabilities with another person or entity that is potentially unfavourable to the issuer. Incremental costs, directly attributable to the issue of perpetual securities are shown in equity as a deduction, net of tax, from the proceeds. The proceeds received, net of any directly attributable transaction costs, are credited to perpetual securities. Distributions are treated as dividends which will be directly debited from equity.

On the election of the Company to repay the perpetual securities, the perpetual securities will be reclassified as a financial liability under SFRS(I) 9. The financial liability is recognised at fair value and any difference between the carrying amount of the liability and the previously recognised equity instrument is recognised in equity. No gain or loss is recognised on the reclassification.

### 2.31 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets 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:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary corporation acquired exclusively with a view to resale.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.32 Put options over non-controlling interests

Put options held by non-controlling interests in the Group's subsidiary corporation entitle the non-controlling interests to sell their interest in the subsidiary corporation to the Group at pre-determined values and on contracted dates. In such cases, the Group recognises liabilities for the present value of the estimated exercise price of these options with a corresponding entry to equity in the statements of financial position. The equity entry is recognised separately as "put options reserve".

Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the options at the date at which they first become exercisable. The changes in the carrying amount of the put options are recognised in equity. In the event that the options expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

### 2.33 Financial liabilities, at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss ("FVTPL") if they are classified as held-for-trading or they are designated as such on initial recognition. Financial liabilities, at FVTPL are measured at fair value, and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*(a) Provision of the expected credit loss ("ECL") of trade receivables, finance lease receivables and contract assets*

The Group uses a provision matrix to calculate the ECL for trade receivables, finance lease receivables and contract assets. The provision rates are based on the days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and the ECL is a significant estimate. The amount of the ECL is sensitive to changes in circumstances and of forecast economic conditions and may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables, finance lease receivables and contract assets is disclosed in Note 40(b).

The carrying amount of trade receivables, finance lease receivables and contract assets as at 31 March 2019 is US$45,751,000 (31 March 2018: US$34,476,000; 1 April 2018: US$59,107,000).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(b) *Estimation of net realisable value for development properties and land development rights*

Development properties and land development rights and are stated at the lower of cost and net realisable value. Net realisable value of land development rights and completed properties is assessed by reference to market prices of comparable land development rights and completed properties at the same or nearby locations at the reporting date less estimated direct selling expenses. Net realisable value of development properties under construction is assessed with reference to market prices at the reporting date for similar completed properties less estimated costs to complete construction and direct selling expenses. The carrying amounts of development properties and land development rights at the reporting date are disclosed in Note 16 and Note 26 respectively.

Management has assessed that any substantial increase in the estimated costs to complete construction of development properties and any decrease in the selling prices of development properties and land development rights is unlikely to result in any write-down in their carrying amounts.

(c) *Fair value estimation of financial assets and liabilities at fair value through profit or loss*

The Group's interest in edotco Investments Singapore Pte. Ltd. ("edotco Investments"), classified as financial assets at fair value through profit or loss, is determined based on the contractual terms mutually agreed with the counterparty, being the higher of the put price of the remaining Group's 12.5% interest in edotco Investments stated in the revised shareholders' agreement and the fair market value determined by the valuation mechanism. Fair value is determined, taking into consideration of the recent transacted valuations of other telecom tower companies based in Asia and also the macroeconomic condition in the telecommunications industry. The Group's interest in an unquoted public company classified as financial assets at fair value through profit or loss is derived using the last traded price or counterparty quote.

Investments in other unquoted shares and private investment funds classified as financial assets at fair value through profit or loss are determined using valuation techniques, primarily earnings multiples, discounted cash flows, recent transaction prices and recent comparable transactions. The models used to determine fair values are validated and periodically reviewed by management. The inputs in the earnings multiples models include observable data, such as earnings multiples of comparable companies, and unobservable data, such as forecast earnings. In discounted cash flow models, unobservable inputs are the projected cash flows and the risk premium for liquidity and credit risk that are incorporated into the discount rate. However, the discount rates used for valuing equity securities are determined based on historical equity returns for other entities operating in the same industry for which market returns are observable. Management uses models to adjust the observed equity returns to reflect the actual debt/equity financing structure of the valued equity investments. Models are calibrated by back-testing to actual results to ensure that outputs are reliable.

Share warrant deeds entered into with non-related parties (the "deeds") which grant the non-related parties the option to purchase shares of an entity to be established in the future are classified as financial liabilities at fair value through profit or loss. The fair values of the options are determined by an independent valuer using Monte Carlo simulations which rely on the backward induction methodology by discounting the expected value of the later nodes and comparing it with the exercise value of the current node. Key assumptions used in the valuation methodology include the expected time to exercise the option, price to book multiple, purchase consideration, dividend yield and risk-free rate.

The carrying amounts of financial assets and liabilities at fair value through profit or loss are disclosed in Note 18 and Note 31 respectively. If the fair value had been 5% (31 March 2018: 5%; 1 April 2017: 5%) higher from management's estimate, the carrying amount of financial assets and financial liabilities at fair value through profit and loss and the fair value remeasurement gain and loss would have been increased by US$3,012,000 and US$81,000 (2018: US$2,056,000 and Nil; 1 April 2017: US$1,783,000 and Nil) respectively.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(d) *Revenue for sale of development properties*

The Group recognises revenue for the sale of development properties by reference to the stage of completion of the properties. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs (including costs to complete) of the projects.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

The amount of revenue from the sale of development properties recognised during the financial year ended 31 March 2019 is US$28,855,000 (31 March 2018: US$16,777,000).

If the contract costs of uncompleted properties to be incurred increase/decrease by 10% (2018: 10%) from management's estimates, the Group's revenue and profit would have been decreased/increased by US$3,535,000/US$3,535,000 and US$627,000/US$655,000 (2018: US$1,984,000/US$1,984,000 and US$622,000/US$670,000) respectively.

(e) *Revaluation of investment properties*

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The fair values of investment properties are determined by independent real estate valuation experts using the properties' highest-and-best use approach which is generally the sales comparison approach (i.e. the basis of market value). In arriving at the valuation figure, the valuers have taken into consideration the prevailing market conditions and have made due adjustments for differences between the investment properties and the comparables in terms of location, tenure, size, shape, design and layout, age and condition of the buildings, dates of transactions and other factors affecting their values. The most significant input into this valuation approach is selling prices. The estimates are based on local market conditions existing at the reporting date.

Fair values of uncompleted investment properties with no available market information are determined by the independent real estate valuation experts using the depreciated replacement cost method, which involve estimating the current replacement cost of the buildings and from which deductions are made to allow for depreciation due to age, condition and functional obsolescence. The replacement cost is then added to the land value to derive the fair value. The land value is determined based on the direct comparison method with transactions of comparable plots of land within the vicinity and elsewhere. In arriving at the valuation figure, the valuation experts have taken into consideration the prevailing market conditions and made due adjustments for differences between the investment properties and the comparables in terms of location, tenure, size, shape, design and layout, age and condition, dates of transactions and other factors affecting their values. The most significant inputs into this valuation approach are price per unit measurement, expected development costs and estimated developer profit margin.

The carrying amount of the investment properties at the reporting date is disclosed in Note 23. If the selling prices and price per unit measurement of the investment properties determined by valuation experts had been 5% (2018: 5%; 1 April 2017: 5%) higher/lower, the carrying amount of the investment properties would have been US$15,518,000 (2018: US$10,125,000; 1 April 2017: US$7,846,000) higher/lower.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

*(f) Estimated impairment of non-financial assets*

Goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the goodwill and intangible assets with indefinite useful lives may be impaired. In performing the impairment assessment of the carrying amount of goodwill and intangible assets with indefinite useful lives, as disclosed in Note 25(g), the recoverable amounts of cash-generating units ("CGUs") in which the goodwill and intangible assets with indefinite useful lives have been attributable to, are determined using fair value less cost to disposal. The assessment process involves significant management estimate and is based on assumptions that are affected by future market and economic conditions. Management has assessed that the recoverable amounts of the CGUs are more than the carrying values of the CGUs, and accordingly no impairment charge was recognised.

Other non-financial assets

Intangible assets with finite useful lives, property, plant and equipment and investments in subsidiary corporations, joint ventures and associated companies and other non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. In determining the recoverable value, an estimate of expected future cash flows from each asset or CGU and an appropriate discount rate is required to be made. An impairment exists when the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

Management has assessed that other than prepayments and agriculture operating rights, there is no objective evidence or indication that the carrying amounts of the Group's and the Company's other non-financial assets may not be recoverable as at the reporting date and accordingly an impairment assessment is not required. The carrying amounts of other non-financial assets at the reporting date are disclosed in Notes 17, 20, 21, 22, 24, and 25 respectively.

During the financial years ended 31 March 2019 and 2018, management has performed impairment assessments for prepayments and agriculture operating rights based on value-in-use calculations. No additional impairment charge was recognised for prepayments and agriculture operating rights, as the estimated recoverable amounts were higher than the respective carrying amounts.

The impairment test carried out as at 31 March 2019 for the Group's prepayments and agriculture operating rights has revealed that the recoverable amounts of prepayments and agriculture operating rights are US$62,000 and US$7,656,000 (2018: US$257,000 and US$6,799,000; 1 April 2017: US$212,000 and US$5,278,000) or 1% and 127% (2018: 5% and 101%; 1 April 2017: 4% and 79%) higher than the carrying amounts of the prepayments and agriculture operating rights respectively. A further decrease in the market price of the planted crops or a further increase in the discount rate by about 0.2% or 0.1% (2018: 0.4% or 0.2%; 1 April 2017: 0.4% or 0.1%) would result in the recoverable amount of the prepayments being equal to the carrying amount. A further decrease in the market price of the planted crops or a further increase in the discount rate by about 5.6% or 4.3% (2018: 2.2% or 2.6%; 1 April 2017: 4.0% or 1.6%) would result in the recoverable amount of the agriculture operating rights being equal to the carrying amount.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

*(g) Uncertain tax positions*

The Group is subject to income taxes in the jurisdictions of Singapore and Myanmar. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The Group has open tax assessments with a tax authority at the reporting date. As management believes that the tax positions are sustainable, the Group has not recognised any additional tax liability on these uncertain tax provisions. The amount of income tax expense and the carrying amount of current income tax liabilities at the reporting date are disclosed in Note 9.

## 4. REVENUE

Revenue of the Group is analysed as follows:

| | Group | |
|---|---|---|
| | 2019<br>US$'000 | 2018<br>US$'000 |
| Revenue from contracts with customers | **87,398** | 63,840 |
| Leasing income from investment properties (Note 23) | **7,043** | 6,657 |
| Leasing income from motor vehicles | **5,470** | 4,709 |
| Interest Income from finance leases | **787** | 291 |
| | **100,698** | 75,497 |

(a) Disaggregation of revenue from contracts with customers

| | Group | |
|---|---|---|
| | 2019<br>US$'000 | 2018<br>US$'000 |
| **Major products or service lines** | | |
| Sales of development properties | **28,855** | 16,777 |
| Sales of land development rights | **2,985** | 83 |
| Sales of goods | | |
| – Automotive & heavy equipment | **22,736** | 32,625 |
| – Food & beverages | **14,569** | 10,453 |
| Real estate services (excluding leasing income) | **18,253** | 3,902 |
| | **87,398** | 63,840 |

| | Group | |
|---|---|---|
| | 2019<br>US$'000 | 2018<br>US$'000 |
| **Geographical markets** | | |
| Myanmar | **87,398** | 63,840 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 4. REVENUE (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (continued)

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 |
| **Timing of revenue recognition** | | |
| Product and services transferred overtime | **28,855** | 16,777 |
| Product and services transferred at a point in time | **58,543** | 47,063 |
| | **87,398** | 63,840 |

(b) The following table provides information about contract assets and contract liabilities for contracts with customers.

| | | Group | | |
|---|---|---|---|---|
| | Note | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Contract assets (Note 13) | (i) | **21,778** | 11,294 | 14,271 |
| Contract liabilities (Note 27) | (ii) | **(13,459)** | (7,965) | (2,315) |
| | | **8,319** | 3,329 | 11,956 |

(i) Contract assets

Contract assets relate primarily to the Group's right to consideration for works completed but not billed at the reporting date in respect of its property development business. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers. During the financial year ended 31 March 2019, significant change in contract assets relates to amounts billed and reclassified to trade receivables of US$3,713,000 (2018: US$2,285,000).

(ii) Contract liabilities

Contract liabilities relate primarily to:

- advance consideration received from customers for sales of development properties; and
- progress billings issued to customers in accordance with the specified milestones in the contract for the sales of development properties in excess of the Group's right to the consideration

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 4. REVENUE (CONTINUED)

(b) (ii) Contract liabilities (continued)

Contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The significant changes in contract liabilities during the financial year are as follows:

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 |
| Revenue recognised that was included in contract liabilities at the beginning of financial year | **4,766** | 1,248 |
| Increases due to cash received and contractual progress billing, excluding amounts recognised as revenue during the financial year | **11,338** | 6,756 |

## 5. EXPENSES BY NATURE

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 |
| Amortisation of intangible assets [Note 25(f)] | **1,015** | 1,014 |
| Depreciation of property, plant and equipment (Note 24) | **9,231** | 6,901 |
| Total amortisation and depreciation | **10,246** | 7,915 |
| Write-off of property, plant and equipment | **157** | 20 |
| Purchase of inventories | **20,770** | 34,573 |
| Costs of land development rights sold (Note 26) | **1,431** | 80 |
| Marketing and commission | **1,411** | 1,591 |
| Subcontractors and related construction costs | **16,451** | 11,173 |
| Rental expenses on operating leases | **5,769** | 5,541 |
| Employee compensation (Note 8) | **22,734** | 21,411 |
| Professional fees | **3,186** | 4,609 |
| Fees on audit services paid/payable to: | | |
| – Auditor of the Company | **316** | 309 |
| – Other auditors | **107** | 63 |
| Total fees on audit services | **423** | 372 |
| Travelling and related costs | **1,628** | 566 |
| Utilities expenses | **1,282** | 938 |
| Others | **5,023** | 2,455 |
| Changes in inventories | **8,815** | (3,433) |
| Total cost of sales and administrative expenses | **99,326** | 87,811 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 6. OTHER INCOME – NET

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 (Restated) |
| Currency translation losses, net | **(3,395)** | (797) |
| Fair value gains on financial assets at fair value through profit or loss (Note 18) | **11,124** | 6,049 |
| Net fair value gains on investment properties (Note 23) | **69,412** | 14,180 |
| Gain on disposal of property, plant and equipment | **164** | 83 |
| Interest income from bank deposits | **18** | 21 |
| Interest income on loan to a non-related party | **-** | 990 |
| Interest income from trade receivables under instalments and contracts with significant financing component | **451** | 638 |
| Management services fee | **833** | 520 |
| Fair value loss on financial liabilities, at fair value through profit or loss (Note 31) | **(1,616)** | - |
| Net gain on disposal of subsidiary corporations (Note 12) | **-** | 19,074 |
| Others | **437** | 1,574 |
| | **77,428** | 42,332 |

## 7. FINANCE EXPENSES

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 |
| Interest expense – Borrowings | **17,350** | 9,605 |
| Other finance costs | **1,660** | 778 |
| Currency translation losses/(gains), net | **2,701** | (682) |
| | **21,711** | 9,701 |

## 8. EMPLOYEE COMPENSATION

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 |
| Wages and salaries | **18,844** | 17,850 |
| Employer's contribution to defined contribution plans | **139** | 288 |
| Share options expenses [Note 35(b)(i)] | **197** | 319 |
| Share awards expenses [Note 35(b)(ii)] | **1,451** | 1,445 |
| Other short-term benefits | **2,103** | 1,509 |
| | **22,734** | 21,411 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 9. INCOME TAXES

### (a) Income tax expense

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 |
| Tax expense/(credit) attributable to profit is made up of: | | |
| – Profit for the financial year: | | |
| From continuing operations | | |
| – Current income tax | | |
| – Singapore | **236** | 225 |
| – Foreign | **1,367** | 1,391 |
| | **1,603** | 1,616 |
| – Deferred income tax (Note 29) | **(325)** | (118) |
| | **1,278** | 1,498 |
| From discontinued operations | | |
| – Deferred income tax (Note 29) | **-** | (20) |
| | **1,278** | 1,478 |
| – (Over)/under-provision of current income tax in prior financial years | | |
| From continuing operations | | |
| – Singapore | **(49)** | (4) |
| – Foreign | **503** | 53 |
| | **454** | 49 |
| | **1,732** | 1,527 |
| Tax expense/(credit) is attributable to: | | |
| – Continuing operations | **1,732** | 1,547 |
| – Discontinued operations (Note 10) | **-** | (20) |
| | **1,732** | 1,527 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 9. INCOME TAXES (CONTINUED)

### (a) Income tax expense (continued)

The tax expense on the Group's profit before income tax differs from the theoretical amount that would have arisen using the Singapore standard rate of income tax as follows:

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 |
| Profit/(loss) before income tax from: | | |
| – continuing operations | **43,975** | 19,117 |
| – discontinued operations (Note 10) | **-** | (278) |
| | **43,975** | 18,839 |
| Share of losses of joint ventures, net of tax (Note 20) | **2,883** | 804 |
| Share of losses of associated companies, net of tax (Note 21) | **9,485** | 396 |
| Profit before income tax and share of losses of joint ventures and associated companies | **56,343** | 20,039 |
| Tax calculated at a tax rate of 17% (2018: 17%) | **9,578** | 3,407 |
| Effects of: | | |
| – different tax rates in other countries | **3,142** | 2,890 |
| – expenses not deductible for tax purposes | **3,255** | 5,355 |
| – income not subject to tax purposes | **(16,528)** | (10,966) |
| – tax incentives | **(1)** | (22) |
| – deferred tax assets not recognised | **1,832** | 834 |
| – under-provision in prior financial years | **454** | (49) |
| Income tax expense | **1,732** | 1,547 |

### (b) Movement in current income tax liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| Beginning of financial year | **4,452** | 3,606 | **237** | 112 |
| Income tax expense for the financial year (excluding tax paid in advance expensed-off) | **824** | 1,616 | **185** | 225 |
| Income tax paid | **(1,256)** | (1,874) | **(189)** | (107) |
| Under/(over)-provision in prior financial years | **454** | 49 | **(37)** | (4) |
| Other tax payables[(1)] | **-** | 1,520 | **-** | - |
| Disposal of subsidiary corporations (Note 12) | **-** | (208) | **-** | - |
| Acquisition of subsidiary corporations [Note 43(c)] | **155** | - | **-** | - |
| Currency translation differences | **(486)** | (257) | **-** | 11 |
| End of financial year | **4,143** | 4,452 | **196** | 237 |

(1) Other tax payables relates to tax liabilities payable on the profit of sold residential units in StarCity Galaxy Towers which was assigned to the Group by a non-related investor in accordance with the sales and purchase agreement signed in August 2016.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 10. LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX

In December 2017, the Group completed the disposal of its 63.05% interest in MM Myanmar Pte. Ltd. ("MM Myanmar") and its subsidiary corporations (collectively, the "MM Group"[(a)]) which operates a hot air balloons business and related hospitality services (i.e. the tourism segment) to Memories Group Limited ("Memories Group") in exchange for 43,941,737 consideration shares in the share capital of Memories Group with a fair value of consideration of US$35,604,000 accounted for as investments in associated companies (Note 21).

In compliance with SFRS(I) 5 *Non-current Assets Held for Sales and Discontinued Operations*, the entire results of MM Group are presented separately in the consolidated statement of comprehensive income as discontinued operations.

The discontinued operations for the financial year ended 31 March 2018 include the results and cash flows information of MM Group from 1 April 2017 to 29 December 2017.

The results of the discontinued operations are as follow:

| | Group 2018 US$'000 |
|---|---|
| Revenue | 2,640 |
| Expense | (2,918) |
| Loss before tax from discontinued operations | (278) |
| Income tax credit [Note 9(a)] | 20 |
| Loss from discontinued operations | (258) |

The impact of the discontinued operations on the cash flows of the Group is as follows:

| | Group 2018 US$'000 |
|---|---|
| Operating cash inflows | 3,976 |
| Investing cash outflows | (1,865) |
| Financing cash outflows | (50) |
| Total cash inflows | 2,061 |

(a) In connection with the disposal of the tourism segment, the Group undertook a restructuring exercise to streamline the MM Group structure for the purposes of acquiring 100% of the interest in Shwe Lay Ta Gun Travels & Tours Company Limited, Chindwin Investments Limited and Pun Hlaing Lodge Hotel Management Limited (collectively, the "tourism entities") under MM Myanmar.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 11. EARNINGS PER SHARE

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings/(loss) per share, the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and share awards.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. For share awards, the weighted average number of shares on issue have been adjusted as if all shares under awards have been issued at the reporting date. No adjustment is made to the net profit/(loss).

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Continuing operations | | Discontinued operations | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Net profit/(loss) attributable to equity holders of the Company (US$'000) | **34,125** | **12,212** | **-** | **(303)** | **34,125** | **11,909** |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) | **1,895,259** | 1,802,937 | - | 1,802,937 | **1,895,259** | 1,802,937 |
| Adjustments for share options | **701** | 4,764 | - | 4,764 | **701** | 4,764 |
| Adjustments for share awards | **11,798** | 11,087 | - | 11,087 | **11,798** | 11,087 |
| Weighted average number of ordinary shares outstanding for diluted earnings per share ('000) | **1,907,758** | 1,818,788 | - | 1,818,788 | **1,907,758** | 1,818,788 |
| Basic earnings/(loss) per share (US cents) | **1.80** | 0.68 | - | (0.02) | **1.80** | 0.66 |
| Diluted earnings/(loss) per share (US cents) | **1.79** | 0.67 | - | (0.02)* | **1.79** | 0.65 |

* As a loss was recorded by the Group's discontinued operations, the dilutive potential share options and share awards were anti-dilutive and no change has been made to the dilutive loss per share in respect of the discontinued operations.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 12. CASH AND BANK BALANCES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Cash and bank balances | **29,877** | 25,455 | 24,917 | **14,906** | 14,008 | 8,919 |

Please refer to Note 43(b) for the effects of an acquisition of subsidiary corporations on the cash flows of the Group.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| Cash and bank balances (as above) | **29,877** | 25,455 |
| Less: Bank deposits restricted for use | **(14,390)** | (12,432) |
| Cash and cash equivalents per consolidated statement of cash flows | **15,487** | 13,023 |

Bank deposits restricted for use are in relation to debt service reserve accounts in relation to certain borrowings.

Cash and bank balances of the Group with carrying amount of US$1,632,000 (31 March 2018: Nil; 1 April 2017: Nil) are subject to a floating charge to secure borrowings of the Group [Note 28(a)].

Disposal of subsidiary corporations

In December 2017, the Group completed the disposal of its 63.5% interest in MM Group, which operates the tourism segment, to Memories Group in exchange for 43,941,737 consideration shares in the share capital of Memories Group with a fair value of consideration of US$35,604,000 accounted for as investments in associated companies (Note 21). Accordingly, the Group has derecognised its investment in MM Group and the related assets and liabilities of the tourism segment and classified the results of the tourism segment as discontinued operations (Note 10).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 12. CASH AND BANK BALANCES (CONTINUED)

The effects of the disposal on the cash flows of the Group were:

| | Group 31 March 2018 US$'000 |
|---|---|
| Carrying amounts of assets and liabilities disposed of | |
| Cash and cash equivalents | 2,190 |
| Trade and other receivables | 1,296 |
| Inventories (Note 15) | 295 |
| Development properties | 20,865 |
| Property, plant and equipment (Note 24) | 2,771 |
| Intangible assets [Note 25(c)] | 472 |
| Assets held-for-sale | 11,563 |
| Total assets | 39,452 |
| Trade and other payables | 6,778 |
| Current income tax liabilities [Note 9(b)] | 208 |
| Deferred income tax liabilities (Note 29) | 113 |
| Total liabilities | 7,099 |
| Net asset derecognised | 32,353 |
| Less: Non-controlling interests | (20,075) |
| Net assets disposed of | 12,278 |

The aggregate cash inflows arising from the disposal of MM Group were:

| | Group 31 March 2018 US$'000 |
|---|---|
| Net assets disposed of (as above) | 12,278 |
| – Reclassification of currency translation reserve [Note 35(b)(iii)] | 2,114 |
| – Transactional costs incurred for the disposal recognised in profit or loss | 2,138 |
| | 16,530 |
| Net gain on disposal of subsidiary corporations (Note 6) | 19,074 |
| Proceeds from disposal of subsidiary corporations | 35,604 |
| Less: Fair value of consideration recognised as investments in associated companies [Note 21(b)] | (35,604) |
| Less: Cash and cash equivalent in subsidiary corporations disposed-off | (2,190) |
| Net cash outflow on disposal | (2,190) |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 13. TRADE AND OTHER RECEIVABLES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| **Current** | | | | | | |
| Trade receivables | | | | | | |
| – Non-related parties | **10,135** | 13,701 | 19,081 | **-** | - | - |
| – Associated companies | **78** | - | - | **-** | - | - |
| – Joint ventures | **-** | - | 31 | **-** | - | - |
| | **10,213** | 13,701 | 19,112 | **-** | - | - |
| Contract assets [Note 4(b)] | **21,778** | 11,294 | 14,271 | **-** | - | - |
| Finance lease receivables (Note 14) | **2,375** | 1,067 | - | **-** | - | - |
| Non-trade receivables | | | | | | |
| – Non-related parties | **7,046** | 8,028 | 7,955 | **213** | 137 | 97 |
| – Associated companies | **6,339** | - | 57 | **534** | - | - |
| – Joint ventures | **469** | - | - | **-** | - | - |
| | **13,854** | 8,028 | 8,012 | **747** | 137 | 97 |
| Amounts due from entities related by a common controlling shareholder | **36,288** | 16,231 | - | **7,845** | 5,211 | 1,978 |
| Staff loans | **1,268** | 211 | 593 | **118** | 211 | 569 |
| | **85,776** | 50,532 | 41,988 | **8,710** | 5,559 | 2,644 |
| **Non-current** | | | | | | |
| Loan to a non-related party | **-** | - | 27,565 | **-** | - | - |
| Loans to associated companies | **1,829** | 16,376 | 3,946 | **-** | - | - |
| Trade receivables - Non-related parties | **2,899** | 3,545 | 24,605 | **-** | - | - |
| Finance lease receivables (Note 14) | **8,486** | 4,869 | - | **-** | - | - |
| | **13,214** | 24,790 | 56,116 | **-** | - | - |
| Total trade and other receivables | **98,990** | 75,322 | 98,104 | **8,710** | 5,559 | 2,644 |

Amounts due from entities related by a common controlling shareholder and non-trade receivables from joint ventures and associated companies are unsecured, interest-free and are receivable on demand.

Staff loans are unsecured, interest-bearing at 5% (31 March 2018: 5%; 1 April 2017: 5%) per annum and are receivable on demand. Included in the staff loans are loans made to four (31 March 2018: two; 1 April 2017: three) members of key management personnel of the Group amounting to US$1,186,000 (31 March 2018: US$131,000; 1 April 2017: US$482,000) which are at the same terms as loans to other staff, except for the loans amounting to US$1,139,000 (31 March 2018: Nil; 1 April 2017: Nil) which are interest-free.

Included in the Group's non-trade receivables from associated companies as at 31 March 2019 are funding provided to an associated company amounting to US$4,839,000 pursuant to the planned investment by with a non-related party which are expected to be completed within the next 12 months from the end of the financial year.

Trade and other receivables of the Group with carrying amount of US$7,053,000 (31 March 2018: Nil; 1 April 2017: Nil) are subject to a floating charge to secure borrowings of the Group [Note 28(a)].

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Non-current loan to a non-related party as at 1 April 2017 was unsecured and interest-bearing at 8% per annum. The fair value of the loan to a non-related party was US$29,329,000 and was computed based on the adjusted future cash flows discounted at the market interest rate of an equivalent instrument at the reporting date of 13%. The fair value is within Level 2 of the fair value hierarchy. The loan had been offset against the Group's purchase consideration for the acquisition of StarCity's Galaxy Towers during the financial year ended 31 March 2018.

