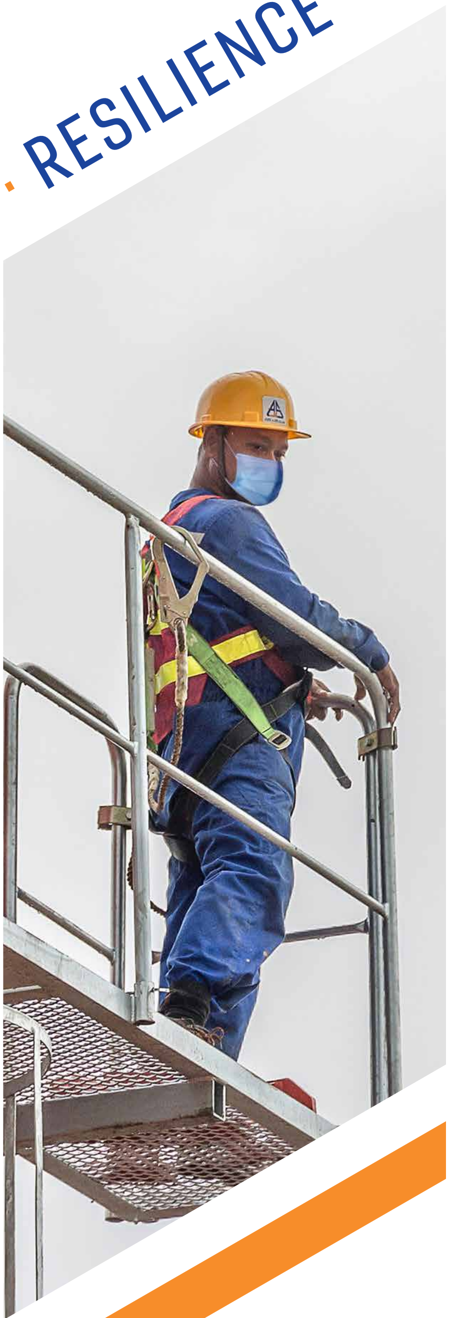
# ANNUAL 2021 REPORT

ADAPTATION · RESILIENCE · PERSEVERANCE



YOMA
STRATEGIC HOLDINGS LTD.

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# ABOUT US

## CORPORATE PROFILE

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 emigrated to Beijing in 1965 and subsequently to Hong Kong SAR in 1973, where he began a career in real estate. Mr. Pun led many real estate developments in Hong Kong SAR 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.

## OUR MISSION

BUILD A BETTER **MYANMAR** FOR ITS **PEOPLE**

## OUR VISION

### INVESTOR SATISFACTION

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

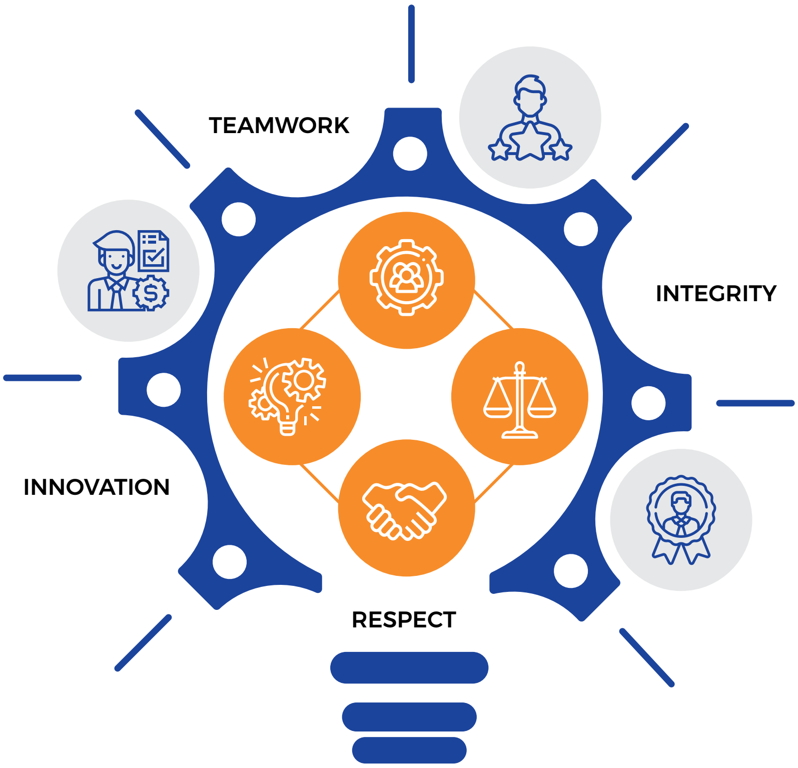
### CUSTOMER SATISFACTION

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



# CHAIRMAN & CEO'S STATEMENT

**MR. SERGE PUN**
*Executive Chairman*

The Group has faced immense challenges in 2021. Our people are our most important asset, and we have prioritised the health, safety and well-being of our staff and their families during these unprecedented times.

**MR. MELVYN PUN**
*Chief Executive Officer and Executive Director*

Our businesses have been tested this year. Our ability to operate in an uncertain environment has not only ensured our survival, but also brought about resilience to our business model going forward. We will continue to focus on strengthening our core businesses, maintaining balance sheet discipline and prioritising profit over expansion for new opportunities.

## A CHALLENGING YEAR

It has been a challenging year for Myanmar with substantial uncertainty in the economic and business environment since February 1st followed by a third wave of COVID-19 in July. These conditions posed significant unforeseen challenges and impacted an economy that had already been weakened by the pandemic since 2020.

The past 22 months have taken a dramatic toll on the lives and livelihoods of the Myanmar people. The outlook projected by international organisations has so far been bleak. The World Bank's Myanmar Economic Monitor forecasts the economy to contract by around 18% in the country's 2021 fiscal year (October 2020 - September 2021) with the share of Myanmar's population living in poverty likely to more than double by the beginning of 2022.[1]

A quote from Kim Alan Edwards, World Bank Senior Economist for Myanmar, "While there were initial signs of stabilisation in some areas in May 2021 and June 2021, with mobility improving and logistics disruptions easing, overall economic activity remained very weak and a further contraction is likely from July 2021 onwards due to the recent surge in COVID-19 cases."

Against this backdrop, our revenue for the financial year ended 30 September 2021 ("12M-Sept2021") declined 15.6% to US$87.3 million from US$103.4 million in the 12-month period from 1 October 2019 to 30 September 2020 ("12M-Sept2020"), whilst our net loss stood at US$15.7 million for 12M-Sept2021.