Non-current loans to associated companies are unsecured, interest-free and not expected to be repaid within 12 months from the end of the financial year. The fair value of non-current loans to associated companies of US$1,553,000 (31 March 2018: US$15,425,000; 1 April 2017: US$3,806,000) is determined from the adjusted future cash flow analysis discounted at market borrowing rate of an equivalent instrument at the reporting date of 13% (31 March 2018: 13%; 1 April 2017: 13%). The fair value is within Level 2 of the fair value hierarchy. During the financial year ended 31 March 2019, the Group capitalised part of the costs incurred for the development of a hotel project in Yangon on behalf of an associated company which had been included in the non-current loans to associated companies as at 31 March 2018, amounting to US$14,380,000 as additional cost of investments in associated companies (Note 21) following the approval from the other shareholders of the associated company.

The fair value of non-current trade receivables of US$2,653,000 (31 March 2018: US$3,217,000; 1 April 2017: US$23,128,000) is computed based on the adjusted future cash flows discounted at market interest rate of an equivalent instrument at the reporting date 13% (31 March 2018: 12.9%; 1 April 2017: 12.2%). The fair value is within Level 2 of the fair value hierarchy.

Trade receivables amounting to US$382,000 (31 March 2018: US$2,521,000, 1 April 2017: US$6,305,000) are under instalment credit agreements with interest rate ranging from 10% to 13% (31 March 2018: 10% to 13%; 1 April 2017: 10% to 13%) and are analysed as below:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Gross instalment receivables: | | | |
| – Within one year | **233** | 2,623 | 4,840 |
| – Between one to five years | **151** | 54 | 2,282 |
| | **384** | 2,677 | 7,122 |
| Less: Unearned interest income | **(2)** | (156) | (817) |
| Net instalment receivables | **382** | 2,521 | 6,305 |

The present value of trade receivables with instalment credit agreements are analysed as follows:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Within one year | **231** | 2,468 | 4,236 |
| Between one and five years | **151** | 53 | 3,069 |
| | **382** | 2,521 | 6,305 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables subject to offsetting arrangements

The Group has receivables and payables from entities related by a common controlling shareholder arising from the sale/purchase of goods and services and the payment/collection on behalf of the Group. The Group and the entities related by a common controlling shareholder have arrangements to settle the amounts periodically on a net basis based on group-wide balances and under normal credit terms. The Group's receivables from and payables to entities related by a common controlling shareholder are as follows:

| | Gross carrying amounts US$'000 | Gross amounts offset in the statements of financial position US$'000 | Net amounts in the statements of financial position US$'000 |
|---|---|---|---|
| **Group** | | | |
| **31 March 2019** | | | |
| Trade and other receivables | **39,218** | **(2,930)** | **36,288** |
| Trade and other payables | **(2,930)** | **2,930** | **-** |
| **31 March 2018** | | | |
| Trade and other receivables | 31,957 | (15,726) | 16,231 |
| Trade and other payables | (15,726) | 15,726 | - |
| **1 April 2017** | | | |
| Trade and other receivables | 21,300 | (21,300) | - |
| Trade and other payables | (45,242) | 21,300 | (23,942) |
| **Company** | | | |
| **31 March 2019** | | | |
| Trade and other receivables | **8,736** | **(891)** | **7,845** |
| Trade and other payables | **(891)** | **891** | **-** |
| **31 March 2018** | | | |
| Trade and other receivables | 9,946 | (4,735) | 5,211 |
| Trade and other payables | (4,735) | 4,735 | - |
| **1 April 2017** | | | |
| Trade and other receivables | 6,225 | (4,247) | 1,978 |
| Trade and other payables | (4,247) | 4,247 | - |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 14. FINANCE LEASE RECEIVABLES

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Gross receivables due | | | |
| - Not later than one year | **3,784** | 1,853 | - |
| - Later than one year but within five years | **10,631** | 6,351 | - |
| | **14,415** | 8,204 | - |
| Less: Unearned finance income | **(3,554)** | (2,268) | - |
| Net investment in finance leases | **10,861** | 5,936 | - |

The net investment in finance leases is analysed below:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Not later than one year (Note 13) | **2,375** | 1,067 | - |
| Later than one year but within five years (Note 13) | **8,486** | 4,869 | - |
| Net investment in finance leases | **10,861** | 5,936 | - |

The Group has finance leasing arrangements for motor vehicles with lease terms varying from three to five years, depending on the contracted agreement between the Group and its customers, and earns interest ranging from 11% to 15% per annum. The receivables are secured by collateral.

The fair value of non-current finance lease receivables of US$7,368,000 (31 March 2018: US$4,402,000; 1 April 2017: Nil) is computed based on the adjusted future cash flows discounted at the market interest rate of an equivalent instrument at the reporting date 13% (31 March 2018: 13%; 1 April 2017: Nil). The fair value is within Level 2 of the fair value hierarchy.

## 15. INVENTORIES

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Construction materials | **6** | 36 | 57 |
| Consumables | **1,827** | 1,290 | 1,411 |
| Trading goods | **16,568** | 25,536 | 22,256 |
| | **18,401** | 26,862 | 23,724 |

The cost of inventories recognised as an expense and included in "cost of sales" amounted to US$29,585,000 (2018: US$31,140,000). In the financial year ended 31 March 2018, inventories amounting to US$295,000, were disposed-off as part of the assets of the tourism segment (Note 12).

Inventories of the Group with carrying amount of US$11,768,000 (31 March 2018: Nil; 1 April 2017: Nil) are subject to a floating charge to secure borrowings of the Group [Note 28(a)].

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 16. DEVELOPMENT PROPERTIES

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Properties under development, sold units for which revenue is recognised overtime – costs incurred | **545** | 1,185 | 1,099 |
| Other unsold properties under development – costs incurred | **275,514** | 268,711 | 182,022 |
| Completed properties | **1,702** | 2,348 | 4,902 |
| | **277,761** | 272,244 | 188,023 |

During the financial year ended 31 March 2019, the Group transferred certain units of development properties with total carrying amounts of US$51,256,000 to investment properties (Note 23) for leasing purposes following a change in use of the properties as required under SFRS(I) 1-40 *Investment Properties*. The transfer is in line with the Group's effort to increase its recurring leasing revenue as well as to meet the market's demand for leased properties.

During the financial year ended 31 March 2018, the Group transferred portions of the completed office building with a carrying amount of US$4,197,000 from development properties to investment properties (Note 23) as portions of this property have been leased out under operating leases to non-related parties and related parties.

As at 31 March 2019, a development property of the Group with a carrying amount of US$93,609,000 (31 March 2018: Nil; 1 April 2017: Nil) was mortgaged to secure the Group's borrowings [Note 28(a)].

## 17. OTHER ASSETS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Other deposits | **1,820** | 1,907 | 2,122 | **403** | 1,091 | 1,274 |
| Advances to suppliers and subcontractors | **49,178** | 35,599 | 9,713 | **-** | - | - |
| Prepayments – Crop and Supply Agreement | **5,803** | 5,588 | 4,912 | **-** | - | - |
| Other prepayments | **12,473** | 17,706 | 6,333 | **2,990** | 1,104 | 1,493 |
| | **69,274** | 60,800 | 23,080 | **3,393** | 2,195 | 2,767 |
| Less: Non-current portion | **(7,380)** | (6,527) | (5,404) | **-** | - | - |
| Current portion | **61,894** | 54,273 | 17,676 | **3,393** | 2,195 | 2,767 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 17. OTHER ASSETS (CONTINUED)

Prepayments – Crop and Supply Agreement

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| *Cost* | | |
| Beginning of financial year | **13,707** | 13,031 |
| Additions | **419** | 304 |
| Currency translation differences | **(204)** | 372 |
| End of financial year | **13,922** | 13,707 |
| *Accumulated impairment loss* | | |
| Beginning and end of financial year | **(8,119)** | (8,119) |
| *Carrying value* | **5,803** | 5,588 |

Pursuant to a Crop and Produce Supply Agreement which a subsidiary corporation, Plantation Resources Pte. Ltd. ("PRPL"), entered into with a company which is controlled by a director who is also the controlling shareholder of the Company, PRPL agreed to make a prepayment to the related party for a minimum quantity of crops produced by the plantation owned by the related party. Such prepayments shall be offset against the price of the crops purchased by PRPL.

The Group reviews the necessity and adequacy of the allowance for impairment loss at each reporting date and makes adjustments when necessary. Prepayments are tested for impairment whenever there is any objective evidence or indication that the prepayments may be impaired.

The Group has carried out impairment tests for the prepayments based on value-in-use. Cash flow projections used in this calculations were based on financial budgets approved by management covering the remaining contractual period of the agriculture operating rights of 18 years (31 March 2018: 19 years, 1 April 2017: 20 years). Key assumptions used for value-in-use calculations were as below:

| | | Group | |
|---|---|---|---|
| | 31 March 2019 | 31 March 2018 | 1 April 2017 |
| Crop yield rate per kg | **1,250** | 1,250 | 1,250 |
| Market price of crop per MT | **US$1,779** | US$2,050 | US$1,997 |
| Discount rate[1] | **19.2%** | 16.3% | 16.2% |

1 Pre-tax discount rate applied to the pre-tax cash flow projections

These assumptions were used for the analysis of the agriculture investment. Management determined projected crop yield rate, market price of the planted crops, related capital expenditure and operating costs based on past performance and its expectations of market developments. The discount rate used was pre-tax and reflected specific risks relating to the agriculture investment.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| Beginning of financial year | **41,102** | 35,663 |
| Adoption of SFRS(I) 9 (Note 2.2) | **1,943** | - |
| Reclassified from available-for-sale financial assets (Note 19) | **6,195** | - |
| Fair value gains recognised in profit or loss (Note 6) | **11,124** | 6,049 |
| Capital repayment | **-** | (625) |
| Currency translation differences | **(116)** | 15 |
| End of financial year | **60,248** | 41,102 |
| Less: non-current portion | **(9,396)** | - |
| Current portion | **50,852** | 41,102 |

Analysed as:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Unlisted securities | | | |
| – Private investment fund – Myanmar (Note a) | **5,712** | - | - |
| – Equity securities – Myanmar (Note b) | **54,536** | 41,102 | 35,663 |
| Total | **60,248** | 41,102 | 35,663 |

(a) Private investment funds relate to the Group's investment in exempted limited partnerships (the "Partnerships") which focus on investments in equity and equity-related securities of companies incorporated in Myanmar, with principal businesses based in Myanmar or have substantial operations (or expect to establish substantial operations) in Myanmar. The Partnerships will continue in existence until eight years from their respective final closing dates, subject to two extensions of one year each, provided that the second extension shall be subject to a prior approval requirement as defined in the Limited Partnership Agreements. As at 31 March 2019, the fair value of US$5,712,000 (31 March 2018: Nil; 1 April 2017: Nil) is determined based on valuation techniques as described in Note 3(c).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(b) Included in the Group's equity securities are as follows:

(i) 12.5% equity interest in edotco Investments of which the Company had been granted a put option to sell its interest in edotco Investment to edotco Group Sdn Bhd ('edotco Group'). Similarly, the Company had also granted a call option to the edotco Group on the same terms.

As at 31 March 2019, the Group remeasured the fair value of its interest in edotco Investments based on a multiple of EBITDA by reference to the recent transacted valuation of other telecom tower companies based in Asia to US$50,852,000 (31 March 2018: US$40,424,000; 1 April 2017: US$35,000,000) and during the financial year recognised aggregate fair value gains on its investment in edotco Investments of US$10,428,000 (2018: US$6,049,000) in relation to the fair value remeasurement at each reporting date.

The Group's 12.5% interest in edotco Investments with carrying amount of US$50,852,000 (31 March 2018: US$40,424,000; 1 April 2017: US$35,000,000) is pledged to financial institutions under loan facilities [Note 28(a)].

(ii) 9% equity interest in a special purpose company, MC-Jalux Airport Services Co., Ltd. ("MJAS") which focuses on airport operations in Mandalay, Myanmar. MJAS has signed aa concession agreement with Myanmar's Departnment of Civil Aviation for the concession to operate Mandalay International Airport for 30 years. As at 31 March 2019, the fair value of US$3,088,000 (31 March 2018: Nil; 1 April 2017: Nil) is determined based on valuation techniques as described in Note 3(c).

(iii) other unquoted equity securities with a fair value of US$596,000 (31 March 2018: US$678,000; 1 April 2017: US$663,000) is determined based on valuation techniques as described in Note 3(c).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| Beginning of financial year | **6,195** | 4,353 |
| Reclassified to financial assets at fair value through profit or loss (Note 18) | **(6,195)** | - |
| Additions | **-** | 1,575 |
| Fair value gain recognised in other comprehensive income [Note 35(b)(iv)] | **-** | 261 |
| Currency translation differences | **-** | 6 |
| End of financial year | **-** | 6,195 |

Analysed as:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Unlisted securities | | | |
| – Private investment funds – Myanmar (Note a) | **-** | 5,915 | 4,079 |
| – Equity securities – Myanmar (Note b) | **-** | 280 | 274 |
| Total | **-** | 6,195 | 4,353 |

(a) Private investment funds relate to the Group's investment in exempted limited partnership (the "Partnerships") which focus on investments in equity and equity-related securities of companies incorporated in Myanmar, with principal businesses based in Myanmar or have substantial operations (or expect to establish substantial operations) in Myanmar. The Partnerships will continue in existence until eight years from their respective final closing dates, subject to two extensions of one year each, provided that the second extension shall be subject to a prior approval requirement as defined in the Limited Partnership Agreements.

(b) This refers to the Group's equity interest in a special purpose company, MC-Jalux Airport Services Co., Ltd. ("MJAS") which focuses on airport operations in Mandalay, Myanmar. MJAS has signed a concession agreement with Myanmar's Department of Civil Aviation (DCA) for the concession to operate Mandalay International Airport for 30 years.

The fair value of the unlisted available-for-sale financial assets are determined based on valuation techniques as described in Note 3(c).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 20. INVESTMENTS IN JOINT VENTURES

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| Beginning of financial year | **5,248** | 4,376 |
| Additions | **9,855** | 1,459 |
| Acquisition of subsidiary corporations [Note 43(c)] | **84** | - |
| Dividend income | **(1,063)** | - |
| Share of losses [Note 9(a)] | **(2,883)** | (804) |
| Share of other comprehensive loss | **(170)** | - |
| Currency translation differences | **301** | 217 |
| End of financial year | **11,372** | 5,248 |
| Add: Loan to joint venture | **-** | 4,499 |
| | **11,372** | 9,747 |

The Group has certain interests in the ownership and voting rights in the joint arrangements that are held through various subsidiary corporations. These joint arrangements are strategic ventures in the respective businesses. The Group jointly controls the arrangements with other partners as the contractual agreements require unanimous consent for all major decisions over the relevant activities. All of the Group's joint arrangements are structured as separate vehicles and the Group has residual interests in their net assets. Accordingly, the Group has classified its interests in these joint arrangements as joint ventures, which are accounted for using the equity method in the consolidated financial statements.

The loan to joint venture, KOSPA Limited ("KOSPA") is unsecured and interest-free. There is no certainty on the date of repayment as the Group is required to provide the loan as financing for the operations of KOSPA over the long term in accordance with the joint venture agreement. Accordingly, the loan is considered to be a quasi-capital loan and forms part of the Group's cost of investments in KOSPA.

The Group's material joint ventures are summarised below:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| MM Cars Myanmar Limited ("MM Cars") | **2,221** | 3,017 | 2,949 |
| KOSPA Limited ("KOSPA") | **2,460** | 2,086 | 2,479 |
| BYMA Pte Ltd ("BYMA") | **1,148** | 1,617 | 1,150 |
| Other immaterial joint ventures | **5,543** | 3,027 | 2,013 |
| | **11,372** | 9,747 | 8,591 |

(a) In November 2012, the Group entered into an agreement with Parkson Myanmar Investment Company Pte. Ltd. ("Parkson Myanmar") and First Myanmar Investment Public Company Limited ("FMI") to establish and operate departmental stores in Myanmar through incorporation of Parkson Myanmar Investment Company Pte. Ltd. and its subsidiary corporations (collectively, "Parkson Myanmar Group"). The Group has a 20% equity interest in Parkson Myanmar Group at a historical cost of US$600,000. Parkson Myanmar Group has ceased its operations since December 2016.

(b) In March 2013, the Group entered into an agreement with Dragages Singapore Pte Ltd to form a jointly-controlled entity, BYMA, to design and construct apartments in StarCity and perform other associated works. The Group has a 40% equity interest in BYMA at a historical cost of US$295.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 20. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The Group's material joint ventures are summarised below: (continued)

(c) In December 2013, the Group entered into an agreement with Sumitomo Corporation and FMI for the purpose of establishing a jointly-controlled company, Summit SPA Motors Limited ("Summit SPA") which was incorporated in September 2014, to operate authorised service stations for, and to distribute, Hino trucks and buses in Myanmar. Subsequently, in November 2014, the Group acquired an additional 20% equity interest in Summit SPA from FMI, which resulted in the increase in its equity interest in Summit SPA from 20% to 40% at a historical cost of US$2,200,000. Following the subscription of 4 million new shares for an aggregate consideration of US$4,000,000 by Sumitomo Corporation in March 2019 to strengthen and expand the business of Summit SPA, the Group's equity interest in Summit SPA changed from 40% to 23.16%. The deemed loss on dilution of US$119,000 has been recognised and included in the Group's share of losses of joint ventures for the financial year.

(d) In April 2014, the Group entered into an agreement with Mitsubishi Corporation and FMI to set up a new company, MC Elevator (Myanmar) Limited ("MC Elevator"), for the purposes of conducting the business of (i) technical services and solutions for the installation, testing and commissioning of elevators, escalators and related products; (ii) installation, testing and commissioning services, and maintenance and repair services for elevators, escalators and related products; (iii) the import and supply of elevators, escalators, parts of elevators and escalators and related products and the installation and repair equipment in connection with the provision of services; and (iv) various support services to companies engaged in the elevator/escalator business, including administration, documentation and corporate services, operational assistance, management services, business consultancy, technical services and technical assistance, customer related services, and brand and product development services. Subsequently, in October 2014, the Group acquired an additional 20% equity interest in MC Elevator from FMI, which resulted in the increase in its equity interest in MC Elevator from 20% to 40% at a historical cost of US$600,000.

(e) In April 2014, the Group through its subsidiary corporation, Myanmar Motors Pte. Ltd. ("Myanmar Motors"), entered into a new joint venture with Mitsubishi Corporation and FMI, to carry out the business of providing various services for companies engaged in the automotive and tyre industry in Myanmar through the incorporation of a joint-controlled company, First Japan Tire Services Company Limited ("FJTS"). In November 2014, the Group acquired an additional 9% interest in Myanmar Motors from FMI and, as a result, the Group's effective equity interest in FJTS increased from 21% to 30% at a historical cost of US$212,000.

(f) In July 2014, the Group entered into a joint venture agreement with Kokubu & Co., Ltd. ("Kokubu") and FMI to incorporate KOSPA to establish and operate the business of distributing agricultural and marine products, using high-specification vehicles with refrigeration capacity. Subsequently, in March 2015, the Group acquired an additional 20% equity interest in KOSPA from FMI, which resulted in the increase in its equity interest in KOSPA from 30% to 50% at a historical cost of US$50,000. During the financial year ended 31 March 2019, KOSPA capitalised the quasi-capital loan amounting to US$5,950,000 (including the amount brought forward from 31 March 2018 of US$4,499,000) as its additional share capital, accordingly, the Group's historical cost of investment in KOSPA increased to US$6,000,000 as at 31 March 2019.

In March 2019, the Company entered into definitive agreements with a non-related party, S.F Holding Co., Ltd. ("S.F. Express") for the subscription of new shares amounting to a 25% interest in KOSPA, subject to the satisfaction of certain conditions, for an aggregate issue price of US$4,000,000 for the purpose of funding the expansion of KOSPA's business. In conjunction with and prior to the completion of the proposed investment by S.F. Express, the Company will acquire from Kokubu a certain number of shares in KOSPA such that the Company will retain its 50% interest in KOSPA post the investment from S.F. Express for a total consideration of US$2,000,000 to be paid within a period of five years. Post the transactions, KOSPA will become a subsidiary corporation of the Company pursuant to a new shareholders agreement between the parties. As at the end of the financial year, the restructuring of KOSPA had not been completed.

As at 31 March 2019, the Group's 50% investment in KOSPA with a carrying amount of US$2,460,000 (31 March 2018: US$2,086,000; 1 April 2017: US$2,479,000) is pledged to secure borrowings of the Group [Note 28(a)].

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 20. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The Group's material joint ventures are summarised below: (continued)

(g) In October 2015, the Group through its subsidiary corporation, Myanmar Motors entered into a new joint venture with Mitsubishi Corporation, to carry out the business of distribution (wholesale), retail sales, after-sales services, maintenance services and importation of motor vehicles and spare parts manufactured by Mitsubishi Motor Corporation in Myanmar through the incorporation of a jointly-controlled company, MM Cars. The Group has a 50% equity interest at a historical cost of US$4,000,000.

(h) In May 2017, the Group through its subsidiary corporation, Yoma Strategic Investments Ltd. entered into a new joint venture agreement with Norfund, a Norwegian state-owned investment fund and Mr Alakesh Chetia (collectively, the "existing shareholders"), to establish distributed generation micropower plants and mini grids for the purposes of generating and distributing electricity to off-grid rural communities and telecommunication towers in Myanmar through the incorporation of a jointly-controlled company, Yoma Micro Power (S) Pte. Ltd ("YMP").

During the financial year ended 31 March 2019, YMP issued additional new shares to International Finance Corporation and the existing shareholders to expand its business pursuant to the new Shareholder' Agreement signed in March 2018 and the Amended and Restated Subscription Agreement signed in October 2018 which resulted in the decrease of the Group's equity interest in YMP from 47.5% to 35.01%. As a result, the Group's historical cost of investment increased from US$950,000 as at 31 March 2018 to US$5,240,000 as at 31 March 2019. The impact of the dilution of the Group's interest in YMP is assessed to be insignificant.

As at 31 March 2019, the Group's 35% investment in YMP with a carrying amount of US$4,006,000 (31 March 2018: US$950,000; 1 April 2017: Nil) is pledged to secure borrowings of the Group [Note 28(a)].

(i) In September 2017, the Group through its subsidiary corporation, Yoma Agriculture Company Limited entered into a new joint venture agreement with Huepeden & Co. (GmbH & Co.) KG to operate the cultivation, manufacturing and canning of fruits and vegetables products through the incorporation of a jointly-controlled company, Myfood Industries Myanmar Company Limited ("Myfood"). Subsequently, in March 2019, the Group invested an additional US$52,500 for its pro-rata 60% equity interest in Myfood, resulting in the increase in its historical cost of investment to US$121,500.

(j) In January 2019, the Group through its subsidiary corporation, Yoma Agriculture Company Limited entered into a new joint venture agreement with Paradeep Phosphates Limited ("PPL"), to operate the trading, export/import and retail or wholesale distribution, of fertilizers, seeds and/or pesticides through the incorporation of a jointly-controlled company, Zuari Yoma Agri Solutions Limited ("ZYAS"). The Group has 50% equity interest in ZYAS at a historical cost of US$12,500.

As at 31 March 2019, the Group has a total of US$3,565,000 (31 March 2018: US$7,802,000; 1 April 2017: US$1,734,000) of commitments to provide fundings if called, related to the above joint ventures. These commitments have not been recognised in the Group's consolidated financial statements.

There were no contingent liabilities relating to the Group's interests in the joint ventures.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 20. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Set out below are the joint ventures of the Group as at 31 March 2019 and 2018 and 1 April 2017:

| | Name of joint ventures | Principal activities | Country of incorporation/ Principal place of business | Ownership interest | | |
|---|---|---|---|---|---|---|
| | | | | 31 March 2019 | 31 March 2018 | 1 April 2017 |
| | Joint ventures held by Yoma Strategic Investments Ltd | | | | | |
| (a) | Parkson Myanmar Investment Company Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | **20%** | 20% | 20% |
| (b) | MC Elevator (Myanmar) Limited | Investments – Distributor and service activities | Myanmar | **40%** | 40% | 40% |
| (c) | KOSPA Limited | Consumer – Logistics activities | Myanmar | **50%** | 50% | 50% |
| (d) | Yoma Micro Power (S) Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | **35%** | 47.5% | - |
| | Joint ventures held by Myanmar Motors Pte. Ltd. | | | | | |
| (b) | First Japan Tire Services Company Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **30%** | 30% | 30% |
| (b) | MM Cars Myanmar Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **50%** | 50% | 50% |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 20. INVESTMENTS IN JOINT VENTURES (CONTINUED)

| | Name of joint ventures | Principal activities | Country of incorporation/ Principal place of business | Ownership interest | | |
|---|---|---|---|---|---|---|
| | | | | 31 March 2019 | 31 March 2018 | 1 April 2017 |
| | Joint venture held by Elite Matrix International Limited | | | | | |
| (c) | Summit SPA Motors Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **23.16%** | 40% | 40% |
| | Joint venture held by SPA Project Management Pte. Ltd. | | | | | |
| (a) | BYMA Pte. Ltd. | Real Estate Services– Construction services activities | Singapore/ Myanmar | **40%** | 40% | 40% |
| | Joint ventures held by Yoma Agriculture Company Limited | | | | | |
| (e) | Myfood Industries Myanmar Company Limited | Investment – Agricultural activities | Myanmar | **60%** | 60% | - |
| (e) | Zuari Yoma Agri Solutions Limited | Investment – Agricultural activities | Myanmar | **50%** | - | - |

(a) Audited by Ernst & Young LLP, Singapore
(b) Audited by Myanmar Vigour & Associates, Myanmar
(c) Audited by Yangon Professional Group, Myanmar
(d) Audited by Nexia TS Public Accounting Corporation, Singapore
(e) Audited by Excellent Choice Professional Financial Consulting and Auditing Group, Myanmar

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 20. INVESTMENTS IN JOINT VENTURES (CONTINUED)

***Summarised financial information for joint ventures***

Management has determined the significance of joint ventures based on the future plans of the respective entities, their prospects and the impact on the financial statements of the Group.

Set out below are the summarised financial information of the joint ventures of the Group which, in the opinion of the Directors, are material to the Group. The financial information has been modified for differences in the Group's accounting policies, which are in accordance with SFRS(I).