## PERSEVERANCE OF OUR PEOPLE

Despite a more challenging operating environment, the pandemic has brought out the best in the Myanmar spirit as we saw communities coming together to lend a helping hand to those in need. The tremendous resilience and agility of our people has been nothing but impressive, all of which has significantly contributed to our ability to stabilise our businesses and to continue to serve our customers as best as the environment allows.

Our priority has been to protect the health, safety and well-being of our employees. The COVID-19 measures that were put in place included work from home arrangements, providing medical assistance to those in need and a vaccination programme administered by Pun Hlaing Hospitals, part of the enlarged Group, that prioritised our employees and their families, as well as being extended to our customers and partners.

Today, we are pleased to announce that we have reached the milestone of 88% of our people vaccinated, which puts us one step closer to keeping our staff and their families safe and resuming our operations. We want to personally thank all of those who have played a part in helping to secure and roll out the vaccine. The teamwork across our businesses and functions has had a significant impact and made a meaningful contribution to the Group and to the people of Myanmar.

## ADAPTING THROUGH A LEANER ORGANISATION

To reinforce the foundations of our businesses in the current economic environment, we have embarked on a wide-range of initiatives to reduce our costs, preserve cash and broaden our revenue generation capabilities. Tough but necessary measures were implemented to mitigate the severe economic impact on the Group's businesses.

Our key business priority was cash conservation. We took swift and strong actions to manage our balance sheet and liquidity position. The message to our businesses was very clear - each entity must be able to sustain itself even during an extensive period of economic slowdown. We were not looking at expansion, but commercial survival, business resilience and sustainability. This has meant taking a critical look at our businesses and our deployment of capital across the Group and adjusting the scale of our operations to the expected economic growth of the country.

Unfortunately, this has also meant that we had to take the extremely painful steps of cutting jobs, putting portions of our staff on furlough and reducing pay for a significant number of employees. These collective measures have led to a reduction in fixed staff costs by more than 60%.

We have also decided to defer non-essential operating and capital expenditures and have proactively managed our balance sheet by paying

**88%**

**OF OUR EMPLOYEES ARE VACCINATED, WHICH PUTS US ONE STEP CLOSER TO KEEPING OUR STAFF AND THEIR FAMILIES SAFE AND RESUMING OUR OPERATIONS.**


1 https://www.worldbank.org/en/news/press-release/2021/07/23/myanmar-economy-expected-to-contract-by-18-percent-in-fy2021-report

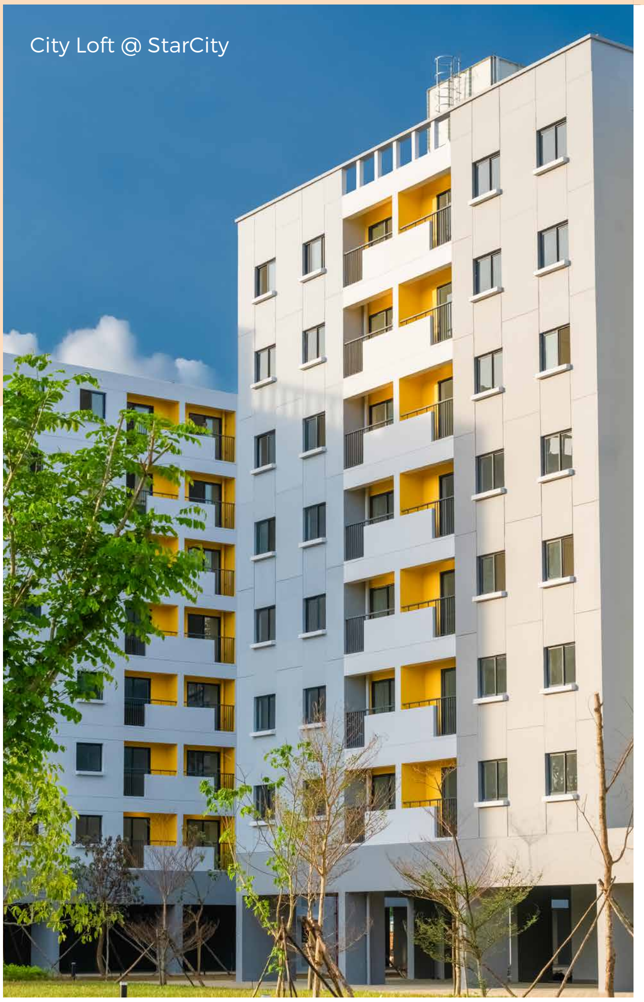
down debt and engaging with lenders to revise principal and interest payment schedules.

By June 2021, we had a much leaner organisation and have achieved a more competitive cost base for the future.

## FOCUSING ON PROFITABILITY AND CASH GENERATING OPPORTUNITIES

During the year, we looked for ways to strengthen and deepen our presence in Yoma Land and Wave Money businesses, which continued to show resilience. In the Yoma F&B and Yoma Motors businesses, we have taken decisive measures to rationalise both platforms due to the headwinds they face from dampened consumer sentiment and spending.

Our flagship residential estates – StarCity and Pun Hlaing Estate – continued to attract healthy demand for both sales and rentals due to the level of service, amenities and security on offer, especially during these uncertain times. We remain positive about the long-term potential of our real estate business and will continue to focus on monetising the more than eight million square feet of our existing landbank which is held at historical cost.



City Loft @ StarCity

As our sixth and seventh buildings of City Loft @ StarCity and the first phase of 30 Star Villas units move towards completion within 2022, residual revenue recognition from sold units will be strongly complemented by full revenue recognition from additional unit sales. Furthermore, City Loft West, which is expected to launch in the first half of 2022, will expand the City Loft product at a new project site and will capture the demand from home buyers in other parts of Yangon. At the same time, our Yoma Land Development business will continue to benefit as buyers increasingly look to invest and store their wealth in hard assets, in particular real estate.

Revenue from our Yoma Land Services business is also expected to increase in the coming year with the conversion of the StarCity campus of Dulwich College Yangon into an office building. This has turned a potential dormant asset, following the suspension of operations by Dulwich College Yangon, into a revenue generating investment property. The anchor tenant commenced its lease in October 2021, and its growing pool of employees is expected to have a positive impact on StarCity's community by driving foot traffic at the commercial facilities and increasing demand for home sales and rental units.

Unfortunately, the completion of the Yoma Central Project has been delayed. Construction activities were suspended, alongside other large-scale construction projects in the country in February 2021. While Yoma Central's construction activities are expected to resume within 2022[2], a revised business plan is being put in place to reflect the new economic environment.

We continue to see opportunities for growth in non-bank financial services. Digital mobile money has become a lifeline for many people amidst the COVID-19 pandemic and the disruption to the banking system. Indeed, the Central Bank of Myanmar has recognised digitalisation of the financial system as a key priority. Wave Money will intensify its focus on growing its money transfer business and developing its digital e-wallet as the default payment method for customers.

Finally, the profitability and cashflow of our Yoma F&B and Yoma Motors businesses are expected to improve through the rationalisation of both platforms and the continuing cost control measures. During the financial year, we closed approximately 30% of our restaurants, including Little Sheep Hotpot and Auntie Anne's™ to focus our operations on the two flagship F&B brands – KFC and YKKO. Whilst there have been recent signs of recovery in these businesses, we expect that the slower economic growth in the coming year will continue to have an impact on consumer sentiment and spending.

## AN EMERGING LOCALISED LEADERSHIP TEAM

In 2012, we made a conscious decision to build capacity in our human resources to attain the depth and breadth of management in order to capitalise on the opportunities in Myanmar. We brought in expatriates with sound expertise and practical experience to guide our various businesses and develop the next tier of local management. By 2018, we had around 200 expatriates and repatriates working in the Group. Whilst this resulted in higher administrative expenses, we considered it necessary to grow our businesses and build the Group's human capital.

Today, our investment has paid off. More of our younger Myanmar executives have built strong capabilities in their fields and have assumed leadership roles within the Group. Since the start of the COVID-19 pandemic last year, we have seen this transition accelerate and some of our local talent have become the promising new stars of the future. This localisation of management will ensure the continuity and leadership of the Group.

## STAYING RESILIENCE AND AGILE

Whilst there remains significant uncertainty in the current economic environment, we believe that the Group is in a strong position to weather the challenges going forward. We will continue to remain prudent in managing our costs and focus on driving efficiencies in our businesses. The stringent financial management initiatives that we have implemented across the Group will remain in place and are expected to result in much improved profitability in the coming year.

As we reposition ourselves for the future, we are mindful that our value creation should be for the long haul. Our focus remains on the execution and profitability of our existing businesses, but we will also reassess our spending plans to include any opportunistic acquisitions which will add long term value for shareholders.

## APPRECIATION

As always, we are very grateful to our fellow Board members for their wisdom and steadfastness, especially during this extraordinarily difficult period. In particular, we would like to extend our appreciation to Mr. Adrian Chan Pengee and Mr. Fernando Miranda Zobel de Ayala for their guidance and direction over the years, and we welcome Mr. Cezar Peralta Consing, who joined as a new Non-Executive Director in August 2021 and brings new perspectives and experiences to our Board. We are certain that he will add to our diversity of thought as we navigate the many challenges and opportunities ahead.

Lastly, we would like to again express our gratitude to our employees for their hard work and dedication and to our partners, shareholders and other stakeholders who have weathered the crises together with us.

**SERGE PUN**
*Executive Chairman*

**MELVYN PUN**
*Chief Executive Officer*

2 *Refers to calendar year.*

# BOARD OF DIRECTORS

(As at the date of this Annual Report)

**MR. SERGE PUN @ THEIM WAI**
*Executive Chairman*

**MR. MELVYN PUN CHI TUNG**
*Chief Executive Officer and Executive Director*

**MS. WONG SU YEN**
*Lead Independent Director*

**DATO TIMOTHY ONG TECK MONG**
*Non-Executive Independent Director*

**MR. GEORGE THIA PENG HEOK**
*Non-Executive Independent Director*

**PROFESSOR ANNIE KOH**
*Non-Executive Independent Director*

**MR. CEZAR PERALTA CONSING**
*Non-Executive Non-Independent Director*

**MR. CYRUS PUN CHI YAM**
*Alternate Director to Mr. Serge Pun @ Theim Wai*

**MR. PAOLO MAXIMO FRANCISCO BORROMEO**
*Alternate Director to Mr. Cezar Peralta Consing*

## MR. SERGE PUN @ THEIM WAI

*Executive Chairman*

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

**Present Directorships in other listed companies:**

- Memories Group Limited
- First Myanmar Investment Public Company Limited
- Myanmar Thilawa SEZ Holdings Public Co., Ltd.

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

**Present Principal Commitments:**

- Executive Chairman of Yoma Strategic Holdings Ltd.
- Executive Chairman of Memories Group Limited
- Executive Chairman of First Myanmar Investment Public Company Limited
- Executive Chairman of Yoma Bank Limited

**Education and Achievements:**
Awarded the special honour of being selected as one of the 65 and 70 outstanding Overseas Chinese Models worldwide to feature on a series of commemorative postage stamps celebrating the 65th and 70th anniversaries, respectively of the People's Republic of China.

**Date of Appointment:** 17 August 2006

**Last Re-elected:** 29 January 2021

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 SAR 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 standing member of the Chinese People's Political Consultative Conference of Dalian, China and a member of the Asia Business Council. He is the Chair of the International Advisory Board of Singapore Management University for Myanmar and served as an Honorary Business Representative for Myanmar of International Enterprise Singapore from 2004 to 2006. Mr. Pun is a frequent speaker in international forums on Myanmar and ASEAN.

Mr. Pun serves as a member of the Board of Governors at the Asian Institute of Management.

## MR. MELVYN PUN CHI TUNG

*Chief Executive Officer and Executive Director*

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

**Present Directorships in other listed companies:** Nil

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

**Present Principal Commitments:**

- Chief Executive Officer of Yoma Strategic Holdings Ltd.

**Education and Achievements:**

- Bachelor of Arts(Honours), University of Cambridge
- Master of Engineering, University of Cambridge
- Master of Arts, University of Cambridge

**Date of Appointment:** 27 July 2015

**Last Re-elected:** 24 July 2019

Mr. Melvyn Pun was the Alternate Director to Mr. Serge Pun at Yoma Strategic and the Chief Executive Officer of SPA, an affiliate of the Group, between 2012 and 2015. He was appointed as the Chief Executive Officer of Yoma Strategic in 2015, spearheading the move to diversify the Group's businesses along its core businesses whilst also building streams of recurring revenues and profits. 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 Pernod Ricard, amongst others.

Mr. Pun is also an executive committee member of the Myanmar Institute of Directors.

Prior to joining SPA, Mr. Pun spent 12 years at Goldman Sachs in Hong Kong SAR, where he was Managing Director, Head of Asia Ex-Japan Corporate Solutions Group. He has extensive financial and corporate experience in various corporate 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.