*Summarised statement of financial position*

| | MM Cars | | | KOSPA | | | BYMA | | |
|---|---|---|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| **Current assets** | **4,359** | 6,860 | 4,519 | **2,804** | 1,768 | 894 | **24,048** | 27,892 | 16,178 |
| Includes: | | | | | | | | | |
| – Cash and bank balances | **282** | 696 | 1,972 | **346** | 289 | 118 | **15,154** | 10,993 | 2,557 |
| **Current liabilities** | **(1,993)** | (3,624) | (1,233) | **(1,617)** | (865) | (284) | **(22,558)** | (24,767) | (14,870) |
| Includes: | | | | | | | | | |
| – Financial liabilities (excluding trade payables) | **(1,737)** | (3,336) | (1,108) | **-** | - | - | **(22,300)** | (13,409) | (835) |
| **Non-current assets** | **1,472** | 1,830 | 2,044 | **3,070** | 3,778 | 4,225 | **575** | 438 | 1,438 |
| **Non-current liabilities** | **-** | - | - | **-** | (9,783) | (8,482) | **-** | - | - |
| **Net assets/(liabilities)** | **3,838** | 5,066 | 5,330 | **4,257** | (5,102) | (3,647) | **2,065** | 3,563 | 2,746 |

*Summarised statement of comprehensive income for the financial year ended 31 March*

| | MM Cars | | KOSPA | | BYMA | |
|---|---|---|---|---|---|---|
| | 2019 US$'000 | 2018 US$'000 | 2019 US$'000 | 2018 US$'000 | 2019 US$'000 | 2018 US$'000 |
| **Revenue** | **7,199** | 6,493 | **5,048** | 2,165 | **16,297** | 20,876 |
| **Expenses** | **(7,819)** | (6,873) | **(7,762)** | (3,516) | **(14,848)** | (19,283) |
| Includes: | | | | | | |
| – Depreciation and amortisation | **(297)** | (292) | **(517)** | (559) | **(289)** | (882) |
| **(Loss)/profit before income tax** | **(620)** | (380) | **(2,714)** | (1,351) | **1,449** | 1,593 |
| Income tax expense | **-** | - | **-** | - | **(207)** | (528) |
| **Net (loss)/profit** | **(620)** | (380) | **(2,714)** | (1,351) | **1,242** | 1,065 |
| Other comprehensive income/(loss) | **-** | - | **-** | - | **142** | (267) |
| **Total comprehensive (loss)/income** | **(620)** | (380) | **(2,714)** | (1,351) | **1,384** | 798 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 20. INVESTMENTS IN JOINT VENTURES (CONTINUED)

***Summarised financial information for joint ventures (continued)***

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in the joint ventures is as follows:

| | MM Cars | | | KOSPA | | | BYMA | | |
|---|---|---|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| **Net assets/(liabilities)** | | | | | | | | | |
| **At beginning of financial year** | **5,066** | 5,330 | 2,612 | **(5,102)** | (3,647) | (1,569) | **3,563** | 2,746 | 1,068 |
| (Loss)/profit for the financial year | **(620)** | (380) | (661) | **(2,714)** | (1,351) | (2,420) | **1,242** | 1,065 | 1,069 |
| Other comprehensive income/(loss) | **-** | - | - | **-** | - | - | **142** | (267) | (128) |
| Increase in share capital | **-** | - | 3,190 | **-** | - | - | **-** | - | - |
| Capitalisation of quasi-equity loan as share capital | **-** | - | - | **11,900** | - | - | **-** | - | - |
| Dividend paid | **-** | - | - | **-** | - | - | **(2,650)** | - | - |
| Currency translation differences | **(608)** | 116 | 189 | **173** | (104) | 342 | **(232)** | 19 | 737 |
| | **3,838** | 5,066 | 5,330 | **4,257** | (5,102) | (3,647) | **2,065** | 3,563 | 2,746 |
| **At end of financial year** | | | | | | | | | |
| Interests in joint ventures | **1,919** | 2,533 | 2,665 | **2,129** | (2,551) | (1,823) | **826** | 1,425 | 1,098 |
| Loan to joint venture | **-** | - | - | **-** | 4,498 | 4,216 | **-** | - | - |
| Others | **302** | 484 | 284 | **331** | 139 | 86 | **322** | 192 | 52 |
| Carrying value | **2,221** | 3,017 | 2,949 | **2,460** | 2,086 | 2,479 | **1,148** | 1,617 | 1,150 |

***Immaterial joint ventures***

The following table summarises, in aggregate, the carrying amount and the Group's share of loss and other comprehensive loss of the immaterial joint ventures that are accounted for using the equity method:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Carrying amount of interests in the immaterial joint ventures | **5,543** | 3,027 | 2,013 |
| Group's share of: | | | |
| – Loss for the financial year, representing total comprehensive loss | **(1,843)** | (404) | (461) |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 21. INVESTMENTS IN ASSOCIATED COMPANIES

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| Beginning of financial year | **76,407** | 20,689 |
| Additions | **16,235** | 56,099 |
| Share of losses [Note 9(a)] | **(9,485)** | (396) |
| Share of other comprehensive loss | **(2,283)** | - |
| Currency translation differences | **476** | 15 |
| End of financial year | **81,350** | 76,407 |
| Add: Loan to associated company | **-** | 247 |
| | **81,350** | 76,654 |

The loan to associated company, D Myanmar Investment (Singapore) Pte. Ltd. ("DMI") is unsecured and interest-free. There is no certainty on the definite date of repayment as Myanmar Motors intends to provide this loan as financing for DMI's operations over the long term. Accordingly, the loan is considered as a quasi-capital loan and forms part of the Group's cost of investment in DMI.

The Group's material associated companies are summarised below:

| | | Group | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Access Myanmar Distribution Company Limited (Note a) | **15,895** | 19,957 | 20,633 |
| Memories Group Limited (Note b) | **30,696** | 35,809 | - |
| Digital Money Myanmar Limited (Note c) | **20,669** | 19,400 | - |
| Other immaterial associated companies (Note d) | **14,090** | 1,488 | 302 |
| | **81,350** | 76,654 | 20,935 |

(a) Access Myanmar Distribution Company Limited ("Access Myanmar Distribution") was incorporated to hold the Asia Beverages Co., Ltd. group of companies' assets and businesses relating to the production, branding, marketing and distribution of bottled water, spirits, wines, beers, alcoholic beverages and other fast-moving consumer goods products in Myanmar. The Group has an indirect interest of 50% in Access Myanmar Distribution which was held through its 60%-owned subsidiary corporation, Access Myanmar Holding Company Pte. Ltd. ("Access Myanmar Holding") with a historical cost of US$19,034,000. Accordingly, the Group has effective control of 30% in Access Myanmar Distribution.

The Group is in the midst of restructuring its investment in Access Myanmar Distribution through a planned joint venture with Pernod Ricard which will focus on the production and distribution of whisky in Myanmar. The restructuring expects to be completed within the next 12 months from the end of the financial year. Management believes that it is premature to assess the recoverable amount of the Group's investment in Access Myanmar Distribution as at the end of the financial year as the Group's return is subject to completion of the restructuring.

In November 2018, a new associated company, Seagram MM Holdings Pte. Ltd. ("Seagram") with initial issued and paid-up share capital of US$100 was incorporated. The Group through YSIL holds 50% equity interest in Seagram.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 21. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(b) In December 2017, the Group received consideration shares issued by Memories Group, representing a 54.12% equity interest in Memories Group as proceeds for the disposal of the tourism segment with a fair value of US$35,604,000 as the Group's initial cost of investment. Subsequently, in January 2018, Memories Group completed its compliance placement and the Group's equity interest in Memories Group decreased from 54.12% to 47.56%.

During the financial year ended in March 2019, Memories Group issued additional new shares as part of consideration for acquisition of new businesses which resulted in the dilution of the Group's interest in Memories Group from 47.56% to 33.3%. The deemed loss on dilution which reduced the value of the Group's effective interest in the net assets of Memories Group was US$4,469,000 and has been recognised and included in the Group's share of losses of associated companies for the financial year.

Memories Group is a tourism group in Myanmar that operates an integrated tourism platform which synergistically connects all its business to provide a seamless one-of-kind experience aimed at creating lasting memories. As at 31 March 2019, the fair value of the Group's interest in Memories Group, which is listed on the SGX, was US$7,765,000 (31 March 2018: US$29,274,000; 1 April 2017: Nil). The fair value measurement is classified within Level 1 of the fair value hierarchy. The carrying amount of the Group's interest as at 31 March 2019 was US$30,696,000 (31 March 2018: US$35,809,000; 1 April 2017: Nil).

Although the fair value of the Group's interest in Memories Group is lower than its carrying amount, management is of the view that no impairment assessment is required as Memories Group is held for long-term investment and has a strong portfolio of hard assets. Management believes that it is too early to conclude that the fair value of Memories Group is an indication of impairment considering Memories Group was newly formed through a reverse acquisition which was completed in December 2017 and the financial year ended 31 March 2019 being its first full year of operations. In addition, Memories Group has just completed several new acquisitions and continue to develop its existing assets, therefore it is in the midst of stabilising its operations and processes, and refining its marketing strategy and focusing on promoting Myanmar tourism under a new management team.

As at 31 March 2019, the Group's 33.3% investment in Memories Group with a carrying amount of US$30,696,000 (31 March 2018: Nil; 1 April 2017: Nil) is pledged to secure borrowings of the Group [Note 28(a)].

(c) In March 2018, the Group acquired 34% equity interest Digital Money Myanmar Limited ('Wave Money') with cost of investment of US$19,400,000 from FMI. Accordingly, summarised financial information of Wave Money for the financial year ended 31 March 2018 was not disclosed. Part of the consideration amounted to US$15,000,000 has been settled in cash in prior financial year and remaining consideration of US$4,400,000 was settled during the financial year ended 31 March 2019. During the financial year ended 31 March 2019, the Group contributed additional capital of US$1,608,000 based on its pro-rata shareholding in Wave Money, thus increased its cost of investment to US$21,008,000 as at 31 March 2019. Wave Money is in the financial services sector, offering mobile payment solutions and services in Myanmar.

(d) Included in other immaterial associated companies was the Group's 24% equity interest in Peninsula Yangon Holdings Pte. Limited ("Peninsula Yangon") with carrying amount of US$14,482,000 as at 31 March 2019 (31 March 2018: US$107,000; 1 April 2017: US$240,000). During the financial year ended 31 March 2019, the Group capitalised part of the costs incurred for the development of the hotel project in Yangon on behalf of this associated company which had been included in the non-current loans to associated companies as at 31 March 2018, amounted to US$14,380,000 as additional cost of investments in associated companies (Note 13) following the approval from the other shareholders of the associated company.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 21. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

As at 31 March 2019, the Group has an aggregate US$35,990,000 (31 March 2018: US$23,490,000; 1 April 2017: US$26,400,000) of commitments to provide funding if called, relating to the above associated companies. These commitments have not been recognised in the Group's consolidated financial statements.

There were no contingent liabilities relating to the Group's interest in the associated companies.

Set out below are the associated companies of the Group as at 31 March 2019 and 2018 and 1 April 2017:

| | Name of associated companies | Principal activities | Country of incorporation/ Principal place of business | Ownership interest | | |
|---|---|---|---|---|---|---|
| | | | | 31 March 2019 | 31 March 2018 | 1 April 2017 |
| | Associated companies held by Yoma Strategic Investments Ltd. | | | | | |
| (a) | Peninsula Yangon Holdings Pte. Limited | Real Estate Development-Investment holding | Singapore | **24%** | 24% | 24% |
| (b) | Digital Money Myanmar Limited | Financial Services-Mobile financial service activities | Myanmar | **34%** | 34% | - |
| (c) | Memories Group Limited | Investments – Investment holding | Singapore/ Not applicable | **33.3%** | 47.56% | - |
| (d) | Metro Wholesale Myanmar Limited | Consumer – Distributor and logistics activities | Myanmar | **15%** | 15% | - |
| (c) | Seagram MM Holdings Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | **50%** | - | - |
| | Associated company held by Access Myanmar Holding Company Pte. Ltd. | | | | | |
| (b) | Access Myanmar Distribution Company Limited | Consumer – Bottling Business | Myanmar | **50%** | 50% | 50% |
| | Associated company held by Myanmar Motors Pte. Ltd. | | | | | |
| (c) | D Myanmar Investment (Singapore) Pte. Ltd. | Automotive & Heavy Equipment – Investment holding | Singapore/ Not applicable | **40%** | 40% | 40% |

(a) Audited by KPMG, Singapore
(b) Audited by U Win Tin and Associates, Myanmar
(c) Audited by Nexia TS Public Accounting Corporation, Singapore
(d) Audited by Khin Su Htay & Associates, Myanmar

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 21. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

***Summarised financial information for associated companies***

Management has determined the significance of associated companies based on the future plans of the respective entities, their prospects and the impact on the financial statements of the Group.

Set out below are the summarised financial information of associated companies of the Group as at 31 March 2019 and 2018, which, in the opinion of the Directors, are material to the Group. The financial information has been modified for differences in the Group's accounting policies, which are in accordance with SFRS(I).

Summarised statement of financial position

| | Access Myanmar Distribution | | | Memories Group | | | Wave Money |
|---|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 |
| **Current assets** | **16,935** | 19,575 | 16,169 | **5,285** | 12,432 | - | **34,329** |
| Includes: Cash and bank balances | **462** | 836 | 1,236 | **2,265** | 9,075 | - | **32,816** |
| **Current liabilities** | **(17,869)** | (18,730) | (8,476) | **(14,320)** | (6,044) | - | **(30,283)** |
| Includes:<br>- Financial liabilities (excluding trade payables) | **7,947** | 9,047 | 3,126 | **12,410** | 5,216 | - | **8,770** |
| **Non-current assets** | **5,626** | 6,137 | 6,222 | **87,935** | 38,166 | - | **5,700** |
| **Non-current liabilities** | **-** | - | (6,264) | **(17,839)** | (745) | - | **(661)** |
| **Net assets** | **4,692** | 6,982 | 7,651 | **61,061** | 43,809 | - | **9,085** |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 21. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

***Summarised financial information for associated companies (continued)***

Summarised statement of comprehensive income for the financial year ended 31 March

| | Access Myanmar Distribution | | Memories Group | | Wave Money |
|---|---|---|---|---|---|
| | 2019 US$'000 | 2018 US$'000 | 2019 US$'000 | 2018 US$'000 | 2019 US$'000 |
| **Revenue** | **16,470** | 29,305 | **10,094** | 8,842 | **33,498** |
| Other income | **52** | 147 | **8,164** | - | **-** |
| **Expenses** | **(23,916)** | (30,701) | **(15,947)** | (15,066) | **(32,907)** |
| Includes: | | | | | |
| – Depreciation and amortisation | **(614)** | (724) | **(1,520)** | (709) | **(1,162)** |
| – Interest expense | **(382)** | (939) | **-** | - | **-** |
| **(Loss)/profit before income tax** | **(7,394)** | (1,249) | **2,311** | (6,224) | **591** |
| Income tax (expense)/credit | **(119)** | (103) | **(54)** | (205) | **28** |
| **Net (loss)/profit** | **(7,513)** | (1,352) | **2,257** | (6,429) | **619** |
| Other comprehensive loss | **-** | - | **(2,213)** | (285) | **-** |
| **Total comprehensive (loss)/income** | **(7,513)** | (1,352) | **44** | (6,714) | **619** |

*Reconciliation of summarised financial information*

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in the associated companies is as follows:

| | Access Myanmar Distribution | | | Memories Group | | | Wave Money |
|---|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 |
| **Net assets** | | | | | | | |
| **At 1 April or date of acquisition, if later** | **6,982** | 7,651 | 11,007 | **43,809** | 22,603 | - | **5,599** |
| (Loss)/profit for the financial year | **(7,513)** | (1,352) | (652) | **2,257** | (6,429) | - | **619** |
| Increase in share capital | **-** | - | - | **17,208** | 27,920 | - | **4,052** |
| Other comprehensive loss | **-** | - | - | **(2,213)** | (285) | - | **-** |
| Currency translation differences | **5,223** | 683 | (2,704) | **-** | - | - | **(1,185)** |
| | **4,692** | 6,982 | 7,651 | **61,061** | 43,809 | - | **9,085** |
| **At end of financial year** | | | | | | | |
| Interests in associated companies | **2,346** | 3,491 | 3,826 | **20,334** | 20,835 | - | **3,025** |
| Goodwill | **13,549** | 16,466 | 16,807 | **10,362** | 14,974 | - | **17,644** |
| Carrying amount | **15,895** | 19,957 | 20,633 | **30,696** | 35,809 | - | **20,669** |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 21. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

***Immaterial associated companies***

The following table summarises, in aggregate, the carrying amount and the Group's share of (loss)/profit and other comprehensive loss of immaterial associated companies that are accounted for using the equity method:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Carrying amount of interests in associated companies | **14,090** | 1,488 | 302 |
| Group's share of: | | | |
| - (Loss)/profit for the financial year, representing total comprehensive income/(loss) | **(1,446)** | 75 | (66) |

## 22. INVESTMENTS IN SUBSIDIARY CORPORATIONS

| | Company | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| *Equity investment at cost* | | | |
| Beginning of financial year | **78,792** | 74,005 | 74,005 |
| Currency translation differences | **-** | 4,787 | - |
| End of financial year | **78,792** | 78,792 | 74,005 |
| Loans to subsidiary corporations (net) | **636,585** | 544,902 | 416,756 |
| Total investments in subsidiary corporations | **715,377** | 623,694 | 490,761 |

Loans to subsidiary corporations are unsecured and interest-free. There is no certainty on the definite date of repayment as the Company intends to provide the loans as financing for the operations of the subsidiary corporations over the long term. The settlement of these loans is neither planned nor likely to occur in the foreseeable future, accordingly, these loans are considered to be quasi-capital loans and form part of the Company's cost of investments in the subsidiary corporations.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations are as follows:

| | Name of subsidiary corporation | Principal activities | Country of incorporation/ Principal place of business | Proportion of ordinary shares held by the Parent | | | Proportion of ordinary shares held by the Group | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 31 March 2019 | 31 March 2018 | 1 April 2017 | 31 March 2019 | 31 March 2018 | 1 April 2017 |
| | Held by the Company | | | | | | | | |
| (1) | Yoma Strategic Investments Ltd. | Others – Investment holding | Singapore/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| | Subsidiary corporations of Yoma Strategic Investments Ltd. | | | | | | | | |
| (1) | Lion Century Properties Limited | Real Estate Development – Development activities | British Virgin Islands/ Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (1) | Yoma Education Pte. Ltd. | Others – Investment holding | Singapore/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (1) | Yoma Development Group Pte. Ltd. | Real Estate Development – Investment holding | Singapore/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (1) | Plantation Resources Pte. Ltd. | Investments – Agricultural activites | Singapore | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (1) | Wayville Investments Limited | Investments – Investment holding | British Virgin Islands/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (1) | Elite Matrix International Limited | Automotive & Heavy Equipment – Investment holding | British Virgin Islands/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (1) | YSH Finance Ltd. | Investments – Investment holding | British Virgin Islands/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (1) | Chindwin Holdings Pte. Ltd. | Others – Investment holding | Singapore/ Not applicable | **70%** | 70% | 70% | **70%** | 70% | 70% |
| (1) | Welbeck Global Limited | Investments – Investment holding | British Virgin Islands/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (1) | Yoma Agricultural & Logistics Holding Pte. Ltd. | Investments – Agricultural activities | Singapore/ Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | Pun Hlaing Lodge Limited | Investments – Investment holding | Myanmar/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

| | Name of subsidiary corporation | Principal activities | Country of incorporation/ Principal place of business | Proportion of ordinary shares held by the Parent | | | Proportion of ordinary shares held by the Group | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 31 March 2019 | 31 March 2018 | 1 April 2017 | 31 March 2019 | 31 March 2018 | 1 April 2017 |
| | Subsidiary corporations of Yoma Strategic Investments Ltd. (continued) | | | | | | | | |
| (2) | Yangon Sand Industries Limited | Real Estate Services- Investment properties leasing activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | Summit Brands Restaurant Group Company Limited | Consumer – F&B activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | Meeyahta International Hotel Limited | Real Estate Development – Development activities | Myanmar | **80%** | 80% | 80% | **80%** | 80% | 80% |
| (6) | MM Myanmar Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | - | - | 50% | - | - | 50% |
| (1) | Access Myanmar Holding Company Pte. Ltd. | Consumer – Investment holding | Singapore/ Not applicable | **60%** | 60% | 60% | **60%** | 60% | 60% |
| (2) | Yoma Nominee Limited | Others – Investment holding | Myanmar/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | Yoma Venture Company Limited | Real Estate Development - Development activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | Yoma Agriculture Company Limited | Investments – Agricultural activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (3) | Meeyahta Development Limited | Real Estate Development – Development activities | Myanmar | **48.54%** | 51.99% | 60% | **48.54%** | 51.99% | 60% |
| (1) | Yoma F&B Pte. Ltd. | Consumer – Investment holding | Singapore/ Not applicable | **100%** | - | - | **100%** | - | - |
| (1) | Yoma Financial Services Pte. Ltd | Financial Services – Investment holding | Singapore/Not applicable | **100%** | - | - | **100%** | - | - |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

| | Name of subsidiary corporation | Principal activities | Country of incorporation/ Principal place of business | Proportion of ordinary shares held by the Parent | | | Proportion of ordinary shares held by the Group | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 31 March 2019 | 31 March 2018 | 1 April 2017 | 31 March 2019 | 31 March 2018 | 1 April 2017 |
| | Subsidiary corporations of Elite Matrix International Limited | | | | | | | | |
| (1) | Myanmar Motors Pte. Ltd. | Automotive & Heavy Equipment – Investment holding | Singapore/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | Convenience Prosperity Company Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| | Subsidiary corporation of Wayville Investments Limited | | | | | | | | |
| (1) | Wyndale International Limited | Investments – Investment holding | British Virgin Islands/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| | Subsidiary corporations of Yoma Development Group Pte. Ltd | | | | | | | | |
| (2) | Yoma Development Group Limited | Real Estate Development & Services – Development and investment properties leasing activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (1) | SPA Project Management Pte. Ltd. | Others – Investment holding | Singapore/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (1) | SPA Design Pte. Ltd. | Others – Investment holding | Singapore/ Not applicable | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | SPA Design & Project Services Limited (formerly known as SPA Project Management Services Limited) | Real Estate Services – Project management and design activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (6) | Pun Hlaing Lodge Hotel Management Limited | Investments – Tourism activities | Myanmar | **-** | - | 100% | **-** | - | 100% |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

| | Name of subsidiary corporation | Principal activities | Country of incorporation/ Principal place of business | Proportion of ordinary shares held by the Parent | | | Proportion of ordinary shares held by the Group | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 31 March 2019 | 31 March 2018 | 1 April 2017 | 31 March 2019 | 31 March 2018 | 1 April 2017 |
| | Subsidiary corporation of Yoma Development Group Limited | | | | | | | | |
| (2) | Thanlyin Estate Development Limited | Real Estate Development & Services – Development and investment properties leasing activities | Myanmar | **70%** | 70% | 70% | **70%** | 70% | 70% |
| | Subsidiary corporations of Thanlyin Estate Development Limited | | | | | | | | |
| (1) | Thanlyin Estate Development (Singapore) Pte. Ltd. | Real Estate Development – Marketing activities | Singapore | **100%** | 100% | 100% | **70%** | 70% | 70% |
| (2) | Star City International School Company Limited | Real Estate Services – Investment properties leasing activities | Myanmar | **100%** | 100% | 100% | **70%** | 70% | 100% |
| | Subsidiary corporations of Myanmar Motors Pte. Ltd. | | | | | | | | |
| (2) | German Car Industries Company Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | Yoma Fleet Limited | Financial Services – Automotive and equipment leasing activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | Vehicle Lease Management Limited | Financial Services – Investment holding | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | Successful Goal Trading Company Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | Seven Golden Gates Company Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | SGG Motor Services Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| (2) | Yoma German Motors Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

| | Name of subsidiary corporation | Principal activities | Country of incorporation/ Principal place of business | Proportion of ordinary shares held by the Parent | | | Proportion of ordinary shares held by the Group | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 31 March 2019 | 31 March 2018 | 1 April 2017 | 31 March 2019 | 31 March 2018 | 1 April 2017 |
| | Subsidiary corporations of Yoma F&B Pte. Ltd. | | | | | | | | |
| (2) | Altai Myanmar Company Limited | Consumer – F&B activities | Myanmar | **100%** | - | - | **100%** | - | - |
| (2) | Blue Ridge Company Limited | Consumer – F&B activities | Myanmar | **100%** | - | - | **100%** | - | - |
| (2) | Popa Myanmar Company Limited | Consumer – Investment Holding | Myanmar/ Not applicable | **100%** | - | - | **100%** | - | - |
| (5) | Yankin Kyay Oh Group of Companies Limited ("YKKO") | Consumer – F&B activities | Myanmar | **65%** | - | - | **65%** | - | - |
| (5) | YKKO Trademarks Company Limited ("Tradeco") | Consumer – Activities of head offices; management consultancy activities | Myanmar | **60%** | - | - | **60%** | - | - |
| | Subsidiary corporations of Yoma Fleet Limited | | | | | | | | |
| (2) | Yoma Leasing Company Limited | Financial Services – Automotive and equipment leasing activities | Myanmar | **100%** | 100% | 100% | **100%** | 100% | 100% |
| | Subsidiary corporation of Wyndale International Limited | | | | | | | | |
| (4) | Xun Xiang (Dalian) Enterprise Co., Ltd. | Investments – Investment properties leasing activities | People's Republic of China | **100%** | 100% | 100% | **100%** | 100% | 100% |
| | Subsidiary corporations of Chindwin Holdings Pte. Ltd. | | | | | | | | |
| (6) | Shwe Lay Ta Gun Travels and Tours Company Limited | Investments – Tourism activities | Myanmar | **-** | - | 100% | **-** | - | 70% |
| (6) | Chindwin Investments Limited | Investments – Tourism activities | Myanmar | **-** | - | 100% | **-** | - | 70% |
| (2) | Chindwin Bagan Company Limited | Investments – Investment activities | Myanmar | **100%** | 100% | - | **70%** | 70% | - |
| (2) | Chindwin Pindaya Company Limited | Investments – Investment activities | Myanmar | **100%** | 100% | - | **70%** | 70% | - |
| | Subsidiary corporations of Chindwin Investments Limited | | | | | | | | |
| (2) | Chindwin Bagan Company Limited | Investments – Investment activities | Myanmar | **-** | - | 100% | **-** | - | 70% |
| (2) | Chindwin Pindaya Company Limited | Investments – Investment activities | Myanmar | **-** | - | 100% | **-** | - | 70% |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

| | Name of subsidiary corporation | Principal activities | Country of incorporation/ Principal place of business | Proportion of ordinary shares held by the Parent | | | Proportion of ordinary shares held by the Group | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 31 March 2019 | 31 March 2018 | 1 April 2017 | 31 March 2019 | 31 March 2018 | 1 April 2017 |
| | Subsidiary corporations of MM Myanmar Pte. Ltd. | | | | | | | | |
| (6) | MM (PHL) Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | - | - | 100% | - | - | 50% |
| (6) | MM (BOB) Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | - | - | 100% | - | - | 50% |
| (6) | MM (BL) Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | - | - | 100% | - | - | 50% |
| (6) | MM (DMC) Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | - | - | 100% | - | - | 50% |
| (6) | MM (HAL) Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | - | - | 100% | - | - | 50% |

(1) Audited by Nexia TS Public Accounting Corporation ("Nexia TS").

(2) For the purpose of preparing the consolidated financial statements, these financial statements have been audited by Nexia TS under full scope audit or audit of significant line items of the financial statements. Audited by Excellent Choice Professional Financial Consulting and Auditing Group, Myanmar for local statutory purposes.

(3) Audited by Myanmar Vigour & Associates Limited, member of Deloitte Touche Tohmatsu Limited, for local statutory purposes.

(4) For the purpose of preparing the consolidated financial statements, these financial statements have been audited by Nexia TS Public Accounting Corporation, Singapore. Audited by Dalian Boyuan United Certified Public Accountants, People's Republic of China for local statutory purposes.

(5) YKKO and Tradeco were acquired on 18 March 2019 (Note 43). For the purpose of preparing the consolidated financial statements, the financial statements of YKKO and Tradeco have been audited by Nexia TS under audit of significant line items.

(6) Investments in MM Myanmar Pte. Ltd. And its subsidiary corporations, Shwe Lay Ta Gun Travel and Tours Company Limited, Chindwin Investments Limited and Pun Hlaing Lodge Hotel Management Limited have been disposed during the financial year ended 31 March 2018 (Note 12).

(7) Given that full scope of audit on significant subsidiary corporations incorporated outside Singapore have been performed by Nexia TS Public Accounting Corporation for the purpose of expressing its audit opinion on the Group's consolidated financial statements and that no separate opinion is required to be issued on the financial statements of these subsidiary corporations for which Nexia TS Public Accounting Corporation is not the statutory auditor, the Company believes that Rule 715 has been complied with.