## MS. WONG SU YEN

*Lead Independent Director*

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

**Present Directorships in other listed companies:**

- First Resources Ltd.
- Nera Telecommunications Ltd.
- CSE Global Ltd.

**Present Principal Commitments:** Chief Executive Officer of Bronze Phoenix Pte 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 Linfield College
- Master of Business Administration the University of North Carolina at Chapel Hill

**Date of Appointment:** 15 December 2015

**Last Re-elected:** 29 January 2021

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 CSE Global and First Resources. She also serves on the boards of NTUC First Campus and Kemin Industries and is an Adjunct Associate Professor at the National University of Singapore Business School. She is a Fellow and Chairperson of the Governing Council of the Singapore Institute of Directors.

## DATO TIMOTHY ONG TECK MONG

*Non-Executive Independent Director*

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

**Present Directorships in other listed companies:** Nil

**Present Principal Commitments:** Chairman of Asia Inc Forum

**Past Directorships in listed companies held over the preceding 3 years:** Tee Land Limited

**Education and Achievements:**

- Bachelor of Arts (Honours) Degree in Economics and Political Science, Australian National
- University Master of Science (with Distinction) in International Relations, London School of Economics

**Date of Appointment:** 20 May 2016

**Last Re-elected:** 24 July 2019 (will be seeking re-election at the 2021 AGM)

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 and Hotel Associates Sdn Bhd. 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 PENG HEOK

*Non-Executive Independent Director*

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

**Present Directorships in other listed companies:** CH Offshore Ltd.

**Present Principal Commitments:**

- National Cancer Centre of Singapore (Board of Trustees)
- Singapore Institute of Management (Board of Governors)

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

- DISA Limited

**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, Singapore University of Social Science (formerly known as UniSIM)

**Date of Appointment:** 22 December 2017

**Last Re-elected:** 24 July 2018 (will be seeking re-election at the 2021 AGM)

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 GAAB Private Limited and Asianic Private Limited and an advisor to a private equity fund focusing on healthcare, eldercare and education. He is also a board member of a non-profit organisation, the National Cancer Centre. He is the Independent Non-Executive Chairman of CH Offshore Limited, a company in the business of offshore supplies and services listed on the SGX.

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 SGX 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.

## PROFESSOR ANNIE KOH

*Non-Executive Independent Director*

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

**Present Directorships in other listed companies:**

- AMTD International Inc.
- KBS US Prime Property Management Pte. Ltd. (manager of Prime US REIT)

**Present Principal Commitments:**

- Professor Emeritus of Finance (Practice) at Lee Kong Chian School of Business, Singapore Management University (SMU)
- Senior Advisor, Business Families Institute, SMU

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

- Health Management International Ltd.
- K1 Ventures Limited

**Education and Achievements:**

- Bachelor of Social Science & Economics (Honours), National University of Singapore (NUS); Master of Philosophy and Doctor of Philosophy in International Finance, New York University
- Monetary Authority of Singapore (MAS) Scholar and Fulbright Scholar
- Awarded the Bronze and Silver Singapore Public Administration medals in 2010 and 2016, respectively, and the Adult Education Prism Award in 2017 for her contributions to the education and public sectors

**Date of Appointment:** 3 November 2020

**Last Re-elected:** 29 January 2021

Professor Annie Koh is a Professor Emeritus of Finance (Practice) at Lee Kong Chian School of Business and a Senior Advisor of Business Families Institute at SMU. Professor Koh's previously held leadership positions at SMU include Vice President for Business Development; V3 Group Professor of Family Entrepreneurship; Academic Director of the Business Families Institute and the International Trading Institute; Associate Dean, Lee Kong Chian School of Business; and Dean, Office of Executive and Professional Education.

Professor Koh is a member of the World Economic Forum Global Future Council on the New Agenda for Work, Wages and Job Creation. In addition, she chairs the Asian Bond Fund 2 Supervisory Committee of the Monetary Authority of Singapore. She is currently a board member of PBA Group and Prudential Assurance Company Singapore Pte Ltd, and serves on the Customs Advisory Council and MOM HR Transformation Advisory Panel. Professor Koh chairs the TAFEP Awards and advises a number of startup firms. Previous boards on which she has served include GovTech and Singapore's CPF.

## MR. CEZAR PERALTA CONSING

*Non-Executive Non-Independent Director*

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

**Present Directorships in listed companies:**

**Within Ayala Group:**

i. Ayala Corporation
ii. Bank of the Philippine Islands
iii. Globe Telecom, Inc.
iv. AC Energy Corporation

**Outside Ayala Group:** Nil

**Present Principal Commitments:** Nominee director to represent Ayala Corporation in certain of its subsidiaries and investee companies

**Past Directorships in listed companies held over the preceding 3 years:** National Reinsurance Corporation

**Education and Achievements:**

- Bachelor of Arts in Economics (Accelerated Program), Magna Cum Laude, De La Salle University Manila
- Master of Applied Economics, the University of Michigan, Ann Arbor

**Date of Appointment:** 2 August 2021

**Last Re-elected:** Nil (will be seeking re-election at the 2021 AGM)

Mr. Cezar Peralta Consing was President & Chief Executive Officer of Bank of the Philippine Islands (BPI), the Philippines' oldest bank and its second largest by market capitalisation, from 2013 to 2021. He served as Chairman of the Board and Director of BPI's thrift bank, investment bank, UK-based bank, microfinance bank, property and casualty insurance joint venture and leasing and rental joint venture; and board member of its asset management company and its life insurance joint venture. Mr. Consing was the chairman of BPI's management and credit committees and served on BPI's Board of Directors for 20 years.

Mr. Consing served as President of Bancnet, Inc., a banking industry consortium company that runs ATM switch, Instapay and Pesonet, from 2017 to 2021. He served as Chairman and President of the Bankers Association of the Philippines from 2019 to 2021. He is currently Chairman of the Philippine Dealing System Holdings Corporation and its three operating subsidiaries, positions that he has held since 2019.

While running BPI from 2013 to 2021, Mr. Consing was also a Senior Managing Director at Ayala Corporation. He joined Ayala Corporation's Board of Directors in December 2020. Mr. Consing has also represented Ayala Corporation on the Board of Directors of Globe Telecom, the Philippines' second largest telecommunications company by market capitalisation, since April 2021.

Prior to rejoining BPI in 2013, Mr. Consing was a Partner at The Rohatyn Group, an international investment firm that focuses on the emerging markets, from 2004. He headed its Hong Kong office and its private investing business in Asia and was a board member of its real estate and energy and infrastructure private equity investee companies.

Mr. Consing worked for J.P. Morgan & Co. based in Hong Kong and Singapore from 1985 to 2004. He rose to co-head or sole head of the firm's investment banking business in Asia Pacific from 1997 to 2004 and served the last five years as President of J.P. Morgan Securities (Asia Pacific) Ltd. As a senior

Managing Director at J.P. Morgan & Co., Mr. Consing was a member of the firm's global investment banking management committee, its Asia Pacific management committee and its global Managing Director selection committee.

Mr. Consing currently serves on the boards of three private companies: Sqreem Technologies, FILGIFTS.com and Endeavor Philippines. He had also served on the board of the Hong Kong-based Asian Youth Orchestra. He is a board member of the US-Philippines Society and the Philippine-American Educational Foundation and is a trustee of the College of St. Benilde and the Manila Golf Club Foundation. Mr. Consing has been a member of the Trilateral Commission, the global discussion group, since 2014.

## MR. CYRUS PUN CHI YAM

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

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

**Present Directorships in other listed companies:** Memories Group Limited

**Past Directorships in listed companies held over the preceding 3 years:** Non-Executive Director of Yoma Strategic Holdings Ltd.

**Present Principal Commitment:** Chief Executive Officer of Memories Group Limited

**Education and Achievements:**
- Bachelor Degree in Economics, London School of Economics
- Executive M.B.A., Kellogg-HKUST

**Date of Appointment:** 1 January 2022

**Last Re-elected:** N.A

Mr. Cyrus Pun started his career working in the export industry in China and worked for Hutchison Port Holdings' South China Commercial Division. Mr. Pun joined SPA in 2007 to develop a mixed-used real estate project in Dalian, China.

Prior to Mr. Pun's appointment as an Executive Director and the Chief Executive Officer of Memories Group Limited, he was an Executive Director of Yoma Strategic and headed the Group's Real Estate business from 2012 to 2018. During this time, he led the Group's real estate activities, including some of Myanmar's largest and most prominent projects, and was responsible for bringing in international partners and investors for these developments. Mr. Pun's last initiative at Yoma Strategic was to launch the Group's expansion into the affordable housing segment. Prior to his re-designation as the Alternate Director to Mr. Serge Pun, he was a Non-Executive Non-Independent Director of Yoma Strategic.

Mr. Pun currently serves as the Chief Executive Officer of Memories Group Limited.

## MR. PAOLO MAXIMO FRANCISCO BORROMEO

*Alternate Director to Mr. Cezar Peralta Consing*

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

**Present Directorships in listed companies:** Nil

**Present Principal Commitment:** Head of the Strategic and Business Development, Ayala Corporation

**Past Directorships in listed companies held over the preceding 3 years:** Yoma Strategic Holdings Ltd. (Alternate Director to Mr. Fernando Miranda Zobel de Ayala)

**Education and Achievements:**
- Bachelor of Science in Management Engineering, Ateneo de Manila University in the Philippines
- Master in Business Administration, Wharton School of the University of Pennsylvania

**Date of Appointment:** 2 August 2021

**Last Re-elected:** N.A

Mr. Paolo Maximo Francisco Borromeo is a Managing Director at Ayala Corporation and a member of the Ayala Group management committee. He heads Ayala Corporation's corporate strategy and development department, overseeing its corporate planning process, portfolio strategy, innovation projects, data and analytics, new business development and special projects. .

Mr. Borromeo is also President & Chief Executive Officer of AC Health, Ayala Group's healthcare arm. He is the Chairman of Healthway Philippines, IE Medica, MedEthix and Qualimed Hospital Group and the Vice Chairman of the Generika Group of Companies. He also sits on the boards of AC Ventures Holding Corp., AC Industrial Technology Holdings Inc., Ayala International Holdings Limited and AG Holdings.

Prior to joining Ayala Corporation, Mr. Borromeo was a Principal at Booz & Company, a global strategy consulting firm based in San Francisco, California, USA.

*Information as at 31 December 2021*

# KEY MANAGEMENT

**MR. JR CHING**
*Chief Financial Officer*

**MS. LOO HWEE FANG**
*Group General Counsel and Company Secretary*

**MS. JOYCELYN SIOW LI YUEN**
*Group Financial Controller*

**MS. JANE CHIA**
*Group Treasurer*

**MR. MICHAEL TOH**
*Head of Risk Management and Assurance*

**MS. THIN THANDAR SHWE**
*Head of Group Human Resources*

**MR. BEN KOO**
*Head of Yoma Financial Services*

**MR. BRAD JONES**
*Chief Executive Officer, Wave Money*

**MR. TIM NASH**
*General Manager, KFC Myanmar*

**MR. YUE WAI KHIN**
*Chief Operating Officer, KFC Myanmar*

**MR. KYAW KYAW NAING**
*Chief Executive Officer, YKKO*

**MR. GERHARD HARTZENBERG**
*Head of Heavy Equipment*

**MR. MICHAEL RUDENMARK**
*Head of Automotive*

## MR. SERGE PUN @ THEIM WAI
*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 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 has 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 in 2017 and 2019. She was also previously 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 (Honours) 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 LI YUEN
*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 public 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' report 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. JANE CHIA
*Group Treasurer*

As Group Treasurer, Ms. Jane Chia has direct oversight over the Group's cashflow management and funding operations. She manages the Group's relationships with its key financial institutions and executes fundraising activities with local and international banks. Ms. Chia joined the Group in October 2015 and served as the Head of Finance of KFC Myanmar for more than 2 years.

Prior to joining the Group, Jane held several management roles overseeing the financial reporting, treasury, and internal audit functions at various SGX-listed and private companies in the retail, construction, trading and mining industries.

Ms. Chia holds a Bachelor of Accountancy Degree from Nanyang Technological University, Singapore.

## MR. MICHAEL TOH
*Head of Risk Management and Assurance*

Mr. Michael Toh joined the Group in April 2019 and was subsequently promoted to Head of Risk Management and Assurance in 2021 to oversee the risk management and compliance functions within the Group. He has also been responsible for finance transformation and performance management in the CFO's office over the past two years.

Prior to joining the Group, Mr. Toh was an independent consultant for Interplex Precision Technology, served as Head of Finance at Puma Energy (Myanmar) and was responsible for overseeing various regional finance functions at Schlumberger in multiple jurisdictions such as Indonesia, Australia, Indonesia, Vietnam, the USA and Thailand.

Mr. Toh graduated from the University of Adelaide with a Bachelor of Commerce Degree and has been a Certified Public Accountant (Australia) since 1998.