***Transactions with non-controlling interests – Acquisition of additional interests in subsidiary corporations***

(a) During the financial year ended 31 March 2019, the non-controlling shareholders of Meeyahta Development Limited ("MDL") contributed capital of US$13,313,000 (2018: US$71,265,000) based on their pro-rata shareholdings in MDL in accordance with the shareholders agreement. Following the capital contribution by the non-controlling shareholders, the Group's interest in MDL reduced from 60% to 48% (ultimate effective interest), however the Group remains as the largest single shareholder of MDL. The Group has the majority representation on MDL's board of directors and defacto control over the voting rights and therefore, continues to consolidate MDL in its financial statements.

(b) During the financial year ended 31 March 2018, as part of the restructuring exercise of MM Group, the Group's subsidiary corporation, MM Myanmar issued new ordinary shares to non-controlling shareholders which amounted US$19,132,000 for the purpose of acquiring 100% of the interest in the tourism entities under MM Myanmar. This exercise also resulted in a change of non-controlling interests and retained profits attributable to equity shareholders of the Company by US$162,000.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

***Interests in subsidiary corporations with non-controlling interests ("NCI") that are material to the Group***

| Name of subsidiary corporations | Country of incorporation/ Principal place of business | Proportion of ownership interests held by NCI | Profit/(loss) allocated to NCI during the financial year US$'000 | Carrying amount of NCI at the end of financial year# US$'000 | Dividends declared to NCI US$'000 |
|---|---|---|---|---|---|
| **31 March 2019** | | | | | |
| Thanlyin Estate Development Limited | Myanmar | **30%** | **10,061** | **42,970** | **-** |
| Meeyahta Development Limited | Myanmar | **52%*** | **(2,699)** | **97,896** | **-** |
| **31 March 2018** | | | | | |
| Thanlyin Estate Development Limited | Myanmar | 30% | 3,453 | 34,378 | 3,558 |
| Meeyahta Development Limited | Myanmar | 52%* | (2,790) | 87,259 | - |
| **1 April 2017** | | | | | |
| Thanlyin Estate Development Limited | Myanmar | 30% | 2,035 | 34,067 | 2,823 |
| Meeyahta Development Limited | Myanmar | 40%* | (47) | 18,784 | - |

* For the purpose of computing accumulated NCI at the end respective financial year, NCI's share of net assets of Meeyahta Development Limited has been computed based on the ultimate effective interest of NCI of 52% (31 March 2018: 52%; 1 April 2017: adjusted for the effect of share premium not yet contributed by NCI of 40%)

# Carrying amounts of NCI at the end of the financial year include the effect of fair value adjustments made at the date of acquisition as required under SFRS(I) 3 *Business Combinations*.

***Significant restrictions***

Cash and bank balances of US$12,736,000 and US$1,557,000 (31 March 2018: US$10,574,000 and US$697,000; 1 April 2017: US$4,172,000 and US$1,181,000) are held in Myanmar and the People's Republic of China respectively, and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country other than through normal dividends.

The Group's 100% interest in Yoma Fleet Limited, StarCity International School Company Limited, YSH Finance Ltd, Convenience Prosperity Company Limited, Summit Brands Restaurant Group Limited, SGG Motor Services Limited and Yoma German Motors Limited, respectively and 48% interest in Meeyahta Development Limited are pledged to secure borrowings of the Group and the Company [Note 28(a)].

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

***Summarised financial information of subsidiary corporations with material non-controlling interests***

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These financial statements are stand-alone financial statements of the subsidiary corporations and are presented before inter-company eliminations.

*Summarised statement of financial position*

| | Thanlyin Estate Development Limited | | | Meeyahta Development Limited | | |
|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| **Current** | | | | | | |
| Assets | **69,329** | 122,342 | 42,365 | **274,305** | 198,665 | 96,067 |
| Liabilities | **(105,360)** | (85,263) | (53,605) | **(10,365)** | (16,440) | (2,082) |
| **Total current net (liabilities)/assets** | **(36,031)** | 37,079 | (11,240) | **263,940** | 182,225 | 93,985 |
| **Non-current** | | | | | | |
| Assets | **136,317** | 51,823 | 91,805 | **2,375** | 22 | - |
| Liabilities | **(28,012)** | (45,267) | (37,381) | **(75,922)** | - | - |
| Total non-current net assets | **108,305** | 6,556 | 54,424 | **(73,547)** | 22 | - |
| **Net assets** | **72,274** | 43,635 | 43,184 | **190,393** | 182,247 | 93,985 |

*Summarised statement of comprehensive income for financial year ended 31 March*

| | Thanlyin Estate Development Limited | | Meeyahta Development Limited | |
|---|---|---|---|---|
| | 2019 US$'000 | 2018 US$'000 | 2019 US$'000 | 2018 US$'000 |
| Revenue | **22,940** | 16,426 | **3,946** | - |
| **Profit/(loss) before income tax** | **34,315** | 12,389 | **(5,190)** | (5,365) |
| Income tax expense | **(778)** | (879) | **-** | - |
| **Net profit/(loss)** | **33,537** | 11,510 | **(5,190)** | (5,365) |

*Summarised statement of cash flows for the financial year ended 31 March*

| | Thanlyin Estate Development Limited | | Meeyahta Development Limited | |
|---|---|---|---|---|
| | 2019 US$'000 | 2018 US$'000 | 2019 US$'000 | 2018 US$'000 |
| Cash generated from/(used in) operations | **3,222** | 27,803 | **(23,860)** | (40,989) |
| Income tax paid | **(619)** | (1,293) | **-** | - |
| **Net cash provided by/(used in) operating activities** | **2,603** | 26,510 | **(23,860)** | (40,989) |
| **Net cash used in investing activities** | **(7,896)** | (8,114) | **(66,176)** | (23,599) |
| **Net cash provided/(used in) by financing activities** | **7,691** | (18,413) | **89,258** | 67,927 |
| **Net increase/(decrease) in cash and cash equivalents** | **2,398** | (17) | **(778)** | 3,339 |
| Cash and cash equivalents at beginning of financial year | **1,055** | 1,049 | **3,414** | 75 |
| Effects of currency translation on cash and cash equivalent | **(41)** | 23 | **-** | - |
| **Cash and cash equivalents at end of financial year** | **3,412** | 1,055 | **2,636** | 3,414 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 23. INVESTMENT PROPERTIES

| | Completed investment properties US$'000 | Investment properties under construction US$'000 | Total US$'000 |
|---|---|---|---|
| **Group** | | | |
| **31 March 2019** | | | |
| Beginning of financial year | **159,179** | **43,326** | **202,505** |
| Movements: | | | |
| – Subsequent expenditure on investment properties | **4,608** | **10,410** | **15,018** |
| – Transfer from land development rights (Note 26) | **-** | **894** | **894** |
| – Transfer from property, plant and equipment (Note 24) | **3,860** | **-** | **3,860** |
| – Transfer from development properties (Note 16) | **-** | **51,256** | **51,256** |
| | **8,468** | **62,560** | **71,028** |
| Net fair value gains recognised in profit or loss (Note 6) | **14,114** | **55,298** | **69,412** |
| Currency translation differences | **(18,002)** | **(14,584)** | **(32,586)** |
| End of financial year | **163,759** | **146,600** | **310,359** |
| **31 March 2018** | | | |
| Beginning of financial year | 114,412 | 42,502 | 156,914 |
| Movements: | | | |
| – Subsequent expenditure on investment properties | 5,724 | 10,874 | 16,598 |
| – Reclassification | 16,437 | (16,437) | - |
| – Transfer from development properties (Note 16) | 4,197 | - | 4,197 |
| | 26,358 | (5,563) | 20,795 |
| Net fair value gains recognised in profit or loss (Note 6) | 8,656 | 5,524 | 14,180 |
| Currency translation differences | 9,753 | 863 | 10,616 |
| End of financial year | 159,179 | 43,326 | 202,505 |

Investment properties are leased to non-related parties and related parties under operating leases [Note 37(c)].

Investment properties with an aggregate carrying amounts of US$116,409,000 (31 March 2018: US$87,772,000; 1 April 2017: US$64,500,000) are mortgaged to secure borrowings of the Group [Note 28(a)].

The following amounts are recognised in profit or loss:

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 |
| Leasing income (Note 4) | **7,043** | 6,657 |
| Direct operating expenses arising from: | | |
| – Investment properties that generate leasing income | **(1,504)** | (1,552) |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 23. INVESTMENT PROPERTIES (CONTINUED)

At the reporting date, the details of the Group's investment properties are as follows:

| Location | Description/existing use | Tenure |
|---|---|---|
| No. 128 Jinma Road, Jinzhou New Area, Dalian, Liaoning Province, the People's Republic of China | Shopping centre and retail stores (Grand Central Mall – Dalian) | Leasehold with 40 years lease expiring on 16 November 2046 |
| Within Pun Hlaing Golf Estate, Yaw Atwin Wun U Pho Hlaing Street, Hlaing Thar Ya Township, Yangon, Myanmar | Residential units (The Residence at Pun Hlaing) | Leasehold with 60 years lease expiring on 5 April 2076 |
| Within StarCity Thanlyin, Kyaik Khauk Pagoda Road, Thanlyin Township, Yangon, Myanmar | Commercial units (StarCity Zone A) | Leasehold with 60 years lease expiring on 20 February 2064 |
| Within StarCity Thanlyin, Kyaik Khauk Pagoda Road, Thanlyin Township, Yangon, Myanmar | Commercial units (StarCity Zone C) | Leasehold with 60 years lease commencing after completion of construction |
| Within StarCity Thanlyin, Kyaik Khauk Pagoda Road, Thanlyin Township, Yangon, Myanmar | Residential units (Star Residence) | Leasehold with 60 years lease expiring on 20 February 2064 |
| Within StarCity Thanlyin, Kyaik Khauk Pagoda Road, Thanlyin Township, Yangon, Myanmar | Educational use (Dulwich School Campus) | Leasehold with 60 years lease commencing after completion of construction |
| Along Pun Hlaing Golf Estate Road next to the main entrance of Pun Hlaing Golf Estate, Hlaing Thar Ya Township, Yangon, Myanmar | Educational use (Dulwich School Campus) | Leasehold with 60 years lease expiring on 2 July 2075 |
| The Campus, 1 Office Park Rain Tree Drive, Pun Hlaing Estate, Hlaing Thar Yar Township, Yangon, Myanmar. | Office Building (The Campus) | Leasehold with 60 years lease expiring on 30 June 2075 |
| Within Pun Hlaing Golf Estate Yaw Afwin Wan U Pho Hlaing Street, Hlaing Thar Yar Township, Yangon, Myanmar | Residential units (Golf Apartment B) | Leasehold with 60 years lease expiring on 30 June 2075 |
| Within Pun Hlaing Golf Estate Yaw Afwin Wan U Pho Hlaing Street, Hlaing Thar Yar Township, Yangon, Myanmar | Residential units (Golf Apartment C, D, E, F, G) | Leasehold with 60 years lease commencing after completion of construction |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 23. INVESTMENT PROPERTIES (CONTINUED)

*Fair value hierarchy*

| | Fair value measurements using | | |
|---|---|---|---|
| Description | Quoted prices in active market for identical assets (Level 1) US$'000 | Significant other observable inputs (Level 2) US$'000 | Significant unobservable inputs (Level 3) US$'000 |
| **31 March 2019** | | | |
| Recurring fair value measurements | | | |
| Investment properties: | | | |
| – Office building – Myanmar | - | - | **16,800** |
| – Commercial units – Myanmar | - | **10,224** | - |
| – Residential units – Myanmar | - | **48,598** | **98,000** |
| – Shopping centre and retail stores – People's Republic of China | - | **26,732** | **39,355** |
| – Educational use – Myanmar | - | - | **70,650** |
| **31 March 2018** | | | |
| Recurring fair value measurements | | | |
| Investment properties: | | | |
| - Office buildings – Myanmar | - | - | 8,164 |
| – Commercial units – Myanmar | - | 10,789 | - |
| – Residential units – Myanmar | - | 47,905 | - |
| – Shopping centre and retail stores – People's Republic of China | - | 28,625 | 42,143 |
| – Educational use – Myanmar | - | - | 64,879 |
| **1 April 2017** | | | |
| Recurring fair value measurements | | | |
| Investment properties: | | | |
| – Commercial units – Myanmar | - | 10,278 | - |
| – Residential units – Myanmar | - | 39,638 | - |
| – Shopping centre and retail store – People's Republic of China | - | 26,090 | 38,410 |
| – Educational use – Myanmar | - | - | 42,498 |

*Valuation techniques used to derive Level 2 fair values*

Level 2 fair values of the Group's investment properties have been generally derived using the sales comparison approach. Sale prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size and age. The most significant input into this valuation approach is selling prices per square metre.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 23. INVESTMENT PROPERTIES (CONTINUED)

*Valuation processes of the Group*

The Group engages external independent and qualified valuation experts to determine the fair values of the Group's investment properties at the end of every financial year based on the properties' highest and best use. As at 31 March 2019, the fair values of the properties located in People's Republic of China and Myanmar have been determined by Cushman & Wakefield and Jones Lang LaSalle Property Consultants Pte Ltd respectively.

At each financial year end, the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to prior year valuation report; and
- holds discussions with the independent valuation experts

Changes in Level 2 and Level 3 fair values are analysed at each reporting date at least annually during a valuation discussion among the Executive Chairman, the Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller, the Audit and Risk Management Committee and the valuation team (the "team"). As part of this discussion, the team presents a report that explains the reasons for the fair value movements, if any.

*Reconciliation of movements in Level 3 fair value measurement*

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| **Shopping centre and retail stores – People's Republic of China** | | |
| Beginning of financial year | **42,143** | 38,410 |
| Currency translation differences | **(2,788)** | 3,733 |
| End of financial year | **39,355** | 42,143 |
| **Educational use – Myanmar** | | |
| Beginning of financial year | **64,879** | 42,498 |
| Additions : | | |
| - Subsequent expenditure on investment properties | **1,768** | 13,663 |
| Currency translation differences | **(8,630)** | 1,318 |
| Fair value gains recognised in profit or loss, under "other income – net" | **12,633** | 7,400 |
| End of financial year | **70,650** | 64,879 |
| Changes in unrealised gains for assets held at the end of the financial year included in profit or loss under "other income – net" | **12,633** | 7,400 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 23. INVESTMENT PROPERTIES (CONTINUED)

*Reconciliation of movements in Level 3 fair value measurement (continued)*

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| **Office building – Myanmar** | | |
| Beginning of financial year | **8,164** | - |
| Additions : | | |
| - Transfer from property, plant and equipment | **3,860** | - |
| - Transfer from development properties | **-** | 4,095 |
| - Subsequent expenditure on investment properties | **3,547** | 879 |
| Currency translation differences | **(2,088)** | (35) |
| Fair value gains recognised in profit or loss, under "other income – net" | **3,317** | 3,225 |
| End of financial year | **16,800** | 8,164 |
| Changes in unrealised gains for assets held at the end of the financial year included in profit or loss under "other income – net" | **3,317** | 3,225 |
| **Residential units – Myanmar** | | |
| Beginning of financial year | **-** | - |
| Additions : | | |
| - Transfer from land development rights | **894** | - |
| - Transfer from development properties | **51,256** | - |
| - Subsequent expenditure on investment properties | **8,866** | - |
| Currency translation differences | **(8,717)** | - |
| Fair value gains recognised in profit or loss, under "other income – net" | **45,701** | - |
| End of financial year | **98,000** | - |
| Changes in unrealised gains for assets held at the end of the financial year included in profit or loss under "other income – net" | **45,701** | - |

There were no changes in valuation techniques during the financial year. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date the event or change in circumstances that caused the transfer. There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 March 2019 and 2018.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 23. INVESTMENT PROPERTIES (CONTINUED)

*Valuation techniques and inputs used in Level 3 fair value measurements*

The following table presents the valuation techniques and key inputs that were used to determine the fair values of investment properties categorised under Level 3 of the fair value hierarchy:

| Description | Fair value as at 31 March 2019 US$'000 | Fair value as at 31 March 2018 US$'000 | Fair value as at 1 April 2017 US$'000 | Valuation technique | Unobservable inputs | 31 March 2019 | 31 March 2018 | 1 April 2017 | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|---|---|
| Shopping centre and retail stores – People's Republic of China | **39,355** | 42,143 | 38,410 | Discounted cash flows | Discount rate | **7%** | 7% | 7% | The higher the discount rate, the lower the valuation. |
| | | | | | Terminal capitalisation rate | **3%** | 3% | 3% | The higher the terminal capitalisation rate, the lower the valuation. |
| | | | | | Length of lease (years) | **27** | 28 | 29 | The longer the length of lease in place, the higher the valuation |
| Educational use – Pun Hlaing, Myanmar | **22,050** | 21,553 | 16,438 | Depreciated replacement cost method for building and direct comparison method for land | Estimated construction costs per square meter | **US$233** | US$209 | US$209 | The higher the construction cost, the higher the fair value |
| | | | | | Unit rate on land per square meter | **US$142 -US$153** | US$114 -US$151 | US$145 -US$152 | The higher the unit rate, the higher the fair value |
| | | | | | Developer profit margin | **20%** | 20% | 20% | The higher the profit margin, the higher the fair value |
| Educational use – Thanlyin, Myanmar | **48,600** | 43,326 | 26,060 | Depreciated replacement cost method for building and direct comparison method for land | Estimated construction costs per square meter | **US$298** | US$282 | US$160 | The higher the construction cost, the higher the fair value |
| | | | | | Unit rate on land per square meter | **US$119 -US$167** | US$103 -US$109 | US$92 -US$119 | The higher the unit rate, the higher the fair value |
| | | | | | Developer profit margin | **20%** | 20% | 20% | The higher the profit margin, the higher the fair value |
| Office building, Myanmar | **28,000** | 10,714 | - | Depreciated replacement cost method for building and direct comparison method for land | Estimated construction costs per square meter | **US$1,702** | US$1,509 | - | The higher the construction cost, the higher the fair value |
| | | | | | Unit rate on land per square meter | **US$267 -US$286** | US$268 – US$300 | - | The higher the unit rate, the higher the fair value |
| | | | | | Developer profit margin | **20%** | 20% | - | The higher the profit margin, the higher the fair value |
| Residential units (Starcity Zone C) – Myanmar | **85,000** | - | - | Depreciated replacement cost method for building and direct comparison method for land | Estimated construction costs per square meter | **US$1,160** | - | - | The higher the construction cost, the higher the fair value |
| | | | | | Unit rate on land per square meter | **US$282 -US$534** | - | - | The higher the unit rate, the higher the fair value |
| | | | | | Developer profit margin | **15%** | - | - | The higher the profit margin, the higher the fair value |
| Residential units (Golf Apartments Block C, D, E, F, G) – Myanmar | **13,000** | - | - | Depreciated replacement cost method for building and direct comparison method for land | Estimated construction costs per square meter | **US$592** | - | - | The higher the construction cost, the higher the fair value |
| | | | | | Unit rate on land per square meter | **US$950 -US$1,010** | - | - | The higher the unit rate, the higher the fair value |
| | | | | | Developer profit margin | **20%** | - | - | The higher the profit margin, the higher the fair value |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 24 PROPERTY, PLANT AND EQUIPMENT

| | Buildings US$'000 | Machinery, facilities and equipment US$'000 | Renovation, furniture and office equipment US$'000 | Motor vehicles US$'000 | Water treatment plant US$'000 | Bearer plants US$'000 | Construction-in-progress US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **31 March 2019** | | | | | | | | |
| *Cost* | | | | | | | | |
| Beginning of financial year | 14,814 | 10,494 | 16,794 | 19,993 | 1,773 | 634 | 3,357 | 67,859 |
| Transferred to inventories | - | (265) | - | (81) | - | - | - | (346) |
| Transfer to investment properties (Note 23) | (4,268) | - | - | - | - | - | - | (4,268) |
| Additions | 1,295 | 3,599 | 7,911 | 14,024 | - | - | 643 | 27,472 |
| Acquisition of subsidiary corporations [Note 43(c)] | 5,029 | 299 | 471 | 233 | - | - | - | 6,032 |
| Disposals/write-offs | (238) | (57) | (215) | (4,321) | - | - | - | (4,831) |
| Currency translation differences | (1,839) | (1,124) | (2,178) | (395) | (56) | (77) | (411) | (6,080) |
| End of financial year | 14,793 | 12,946 | 22,783 | 29,453 | 1,717 | 557 | 3,589 | 85,838 |
| *Accumulated depreciation* | | | | | | | | |
| Beginning of financial year | 1,246 | 1,653 | 5,681 | 6,706 | 516 | 63 | - | 15,865 |
| Transfer to inventories | - | (29) | | (31) | - | - | - | (60) |
| Transfer to investment properties (Note 23) | (408) | - | - | - | - | - | - | (408) |
| Depreciation charge (Note 5) | 1,460 | 1,352 | 3,024 | 3,186 | 171 | 38 | - | 9,231 |
| Disposals/write-offs | (90) | (43) | (161) | (2,101) | - | - | - | (2,395) |
| Currency translation differences | (307) | (280) | (760) | (88) | (19) | (7) | - | (1,461) |
| End of financial year | 1,901 | 2,653 | 7,784 | 7,672 | 668 | 94 | - | 20,772 |
| ***Net book value*** | | | | | | | | |
| **End of financial year** | 12,892 | 10,293 | 14,999 | 21,781 | 1,049 | 463 | 3,589 | 65,066 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 24 PROPERTY, PLANT AND EQUIPMENT

| | Buildings US$'000 | Machinery, facilities and equipment US$'000 | Renovation, furniture and office equipment US$'000 | Motor vehicles US$'000 | Hot air balloons and equipment US$'000 | Water treatment plant US$'000 | Bearer plants US$'000 | Construction-in-progress US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **31 March 2018** | | | | | | | | | |
| *Cost* | | | | | | | | | |
| Beginning of financial year | 2,004 | 6,972 | 11,866 | 20,035 | 1,516 | 1,665 | 412 | 2,453 | 46,923 |
| Transfer from development properties | 8,157 | - | - | - | - | | - | | 8,157 |
| Additions | 4,852 | 3,359 | 4,811 | 2,792 | 322 | - | 209 | 1,232 | 17,577 |
| Disposals/write-offs | (218) | (35) | (306) | (2,198) | (405) | - | - | - | (3,162) |
| Disposal of subsidiary corporations (Note 12) | (345) | (77) | (162) | (748) | (1,435) | - | - | (564) | (3,331) |
| Currency translation differences | 364 | 275 | 585 | 112 | 2 | 108 | 13 | 236 | 1,695 |
| End of financial year | 14,814 | 10,494 | 16,794 | 19,993 | - | 1,773 | 634 | 3,357 | 67,859 |
| *Accumulated depreciation* | | | | | | | | | |
| Beginning of financial year | 575 | 876 | 3,488 | 4,749 | 425 | 316 | 26 | - | 10,455 |
| Depreciation charge | | | | | | | | | |
| – Continuing operations (Note 5) | 756 | 594 | 2,296 | 3,046 | - | 172 | 37 | - | 6,901 |
| – Discontinued operations | - | 7 | 9 | 39 | 100 | - | - | - | 155 |
| | 756 | 601 | 2,305 | 3,085 | 100 | 172 | 37 | - | 7,056 |
| Disposals/write-offs | (83) | (8) | (221) | (860) | (405) | - | - | - | (1,577) |
| Disposal of subsidiary corporations (Note 12) | (5) | (70) | (110) | (255) | (120) | - | - | - | (560) |
| Currency translation differences | 3 | 254 | 219 | (13) | - | 28 | - | - | 491 |
| End of financial year | 1,246 | 1,653 | 5,681 | 6,706 | - | 516 | 63 | - | 15,865 |
| ***Net book value*** | | | | | | | | | |
| **End of financial year** | 13,568 | 8,841 | 11,113 | 13,287 | - | 1,257 | 571 | 3,357 | 51,994 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 24. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Motor vehicles US$'000 | Renovation, furniture and office equipment US$'000 | Total US$'000 |
|---|---|---|---|
| **Company** | | | |
| **31 March 2019** | | | |
| *Cost* | | | |
| Beginning of financial year | **200** | **370** | **570** |
| Additions | **-** | **163** | **163** |
| End of financial year | **200** | **533** | **733** |
| *Accumulated depreciation* | | | |
| Beginning of financial year | **178** | **319** | **497** |
| Depreciation charge | **15** | **56** | **71** |
| End of financial year | **193** | **375** | **568** |
| ***Net book value*** | | | |
| **End of financial year** | **7** | **158** | **165** |
| **31 March 2018** | | | |
| *Cost* | | | |
| Beginning of financial year | 356 | 326 | 682 |
| Additions | - | 25 | 25 |
| Disposals/write-offs | (179) | (3) | (182) |
| Currency translation differences | 23 | 22 | 45 |
| End of financial year | 200 | 370 | 570 |
| *Accumulated depreciation* | | | |
| Beginning of financial year | 256 | 270 | 526 |
| Depreciation charge | 84 | 33 | 117 |
| Disposals/write-offs | (179) | (2) | (181) |
| Currency translation differences | 17 | 18 | 35 |
| End of financial year | 178 | 319 | 497 |
| ***Net book value*** | | | |
| **End of financial year** | 22 | 51 | 73 |

During the financial year ended 31 March 2019, the Group transferred property, plant and equipment with net book value of US$3,860,000 to investment properties (Note 23) as additional space in the office building has been leased out under operating leases to non-related parties and related parties.

The office buildings of the Group with net book value of US$11,736,000 (31 March 2018: US$12,304,000; 1 April 2017: Nil) are mortgaged and other classes of property, plant and equipment of a subsidiary corporation with an aggregate net book value of US$2,652,000 (31 March 2018: Nil; 1 April 2017: Nil) are subject to a floating charge, to secure borrowings of the Group [Note 28(a)].

Included in the Group's additions of property, plant and equipment are amounts of US$527,000 and US$3,029,000 (31 March 2018: US$162,000 and Nil) transferred from prepayment and advance payment to suppliers for renovation costs incurred respectively.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 25. INTANGIBLE ASSETS

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| **Composition:** | | | |
| Agriculture operating rights (Note a) | **6,029** | 6,531 | 6,676 |
| Golf estate operating rights (Note b) | **10,616** | 11,294 | 10,921 |
| Air operator certificates (Note c) | **-** | - | 534 |
| Distributor licence (Note d) | **1,809** | 2,122 | 2,435 |
| Trademark (Note e) | **1,766** | - | - |
| Goodwill (Note g) | **8,032** | - | - |
| | **28,252** | 19,947 | 20,566 |

(a) Agriculture operating rights

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| *Cost* | | |
| Beginning and end of financial year | **11,169** | 10,489 |
| Currency translation differences | **(354)** | 680 |
| End of financial year | **10,815** | 11,169 |
| *Accumulated amortisation* | | |
| Beginning of financial year | **4,638** | 3,813 |
| Amortisation charge | **382** | 382 |
| Currency translation differences | **(234)** | 443 |
| End of financial year | **4,786** | 4,638 |
| *Carrying value* | **6,029** | 6,531 |

Agriculture operating rights pertain to the 70% exclusive rights granted by a related party to the Group to manage and oversee all existing and future plantation estates (the "Maw Tin estate") which are owned or to be owned by a joint venture company of the related party, and to market and sell the product for the related party in accordance with the terms and conditions set out in the Joint Planting and Operation Deed. The Maw Tin estate, which comprises 100,000 acres of contiguous agricultural land, is located in the Ayerwaddy Division of Myanmar.

The Group reviews the necessity and adequacy of the allowance for impairment at each reporting date and makes adjustments when necessary. Agriculture operating rights are tested for impairment whenever there is any objective evidence or indication that the agriculture operating rights may be impaired.

The impairment test has indicated that the recoverable amount of the agriculture operating rights is US$7,656,000 or 127% higher (31 March 2018: US$6,799,000 or 101% higher) than its carrying amount. A further decrease in the market price of the planted crops or a further increase in the discount rate by about 5.6% or 4.3% (2018: 2.2% or 2.6%) respectively, would result in the recoverable amount of the agriculture operating rights being equal to its carrying amount.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 25. INTANGIBLE ASSETS (CONTINUED)

(b) Golf estate operating rights

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| *Cost* | | |
| Beginning and end of financial year | **12,344** | 11,594 |
| Currency translation differences | **(391)** | 750 |
| End of financial year | **11,953** | 12,344 |
| *Accumulated amortisation* | | |
| Beginning of financial year | **1,050** | 673 |
| Amortisation charge | **320** | 319 |
| Currency translation differences | **(33)** | 58 |
| End of financial year | **1,337** | 1,050 |
| *Carrying value* | **10,616** | 11,294 |

Golf estate operating rights pertain to the 70% exclusive rights acquired from a related party to operate and manage the entire Pun Hlaing Golf Estate, including the golf course and the country club for a period of 37 years.

(c) Air operator certificates

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| *Cost* | | |
| Beginning of financial year | **-** | 1,477 |
| Disposal of subsidiary corporations (Note 12) | **-** | (1,521) |
| Currency translation difference | **-** | 44 |
| End of financial year | **-** | - |
| *Accumulated amortisation* | | |
| Beginning of financial year | **-** | 943 |
| Amortisation charge – Discontinued operations | **-** | 85 |
| Disposal of subsidiary corporations (Note 12) | **-** | (1,049) |
| Currency translation differences | **-** | 21 |
| End of financial year | **-** | - |
| *Carrying value* | **-** | - |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 25. INTANGIBLE ASSETS (CONTINUED)

(d) Distributor licence

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| *Cost* | | |
| Beginning and end of financial year | **3,096** | 3,096 |
| *Accumulated amortisation* | | |
| Beginning of financial year | **974** | 661 |
| Amortisation charge | **313** | 313 |
| End of financial year | **1,287** | 974 |
| Carrying value | **1,809** | 2,122 |

(e) Trademarks

Trademarks with a carrying amount of US$1,766,000 relate to the "YKKO" brand of a well-known restaurant chain with a history of over 30 years and a network of over 37 outlets in Myanmar that were acquired during the financial year ended 31 March 2019 [Note 43(c)]. As explained in Note 2.9(f), the useful life of these trademarks is estimated to be indefinite.

(f) Amortisation expenses arising from continuing operations amounting to US$1,015,000 (2018: US$1,014,000) are included in the statement of comprehensive income under administrative expenses (Note 5).

(g) Goodwill

This represents goodwill on acquisition of 65% of the issued share of Yankin Kyay Oh Group of Companies Limited ("YKKO") and 60% of the issued shares of YKKO Trademarks Company Ltd. ("Brandco") for a total purchase consideration of US$12,887,000 which was completed on 18 March 2019 [Note 43(c)].

Impairment test for goodwill and trademark

Goodwill in relation to the acquired business and trademarks have been allocated to the same cash-generating units ("CGU"), i.e. consumer segment, for impairment testing.

The Group performed its impairment testing by comparing the carrying value of the CGU against its fair value less cost of disposal. The carrying value of the CGU has been determined by taking the net asset value of its cash generating assets and the goodwill and trademark attributable to the CGU. Because the acquisition of YKKO and Brandco took place on 18 March 2019, the fair value was determined based on the consideration paid after considering the effect of changes in economic circumstance since acquisition. Based on the impairment test, the fair value less cost of disposal of the CGU exceeded its carrying amount. As a result, no impairment loss was provided. There is a material degree of uncertainty with respect to the estimates of the recoverable amount of the CGU's net assets.

The Group has assessed that any reasonably possible change in the key assumptions used in the fair value less cost of disposal would not result in the carrying amount of the CGU to exceed its recoverable amount.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 26. LAND DEVELOPMENT RIGHTS

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| Beginning of financial year | **162,878** | 156,886 |
| Capitalisation of direct costs | **850** | 417 |
| Transfer to investment properties (Note 23) | **(894)** | - |
| Transfer to development properties | **(6,572)** | - |
| Charged to profit or loss (Note 5) | **(1,431)** | (80) |
| Currency translation differences | **(3,294)** | 5,655 |
| End of financial year | **151,537** | 162,878 |

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Represented by: | | | |
| – Pun Hlaing Estate (PHE) | **82,344** | 88,483 | 82,864 |
| – Thanlyin Estate, StarCity | **60,951** | 67,524 | 67,524 |
| – Evergreen Condominium | **5,178** | 5,347 | 5,022 |
| – Others | **3,064** | 1,524 | 1,476 |
| | **151,537** | 162,878 | 156,886 |
| Analysed as: | | | |
| – Current portion | **1,007** | 6,258 | 5,604 |
| – Non-current portion | **150,530** | 156,620 | 151,282 |
| | **151,537** | 162,878 | 156,886 |

Land development rights of the Group with an aggregate carrying amounts of US$14,090,000 (31 March 2018: US$10,905,000, 1 April 2017: US$1,883,000) are mortgaged to secure borrowings of the Group [Note 28(a)].

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 27. TRADE AND OTHER PAYABLES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| **Current** | | | | | | |
| Trade payables | | | | | | |
| – Non-related parties | **25,284** | 56,926 | 32,710 | **-** | - | - |
| – Joint ventures | **-** | 626 | - | **-** | - | - |
| – Associated companies | **868** | 447 | - | **-** | - | - |
| | **26,152** | 57,999 | 32,710 | **-** | - | - |
| Contract liabilities [Note 4(b)] | **13,459** | 7,965 | 2,315 | **-** | - | - |
| Accrued operating expenses | **14,728** | 18,676 | 20,279 | **922** | 4,602 | 3,597 |
| Amounts due to entities related by a common controlling shareholder | **-** | - | 23,942 | **-** | - | - |
| Non-trade payables | | | | | | |
| – Non-related parties | **20,099** | 21,575 | 26,450 | **3,575** | 2,521 | 2,040 |
| – Joint ventures | **886** | - | - | **3** | - | - |
| – Associated companies | **805** | 611 | - | **-** | 77 | - |
| | **21,790** | 22,186 | 26,450 | **3,578** | 2,598 | 2,040 |
| | **76,129** | 106,826 | 105,696 | **4,500** | 7,200 | 5,637 |
| **Non-current** | | | | | | |
| Non-trade payables | | | | | | |
| – Non-related parties | **11,700** | 13,703 | - | **-** | - | - |
| Total trade and other payables | **87,829** | 120,529 | 105,696 | **4,500** | 7,200 | 5,637 |

Amounts due to entities related by a common controlling shareholder and current non-trade payables to joint ventures and associated companies are unsecured, interest-free and payable on demand.

Non-current non-trade payables due to a non-related party are unsecured, interest-bearing at 7% per annum and are payable in full on or by 31 May 2020.

The fair value of non-current payables of US$10,571,000 (31 March 2018: US$13,519,000; 1 April 2017: Nil) is determined from the adjusted future cash flows discounted at market interest rate of an equivalent instrument at the reporting date of 7.00% (31 March 2018: 7.00%; 1 April 2017: Nil) which the directors expect to be available to the Group.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 28. BORROWINGS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| **Current** | | | | | | |
| Borrowings | **116,156** | 71,118 | 29,222 | **85,865** | 58,477 | 22,369 |
| **Non-current** | | | | | | |
| Borrowings | **148,499** | 114,369 | 89,500 | **92,000** | 86,800 | 78,000 |
| Bonds | **69,994** | - | - | **69,994** | - | - |
| Loans from non-controlling interests | **40,511** | 28,800 | 38,992 | **-** | - | - |
| | **259,004** | 143,169 | 128,492 | **161,994** | 86,800 | 78,000 |
| Total borrowings | **375,160** | 214,287 | 157,714 | **247,859** | 145,277 | 100,369 |

The exposure of borrowings of the Group and the Company to interest rate changes and the contractual repricing dates at the reporting date are as follows:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Within six months | **235,579** | 168,474 | 111,869 | **167,865** | 135,277 | 100,369 |

(a) Included in total borrowings as at 31 March 2019 were:

– a loan of US$62,800,000 (31 March 2018: US$79,850,000; 1 April 2017: US$54,000,000) owing by the Company to the Asian Development Bank ("ADB"). The loan is secured by:

- shares in the Company's wholly-owned subsidiary corporation, YSH Finance Ltd (Note 22) (which holds the Group's 12.5% interest in edotco Investments Singapore Pte Ltd ("edotco Investments") and an assignment in connection with of the put option in relation to edotco Investments (the "edotco Investments Assignment") (Note 18);
- the assignment and/or mortgage of the Group's interests in Yoma Fleet Limited ("Yoma Fleet") and Star City International School Company Limited ("SCIS") (Note 22);
- the assignment and/or mortgage of the Group's interest in KOSPA Limited and Yoma Micro Power (S) Pte Ltd ("YMP") (Note 20) and;
- the assignment of rights and interests in certain receivables amounting to US$4,624,000 (31 March 2018: US$6,720,000; 1 April 2017: Nil) from Convenience Prosperity Company Limited ("Convenience Prosperity").

– a loan of US$24,000,000 (31 March 2018: US$24,000,000; 1 April 2017: US$24,000,000) owing by the Company which is also secured by the edotco Investments Assignment (Note 18);

– a loan of US$9,500,000 (31 March 2018: US$10,500,000; 1 April 2017:US$11,500,000) owing by a subsidiary corporation, Xun Xiang (Dalian) Enterprise Co Ltd which is secured by its investment property (i.e. retail mall in Dalian, China) (Note 23);

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 28. BORROWINGS (CONTINUED)

(a) Included in total borrowings as at 31 March 2019 were: (continued)

- loans of Kyat 28,823,658,000, equivalent to US$19,075,000 (31 March 2018: Kyat 9,300,000,000, equivalent to US$7,012,000; 1 April 2017: Kyat 9,300,000,000, equivalent to US$6,853,000) owing by a subsidiary corporation, Yoma Development Group Limited, which are secured by an investment property (i.e. residential units in Myanmar) (Note 23) and certain land development rights in Myanmar (Note 26);

- a loan of US$10,000,000 (31 March 2018: US$7,000,000; 1 April 2017: Nil) owing by a subsidiary corporation, Yoma Fleet, to the International Finance Corporation ("IFC"). This loan is secured by the assignment and/or mortgage of the Group's interests in Yoma Fleet (Note 22);

- a loan of US$13,474,000 (31 March 2018: US$12,869,000; 1 April 2017: Nil) owing by a subsidiary corporation, Yoma Development Group Limted,which is secured by an investment property (i.e. the Campus) (Note 23) and property, plant and equipment in Myanmar (i.e. building) (Note 24);

- a loan of US$25,000,000 (31 March 2018: Nil; 1 April 2017: Nil) owing by the Company to Nederlandse Financierings-maatschappij Voor Ontwikkelingslanden N.V. ("FMO") which is secured by a mortgage of the Group's shares in Convenience Prosperity (Note 22) and an assignment of and a floating charge over certain current assets ( Notes 12, 13 and 15) and property, plant and equipment (Note 24) of Convenience Prosperity;

- loans of US$33,750,000 (31 March 2018: Nil; 1 April 2017: Nil) owing by Meeyahta Development Limited ("MDL"). These loans are secured by the shares in MDL (Note 22) and the leasehold interest in land held by MDL classified as development properties (Note 16) and the assignment of subordinated debt payable by MDL;

- a loan of US$15,000,000 (31 March 2018: Nil; 1 April 2017: Nil) owing by the Company which is secured by the mortgage of the Group's interest in Memories Group (Note 21);

- bonds in the amount of US$69,994,000 equivalent to THB2,220,000,000 (31 March 2018: Nil; 1 April 2017: Nil) issued by the Company which is fully guaranteed by the Credit Guarantee and Investment Facility ("CGIF"), a trust fund of ADB and for which, the Company provided to CGIF the assignment and/or mortgage of the Group' interests in Summit Brands Restaurant Group Limited, SGG Motor Services Limited and Yoma German Motors Limited (Note 22); and

- remaining borrowings of the Group and the Company amounting to US$52,056,000 (31 March 2018: US$44,256,000; 1 April 2017:US$22,369,000) which are unsecured.

(b) Loans from non-controlling interests are made to certain subsidiary corporations based on the non-controlling interests' pro-rata shareholdings in the respective subsidiary corporations. The loans are unsecured, non-interest bearing and the settlements are not expected to occur within twelve months from the reporting date. Accordingly, these are considered to be quasi-equity loan from non-controlling interests.

(c) The fair value of non-current borrowings of US$206,268,000 (31 March 2018: US$129,586,000; 1 April 2017: US$90,038,000) is determined from the adjusted future cash flows, discounted at market interest rate of an equivalent instrument at the reporting date of 7.0% (31 March 2018: 7.0%; 1 April 2017: 6.3%) which the directors expect to be available to the Group.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 29. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

*Deferred income tax assets*

| | Decelerated tax depreciation US$'000 |
|---|---|
| **31 March 2019** | |
| Beginning of financial year | - |
| Credited to profit or loss [Note 9(a)] | 208 |
| End of financial year | 208 |

*Deferred income tax liabilities*

| | Fair value gain | | | |
|---|---|---|---|---|
| | Distributor license US$'000 | Trademarks US$'000 | Property, plant and equipment US$'000 | Total US$'000 |
| **31 March 2019** | | | | |
| Beginning of financial year | **526** | **-** | **-** | **526** |
| Credited to profit or loss [Note 9(a)] | **(117)** | **-** | **-** | **(117)** |
| Acquisition of subsidiary corporations [Note 43(c)] | **-** | **736** | **257** | **993** |
| Currency translation differences | **5** | **-*** | **-*** | **5** |
| End of financial year | **414** | **736** | **257** | **1,407** |

| | Fair value gain | | |
|---|---|---|---|
| | Distributor license US$'000 | Air operator licence US$'000 | Total US$'000 |
| **31 March 2018** | | | |
| Beginning of financial year | 637 | 134 | 771 |
| Credited to profit or loss [Note 9(a)] | (118) | (20) | (138) |
| Disposal of subsidiary corporations (Note 12) | - | (113) | (113) |
| Currency translation differences | 7 | (1) | 6 |
| End of financial year | 526 | - | 526 |

* Amount less than US$1,000

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately US$28,087,000 (31 March 2018: US$16,076,000, 1 April 2017: US$11,169,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses amounting to US$25,388,000 (31 March 2018: US$14,249,000, 1 April 2017: US$9,516,000) have expiry dates of three years from the year of assessment when the losses were incurred, while the remaining tax losses of US$2,699,000 (31 March 2018: US$1,827,000, 1 April 2017: US$1,653,000) have no expiry date. These tax losses are not recognised as it is not probable that future taxable profit will be available against which the subsidiary corporations can utilise the benefits.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 30 PUT OPTIONS TO NON-CONTROLLING INTERESTS

During the financial year 31 March 2018, the Company through its subsidiary corporation, YSIL, entered into put option agreements with Asian Development Bank ("ADB") and the International Finance Corporation ("IFC"), the non-controlling shareholders which own a 5% shareholding interest in ("MDL"). The put options entitle the non-controlling shareholders to sell all or part of their shareholdings in the subsidiary corporation and the related shareholder loans to the Group. The terms for both put option agreements with ADB and IFC are similar.

The put options may be exercised by ADB and IFC by delivery of a put notice to the Group at any time during the put period (i.e. the period beginning on the 8th anniversary of the date on which ADB and IFC subscribe for equity shares in MDL (the "subscription date") and ending on the earlier of the 11th anniversary of the subscription date and the date of a qualifying listing of MDL).

The put option exercise price has been agreed at a fixed rate of return with respect to the aggregate of the subscription price of the relevant shares and the principal amount of the relevant shareholder loan. Management has assessed that there is no change to the key assumptions which would trigger a change in the valuation of put options.

The movement of put options granted are as follows:-

| | Group and Company | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Beginning of financial year | **28,348** | - | - |
| Put options granted [Note 35(b)(v)] | **-** | 28,348 | - |
| Accretion of imputed interest [Note 35(b)(v)] | **1,786** | - | - |
| End of financial year | **30,134** | 28,348 | - |

Key assumptions used in the valuation of put options are as follows:

| | Group and Company | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Dividend distribution rate | **12.5%** | 12.5% | - |
| Discount rate | **6.3%** | 6.3% | - |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 31. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Group | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| Beginning of financial year | - | - |
| Fair value loss recognised in profit or loss (Note 6) | 1,616 | - |
| End of financial year | 1,616 | - |

During the financial year ended 31 March 2019, the Company entered into four share warrant deeds with two investors which provided the investors with the options to purchase the shares in a subsidiary corporation of the Company.

The share warrants are considered to be derivative liabilities and are accounted for as financial liabilities at fair value through profit or loss with changes in fair value at each reporting date recognised in profit or loss.

The fair value of the share warrants is determined based on valuation technique as described in Note 3(c).

## 32. SHARE CAPITAL

| | Issued Share Capital | |
|---|---|---|
| | No. of ordinary shares '000 | Amount US$'000 |
| **Group and Company** | | |
| **31 March 2019** | | |
| Beginning of financial year | 1,893,575 | 483,178 |
| Shares issued pursuant to: Performance share plan (Note a) | 2,245 | 933 |
| Effect of change in functional currency | - | 29,605 |
| End of financial year | 1,895,820 | 513,716 |
| **31 March 2018** | | |
| Beginning of financial year | 1,737,688 | 423,228 |
| Shares issued pursuant to: | | |
| – Performance share plan (Note b) | 887 | 322 |
| – Placement shares (Note c) | 155,000 | 60,333 |
| Shares issued expenses | - | (705) |
| End of financial year | 1,893,575 | 483,178 |

(a) In July 2018, an aggregate of 2,245,000 new ordinary shares were issued to eligible employees and Non-Executive Independent Directors pursuant to the vesting of shares under Yoma Performance Shares Plan. As a result, an amount of US$933,000 was transferred from share awards reserve to share capital of the Company [Note 35(b)(ii)].

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 32. SHARE CAPITAL (CONTINUED)

(b) In July 2017, an aggregate of 887,000 new ordinary shares were issued to eligible employees and the Non-Executive Independent Directors pursuant to the vesting of shares under Yoma Performance Shares Plan. As a result, an amount of US$322,000 was transferred from share award reserve to share capital of the Company [Note 35(b)(ii)].

(c) In November 2017, the Company allotted and issued 155,000,000 new ordinary shares at S$0.53 per shares to subscribers pursuant to the placement exercise for a total consideration of US$$60,333,000.

The newly issued shares rank pari passu in all respects with the previously issued shares.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

## 33. PERPETUAL SECURITIES

During the financial year ended 31 March 2019, the Company entered into perpetual securities agreements with two investors for the issuance of perpetual securities of an aggregate principal amount of US$30,000,000.

The perpetual securities bear distribution at a rate of 2% per annum, payable at each anniversary date. The distribution rate will increase to 17% per annum if the Company's elect not to redeem the securities on the sixth anniversary of the first utilisation date. The Company has full discretion to defer or not making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred.

The perpetual securities are classified as equity and distribution are treated as dividends. This is due to the reason that the Company has no contractual obligations to repay the principal or to pay any distributions which means the instruments do not meet the definition as a financial liability under SFRS(I) 1-32 *Financial Instruments: Disclosure and Presentation*.

In June 2019, the Board of Directors has approved to distribute payment amounting to US$300,000 to the holders of the securities which will be accounted for as a deduction of the Company's retained profits for the financial year ending 31 March 2020.

## 34. SHARE OPTIONS AND SHARE AWARDS

(a) Share options

Share options were granted to employees (including controlling shareholders and their associates), Executive Directors and Non-Executive Directors of the Group, who have contributed or will contribute to the success and development of the Group under the Yoma Strategic Holdings Employee Share Option Scheme 2012 ("YSH ESOS 2012").

The exercise price of the options is determined at the average of last dealt prices of the Company's ordinary shares as quoted on the SGX-ST for five consecutive market days immediately preceding the date of grant (the "Market Price"), or at a discount to the Market Price (provided that the maximum discount shall not exceed 20%). The vesting of the options is conditional on the key management personnel or employee completing another two years of service to the Group.

Once they have vested, the options are exercisable over a period of up to ten years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

There were no share options granted during the financial years ended 31 March 2019 and 2018. Particulars of share options granted before 1 April 2017 and the significant inputs used in deriving the fair value of the share options and the incremental value arising from the rights issue completed on 9 February 2015 were disclosed in prior financial years' financial statements.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 34. SHARE OPTIONS AND SHARE AWARDS (CONTINUED)

(a) Share options (continued)

Movements in the number of unissued ordinary shares under options and their exercise prices as follows:

| | Beginning of financial year '000 | Granted during financial year '000 | Forfeited during financial year '000 | Exercised during financial year '000 | End of financial year '000 | Exercise price '000 | Exercise period '000 |
|---|---|---|---|---|---|---|---|
| **Group and Company** | | | | | | | |
| **2019** | | | | | | | |
| *2013 Options* | | | | | | | |
| – First Tranche | **5,353** | **-** | **-** | **-** | **5,353** | **S$0.28** | **3.7.2014 -1.7.2022** |
| *2014 Options* | | | | | | | |
| – First Tranche | **841** | **-** | **-** | **-** | **841** | **S$0.57** | **2.4.2015 – 31.3.2023** |
| – Second Tranche | **841** | **-** | **-** | **-** | **841** | **S$0.58** | **2.5.2015 – 30.4.2023** |
| – Third Tranche | **1,121** | **-** | **(1,121)** | **-** | **-** | **S$0.61** | **2.6.2015 – 31.5.2023** |
| – Fourth Tranche | **840** | **-** | **(840)** | **-** | **-** | **S$0.65** | **31.7.2015 – 29.7.2023** |
| | **3,643** | **-** | **(1,961)** | **-** | **1,682** | | |
| *2015 Options* | | | | | | | |
| – First Tranche | **1,457** | **-** | **-** | **-** | **1,457** | **S$0.51** | **29.11.2016 – 27.11.2024** |
| – Second Tranche | **336** | **-** | **(336)** | **-** | **-** | **S$0.50** | **6.1.2017 – 4.1.2025** |
| | **1,793** | **-** | **(336)** | **-** | **1,457** | | |
| *2016 Options* | | | | | | | |
| – First Tranche | **2,000** | **-** | **-** | **-** | **2,000** | **S$0.37** | **29.07.2017 – 27.07.2025** |
| – Second Tranche | **4,000** | **-** | **-** | **-** | **4,000** | **S$0.36** | **25.08.2020 – 23.08.2025** |
| | **6,000** | **-** | **-** | **-** | **6,000** | | |
| | **16,789** | **-** | **(2,297)** | **-** | **14,492** | | |
| **2018** | | | | | | | |
| *2013 Options* | | | | | | | |
| – First Tranche | 5,353 | - | - | - | 5,353 | S$0.28 | 3.7.2014 -1.7.2022 |
| *2014 Options* | | | | | | | |
| – First Tranche | 841 | - | - | - | 841 | S$0.57 | 2.4.2015 – 31.3.2023 |
| – Second Tranche | 841 | - | - | - | 841 | S$0.58 | 2.5.2015 – 30.4.2023 |
| – Third Tranche | 1,121 | - | - | - | 1,121 | S$0.61 | 2.6.2015 – 31.5.2023 |
| – Fourth Tranche | 840 | - | - | - | 840 | S$0.65 | 31.7.2015 – 29.7.2023 |
| | 3,643 | - | - | - | 3,643 | | |
| *2015 Options* | | | | | | | |
| – First Tranche | 1,457 | - | - | - | 1,457 | S$0.51 | 29.11.2016 – 27.11.2024 |
| – Second Tranche | 336 | - | - | - | 336 | S$0.50 | 6.1.2017 – 4.1.2025 |
| | 1,793 | - | - | - | 1,793 | | |
| *2016 Options* | | | | | | | |
| – First Tranche | 2,000 | - | - | - | 2,000 | S$0.37 | 29.07.2017 – 27.07.2025 |
| – Second Tranche | 4,000 | - | - | - | 4,000 | S$0.36 | 25.08.2020 – 23.08.2025 |
| | 6,000 | - | - | - | 6,000 | | |
| | 16,789 | - | - | - | 16,789 | | |

Out of the unexercised options for 14,492,000 (31 March 2018: 16,789,000; 1 April 2017: 16,789,000) shares, options for 10,492,000 (31 March 2018: 9,107,000; 1 April 2017: 8,379,000) shares are exercisable at the reporting date. There were no options exercised during the financial years ended 31 March 2019 and 2018.

# Notes to the Financial Statements

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## 34. SHARE OPTIONS AND SHARE AWARDS (CONTINUED)

(b) Share awards

2019 Awards

On 6 July 2018, the Group awarded 3,214,719 ordinary shares to employees under the Yoma Performance Share Plans ("Yoma PSP"). The release of these ordinary shares, which are the subject of the Awards, are subject to the achievement of certain pre-determined performance conditions as determined by the remuneration committee or otherwise in accordance with the rules of the Yoma PSP. A total of 3,164,719 shares which will vest in two tranches from July 2019 to July 2020 are short-term incentive awards pursuant to the remuneration framework adopted by the Company. A total of 50,000 shares which will vest in in three tranches from July 2019 to July 2021 are long-term incentive awards pursuant to the remuneration framework adopted by the Company. The fair value at grant date for these share awards was S$0.365 per share, which was an observable market price at that date.

2018 Awards

On 23 June 2017, the Group awarded 4,186,111 ordinary shares to employees under the Yoma Performance Share Plans ("Yoma PSP"). The release of these ordinary shares, which are the subject of the Awards, are subject to the achievement of certain pre-determined performance conditions as determined by the remuneration committee or otherwise in accordance with the rules of the Yoma PSP. A total of 4,036,111 shares which will vest in three tranches from June 2018 to June 2020 are short-term incentive awards pursuant to the remuneration framework adopted by the Company. A total of 150,000 shares which will vest in May 2020 are long-term incentive awards pursuant to the remuneration framework adopted by the Company. The fair value at grant date for these share awards was S$0.58 per share, which was an observable market price at that date.

2017 Awards

On 27 May 2016, the Group awarded 7,255,409 ordinary shares to employees under the Yoma PSP. The release of these ordinary shares, which are the subject of the Awards, are subject to the achievement of certain pre-determined performance conditions as determined by the remuneration committee or otherwise in accordance with the rules of the Yoma PSP. A total of 2,155,409 shares which will vest in three tranches from May 2017 to May 2019 are short-term incentive awards pursuant to the remuneration framework adopted by the Company. A total of 5,100,000 shares which will vest in May 2020 are long-term incentive awards pursuant to the remuneration framework adopted by the Company. The fair value at grant date for these share awards was S$0.515 per share, which was an observable market price at that date.

On 7 November 2016, the Group had further granted share awards of 600,000 ordinary shares to four directors of the Company, with the fair value at grant date of S$0.60 per share, which was an observable market price at that date. The share awards have a three-year service condition.

During the financial year ended 31 March 2019, the Company issued and allotted 2,245,122 (31 March 2018: 886,959) new ordinary shares under the Yoma PSP and 260,000 share awards (2018: Nil) were forfeited following the resignation of employees.

During the financial year ended 31 March 2019, the Group charged US$1,451,000 (2018: US$1,445,000) (Note 8) to profit or loss based on the fair value of the share awards at the grant date being expensed over the vesting periods.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 35. OTHER RESERVES

### (a) Compositions

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Share options reserve | **3,299** | 3,371 | 3,052 | **3,299** | 3,371 | 3,052 |
| Share awards reserve | **2,398** | 1,833 | 710 | **2,398** | 1,833 | 710 |
| Currency translation reserve | **(55,089)** | 22,016 | - | **-** | 32,861 | (2,656) |
| Fair value reserve | **-** | (260) | (521) | **-** | - | - |
| Put options reserve | **(30,134)** | (28,348) | - | **(30,134)** | (28,348) | - |
| | **(79,526)** | (1,388) | 3,241 | **(24,437)** | 9,717 | 1,106 |

Other reserves are non-distributable.