## MS. THIN THANDAR SHWE
*Head of Group Human Resources*

Ms. Thin Thandar Shwe was appointed as the Head of Group Human Resources in October 2021. She has been with the Yoma Group for the past 18 years serving in multiple roles across the Group. Ms. Thandar spent 7 years with Yoma Bank and 6 years with Yoma Strategic's finance team in Singapore before relocating to Yangon in June 2017 to join Group Human Resources. She most recently served as the HR Director of Compensation and Benefits.

Ms. Thandar graduated with a Bachelor of Arts Degree from the University of Yangon and has further studied at ACCA (the Association of Chartered Certified Accountants) Singapore.

## YOMA LAND

### MR. SERGE PUN @ THEIM WAI

*Head of Yoma Land*

Mr. Serge Pun took over as the Head of Yoma Land during the current financial year. He is supported by two teams designated to manage the Pun Hlaing Estate and StarCity developments. Each team comprises mainly local employees who head functions such as Projects, Sales, Marketing, Finance and Human Resources respectively. The teams report directly to Mr. Serge Pun who is responsible for overseeing and driving the growth strategies of Yoma Land.

## YOMA FINANCIAL SERVICES

### MR. BEN KOO

*Head of Yoma Financial Services*

Mr. Ben Koo was appointed as the Head of Yoma Financial Services in August 2019 and has been with the Group since October 2018.

Mr. Koo has 20 years of experience in working at top-tier financial institutions, including Goldman Sachs, Macquarie Group, Deloitte and Arthur Andersen.

Prior to joining the Group, Mr. Koo was based in Singapore and was responsible for overseeing investment coverage in Asia as the Co-Head of Pan Asia Financial Institutions Investment Research and the Co-Head of ASEAN Investment Research at Goldman Sachs. Prior to that role, he was the Head of Australia and New Zealand Financial Institutions Investment Research for Goldman Sachs based in Sydney.

Mr. Koo graduated from the Australian National University with a Bachelor of Commerce and Economics Degree in 1994. He was also a member of the Chartered Accountants Australia and New Zealand from 2001 to 2017.

### MR. BRAD JONES

*Chief Executive Officer, Wave Money*

Mr. Brad Jones was the founding 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 20 years and is a well-known executive in digital payments and mobile money.

## YOMA F&B

### MR. TIM NASH

*General Manager, KFC Myanmar*

Mr. Tim Nash joined the Group in February 2020 as the General Manager of KFC Myanmar. Prior to joining the Group, he spent more than 17 years with KFC across operations, supply chain and marketing and was most recently the Manager of Operations for KFC Greater Asia based in Singapore where he supported the fast expansion of KFC Myanmar from 2016 to 2019. Mr. Nash began his KFC career in Australia and is a member of KFC's Global Emerging Leaders alumni.

Mr. Nash has been recognised as the Australian National Retail Association's Young Retailer of the Year (Runner-Up) and the Australian Institute of Management's Young Manager of the Year (Top 5) for his proven track record of applying a people first mindset to step change the customer experience that results in both short- and long-term improvements.

Mr. Nash holds a Postgraduate in Retail Management from the University of Wollongong and Mark Rison's Mini-MBA in Brand Management.

### 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 supply chain management functions of KFC Myanmar. Prior to joining the Group, he spent more than 25 years in the F&B 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 Resource at KFC and the Head of Field Human Resource 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. KYAW KYAW NAING

*Chief Executive Officer, YKKO*

Mr. Kyaw Kyaw Naing was appointed as the Chief Executive Officer of YKKO in February 2019. Prior to joining the Group, he spent more than 17 years at YKKO and held various positions, including Procurement Director, HR Director, Operations Director and Managing Director since 2010. Mr. Naing has comprehensive experience across all of YKKO's business from sales to operations, staff development, supply chain management and brand development.

Mr. Naing has been an active member of the Myanmar Restaurants Association (MRA), an industry organisation supporting the development of all restaurants in Myanmar since 2012 and he was reappointed as Chairman of the MRA Yangon Region in 2018.

Mr. Naing has built his success in entrepreneurship from a young age and has helped to expand several medium-sized retail businesses over the years.

## YOMA MOTORS

### MR. GERHARD HARTZENBERG

*Head of Heavy Equipment*

Mr. Gerhard Hartzenberg joined the Group in January 2015 and is responsible for expanding the Group's Heavy Equipment business. Over the past five years, Yoma Heavy Equipment has enhanced its portfolio of brands to include New Holland, Case, JCB and FPT and built a rental business operating out of 13 locations throughout Myanmar.

Prior to joining the Group, he managed various automotive and leasing businesses in South Africa, including Imperial Group, Super Group Industrial Products, John Deere and General Motors. He has extensive experience in sales and marketing, operations, network development, training and brand establishment.

Mr. Hartzenberg is a member of the John Deere International Marketing 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.

### 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.

*Information as at 31 December 2021*


## FOCUSING ON OUR EMPLOYEES

The Group's top priority is the health, safety and well-being of our people. During the COVID-19 pandemic, we have implemented a number of proactive measures to protect our employees and their families, including a vaccination program administered by Pun Hlaing Hospitals.



# FOCUSING ON OUR CUSTOMERS

The Group promotes a culture of innovation and strives to improve its customer experience through selective partnerships, the adoption of technology and ongoing training programs.





# GEOGRAPHICAL PRESENCE

**Continued presence nationwide to serve the people of Myanmar**

Despite the challenging economic environment, the Group maintains a leading nationwide platform in its core sectors as part of its endeavour to Build a Better Myanmar for Its People.

## YOMA LAND

3
large scale developments in Yangon

>8
million sq ft of landbank

## YOMA FINANCIAL SERVICES

28
Yoma Fleet Car Share rental hubs in 10 cities

299
townships and >45,000 Wave Money agents nationwide

## YOMA F&B

68
restaurants in 9 cities

3
warehouses with nationwide route coverage (logistics)

29
locations comprising warehouses, branches and depots (bottling)