### (b) Movements

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| (i) *Share options reserve* | | | | |
| Beginning of financial year | **3,371** | 3,052 | **3,371** | 3,052 |
| Employee share options - value of employee services (Note 8) | **197** | 319 | **197** | 319 |
| Less Forfeited share options | **(477)** | - | **(477)** | - |
| Effect of change in functional currency | **208** | - | **208** | - |
| End of financial year | **3,299** | 3,371 | **3,299** | 3,371 |
| (ii) *Share awards reserve* | | | | |
| Beginning of financial year | **1,833** | 710 | **1,833** | 710 |
| Employee share awards - value of employee services (Note 8) | **1,451** | 1,445 | **1,451** | 1,445 |
| Less: Forfeited share awards | **(26)** | - | **(26)** | - |
| Issuance of shares pursuant to performance share awards [Note 32(a), (b)] | **(933)** | (322) | **(933)** | (322) |
| Effect of change in functional currency | **73** | - | **73** | - |
| End of financial year | **2,398** | 1,833 | **2,398** | 1,833 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 35. OTHER RESERVES (CONTINUED)

### (b) Movements (continued)

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| *(iii) Currency translation reserve* | | | | |
| Beginning of financial year | **22,016** | (37,727) | **32,861** | - |
| Effect of adoption of SFRS(I) 1 | **-** | 37,727 | **-** | - |
| Effect of change in presentation currency | **-** | - | **-** | (2,656) |
| Beginning of financial year, as restated | **22,016** | - | **32,861** | (2,656) |
| Net currency translation differences of financial statements of foreign subsidiary corporations, joint ventures and associated companies | **(46,482)** | 20,152 | **-** | 35,517 |
| Disposal of subsidiary corporations (Note 12) | **-** | 2,114 | **-** | - |
| Less: Non-controlling interests' share | **2,401** | (250) | **-** | - |
| Effect of change in functional currency | **(33,024)** | - | **(32,861)** | |
| End of financial year | **(55,089)** | 22,016 | - | 32,861 |
| *(iv) Fair value reserve* | | | | |
| Beginning of financial year | **(260)** | (521) | **-** | - |
| Adoptions of SFRS(I) 9 | **260** | - | **-** | - |
| Available-for-sale financial assets - Fair value gain (Note 19) | **-** | 261 | **-** | - |
| End of financial year | **-** | (260) | **-** | - |
| *(v) Put options reserve* | | | | |
| Beginning of financial year | **(28,348)** | - | **(28,348)** | - |
| Grant of put options (Note 30) | **-** | (28,348) | **-** | (28,348) |
| Accretion of imputed interest (Note 30) | **(1,786)** | - | **(1,786)** | - |
| End of financial year | **(30,134)** | (28,348) | **(30,134)** | (28,348) |

## 36. RETAINED PROFITS/ (ACCUMULATED LOSSES)

(a) Retained profits of the Group are distributable except for retained profits of joint ventures and associated companies amounting to US$2,906,000 (2018: US$2,736,000) and US$704,000 (2018: US$1,559,00) respectively.

(b) Movements in accumulated losses of the Company are as follows:

| | Company | |
|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 |
| Beginning of financial year | **(28,428)** | (25,205) |
| Net loss | **(32,610)** | (19) |
| Forfeiture of share options | **477** | - |
| Forfeiture of share awards | **26** | - |
| Dividends paid (Note 38) | **(3,473)** | (3,204) |
| Effect of change in functional currency | **2,975** | - |
| End of financial year | **(61,033)** | (28,428) |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 37. COMMITMENTS

(a) *Capital commitments*

Capital expenditures contracted for at the reporting date but not recognised in the financial statements, excluding those relating to investments in joint ventures and associated companies, are as follows:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Private equity investment fund | **3,050** | 3,142 | 4,681 |
| Property, plant and equipment | **578** | 1,967 | 231 |
| Investment properties | **5,235** | 6,638 | 15,573 |
| | **8,863** | 11,747 | 20,485 |

(b) *Operating lease commitments - Where the Group is lessee*

The Group leases offices, apartment units retail and branch/show room space and office equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Within one year | **4,045** | 4,339 | 3,551 |
| Between two to five years | **18,827** | 15,404 | 8,650 |
| More than five years | **168,033** | 164,800 | 167,773 |
| | **190,905** | 184,543 | 179,974 |

(c) *Operating lease commitments - Where the Group is lessor*

The Group leases investment properties and motor vehicles under operating leases to non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as assets, are as follows:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Within one year | **9,550** | 13,329 | 8,329 |
| Between two to five years | **10,021** | 5,877 | 7,028 |
| More than five years | **139** | 185 | - |
| | **19,710** | 19,391 | 15,357 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 38. DIVIDENDS

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| *Ordinary dividends* | | | |
| Interim one-tier tax exempt dividend in respect of current financial year of 0.25 cents | - | 3,204 | - |
| Final one-tier tax exempt dividend in respect of previous financial year of 0.25 cents | **3,473** | - | 3,107 |
| | **3,473** | 3,204 | 3,107 |

The Board has reviewed the Group's requirements for ongoing operations and plans for growth, including the project timeline for Yoma Central and The Peninsula Yangon, and has recommended no dividend for the financial year ended 31 March 2019.

## 39. CONTINGENT LIABILITIES

### Group

(a) The Group has agreed to provide guarantees under the dealer undertaking to a maximum sum of US$36,550,000 (31 March 2018: US$35,410,000; 1 April 2017: US$17,678,000) to a bank for finance leases provided to the Group's customers who have purchased tractors and construction equipment through the bank's financing. The amount of the customers' finance leases under guarantee that remained outstanding as at 31 March 2019 is US$23,962,000 (31 March 2018: US$21,700,000; 1 April 2017: US$10,904,000).

The manner in which the dealer undertaking arrangement is agreed has the Group receiving an up-front non-refundable cash deposit which constitutes up to 30% of the selling price of the respective tractors and construction equipment. The reimbursable unpaid sum to the bank to repossess the tractors or construction equipment is unlikely to cause any material loss should the debtor default. The Group has taken the certificates of operating rights of farming and land and/or building titles from certain debtors as security. At the reporting date, the Group does not consider it probable that a claim will be made against the Group under the financial guarantee.

(b) The Group has provided bankers' guarantee to its suppliers in respect of payment for the purchases of inventories amounting to US$2,760,000 (31 March 2018: US$3,081,000; 1 April 2017: US$2,635,000). As at 1 April 2017, the Group also provided performance guarantee to Myanmar Railway in accordance with the master lease of Yoma Central amounted of US$4,075,000.

### Company

(a) The Company has provided a corporate guarantee to a supplier of a subsidiary corporation for the purchases of inventories. As at 31 March 2019, the subsidiary corporation has made purchases from the supplier under the Company's corporate guarantee which amounting to US$990,000 (31 March 2018: US$3,009,000: 1 April 2017: Nil). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the corporate guarantee.

(b) The Company has provided letters of financial support for some of its subsidiary corporations to enable these subsidiary corporations to operate as going concerns and to meet their liabilities as and when they fall due. No liabilities were recognised in the statement of financial position of the Company as it is considered unlikely that there will be significant outflows of resources made by the Company as a result of the financial support provided by the Company.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT

*Financial risk factors*

The Group's activities expose it to market risk (including interest rate risk, currency risk and market price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Directors of the Company reviewed and adopted the policies for managing each of these risks and they are summarised below.

### (a) Market risk

*(i) Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group and the Company have interest-bearing assets and/or liabilities, the Group's and the Company's income and/or expense are dependent on changes in market interest rates. The Group's and the Company's exposure to cash flow interest rate risk arises mainly from variable-rate borrowings.

The Group's and the Company's borrowings at variable rate on which hedges have not been entered into are denominated in United States Dollar ("USD") and Singapore Dollar ("SGD"). If the USD and SGD interest rate had increased/decreased by 0.5% (2018: 0.5%) with all other variables including tax rate being held constant, the Group's net profit and the Company's net loss would have been lower/higher by US$1,178,000 and US$839,000 (2018: US$842,000 and US$676,000) respectively.

*(ii) Currency risk*

The Group operates mainly in Myanmar and People's Republic of China. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as Singapore Dollar ("SGD"), Myanmar Kyat ("Kyat"), United States Dollar ("USD"), and Thailand Baht ("THB"). In addition, the Group is exposed to currency translation risk on the net assets of the Group's foreign operations in Myanmar, the British Virgin Islands and People's Republic of China.

The Group manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts. At the reporting date, the Group had not entered into any currency forward contracts.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

*(ii) Currency risk (continued)*

The Group's currency exposure based on the information provided to key management is as follows:

| | SGD US$'000 | Kyat US$'000 | USD US$'000 | THB US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **31 March 2019** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and bank balances | 650 | 6,142 | 21,501 | 27 | 1,557 | 29,877 |
| Trade and other receivables | 2,137 | 37,329 | 58,607 | - | 917 | 98,990 |
| Financial assets at fair value through profit or loss | - | 3,684 | 56,564 | - | - | 60,248 |
| Other financial assets | 96 | 688 | 1,004 | - | 32 | 1,820 |
| | 2,883 | 47,843 | 137,676 | 27 | 2,506 | 190,935 |
| **Financial liabilities** | | | | | | |
| Trade and other payables | 4,010 | 17,717 | 51,912 | - | 731 | 74,370 |
| Borrowings | 12,434 | 29,400 | 263,332 | 69,994 | - | 375,160 |
| Financial liabilities at fair value through profit or loss | 1,616 | - | - | - | - | 1,616 |
| Put options to non-controlling interests | - | - | 30,134 | - | - | 30,134 |
| | 18,060 | 47,117 | 345,378 | 69,994 | 731 | 481,280 |
| **Net financial (liabilities)/assets** | (15,177) | 726 | (207,702) | (69,967) | 1,775 | (290,345) |
| Add: Non-financial assets | 116,515 | 435,775 | 374,349 | - | 66,112 | 992,751 |
| **Currency profile including non-financial assets and liabilities** | 101,338 | 436,501 | 166,647 | (69,967) | 67,887 | 702,406 |
| **Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies** | (15,968) | 3,684 | - | (69,967) | - | (82,251) |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

*(ii) Currency risk (continued)*

| | SGD US$'000 | Kyat US$'000 | USD US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **31 March 2018** | | | | | |
| **Financial assets** | | | | | |
| Cash and bank balances | 486 | 4,720 | 19,550 | 699 | 25,455 |
| Trade and other receivables | 5,826 | 17,924 | 46,742 | 4,830 | 75,322 |
| Financial assets at fair value through profit or loss | - | 678 | 40,424 | - | 41,102 |
| Available-for-sale financial assets | - | - | 6,195 | - | 6,195 |
| Other financial assets | 186 | 455 | 1,233 | 33 | 1,907 |
| | 6,498 | 23,777 | 114,144 | 5,562 | 149,981 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 16,955 | 38,691 | 56,272 | 646 | 112,564 |
| Borrowings | 11,664 | 33,260 | 169,363 | - | 214,287 |
| Put options to non-controlling interests | - | - | 28,348 | - | 28,348 |
| | 28,619 | 71,951 | 253,983 | 646 | 355,199 |
| **Net financial (liabilities)/assets** | (22,121) | (48,174) | (139,839) | 4,916 | (205,218) |
| Add: Non-financial assets | 123,651 | 387,747 | 286,577 | 70,806 | 868,781 |
| **Currency profile including non-financial assets and liabilities** | 101,530 | 339,573 | 146,738 | 75,722 | 663,563 |
| **Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies** | - | 9,546 | (98,198) | 361 | (88,291) |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

*(ii) Currency risk (continued)*

| | SGD US$'000 | Kyat US$'000 | USD US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **1 April 2017** | | | | | |
| **Financial assets** | | | | | |
| Cash and bank balances | 427 | 2,428 | 20,843 | 1,219 | 24,917 |
| Trade and other receivables | 56 | 45,063 | 52,269 | 716 | 98,104 |
| Financial assets at fair value through profit or loss | - | 663 | 35,000 | - | 35,663 |
| Available-for-sale financial assets | - | - | 4,353 | - | 4,353 |
| Other financial assets | 236 | 567 | 1,288 | 31 | 2,122 |
| | 719 | 48,721 | 113,753 | 1,966 | 165,159 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 1,212 | 28,659 | 73,160 | 350 | 103,381 |
| Borrowings | 10,955 | 15,149 | 131,610 | - | 157,714 |
| | 12,167 | 43,808 | 204,770 | 350 | 261,095 |
| **Net financial (liabilities)/assets** | (11,448) | 4,913 | (91,017) | 1,616 | (95,936) |
| Add: Non-financial assets | 112,944 | 261,641 | 187,672 | 64,116 | 626,373 |
| **Currency profile including non-financial assets and liabilities** | 101,496 | 266,554 | 96,655 | 65,732 | 530,437 |
| **Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies** | - | (1,860) | (98,092) | - | (99,952) |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

*(ii) Currency risk (continued)*

If Kyat, SGD and THB change against USD by 12%, 3% and 2% (31 March 2018: 2%, 6% and Nil; 1 April 2017: 9%, 3% and Nil) respectively, with all other variables, including tax rates being held constant, the effects arising from the net financial position on the Group's net profit will be as follows:

| | Group Impact on net profit Increase/(decrease) | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Kyat against USD/SGD | | | |
| – strengthened | **442** | 191 | (167) |
| – weakened | **(442)** | (191) | 167 |
| SGD against USD/USD against SGD | | | |
| – strengthened | **(479)** | (5,892) | (2,943) |
| – weakened | **479** | 5,982 | 2,943 |
| THB against USD | | | |
| – strengthened | **(1,103)** | - | - |
| – weakened | **1,103** | - | - |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

*(ii) Currency risk (continued)*

The Company's currency exposure based on the information provided to key management is as follows:

| | SGD US$'000 | Kyat US$'000 | USD US$'000 | THB US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **31 March 2019** | | | | | |
| **Financial assets** | | | | | |
| Cash and bank balances | 280 | 5 | 14,594 | 27 | 14,906 |
| Trade and other receivables | 1,049 | - | 7,661 | - | 8,710 |
| Other financial assets | 91 | 14 | 298 | - | 403 |
| | 1,420 | 19 | 22,553 | 27 | 24,019 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 4,384 | 1 | 115 | - | 4,500 |
| Borrowings | 11,065 | - | 166,800 | 69,994 | 247,859 |
| Financial liabilities through profit or loss | 1,616 | - | - | - | 1,616 |
| Put options to non-controlling interests | - | - | 30,134 | - | 30,134 |
| | 17,065 | 1 | 197,049 | 69,994 | 284,109 |
| **Net financial (liabilities)/assets** | (15,645) | 18 | (174,496) | (69,967) | (260,090) |
| Add: Non-financial assets | 718,336 | - | - | - | 718,336 |
| **Currency profile including non-financial assets and liabilities** | 702,691 | 18 | (174,496) | (69,967) | 458,246 |
| **Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency** | (15,645) | 18 | - | (69,967) | (85,594) |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

*(ii) Currency risk (continued)*

The Company's currency exposure based on the information provided to key management is as follows: *(continued)*

| | SGD US$'000 | Kyat US$'000 | USD US$'000 | Other US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **31 March 2018** | | | | | |
| **Financial assets** | | | | | |
| Cash and bank balances | 411 | 30 | 13,567 | - | 14,008 |
| Trade and other receivables | 826 | - | 4,733 | - | 5,559 |
| Other financial assets | 181 | 34 | 876 | - | 1,091 |
| | 1,418 | 64 | 19,176 | - | 20,658 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 6,906 | - | 294 | - | 7,200 |
| Borrowings | 11,427 | - | 133,850 | - | 145,277 |
| Put options to non-controlling interests | - | - | 28,348 | - | 28,348 |
| | 18,333 | - | 162,492 | - | 180,825 |
| **Net financial (liabilities)/assets** | (16,915) | 64 | (143,316) | - | (160,167) |
| Add: Non-financial assets/(liabilities) | 414,079 | (8,587) | 218,291 | 851 | 624,634 |
| **Currency profile including non-financial assets and liabilities** | 397,164 | (8,523) | 74,975 | 851 | 464,467 |
| **Currency exposure of financial assets/(liabilities) net of those denominated in the Company's functional currency** | - | 64 | (143,316) | - | (143,252) |

# Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

*(ii) Currency risk (continued)*

The Company's currency exposure based on the information provided to key management is as follows: *(continued)*

| | SGD US$'000 | Kyat US$'000 | USD US$'000 | Other US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **1 April 2017** | | | | | |
| **Financial assets** | | | | | |
| Cash and bank balances | 329 | 43 | 8,547 | - | 8,919 |
| Trade and other receivables | 660 | - | 1,984 | - | 2,644 |
| Other financial assets | 236 | 68 | 970 | - | 1,274 |
| | 1,225 | 111 | 11,501 | - | 12,837 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 5,364 | - | 273 | - | 5,637 |
| Borrowings | 10,733 | - | 89,636 | - | 100,369 |
| | 16,097 | - | 89,909 | - | 106,006 |
| **Net financial (liabilities)/assets** | (14,872) | 111 | (78,408) | - | (93,169) |
| Add: Non-financial assets/(liabilities) | 351,366 | (1,042) | 141,056 | 918 | 492,298 |
| **Currency profile including non-financial assets and liabilities** | 336,494 | (931) | 62,648 | 918 | 399,129 |
| **Currency exposure of financial assets/(liabilities) net of those denominated in the Company's functional currency** | - | 111 | (78,408) | - | (78,296) |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

*(ii) Currency risk (continued)*

If Kyat, SGD and THB strengthened or weakened against USD by 12%, 3% and 2% (31 March 2018: 2%, 6% and Nil; and 1 April 2017: 9%, 3% and Nil), respectively, with all other variables, including tax rates being held constant, the effects arising from the net financial position on the Company's net profit will be as follows:

| | Company Impact on net profit | | |
|---|---|---|---|
| | **2019 US$'000** | **2018 US$'000** | **2017 US$'000** |
| Kyat against USD | | | |
| – strengthened | **2** | 1 | (245) |
| – weakened | **(2)** | (1) | 245 |
| SGD against USD/USD against SGD | | | |
| – strengthened | **(469)** | (8,599) | (2,352) |
| – weakened | **469** | 8,599 | 2,352 |
| THB against USD | | | |
| – strengthened | **(1,103)** | - | - |
| – weakened | **1,103** | - | - |

*(iii) Market price risk*

Market price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Group is exposed to equity securities price risk arising from the investments in unquoted shares and private investment funds for operations in Myanmar held by the Group which are classified on the consolidated statement of financial position financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its investment portfolio and has obtained a put option in the case of its larger positions. If prices for financial instruments classified as financial assets at fair value through profit or loss changed by 5% (31 March 2018: 5%; and 1 April 2017: 5%) with all other variables including tax rate being held constant, the effects on the Group's net profit would have been U$3,012,000 (31 March 2018: US$2,005,000; 1 April 2017: US$1,783,000) higher/lower.

As at 31 March 2018 and 1 April 2017, if prices for available-for-sale financial assets changed by 10% respectively with all other variables including tax rates, being held constant, the effects on the Group's other comprehensive income would have been US$620,000 and US$435,000 higher/lower.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables (including contract assets and finance lease receivables). For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing only with reputable and/or high credit quality counterparties.

Financial assets that potentially subject to concentration of credit risk consist principally bank deposits and receivables. The Group places its deposits with financial institutions and other creditworthy issuers and limits the amount of credit exposure to any one party. As at 31 March 2019, the Group has concentration credit risk on one debtor (31 March 2018: one debtor, 1 April 2017: one debtor) that individually represents more than 20% (31 March 2018: 15%, 1 April 2017: 65%) of total trade receivables, contract assets and finance lease receivables.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follows:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Corporate guarantees provided to: | | | | | | |
| - banks on customers' finance leases (Note 39) | 23,962 | 21,700 | 10,904 | - | - | - |
| - a supplier of a subsidiary corporation (Note 39) | 2,760 | 3,081 | 2,635 | 990 | 3,009 | - |

*Trade receivables, contract assets and finance lease receivables*

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management and subject to an ongoing credit evaluation process. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Group's management.

For customers who obtained finance leases from banks and of which the Group has provided guarantees under the dealer undertaking, certain collateral is required from customers. For investment properties, the Group manages credit risk arising from tenants defaulting on their rental by requiring the tenants to furnish cash deposit, and/or banker's guarantees. For the consumer business segment, customers generally settle all transactions in cash or using credit cards issued by reputable financial institutions, and accordingly, this business segment does not have significant credit risk.

The Group also has a policy to regularly review debt collection and rental contracts with customers to verify their credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. In monitoring customer credit risk, the Group considers the customers' trade history with the Group, the aging profile, maturity and the existence of any previous financial difficulties.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

*Trade receivables, contract assets and finance lease receivables (continued)*

**Exposure to credit risk**

The maximum exposure to credit risk for trade receivables, contract assets and finance lease receivables at the reporting date by business segment, geographical area and type of customers is set out below:

| | Group | | |
|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| **By business segment** | | | |
| Real estate development | **27,176** | 22,928 | 51,329 |
| Real estate services | **1,669** | 1,337 | 776 |
| Automotive & heavy equipment | **5,319** | 3,642 | 6,578 |
| Financial services | **11,508** | 6,504 | 319 |
| Consumer | **11** | - | - |
| Others | **68** | 65 | 105 |
| | **45,751** | 34,476 | 59,107 |
| **By geographical area** | | | |
| People's Republic of China | **68** | 65 | 76 |
| Myanmar | **45,683** | 34,411 | 59,031 |
| | **45,751** | 34,476 | 59,107 |
| **By type of customer** | | | |
| Joint ventures | **1,459** | 1,559 | 228 |
| Non-related parties | | | |
| – Individuals | **23,916** | 23,240 | 17,461 |
| – Other companies | **20,376** | 9,677 | 41,418 |
| | **45,751** | 34,476 | 59,107 |

**Expected credit loss assessment as at 1 April 2018 and 31 March 2019**

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables, contract assets and finance lease receivables. In measuring the expected credit losses (ECLs), trade receivables, contract assets and finance lease receivables, the customers are categorised by business segment, type of customer and the credit characteristic.

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets without significant financing component, which comprise a very large number of small balances. In calculating the ECL rates, the Group considers the historical loss rates for each category of customers and/or counterparties and makes adjustments to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the receivables. However, given the short period of credit risk exposure, the impact of these macroeconomic factors is not considered to be significant within the financial year.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

*Trade receivables, contract assets and finance lease receivables (continued)*

**Expected credit loss assessment as at 1 April 2018 and 31 March 2019 (continued)**

Trade receivables and contract assets are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset in default if the counterparty fails to make contractual payment within 90 days when they fall due and has shown indicators of financial difficulty and writes off the financial asset when the Group has exhausted all means to retrieve the sum from the customers and/or counterparties. Where receivables are written-off, the Group continues to engage in enforcement activity to attempt to recover the outstanding receivables. Where recoveries are made, these are recognised in profit or loss.

For trade receivables and contract assets, which contain a significant financing component in accordance with SFRS(I) 15, and finance lease receivables, the Group has an accounting choice of either applying the simplified approach (measuring the loss allowance at an amount equal to the lifetime ECL at initial recognition and throughout its life), or the general model for impairment based on changes in credit quality since initial recognition.

*Simplified approach*

The Group applies the simplified approach to provide for the ECL for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to the lifetime ECL.

*General approach*

Under the general approach, the loss allowance is measured at an amount equal to the 12-month ECL at initial recognition. At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When the credit risk has increased significantly since initial recognition a loss allowance is measured at an amount equal to the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and that informed the credit assessment and also includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

*Trade receivables, contract assets and finance lease receivables (continued)*

**Expected credit loss assessment as at 1 April 2018 and 31 March 2019 (continued)**

*General approach (continued)*

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, with recourse by the Group to actions such as realising security (if any is held). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group uses the following categories of internal credit risk ratings for financial assets which are subject to expected credit losses under the 3-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

| Category of internal credit rating | Definition of category | Basis for recognition of expected credit losses |
|---|---|---|
| Performing | Financial assets have a low risk of default and a strong capacity to meet contractual cash flows | 12-month expected credit losses |
| Under-performing | Financial assets for which there is a significant increase in credit risk; which is presumed if interest and/or principal repayments are 90 days past due | Lifetime expected credit losses |
| Non-performing | Interest and/or principal repayments are 180 days past due | Lifetime expected credit losses |
| Write-off | Interest and/or principal repayments are more than one year past due and there is no reasonable expectation of recovery | Asset is written-off |

The Group has applied the general approach for trade receivables with significant financing component and assessed that the financial assets have a low risk of default and a strong capacity to meet contractual cash flows, accordingly loss allowance as at 31 March 2019 has been recognised based on 12-month expected credit losses which amounting to US$1,496,000 (1 April 2018: US$1,062,000) with loss allowance of US$434,000 recognised in profit or loss during the financial year ended 31 March 2019.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

*Trade receivables, contract assets and finance lease receivables (continued)*

**Expected credit loss assessment as at 1 April 2018 and 31 March 2019 (continued)**

The following table provides information about the Group's exposure to credit risk and the ECLs for trade receivables, contract assets and finance lease liabilities as at 31 March 2019 and 1 April 2018.

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Current US$'000 | Within 90 days US$'000 | 91-180 days US$'000 | 181 days to 365 days US$'000 | More than one year US$'000 | Total US$'000 |
| **31 March 2019** | | | | | | |
| **Real estate development** | | | | | | |
| Gross carrying amounts | **21,822** | **4,134** | **238** | **959** | **2,957** | **30,110** |
| Loss allowance | **-** | **-** | **66** | **119** | **27** | **212** |
| **Real estate services** | | | | | | |
| Gross carrying amounts | **-** | **338** | **161** | **650** | **556** | **1,705** |
| Loss allowance | **-** | **-** | **-** | **-** | **254** | **254** |
| **Automotive & heavy equipment** | | | | | | |
| Gross carrying amounts | **59** | **2,378** | **133** | **2,652** | **209** | **5,431** |
| Loss allowance | **-** | **-** | **-** | **25** | **72** | **97** |
| **Financial services** | | | | | | |
| Gross carrying amounts | **8,486** | **1,086** | **777** | **1,217** | **-** | **11,566** |
| Loss allowance | **-** | **-** | ***** | **57** | **-** | **57** |
| **1 April 2018** | | | | | | |
| Real estate development | | | | | | |
| Gross carrying amounts | 18,772 | 546 | 939 | 1,027 | 1,919 | 23,203 |
| Loss allowance | - | 23 | 16 | 24 | 24 | 87 |
| **Real estate services** | | | | | | |
| Gross carrying amounts | 81 | 614 | 288 | 213 | 150 | 1,346 |
| Loss allowance | - | - | - | - | 132 | 132 |
| **Automotive & heavy equipment** | | | | | | |
| Gross carrying amounts | 1,651 | 1,577 | 197 | 179 | 37 | 3,641 |
| Loss allowance | - | - | - | 31 | 31 | 62 |
| **Financial services** | | | | | | |
| Gross carrying amounts | 6,105 | 326 | 77 | 14 | 2 | 6,524 |
| Loss allowance | - | 2 | 17 | 6 | 2 | 27 |

* Amount less than US$1,000

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

*Trade receivables, contract assets and finance lease receivables (continued)*

**Expected credit loss assessment as at 1 April 2018 and 31 March 2019 (continued)**

The movement in credit loss allowance are as follows:

| | Group 31 March 2019 US$'000 |
|---|---|
| Balance at 1 April 2018 under FRS | - |
| Adoption of SFRS(I) 9 | 1,370 |
| Balance at 1 April 2018 under SFRS(I) 9 | 1,370 |
| Loss allowance recognised in profit or loss during the financial year | 746 |
| Balance as at 31 March 2019 | 2,116 |

*Cash and bank balances*

The Group and the Company held cash and bank balances of US$29,877,000 and US$14,906,000 (31 March 2018: US$25,455,000 and US$14,008,000; 1 April 2017: US$ 24,917,000 and US$8,919,000), respectively at 31 March 2019. Cash and bank balances are held with bank and financial institution counterparties with sound credit ratings. The impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank balances was negligible.

*Non-trade receivables (including loans) – Non-related parties, associated companies, joint ventures, staff and amounts due from entities related by a common controlling shareholder*

The Group and the Company held non-trade receivables in relation to payments made on behalf of non-related parties and related parties arising from the sales/purchases of goods and services and prepaid commercial and value added taxes totalling to US$53,239,000 and US$8,710,000 (31 March 2018: US$24,470,000 and US$5,559,000; 1 April 2017: US$40,116,000 and US$2,644,000) respectively at 31 March 2019. These receivables are due from counterparties with sound credit ratings. Impairment on these receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that these receivables have low credit risk based on the internal credit ratings of the counterparties. The amount of the allowance on non-trade receivables was negligible.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

*Previous accounting policy for impairment of loans and receivables*

As at 31 March 2018 and 1 April 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. Other receivables were assessed collectively, to determine whether there was any objective evidence that an impairment should have been incurred but not yet identified.

The Group considered that there was evidence of an impairment if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 90 days overdue)

*(i) Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit with ratings. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

*(ii) Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

| | Group | |
|---|---|---|
| | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Past due less than 3 months | 4,926 | 2,708 |
| Past due 3 to 6 months | 1,492 | 573 |
| Past due over 6 months | 3,683 | 7,692 |
| | 10,101 | 10,973 |

No allowance for impairment has been provided for the Group's trade receivables which are past due as management is of the view that there is no indication that these past due trade receivables will default on their payment based on historical transactions with the customers and the reputation of the customers.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting their obligations associated with financial liabilities. The Group manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and forecasted cash balances and periodic evaluation of the ability of the Group to meet its financial obligations.

The table below analyses the non-derivative financial liabilities of the Group and the Company in their relevant maturity groupings based on the length of the remaining period from the reporting date to the contracted maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows.

| | Less than 1 year US$'000 | Between 1 to 2 years US$'000 | Between 2 to 5 years US$'000 | More than 5 years US$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **31 March 2019** | | | | |
| Trade and other payables | **63,489** | **11,837** | **-** | **-** |
| Borrowings | **121,013** | **165,599** | **138,363** | **6,196** |
| Put options to non-controlling interests | **-** | **-** | **-** | **30,134** |
| Financial guarantee contracts | **26,722** | **-** | **-** | **-** |
| | **211,224** | **177,436** | **138,363** | **36,330** |
| **31 March 2018** | | | | |
| Trade and other payables | 99,820 | 896 | 12,106 | - |
| Borrowings | 79,071 | 58,521 | 61,318 | 23,066 |
| Put options to non-controlling interests | - | - | - | 28,348 |
| Financial guarantee contracts | 24,781 | - | - | - |
| | 203,672 | 59,417 | 73,424 | 51,414 |
| **1 April 2017** | | | | |
| Trade and other payables | 103,381 | - | - | - |
| Borrowings | 36,514 | 15,871 | 74,086 | 8,148 |
| Financial guarantee contracts | 13,539 | - | - | - |
| | 153,434 | 15,871 | 74,086 | 8,148 |
| **Company** | | | | |
| **31 March 2019** | | | | |
| Trade and other payables | **4,500** | **-** | **-** | **-** |
| Borrowings | **89,781** | **114,046** | **127,067** | **-** |
| Put options to non-controlling interests | **-** | **-** | **-** | **30,134** |
| Financial guarantee contracts | **990** | **-** | **-** | **-** |
| | **95,271** | **114,046** | **127,067** | **30,134** |
| **31 March 2018** | | | | |
| Trade and other payables | 7,200 | - | - | - |
| Borrowings | 66,569 | 46,349 | 49,948 | 7,078 |
| Put options to non-controlling interests | - | - | - | 28,348 |
| Financial guarantee contracts | 3,009 | - | - | - |
| | 76,778 | 46,349 | 49,948 | 35,426 |
| **1 April 2017** | | | | |
| Trade and other payables | 5,637 | - | - | - |
| Borrowings | 28,580 | 15,286 | 62,439 | 8,148 |
| | 34,217 | 15,286 | 62,439 | 8,148 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Capital risk

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of its businesses. Management monitors the return on capital as well as the level of dividends to ordinary shareholders and seeks to maintain a balance between the higher returns that might be possible with a higher level of borrowings and the advantages and security afforded by a sound capital position.

Management monitors capital levels based on a financial gearing ratio. The Group's and the Company's strategies remained unchanged during the financial years ended 31 March 2019 and 2018 and are to maintain a financial gearing ratio not exceeding 40%. The Group is also required by certain financial institutions to maintain certain level of consolidated net worth and certain leverage and financial gearing ratios.

The financial gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings (excluding loans from non-controlling interests) less cash and bank balances. Total capital is calculated as total equity plus net debt.

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Net debt | **304,772** | 160,032 | 93,805 | **232,953** | 131,269 | 91,450 |
| Total equity | **702,406** | 663,563 | 530,437 | **458,246** | 464,467 | 399,129 |
| Total capital | **1,007,178** | 823,595 | 624,242 | **691,199** | 595,736 | 490,579 |
| **Financial gearing ratio** | **30.26%** | 19.43% | 15.03% | **33.70%** | 22.03% | 18.64% |

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2019 and 2018.

### (e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by the level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(i) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within Level 3 of the fair value hierarchy.

The determination of what constitutes "observable" requires significant judgement by management. Management considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (e) Fair value measurements (continued)

The following table analyses within the fair value hierarchy the Group's financial assets and liabilities measured at value:

| | Level 1 US$'000 | Level 2 US$'000 | Level 3 US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **31 March 2019** | | | | |
| ***Assets*** | | | | |
| Financial assets at fair value through profit or loss | **-** | **-** | **60,248** | **60,248** |
| ***Liabilities*** | | | | |
| Financial liabilities at fair value through profit or loss | **-** | **-** | **1,616** | **1,616** |
| **31 March 2018** | | | | |
| ***Assets*** | | | | |
| Financial assets at fair value through profit or loss | - | - | 41,102 | 41,102 |
| Available-for-sale financial assets | - | - | 6,195 | 6,195 |
| **1 April 2017** | | | | |
| ***Assets*** | | | | |
| Financial assets at fair value through profit or loss | - | - | 35,663 | 35,663 |
| Available-for-sale financial assets | - | - | 4,353 | 4,353 |

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. Management does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include listed equities and over-the-counter derivatives. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on the available market information.

Investments classified within Level 3 have significant unobservable inputs as they trade infrequently. Level 3 instruments include private equity funds and private equities. As observable prices are not available for these securities, management has used valuation techniques to derive the fair value. Refer to Note 3(c).

There were no changes in valuation techniques and no transfers into or out of fair value hierarchy levels during the financial years ended 31 March 2019 and 2018.

See Note 23 for disclosures of the investment properties that are measured at fair value.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (e) Fair value measurements (continued)

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|
| **Group** | | | |
| Financial assets | | | |
| – Private investment fund | Discounted cash flows/market comparable approach/ recent transaction | Discount rate; Price/EBITDA multiples | The higher the discount rate, the lower the fair value; the higher the price/EBITDA multiple, the higher the fair value |
| – 12.5% equity interest in edotco Investments | Market comparable/ recent transaction | Price/EBITDA multiples | The higher the price/EBITDA multiple, the higher the fair value |
| – 9% equity interest in MJAS | Discounted cash flows | Discount rate | The higher the discount rate, the lower the fair value |
| Financial liabilities - Share warrants | Monte carlo simulation | Price to book (P/B) multiple; risk-free rate | The higher P/B multiple and risk-free rate, the higher the fair value |

### (f) Fair value measurements by category

The carrying amounts of the different categories of financial instruments are as disclosed on the face of the statements of financial position and in Note 18, Note 19 and Note 33, except for the following:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 | 31 March 2019 US$'000 | 31 March 2018 US$'000 | 1 April 2017 US$'000 |
| Financial assets at amortised cost | **130,687** | - | - | **24,019** | - | - |
| Loans and receivables | **-** | 102,684 | 125,143 | **-** | 20,658 | 12,837 |
| Financial liabilities at amortised cost | **479,664** | 355,199 | 261,095 | **282,493** | 180,825 | 106,006 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 41. RELATED PARTY TRANSACTIONS

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties on terms agreed between the parties:

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 |
| *With entities related by a common controlling shareholder, joint ventures and associated companies* | | |
| Sales | **2,847** | 2,113 |
| Purchases | **3,130** | 609 |
| Treasury transactions* | **2,498** | 1,158 |
| Land development rights transactions# | **2** | 84 |
| Prepayments for supply of crops | **418** | 294 |
| Investment in private equity investment funds | **-** | 2,075 |
| Investment in associated company | **-** | 19,400 |
| *With other related party* | | |
| Professional fee paid/payable | **76** | 87 |

* Treasury transactions refers to cash deposits placed with a related party which is an entity controlled by a director who is also the controlling shareholder.

\# Land development rights transactions comprise the receipt of the sale proceeds of land development rights on behalf of the Group by entities related by a common controlling shareholder and the payment of marketing commission by the Group to entities related by a common shareholder.

Other related party refers to a firm of which the director is a member.

Outstanding balances at 31 March 2019 and 2018, arising from the sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the reporting date and are disclosed in Note 13 and Note 27 respectively.

(b) Key management personnel compensation

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 |
| Wages and salaries | **3,291** | 5,394 |
| Directors' fees | **233** | 217 |
| Share options expenses | **122** | 262 |
| Share awards expenses | **1,292** | 1,041 |
| Other short-term benefits | **366** | 438 |
| Employer's contribution to defined contribution plans, including CPF | **21** | 23 |
| | **5,325** | 7,375 |

Included in the above is total compensation to directors of the Company amounting to US$1,628,000 (2018: US$2,912,000).

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 42. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Key Management Team that are used to make strategic decisions. The Key Management Team comprises the Executive Chairman, the CEO, the CFO, the Group Financial Controller and the heads of each business unit within each primary geographical segment that are involved in making strategic decisions.

The Key Management Team considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in three primary geographic areas: Singapore, Myanmar and the People's Republic of China ("PRC"). All of the Group's operating segments operate in Myanmar except for its investments segment which operates in both Myanmar and PRC . The others segment relates to corporate services, treasury and finance functions and investment holdings in Singapore and Myanmar.

For management purposes, the Group is organised into business units based on their products and services and has seven reportable segments as follows:

(i) Real estate development is in the business of property development and the sale of land development rights and development properties.

(ii) Real estate services is in the business of providing project management, design services and estate management as well as property leasing in Myanmar. This reportable segment has been formed by aggregating the relevant operating entities, which are regarded by management to exhibit similar economic characteristics.

(iii) The automotive & heavy equipment segment is in the business of supplying and selling agriculture and construction equipment, passenger and commercial vehicles and related parts, including the provision of maintenance services. This reportable segment has been formed by aggregating the relevant operating entities involved in supplying and selling agriculture and construction equipment, including the provision of maintenance services, which are regarded by management to exhibit similar economic characteristics.

(iv) The consumer segment is in the business of operating restaurants, bottling and distributing beverages and developing food wholesale and logistics services .

(v) The financial services segment is in the business of providing non-bank financing (i.e. leasing of motor vehicles under both operating and finance leases and related financing options) and investing in mobile financial services. This reportable segment has been formed by aggregating the relevant operating entities, which are regarded by management to exhibit similar economic characteristics.

(vi) The investments segment relates to the Group's investments in the infrastructure, tourism, power agriculture and other sectors in Myanmar and the leasing of an investment property in the People's Republic of China.

(vii) The other segment refers to the Group level corporate services and treasury functions.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 42. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Key Management Team for the reportable segments and reconciliation to the consolidated statements of comprehensive income are as follows:

| | ← Myanmar → | | | | | Myanmar/ PRC | Myanmar/ Singapore | |
|---|---|---|---|---|---|---|---|---|
| | Real Estate Development US$'000 | Real Estate Services US$'000 | Automotive & Heavy Equipment US$'000 | Financial Services US$'000 | Consumer US$'000 | Investments US$'000 | Others US$'000 | Total US$'000 |
| **2019** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Total segment sales | 33,338 | 25,631 | 26,961 | 6,315 | 14,569 | 897 | - | 107,711 |
| Less: Inter-segment sales | (1,498) | (1,231) | (4,225) | (59) | - | - | - | (7,013) |
| Sales to external parties | 31,840 | 24,400 | 22,736 | 6,256 | 14,569 | 897 | - | 100,698 |
| Cost of sales | (18,526) | (3,795) | (19,878) | (3,579) | (7,284) | (306) | - | (53,368) |
| Gross profit | 13,314 | 20,605 | 2,858 | 2,677 | 7,285 | 591 | - | 47,330 |
| Other income-net | (3,127) | 70,861 | (796) | (73) | 206 | 10,361 | (750) | 76,682 |
| Expenses: - | | | | | | | | |
| - Administrative | (9,687) | (3,174) | (6,510) | (1,735) | (10,936) | (2,332) | (11,584) | (45,958) |
| - Finance | (1,038) | (3,047) | (286) | (905) | (8) | (1,527) | (14,900) | (21,711) |
| Share of profits/(losses) of joint ventures | - | 627 | (979) | - | (1,359) | (1,172) | - | (2,883) |
| Share of (losses)/profits of associated companies | (5) | - | (68) | 211 | (5,341) | (4,282) | - | (9,485) |
| (Loss)/profit before income tax | (543) | 85,872 | (5,781) | 175 | (10,153) | 1,639 | (27,234) | 43,975 |
| Income tax expense | (794) | (211) | (165) | (311) | (93) | - | (158) | (1,732) |
| **(Loss)/profit for continuing operations** | (1,337) | 85,661 | (5,946) | (136) | (10,246) | 1,639 | (27,392) | 42,243 |
| Interest expense | 846 | 1,406 | 110 | 888 | 13 | 834 | 13,253 | 17,350 |
| Income tax expense | 794 | 211 | 165 | 311 | 93 | - | 158 | 1,732 |
| Depreciation and amortisation | 1,526 | 1,828 | 1,221 | 2,989 | 2,160 | 451 | 71 | 10,246 |
| Share of (profits)/losses of joint ventures | - | (627) | 979 | - | 1,359 | 1,172 | - | 2,883 |
| Share of losses/(profits) of associated companies | 5 | - | 68 | (211) | 5,341 | 4,282 | - | 9,485 |
| Currency translation losses/(gains), net | 2,618 | 1,783 | 1,145 | 178 | 211 | 696 | (535) | 6,096 |
| Yoma Central Project | 5,273 | - | - | - | - | - | - | 5,273 |
| **Core Operating EBITDA** | 9,725 | 90,262 | (2,258) | 4,019 | (1,069) | 9,074 | (14,445) | 95,308 |
| Net profits include: | | | | | | | | |
| – Fair value gains on investment properties | - | 69,412 | - | - | - | - | - | 69,412 |
| – Fair value gain on financial assets at fair value through profit or loss | - | - | - | - | - | 11,124 | - | 11,124 |
| – Fair value loss on financial liabilities at fair value through profit or loss | - | - | - | - | - | - | (1,616) | (1,616) |
| – Deemed loss on dilution of investment in joint ventures | - | - | (119) | - | - | - | - | (119) |
| – Deemed loss on dilution of investment in associated companies | - | - | - | - | - | (4,469) | - | (4,469) |
| **Segment assets** | 567,437 | 267,995 | 35,479 | 55,827 | 66,441 | 180,439 | 29,077 | 1,202,695 |
| Segment assets includes: | | | | | | | | |
| Investments in associated companies | 14,482 | - | - | 20,669 | 15,520 | 30,679 | - | 81,350 |
| Investments in joint ventures | - | 1,147 | 2,647 | - | 2,548 | 5,030 | - | 11,372 |
| Additions to non-current assets | 4,384 | 15,024 | 1,746 | 14,346 | 22,661 | 1 | 158 | 58,320 |
| **Segment liabilities** | 150,366 | 28,142 | 9,387 | 11,906 | 14,516 | 11,588 | 274,384 | 500,289 |

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 42. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Key Management Team for the reportable segments and reconciliation to the consolidated statements of comprehensive income are as follows: (continued)

| | Myanmar | | | | | Myanmar/ PRC | Myanmar/ Singapore | |
|---|---|---|---|---|---|---|---|---|
| | Real Estate Development US$'000 | Real Estate Services US$'000 | Automotive & Heavy Equipment US$'000 | Financial Services US$'000 | Consumer US$'000 | Investments US$'000 | Others US$'000 | Total US$'000 |
| **2018** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Total segment sales | 16,514 | 10,991 | 32,860 | 5,072 | 10,453 | 977 | - | 76,867 |
| Less: Inter-segment sales | 346 | (1,410) | (235) | (71) | - | - | - | (1,370) |
| Sales to external parties | 16,860 | 9,581 | 32,625 | 5,001 | 10,453 | 977 | - | 75,497 |
| Cost of sales | (6,091) | (4,451) | (28,437) | (3,374) | (5,444) | (286) | - | (48,083) |
| Gross profit | 10,769 | 5,130 | 4,188 | 1,627 | 5,009 | 691 | - | 27,414 |
| Other Income-net | 962 | 14,705 | 180 | 89 | 306 | 25,962 | 128 | 42,332 |
| Expenses: - | | | | | | | | |
| - Administrative | (5,972)[1] | (2,437) | (6,888) | (1,421) | (8,178) | (1,490) | (13,342) | (39,728) |
| - Finance | (581) | (498) | (180) | (82) | - | 202 | (8,562) | (9,701) |
| Share of profits/(losses) of joint ventures | - | 466 | (696) | - | (675) | 101 | - | (804) |
| Share of profits/(losses) of associated companies | 107 | - | (32) | - | (676) | 205 | - | (396) |
| **Profit/(loss) before income tax** | 5,285 | 17,366 | (3,428) | 213 | (4,214) | 25,671 | (21,776) | 19,117 |
| Income tax (expense)/credit | (308) | (1,013) | 108 | (112) | - | - | (222) | (1,547) |
| **Profit/(loss) for continuing operation** | 4,977 | 16,353 | (3,320) | 101 | (4,214) | 25,671 | (21,998) | 17,570 |
| Interest expense | 703 | 190 | 205 | 62 | - | 798 | 7,647 | 9,605 |
| Income tax expense/(credit) | 308 | 1,013 | (108) | 112 | - | - | 222 | 1,547 |
| Depreciation and amortisation | 1,468 | 513 | 1,161 | 2,610 | 1,598 | 454 | 111 | 7,915 |
| Share of (profits)/losses of joint ventures | - | (466) | 696 | - | 675 | (101) | - | 804 |
| Share of (profits)/losses of associated companies | (107) | - | 32 | - | 676 | (205) | - | 396 |
| Currency translation losses/(gains), net | 87 | 26 | 119 | (5) | (31) | (931) | 850 | 115 |
| Yoma Central Project | 5,317 | - | - | - | - | - | - | 5,317 |
| **Core Operating EBITDA** | 12,753[1] | 17,629 | (1,215) | 2,880 | (1,296) | 25,686 | (13,168) | 43,269 |
| Net profits include: | | | | | | | | |
| – Fair value gains on investment properties | - | 14,180 | - | - | - | - | - | 14,180 |
| – Fair value gain on at fair value through profit & loss financial assets | - | - | - | - | - | 6,049 | - | 6,049 |
| – Net gain on disposal of subsidiary corporations | - | - | - | - | - | 19,074 | - | 19,074 |
| **Segment assets** | 555,531 | 136,691 | 46,350 | 40,255 | 43,202 | 172,559 | 37,117 | 1,031,705 |
| Segment assets includes: | | | | | | | | |
| Investments in associated companies | 107 | - | 30 | 19,400 | 21,307 | 35,810 | - | 76,654 |
| Investments in joint ventures | - | 1,616 | 4,057 | - | 2,086 | 1,988 | - | 9,747 |
| Additions to non-current assets | 4,291 | 16,614 | 3,441 | 2,369 | 5,960 | 715 | 25 | 33,415 |
| **Segment Liabilities** | 142,797 | 19,276 | 16,176 | 7,982 | 10,450 | 11,719 | 159,742 | 368,142 |

Note:

1 Includes the US$3,067,000 reversal for administrative expenses related to Meeyatha International Hotel Limited ("MIHL") which holds the land lease of Yoma Central.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 42. SEGMENT INFORMATION (CONTINUED)

The revenue from external parties reported to the Key Management Team is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with non-related parties.

The Key Management team assesses the performance of the operating segments based the revenue and/or profit earned by each segment. All income and expenses are allocated to the respective operating segments based on the entities within each operating segment, except for interest expenses which are allocated based on the purpose and usage of the borrowings obtained, and the share of results of joint ventures and associated companies which are allocated based on their respective principal business activity.

(a) Geographical information

The Group's six business segments operate in three main geographical areas: Singapore, Myanmar and the People's Republic of China.

- Singapore/Myanmar – the Company is headquartered in Singapore and has operations in Singapore and Myanmar. The operations in this area are principally corporate services, treasury functions and investment activities.

- Myanmar – the operations in this area are principally the development of properties and the sale of land development rights and development properties; the leasing of investment properties, the provision of project management, design services and estate management; the sale of automotive & heavy equipment products; the operation of restaurants, the bottling and distribution of beverages and the development food wholesales and logistics services; and the leasing of motor vehicles and mobile financial services.

- People's Republic of China – the operations in this area are principally the leasing of investment properties.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

| | Group | |
|---|---|---|
| | 2019 US$'000 | 2018 US$'000 |
| **Revenue** | | |
| Myanmar | **99,801** | 74,520 |
| People's Republic of China | **897** | 977 |
| | **100,698** | 75,497 |
| Non-current assets | | |
| Singapore | **214,850** | 113,355 |
| Myanmar | **396,175** | 370,551 |
| People's Republic of China | **66,102** | 71,073 |
| | **677,127** | 554,979 |

Revenue of US$11,222,000 (2018: US$9,067,000) are derived from two (2018: two) external customers. These revenues are attributable to the Myanmar real estate development segment.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 42. SEGMENT INFORMATION (CONTINUED)

(b) Revenue from major products and services

Revenues from external customers are derived mainly from the automotive & heavy equipment segment, the sale of land development rights and development properties, the sale of food & beverages, the provision of project management, design services and estate management (collectively "real estate services"), the leasing of investment properties, the leasing of motor vehicles and finance lease income. The breakdown of revenue is as follows:

| | Group | |
|---|---|---|
| | 2019<br>US$'000 | 2018<br>US$'000 |
| Development properties | **28,855** | 16,777 |
| Land development rights | **2,985** | 83 |
| Automotive & heavy equipment | **22,736** | 32,625 |
| Real estate services | **18,253** | 3,902 |
| Food & beverages | **14,569** | 10,453 |
| Finance lease income | **787** | 291 |
| Leasing of motor vehicles | **5,470** | 4,709 |
| Leasing of investment properties | **7,043** | 6,657 |
| | **100,698** | 75,497 |

## 43. BUSINESS COMBINATION

On 18 March 2019, the Group through its wholly-owned subsidiary corporations, Yoma F&B Pte. Ltd. and Popa Myanmar Company Limited, completed the acquisition of 65% and 60% of the issued shares of Yankin Kyay Oh Group of Companies Limited ("YKKO") and YKKO Trademarks Company Ltd ("Brandco") (collectively, the "YKKO Group"), respectively, for a total cash consideration of US$ 12,887,000. YKKO is one of Myanmar's largest restaurant chains with 37 outlets throughout the country and BrandCo is a company that holds the licenses to the intellectual property used by YKKO.

The acquisition of YKKO and Brandco is accounted for as a single business combination as both entities derived income from the same source, being the operations of YKKO restaurants, and both entities were acquired to achieve an overall commercial effect and purpose.

The acquisition of the YKKO Group is accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* which requires the recognition of the identifiable assets and liabilities at fair value as at the date of the acquisition with the excess of the purchase consideration over the fair value of the identifiable assets and liabilities, as goodwill.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 43. BUSINESS COMBINATION (CONTINUED)

Details of the consideration paid, the assets acquired and the liabilities assumed and the effects on the cash flows of the Group at the acquisition date are as follows:

(a) *Purchase consideration*

| | US$'000 |
|---|---|
| Cash paid, represents total fair value of purchase consideration | 12,887 |

(b) *Effect on cash flows of the Group*

| | US$'000 |
|---|---|
| Cash paid (as above) | 12,887 |
| Less: Cash and cash equivalents in subsidiary corporation acquired | (451) |
| Cash outflow on acquisition | 12,436 |

(c) *Identifiable assets acquired and liabilities assumed*

| | US$'000 |
|---|---|
| Cash and cash equivalents | 451 |
| Property, plant and equipment (Note 24) | 6,032 |
| Trademark (included in intangible assets) [Note 25(e)] | 1,766 |
| Inventories | 270 |
| Investments in joint ventures (Note 20) | 84 |
| Trade and other receivables | 868 |
| Total assets | 9,471 |
| | |
| Trade and other payables | (609) |
| Current income tax liabilities [Note 9(b)] | (155) |
| Deferred income tax liabilities (Note 29) | (993) |
| Total liabilities | (1,757) |
| | |
| Total identifiable net assets | 7,714 |
| | |
| Less: Non-controlling interest measured at the non-controlling interest's proportionate share of net identifiable assets | (2,859) |
| Add: Goodwill [Note 25(g)] | 8,032 |
| Consideration transferred for the business | 12,887 |

(d) *Acquisition-related costs*

No significant acquisition-related costs arose from the acquisition as the transaction was handled by the Group's legal, risk management and business development teams. The related staff costs were included in administrative expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 43. BUSINESS COMBINATION (CONTINUED)

*(e) Goodwill*

Goodwill of US$8,032,000 arising from the acquisition is attributable to the synergies expected to arise from the future economic benefit from operating the YKKO business in Myanmar (i.e. the consumer business segment).

*(f) Revenue and profit contribution*

The acquisition of the YKKO Group did not have any material impact on the Group's profit or loss for the period from 18 March 2019 to 31 March 2019. Had the YKKO Group been consolidated from 1 April 2018, the Group's consolidated revenue and total profit for the financial year ended 31 March 2019 would have been US$110,808,000 and US$43,126,000, respectively.

## 44. FINALISED AGENDA DECISION ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATION COMMITTEE

The International Financial Reporting Standards Interpretation Committee ("IFRS IC") received a submission regarding the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development (building), of which the developer recognises revenue over time for the sale of individual units of the building under SFRS(I) 15 *Revenue from Contracts with Customers*.

In March 2019, IFRS IC issued the finalised agenda decision on the capitalisation of borrowing costs that the developer in the fact pattern submitted should not capitalise borrowing costs in relation to the construction of the building. This is different from the accounting policy currently applied by the Group as disclosed in Note 2.19. IFRS IC also stated that an entity is entitled to sufficient time in determining the potential change in accounting policy as a result of an agenda decision. The institute of Singapore Chartered Accountants through its Financial Reporting Committee has deliberated that barring any exceptional circumstances, it would be reasonable to expect entities to implement the change in accounting policy resulting from the agenda decision as soon as possible and no later than 31 December 2019.

As at 31 March 2019, the Group has not changed its accounting policy on borrowing costs as part of its application of SFRS(I) 15. Following the finalisation of the agenda decision, subject to some editorial changes, the Group has since commenced implementing the change in policy and expects to report the effects of the change as soon as possible within the next annual reporting period beginning on or after 1 April 2019. The estimated impact on the change in accounting policy on borrowing costs would result in the accumulated borrowing costs of US$8,444,000 (31 March 2018: US$5,084,000) currently included in the cost of development properties on the statements of financial position respectively, being expensed-off.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 45. NEW ACCOUNTING STANDARDS AND INTERPRETATION

Below are the mandatory standards, amendments and interpretations to the existing standards that have been published and are relevant for the accounting periods beginning on or after 1 January 2019 or later periods and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 *Leases***
- Amendments to SFRS(I) 1-19 *Plan Amendment, Curtailment or Settlement*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Annual Improvements to SFRS(I)s 2015-2017 Cycle
- INT SFRS(I) 123 *Uncertainty over Income Tax Treatments* ***

Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 Insurance Contracts

Effective date: to be determined*

- Amendments to SFRS(I) 10 and SFRS(I) 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

The directors do not anticipate that the adoption of the above SFRS(I)s, INT SFRS(I) and the amendments to SFRS(I) in future financial periods will have a material impact on the financial statement of the Group and the Company except for the following:

** SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the financial year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liabilities on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 March 2019, the Group has non-cancellable operating lease commitments of US$190,905,000 [Note 37 (b)]. Of these commitments, approximately US$933,000 relate to short-term leases and to low-value leases both of which will be recognised on a straight-line basis as an expense in profit or loss.