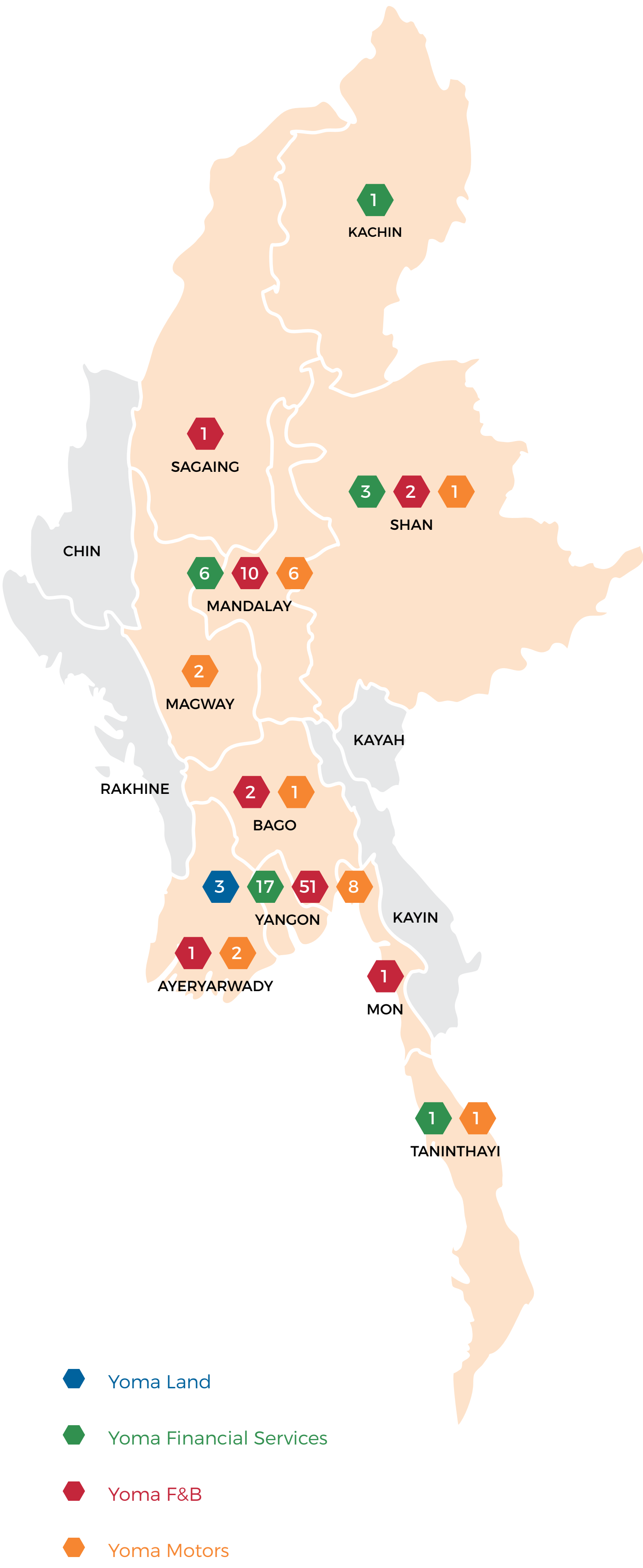
## YOMA MOTORS

13
locations comprising heavy equipment branches and reconditioning centers

10
passenger and commercial vehicles showrooms in 4 cities [1]

1 *Including two dealerships.*

*Information as at 31 December 2021*




# US$87.3 mil

**12M-SEPT2021 REVENUE**

# 33

**TOTAL NUMBER OF CITIES [2]**

# 3,700

**TOTAL EMPLOYEES**

# 43%

**EMPLOYEE GENDER DIVERSITY**

2 *Excluding Wave Money agents which have presence in 299 townships across Myanmar.*

*Information as at 31 December 2021*

# GROUP STRUCTURE

## YOMA LAND

| | |
|---|---|
| **DEVELOPMENT PROPERTIES** | |
| **• PUN HLAING ESTATE** | |
| **100%** | Yoma Development Group Limited |
| **100%** | Lion Century Properties Limited |
| **• STARCITY** | |
| **70%** | Thanlyin Estate Development Limited |
| **• YOMA CENTRAL AND THE PENINSULA YANGON** | |
| **48%** | Meeyahta Development Limited |
| **24%** | Peninsula Yangon Holdings Pte. Limited |
| **INVESTMENT PROPERTIES** | |
| **• STARCITY (RESIDENTIAL/COMMERCIAL)** | |
| **70%** | Thanlyin Estate Development Limited |
| **• PUN HLAING ESTATE (RESIDENTIAL/THE CAMPUS)** | |
| **100%** | Yoma Development Group Limited |
| **• OTHER** | |
| **100%** | Yangon Sand Industries Limited (Dulwich College Yangon – Pun Hlaing)[2] |
| **70%** | StarCity International School Company Limited (Converted Office – StarCity)[2] |
| **CONSTRUCTION AND PROJECT SERVICES** | |
| **100%** | SPA Design and Project Services Limited |
| **40%** | BYMA Pte. Ltd. |

## YOMA FINANCIAL SERVICES

| | |
|---|---|
| **WAVE MONEY** | |
| **100%** | Yoma MFS Holdings Pte. Ltd. |
| **44%** | Digital Money Myanmar Limited |
| **LEASING** | |
| **80%** | Yoma Fleet Limited |
| **80%** | Yoma Leasing Company Limited |

**Yoma Strategic Holdings Ltd.**[1]

**Updated as at the date of this Annual Report**
*Unless otherwise stated, effective interests are held through direct or deemed wholly-owned subsidiaries.*
*The complete list of subsidiaries and associated companies is available at the Company's website: www.yomastrategic.com*

1 *All interests are held by a wholly-owned intermediary holding company, Yoma Strategic Investments Ltd.*
2 *Dulwich College Yangon has suspended its operations in Myanmar until further notice. As such, the StarCity campus has been converted into an office building and leased out to an anchor tenant.*
3 *Listed on the Catalist Board of the SGX-ST.*
4 *This will be a 50:50 joint venture with AC Energy, Inc. upon satisfaction of certain terms and conditions.*

## YOMA F&B

| | |
|---|---|
| **RESTAURANTS** | |
| **• KFC** | |
| **100%** | Summit Brands Restaurant Group Company Limited |
| **• YKKO** | |
| **65%** | Yankin Kyay Oh Group of Companies Limited |
| **BOTTLING** | |
| **19.8%** | Seagram MM Holdings Pte. Ltd. |
| **LOGISTICS AND DISTRIBUTION** | |
| **50%** | KOSPA Limited |

## YOMA MOTORS

| | |
|---|---|
| **HEAVY EQUIPMENT** | |
| **• NEW HOLLAND** | |
| **100%** | Convenience Prosperity Company Limited |
| **• YOMA JCB** | |
| **100%** | Convenience Prosperity Company Limited |
| **PASSENGER AND COMMERCIAL VEHICLES** | |
| **• VOLKSWAGEN AND DUCATI** | |
| **100%** | Yoma German Motors Limited |
| **• MITSUBISHI MOTORS** | |
| **50%** | MM Cars Myanmar Limited |
| **• Hino Motors** | |
| **23%** | Summit SPA Motors Limited |