For the remaining lease commitments, the Group expects to recognise right-of-use assets and lease liabilities (after adjustments for prepayments and accrued lease expenses) of approximately US$48,258,000 on 1 April 2019. Overall net current assets will be US$3,870,000 lower due to the presentation of a portion of the liabilities as current liabilities.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 45. NEW ACCOUNTING STANDARDS AND INTERPRETATION (CONTINUED)

** SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019) (continued)

The Group expects that net profit after tax will decrease by approximately US$3,638,000 for the financial year ending 31 March 2020 as a result of adopting the new rules. Operating cash flows will increase and financing cash flows will decrease by approximately US$3,770,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows used in financing activities. Management is still in the midst of finalising its assessment of the key inputs used in determining the fair values of the right-of-use assets and the lease liabilities and the impact on the opening retained profits for the transition, therefore, the final impact may be different from the estimate.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

*** SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

(i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

(ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

(iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

(iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

(v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liabilities to be recognised arising from uncertain tax positions on the adoption of the interpretation on 1 April 2019.

# Statistics of Shareholdings

AS AT 18 JUNE 2019

| | | |
|---|---|---|
| Class of Shares | : | Ordinary Shares |
| Voting Rights | : | One Vote Per Share |
| No. of issued and fully paid-up shares | : | 1,895,820,441 |
| Treasury Shares | : | Nil |
| Subsidiary Holdings | : | Nil |

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 99 | 135 | 1.91 | 3,587 | 0.00 |
| 100 - 1,000 | 449 | 6.35 | 249,766 | 0.01 |
| 1,001 - 10,000 | 2,417 | 34.18 | 15,528,043 | 0.82 |
| 10,001 - 1,000,000 | 4,031 | 57.00 | 242,197,628 | 12.78 |
| 1,000,001 & ABOVE | 40 | 0.56 | 1,637,841,417 | 86.39 |
| TOTAL | **7,072** | **100.00** | **1,895,820,441** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members and Depository Agent)

| | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1 | DBS VICKERS SECURITIES (S) PTE LTD | 522,657,633 | 27.57 |
| 2 | DBS NOMINEES PTE LTD | 291,005,024 | 15.35 |
| 3 | CITIBANK NOMINEES SINGAPORE PTE LTD | 267,871,094 | 14.13 |
| 4 | DBSN SERVICES PTE LTD | 244,135,837 | 12.88 |
| 5 | BPSS NOMINEES SINGAPORE (PTE.) LTD. | 100,034,353 | 5.28 |
| 6 | RAFFLES NOMINEES (PTE) LIMITED | 50,268,136 | 2.65 |
| 7 | HSBC (SINGAPORE) NOMINEES PTE LTD | 32,926,849 | 1.74 |
| 8 | PHILLIP SECURITIES PTE LTD | 23,174,719 | 1.22 |
| 9 | UOB KAY HIAN PTE LTD | 10,058,061 | 0.53 |
| 10 | CHONG YEAN FONG | 9,928,400 | 0.52 |
| 11 | MORGAN STANLEY ASIA (S) SECURITIES PTE LTD | 8,817,683 | 0.47 |
| 12 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 7,705,829 | 0.41 |
| 13 | OCBC SECURITIES PRIVATE LTD | 7,301,016 | 0.39 |
| 14 | OCBC NOMINEES SINGAPORE PTE LTD | 6,119,002 | 0.32 |
| 15 | ABN AMRO CLEARING BANK N.V. | 5,628,384 | 0.30 |
| 16 | LIM AND TAN SECURITIES PTE LTD | 4,996,116 | 0.26 |
| 17 | SUMMIT NOMINEES SDN BHD | 4,000,000 | 0.21 |
| 18 | CGS-CIMB SECURITIES (SINGAPORE) PTE LTD | 3,308,778 | 0.17 |
| 19 | MAYBANK KIM ENG SECURITIES PTE.LTD | 2,993,239 | 0.16 |
| 20 | WEE HIAN NAM | 2,902,000 | 0.15 |
| | **Total** | **1,605,832,153** | **84.71** |

# Statistics of Shareholdings

AS AT 18 JUNE 2019

## SUBSTANTIAL SHAREHOLDERS (as shown in the Register of Substantial Shareholders)

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| Name of Shareholders | No. of Shares | % [1] | No. of Shares | % [1] |
| Mr. Serge Pun @ Theim Wai | 128,636,358 [2] | 6.79 | 500,896,790 [3] | 26.42 |
| Standard Life Aberdeen PLC [4] | - | - | 170,370,260 | 8.99 |
| Aberdeen Asset Management PLC [4] | - | - | 170,370,260 | 8.99 |
| Aberdeen Standard Investments (Asia) Limited [4] | - | - | 170,370,260 | 8.99 |
| The Capital Group Companies Inc. [5] | - | - | 130,192,839 | 6.87 |
| Capital Group International, Inc. [5] | - | - | 130,192,839 | 6.87 |
| Capital Research and Management Company [5] | - | - | 130,192,839 | 6.87 |
| Eaton Vance Corp. [6] | - | - | 151,344,898 | 7.98 |
| Eaton Vance Management [6] | - | - | 151,344,898 | 7.98 |
| Boston Management and Research [6] | - | - | 143,862,598 | 7.59 |

**Notes:-**

(1) Percentage calculated based on the total number of issued shares as at 18 June 2019, comprising 1,895,820,441 Shares.

(2) 128,573,333 Shares are held through nominee companies.

(3) Mr. Serge Pun @ Theim Wai is deemed interested in (a) 896,790 Shares held by Pun Holdings Pte. Ltd. and (b) 500,000,000 Shares held by Pun Holdings Investments Limited. Pun Holdings Pte. Ltd. is 100% owned by Mr. Serge Pun and Pun Holdings Investments Limited is a 100% subsidiary of Pun Holdings Pte. Ltd.

(4) Standard Life Aberdeen PLC ("SLA PLC") is the parent company of Aberdeen Asset Management PLC ("AAM"). AAM is in turn the parent company of Aberdeen Standard Investments (Asia) Limited ("ASIAL"). AAM and ASIAL act as the investment managers for various clients/funds and have the power to exercise, or control the exercise of, a right to vote attached to the securities and has the power to dispose of, or control the disposal of, the securities. The registered holder(s) of the securities is the client's or fund's custodian. SLA PLC and its subsidiaries are able to exercise or control the exercise of 7.6105% of the total votes attached to the shares in the Company.

(5) The Capital Group Companies, Inc. ("CGC") is the parent company of Capital Research and Management Company ("CRMC"). CRMC is a U.S.-based investment management company that manages the American Funds family of mutual funds. CRMC manages equity assets for various investment companies through three divisions, Capital Research Global Investors, Capital International Investors and Capital World Investors. CRMC in turn is the parent company of Capital Group International, Inc. ("CGII"), which in turn is the parent company of five investment management companies ("CGII management companies"): Capital Guardian Trust Company, Capital International, Inc., Capital International Limited, Capital International Sàrl and Capital International K.K. The CGII management companies primarily serve as investment managers to institutional clients.

Neither CGC nor any of its affiliates own Shares of the Company for its own account. Rather, the shares reported are owned by accounts under the discretionary investment management of one or more of the investment management companies described above.

Holdings of the CGII management companies are as follows; Capital Guardian Trust Company (36,337,451 voting shares), Capital International, Inc. (61,477,805 voting shares), Capital International Limited (1,886,700 voting shares) and Capital International Sàrl (30,490,883 voting shares). The said shares are managed by the CGII management companies in exercise of the investment management discretion vested in them in their respective capacities as investment managers to institutional clients.

As CGII is the holding company of the CGII management companies, CGII has a deemed interest in an aggregate of 130,192,839 voting shares in the Company. As CRMC is the parent company of CGII, in accordance with Sections 4(4) and 4(5) of the Securities and Futures Act, Chapter 289 Singapore ("SFA"). CRMC has a deemed interest in the said 130,192,839 voting shares in the Company managed by the CGII management companies.

For the reasons stated, CRMC has a total deemed interest of 130,192,839 voting shares in the Company, which constitutes approximately 6.876% of the total number of voting shares (excluding treasury shares) in the Company.

As CGC is the parent company of CRMC, pursuant to Sections 4(4) and 4(5) of the SFA, CGC is deemed interested in the total interest of CRMC of 130,192,839 voting shares (6.876%) in the Company.

(6) Eaton Vance Corp. ("EVC") is the parent company of multiple fund managers, including Eaton Vance Management ("EVM") and Boston Management and Research ("BMR"). EVM is a wholly owned subsidiary of EVC. BMR is a 99.9% owned subsidiary of EVM. EVM and BMR are managers of certain funds that own in the aggregate more than 5% of the securities of the Company. EVC, through the funds managed by its subsidiaries, has the power to exercise, or control the exercise of, a right to vote attached to the securities and has the power to dispose of, or control the disposal of, the securities.

## PUBLIC SHAREHOLDERS

Based on the information available to the Company as at 18 June 2019, approximately 41.75% of the issued shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities has been complied with.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** THAT the Annual General Meeting of **YOMA STRATEGIC HOLDINGS LTD.** (the "**Company**") will be held at Vanda Ballroom, Level Five, Marina Mandarin Singapore, 6 Raffles Boulevard Marina Square, Singapore 039594 on 24 July 2019 at 10 a.m. to transact the following business:-

## A. ORDINARY BUSINESS

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

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Independent Auditor's Report thereon.

   **(Resolution 1)**

2. To approve the payment of Directors' fees of up to S$380,000 payable by the Company for the financial year ending 31 March 2020.

   **(Resolution 2)**

3. To re-elect Mr. Pun Chi Tung Melvyn as a Director of the Company, who is retiring pursuant to Rule 720(5) of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**") and who, being eligible, will offer himself for re-election.

   *(See Explanatory Note 1)* **(Resolution 3)**

4. To re-elect Dato Timothy Ong Teck Mong as a Director of the Company, who is retiring pursuant to Regulation 104 of the Constitution of the Company and who, being eligible, will offer himself for re-election.

   *(See Explanatory Note 2)* **(Resolution 4)**

5. To re-appoint Nexia TS Public Accounting Corporation as Independent Auditor of the Company for the financial year ending 31 March 2020 and to authorise the Directors of the Company to fix their remuneration.

   **(Resolution 5)**

## B. SPECIAL BUSINESS

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

6. That pursuant to Section 161 of the Companies Act (Cap. 50) and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be and are hereby authorised and empowered to issue:

   (i) shares in the capital of the Company ("**shares**"); or

   (ii) convertible securities; or

   (iii) additional convertible securities issued pursuant to adjustments; or

   (iv) shares arising from the conversion of the securities in (ii) and (iii) above,

   (whether by way of rights, bonus or otherwise or in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority or thereafter) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (notwithstanding the authority conferred by this Resolution may have ceased to be in force),

# Notice of Annual General Meeting

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed fifty per cent (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 (2) below) ("**Issued Shares**"), provided that the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of Issued Shares;

(2) (subject to such manner of 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) above, the percentage of Issued Shares 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 this Resolution is passed, after adjusting for:

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

(ii) (where applicable) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting), the authority conferred by this Resolution 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 the earlier.

*(See Explanatory Note 3)* **(Resolution 6)**

7. That pursuant to Section 161 of the Companies Act (Cap. 50), the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Yoma Strategic Holdings Employee Share Option Scheme 2012 (the "**YSH ESOS 2012**") and to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the YSH ESOS 2012, notwithstanding that the approval has ceased to be in force if the shares are issued pursuant to the exercise of an option granted while the approval to offer and grant the option was in force, provided that the aggregate number of new shares to be issued pursuant to YSH ESOS 2012 when aggregated with the aggregate number of shares which may be awarded under the Yoma Performance Share Plan ("**Yoma PSP**") shall not exceed ten per cent (10%) of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.

*(See Explanatory Note 4)* **(Resolution 7)**

8. That pursuant to Section 161 of the Companies Act (Cap. 50), the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of shares as may be required to issued pursuant to the vesting of awards under the Yoma PSP ("**Awards**") provided that the aggregate number of shares to be allotted and issued pursuant to the Yoma PSP and other share based schemes (including the YSH ESOS 2012) of the Company shall not exceed ten per cent (10%) of issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.

*(See Explanatory Note 4)* **(Resolution 8)**

# Notice of Annual General Meeting

9. That:

(i) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "**Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire from time to time issued ordinary shares in the capital of the Company (the "**Shares**"), not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:–

(1) on-market purchases ("**On Market Purchase**") on the Singapore Securities Trading Limited (the "**SGX-ST**"); and/or

(2) off-market purchases pursuant to an equal access scheme in accordance with Section 76C of the Act ("**Off-Market Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(ii) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution, and expiring on the earlier of:–

(1) the date on which the next annual general meeting of the Company is held; or

(2) the date by which the next annual general meeting of the Company is required by law to be held; or

(3) the date on which the purchases of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(iii) in this Resolution:–

"**Prescribed Limit**" means ten per cent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding treasury shares and subsidiary holdings). Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for the purpose of computing the ten per cent (10%) limit;

"**Relevant Period**" means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed, for both an On-Market Purchase and an Off-Market Purchase pursuant to an equal access scheme, 105% of the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition;

# Notice of Annual General Meeting

where:–

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days ("**Market Day**") being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the Market Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days; and

(iv) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

*(See Explanatory Note 5)* **(Resolution 9)**

10. That for the purposes of Chapter 9 of the Listing Manual:

(i) approval be and is hereby given for the Company and its subsidiary companies (the "**Group**") or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions, particulars of which are set out in the Company's addendum to shareholders dated 9 July 2019 (the "**Addendum**"), with any party who is of the class or classes of Interested Persons described in the Addendum, provided that such transactions are made on normal commercial terms in accordance with the review procedures for Interested Person Transactions as described in the Addendum (the "**Shareholders' Mandate**");

(ii) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, 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;

(iii) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

(iv) the Directors be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider necessary, desirable, expedient or in the interest of the Company to give effect to the Shareholders' Mandate and/or this Resolution.

*(See Explanatory Note 6)* **(Resolution 10)**

To transact such other business which can be transacted at the annual general meeting of the Company.

BY ORDER OF THE BOARD

**Loo Hwee Fang**
**Lun Chee Leong**
Joint Company Secretaries

Singapore
9 July 2019

# Notice of Annual General Meeting

## EXPLANATORY NOTES:-

1. Mr. Pun Chi Tung Melvyn, the Chief Executive Officer, when re-elected, will be considered an Executive Director.

2. Dato Timothy Ong Teck Mong, when re-elected, will be considered a Non-Executive Independent Director. He will remain as a member of the Audit and Risk Management Committee and the Nominating and Governance Committee.

3. Ordinary Resolution 6 proposed above, if passed, will empower the Directors, from the date of the above Annual General Meeting until the next annual general meeting, to issue shares in the capital of the Company and to make or grant convertible securities, and to issue shares in pursuance of such convertible securities, without seeking any further approval from shareholders in a general meeting, up to a number not exceeding fifty per cent (50%) of the total number of Issued Shares of which up to twenty per cent (20%) of the total number of Issued Shares may be issued other than on a pro rata basis to shareholders.

4. Ordinary Resolutions 7 and 8 proposed above, if passed, will authorise the Directors to (a) offer and grant options and to issue and allot shares pursuant to the exercise of options under the YSH ESOS 2012; and (b) grant awards under the Yoma PSP and issue and allot shares pursuant to the release of such awards provided that the aggregate number of the shares to be issued when aggregated with the existing shares delivered and/or to be delivered pursuant to YSH ESOS 2012 and Yoma PSP shall not exceed ten per cent (10%) of the issued shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

   "**subsidiary holdings**" has the meaning ascribed to it in the Listing Manual.

5. Ordinary Resolution 9 proposed above, if passed, will authorise the Directors to purchase or otherwise acquire Shares on the terms and subject to the conditions of the resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 March 2019 are set out in greater detail in the Addendum enclosed together with the Annual Report.

6. Ordinary Resolution 10 proposed above, if passed, will renew the existing Shareholders' Mandate that was approved by shareholders on 24 July 2018. If passed, the Shareholders' Mandate will allow the Group to enter into Interested Person Transactions with those classes of Interested Persons as described in the Addendum and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate.

**Proxies:**

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

   (b) A member who is relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, 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 proxies, the number 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 (Cap.50).

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

3. This form of proxy must be deposited at the Company's registered office at 78 Shenton Way, #32-00, Singapore 079120, not less than forty-eight (48) hours before the time set for the Annual General Meeting.

# Notice of Annual General Meeting

## PERSONAL DATA PRIVACY:

By submitting an instrument 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) 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 or service providers), 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 or service providers) 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.

# Disclosure Information on Directors Seeking Re-election

| | | |
|---|---|---|
| Name of Persons | Pun Chi Tung Melvyn<br>("Mr. Melvyn Pun") | Dato Timothy Ong Teck Mong<br>("Dato Timothy Ong") |
| Date of appointment announcement ("Previous Announcements") | 22 May 2015 | 19 May 2016 |
| Date of last re-appointment (if applicable) | Nil | 26 July 2016 |
| Age | 41 | 65 |
| Country of principal residence | Myanmar/Hong Kong | Brunei |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Mr. Melvyn Pun as the Chief Executive Officer and Executive Director was recommended by the Nominating and Governance Committee and the Board has accepted the recommendation, after taking into consideration Mr. Melvyn Pun's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. | The re-election of Dato Timothy Ong as a Non-Executive Independent Director was recommended by the Nominating and Governance Committee and the Board has accepted the recommendation, after taking into consideration Dato Timothy Ong's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. |
| Whether appointment is executive, and if so, the area of responsibility | Executive | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Chief Executive Officer and Executive Director | Non-Executive Independent Director |
| Professional qualifications | - | - |
| Working experience and occupation(s) during the past 10 years | July 2015 to present<br>Chief Executive Officer of Yoma Strategic Holdings Ltd<br><br>June 2012 to May 2015<br>- Chief Executive Officer of Serge Pun & Associates (Myanmar) Limited<br><br>June 2000 – May 2012<br>- Managing Director, Head of Asia (Ex Japan) Corporate Solutions Group, Securities Division of Goldman Sachs (Asia) L.L.C. | 2003 – present<br>Chairman of Asia Inc. Forum<br><br>2005 – 2010<br>Acting Chairman of the Brunei Economic Development Board |
| Shareholding interest in the listed issuer and its subsidiaries | 20,147,800 shares | 1,024,000 shares |

# Disclosure Information on Directors Seeking Re-election

| Name of Persons | Pun Chi Tung Melvyn<br>("Mr. Melvyn Pun") | Dato Timothy Ong Teck Mong<br>("Dato Timothy Ong") |
|---|---|---|
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Son of Mr. Serge Pun.<br><br>Mr. Serge pun is the Executive Chairman and is also a substantial shareholder of the Company. | No |
| Conflict of interest (including any competing business) | Nil | Nil |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |
| **Other Principal Commitments* Including Directorships#** | | |
| Past (for the last 5 years) | Directorships:-<br>• Apex Decade Holdings Limited<br>• D Myanmar Investment (Singapore) Pte. Ltd.<br>• Eastern Safaris Pte. Ltd.<br>• Meeyahta Development Limited<br>• Yoma Agriculture & Logistics Holding Pte. Ltd.<br>(Alternate Director to Mr Serge Pun)<br><br>Principal Commitment:-<br><br>June 2012 to May 2015<br>- Chief Executive Office of Serge Pun & Associates (Myanmar) Limited | Directorships:-<br>• Araco Sdn Bhd<br>• Jebsen & Jebsen (SEA) Pte Ltd<br>• Rich Terrain Investments Limited<br>• SPA ASEAN Frontier Fund I (Cayman)<br><br>Principal Commitment: Nil |

# Disclosure Information on Directors Seeking Re-election

| Name of Persons | Pun Chi Tung Melvyn<br>("Mr. Melvyn Pun") | Dato Timothy Ong Teck Mong<br>("Dato Timothy Ong") |
|---|---|---|
| Present | Principal Commitment:-<br>July 2015 – present<br>Chief Executive Officer of Yoma Strategic Holdings Ltd.<br><br>Directorships:<br>• Access Myanmar Holding Company Pte. Ltd.<br>• Altai Myanmar Company Limited<br>• Blue Ridge Company Limited<br>• Chindwin Holdings Pte. Ltd.<br>• D Service (Myanmar) Limited<br>• Digital Money Myanmar Limited<br>• Edotco Investments Singapore Pte. Ltd.<br>• German Car Industries Company Limited<br>• KOSPA Limited<br>• MC Elevator (Myanmar) Limited<br>• Parkson Myanmar Asia Pte. Ltd.<br>• Parkson Myanmar Investment Company Pte. Ltd.<br>• Yankin Kyay Oh Group Of Companies Limited<br>• YKKO Trademarks Company Limited<br>• Yoma Agriculture & Logistics Holding Pte. Ltd.<br>• Yoma Education Pte. Ltd.<br>• Yoma F&B Pte. Ltd.<br>• Yoma Financial Services Pte. Ltd.<br>• Yoma Micro Power (S) Pte. Ltd.<br>• Yoma Micro Power Myanmar Limited<br>• Yoma Strategic Holdings Ltd.<br>• Yoma Strategic Investments Ltd.<br>• YSH Finance Ltd.<br>• Andaman Energy (HK) Limited<br>• Andaman Energy Holdings Limited<br>• China Band Investments Limited<br>• Classic Delight Holdings Limited<br>• Enhanced Oil Recovery (Myanmar) Limited<br>• Pinnacle Trade Holdings Limited<br>• Pun Holdings Investments Limited<br>• Serge Pun & Associates (Myanmar) Limited<br>• Vanson Development Limited<br>• FMI Air Leasing Company Pte. Ltd.<br>• Myanmar Institute of Directors Association<br>• Classic Champion Investments Limited<br>• CM (2013) Holdings Limited<br>• Delta Capital Myanmar Limited<br>• Delta Capital Myanmar GP I<br>• Delta Capital Myanmar GP II Limited | Principal Commitment: -<br>2003 – present<br>Chairman of Asia Inc Forum<br><br>Directorships:<br>• Asia Inc Capital Sdn Bhd<br>• Asia Inc Forum Sdn Bhd<br>• Baiduri Bank Bhd<br>• Baiduri Finance Bhd<br>• BruCapital Holdings Sdn Bhd<br>• Brunei Hotel Sdn Bhd<br>• Cemerjaya Sdn Bhd<br>• Clarity Sdn Bhd<br>• Everon Sdn Bhd<br>• Hexalink Investment Pty Ltd<br>• Hotel Associates Sdn Bhd<br>• Jebsen & Jebsen (Brunei) Sdn Bhd<br>• National Insurance Co. Bhd<br>• Pansar Company Sdn Bhd<br>• Praxis Energy Sdn Bhd<br>• Phinma Inc<br>• Phinma Education Holdings Inc<br>• Quest Sdn Bhd<br>• Sumber Mulia Holdings Sdn Bhd<br>• Tee Land Limited<br>• Wawasan Holdings Pty Ltd |

Key information on these Directors, including their dates of first appointment, dates of last re-election and academic/ professional qualification, can be found in the "Board of Directors" section of this Annual Report 2019. There are no changes to the disclosure required under items (a) to (k) to the Appendix 7.4.1 of the Listing Manual as provided in the Company's Previous Announcements of the respective Directors.

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**YOMA STRATEGIC HOLDINGS LTD.**
(Incorporated in the Republic of Singapore)
(Company Registration No. 196200185E)

# PROXY FORM
## ANNUAL GENERAL MEETING

IMPORTANT:
1. For investors who have used their CPF monies to buy Yoma Strategic Holdings Ltd.'s shares, this Annual Report is forwarded to them at the request of the 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.

**Personal Data Privacy**

3. By submitting an instrument appointing proxy or proxies and/or representative(s), a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 July 2019.

I/We ______________________________ (Name) ____________________ (NRIC/ Passport Number)

of ____________________________________________________________ (Address)

being a member/members of YOMA STRATEGIC HOLDINGS LTD. (the "**Company**"), hereby appoint:

| Name | Address | NRIC/ Passport No. | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |
| and/or (delete as appropriate) | | | |
| | | | |

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as *my/our *proxy/proxies to attend, speak and vote on *my/our behalf at the annual general meeting of the Company (the "**AGM**") to be held at Vanda Ballroom, Level Five, Marina Mandarin Singapore, 6 Raffles Boulevard Marina Square, Singapore 039594 on 24 July 2019 at 10 a.m., and at any adjournment thereof in the following manner as specified below. *My/our *proxy/proxies may vote or abstain from voting at *his/their discretion on any of the resolutions where *I/we have not specified any voting instruction, and on any other matter arising at the AGM.

**NOTE:** Voting on all resolutions will be conducted by poll. If you wish to exercise 100% of your votes **For** or **Against** a resolution, please tick with "√" in the corresponding box against that resolution. If you wish to split your votes, please indicate the number of votes **For** and/or **Against** that resolution.

| | Ordinary Resolutions: | For | Against |
|---|---|---|---|
| 1 | Adoption of Directors' Statement and Audited Financial Statements for financial year ended 31 March 2019 and the Independent Auditor's Report | | |
| 2 | Approval of Directors' fees for the financial year ending 31 March 2020 | | |
| 3 | Re-election of Mr. Pun Chi Tung Melvyn as a Director | | |
| 4 | Re-election of Dato Timothy Ong Teck Mong as a Director | | |
| 5 | Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor | | |
| 6 | Authority to issue Shares pursuant to the share issue mandate | | |
| 7 | Authority to offer and grant options and issue shares pursuant to the YSH ESOS 2012 | | |
| 8 | Authority to issue and allot shares pursuant to the Yoma PSP | | |
| 9 | Adoption of Share Purchase Mandate | | |
| 10 | Renewal of Shareholders' Mandate for Interested Person Transactions | | |

Dated this __________ day of __________ 2019

| Total Number of Shares held in: | Number of Shares |
|---|---|
| CDP Register | |
| Register of Members | |

______________________________
Signature(s) of Member(s)/Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM.**

**NOTES:**

1 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the annual general meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote and the annual general meeting, 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 proxies, the number 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 (Cap 50).

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

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

*Fold along dotted line*

Affix
Postage
Stamp

**The Company Secretary**
**YOMA STRATEGIC HOLDINGS LTD.**
78 Shenton Way
#32-00
Singapore 079120

*Fold along dotted line*

4 This form of proxy must be signed by the appointor or his attorney duly authorized in writing. Where the form of proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorized officer. The power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority shall be lodged with the form of proxy, failing which, the person so named shall not be entitled to vote in respect thereof.

5 A corporation which is a member may authorised by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with its Constitution and Section 179 of the Companies Act (Cap. 50).

6 Completion and return of this form of proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment or a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this form of proxy to the Annual General Meeting.

7 This form of proxy must be deposited at the Company's registered office at 78 Shenton Way, #32-00, Singapore 079120, not less than forty-eight (48) hours before the time set for the Annual General Meeting.

8 The Company shall be entitled to reject the form of proxy if it 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 form of proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any form of proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time set for holding the Annual General Meeting, as certified by the Central Depository (Pte) Limited to the Company.

*Please glue and seal along this edge*

*Please glue and seal along this edge*

*Fold along dotted line*

**Yoma Strategic Holdings Ltd.**
78 Shenton Way #32-00
Singapore 079120
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Fax : (65) 6223 1990
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