## INVESTMENTS

| | |
|---|---|
| **TOURISM** | |
| **33.3%** | Memories Group Limited[3] |
| **ENERGY AND POWER** | |
| **35%** | Yoma Micro Power (S) Pte. Ltd. |
| **100%** | Yoma-AC Energy Holdings Pte. Ltd[4] |
| **AGRICULTURE** | |
| **100%** | Plantation Resources Pte. Ltd. |
| **100%** | Yoma Agriculture Company Limited |
| **DALIAN SHOPPING CENTRE** | |
| **100%** | XunXiang (Dalian) Enterprise Co., Ltd. |
| **MITSUBISHI ELEVATORS** | |
| **40%** | MC Elevator (Myanmar) Limited |
| **MANDALAY AIRPORT** | |
| **9%** | MC-Jalux Airport Services Company Limited |
| **PRIVATE INVESTMENTS** | |
| **100%** | Welbeck Global Limited |

# BUSINESS MODEL

| | EXECUTION OF OUR BUSINESS | VALUE CREATED IN 12M-SEPT2021 | VALUE CREATION MOVING FORWARD |
|---|---|---|---|
| FINANCIAL AND OPERATIONAL CAPITAL | • Maintain balance sheet discipline, focus on cash generating opportunities and manage a stable liquidity position.<br>• Implement stringent financial management measures, including cost reductions/ controls and the deferment of most capital expenditures.<br>• Reassess the opportunity set within each business segment and right size each platform to the current operating environment. | • Monetised the Group's large land bank through opportunistic land sales which generate immediate cashflow and high profit margins.<br>• Accelerated inventory turnover and converted under-utilised assets into revenue and cash generating opportunities.<br>• Administrative and interest expenses declined year-over-year by 15.8% and 3.2%, respectively.<br>• Improved Core Operating EBITDA through a reduction in fixed overheads and closing operations which were expected to be unprofitable in the near-term.<br>• Revised principal and interest payment schedules to improve balance sheet flexibility.<br>• Commenced de-leveraging the Group's balance sheet with US$28.6 million of gross debt repayments. | • Improve profitability and cashflow across all businesses.<br>• Develop additional revenue and cash generating opportunities for underutilised assets.<br>• Reduce debt further through internal operating cashflow and selective asset sales.<br>• Explore opportunities to reduce the Group's overall cost of capital. |
| INTELLECTUAL CAPITAL | • Combine the Group's innate knowledge of Myanmar with international best practices and trends to adapt quickly to the changing operating environment.<br>• Leverage on Yoma Land's strong experience in real estate and Wave Money's leading position in the non-bank financial sector.<br>• Keep flexibility in the Group's business model to cater for unforeseen shocks and promote a culture of innovation. | • Notwithstanding the challenges faced in 12M-Sept2021, the Group's real estate and financial services businesses performed reasonably well and improved their competitive positioning:<br>  • Strong branding of StarCity and Pun Hlaing Estate with a renewed emphasis on security, amenities and services at both estates.<br>  • Experienced team sustained some level of construction activity at both estates despite significant restrictions and the disruption to essential services since February 2021.<br>  • Wave Money remained EBITDA positive despite the disruption to the mobile 4G networks from March 2021 to May 2021 and the availability of cash in its over-the-counter business.<br>• Enhanced digital tools and processes to facilitate "Work from Home". | • Continue to deliver residential units at StarCity and Pun Hlaing Estate to buyers.<br>• Implement the revised construction schedule and financing plan for Yoma Central.<br>• Improve efficiency and identify further synergies between businesses. |
| HUMAN CAPITAL | • Prioritise the health, safety and well-being of staff during these challenging times.<br>• Transition from expatriates to local managers.<br>• Develop future leaders through in-house and external training programmes. | • Deployed significant effort on a private vaccination programme for the Group's employees and their families.<br>• As at 30 September 2021, 88% of the Group's employees have been vaccinated.<br>• The Head of Group Human Resources, senior management teams at Yoma Land and Yoma F&B, as well as key personnel at several corporate functions now consist of local managers. | • Continue the roll out of its vaccination programme to the Group's employees and their families, as well as to customers and partners.<br>• Empower and promote local and internal talent.<br>• Adapt existing training programmes to prepare the Group's workforce for the current operating environment. |
| RELATIONSHIP AND REPUTATIONAL CAPITAL | • Reinforce high standards of corporate governance and a robust approach to risk management.<br>• Engage consistently with all stakeholders, including partners, customers, employees, suppliers, regulators and shareholders. | • Stayed in close dialogue with the Group's partners and lenders to ensure their continued support.<br>• Maintained its ranking within the top 5% of listed companies for the SGX-ST Governance and Transparency Index.<br>• Sustained engagement with institutional and retail investors through group and one-on-one meetings/calls to keep them abreast of the developments in Myanmar and in the Group's businesses. | • Maintain relationships with existing partners and lenders to support the continuity and resilience of the Group's businesses. |

# FINANCIAL HIGHLIGHTS

| US$ MILLION | 12M-Sept2019 | 12M-Sept2020 | 12M-Sept2021 |
|---|---|---|---|
| **Income Statement and Key Income Statement Items** | | | |
| Revenue | 91.0 | 103.4 | **87.3** |
| Gross profit | 45.3 | 33.1 | **29.1** |
| Gross profit margin | 49.8% | 32.0% | **33.3%** |
| Other gains or losses | 9.0 | (11.6) | **31.2** |
| Administrative expenses | (50.3) | (55.2) | **(46.4)** |
| Finance expenses | (29.6) | (21.6) | **(25.4)** |
| Share of losses of joint ventures | (0.9) | (1.8) | **(2.5)** |
| Share of (losses)/profits of associated companies | (8.2) | (5.5) | **1.2** |
| Loss before income tax | (34.7) | (62.6) | **(12.8)** |
| Net loss | (37.1) | (65.7) | **(15.7)** |
| | | | |
| Core operating EBITDA excluding extraordinary items and current year provisions[1]. | 15.3 | (9.5) | **49.4** |
| Net loss attributable to shareholders | (36.9) | (60.5) | **(19.7)** |
| Basic earnings per share | (1.96) | (2.79) | **(0.91)** |
| Diluted earnings per share | (1.96) | (2.79) | **(0.91)** |
| **Balance Sheet Items** | | | |
| Total assets | 1,223.9 | 1,342.1 | **1,229.4** |
| Total liabilities | 535.5 | 548.2 | **548.0** |
| Shareholder's equity | 688.4 | 793.9 | **681.4** |
| Net gearing ratio (%) | 31.4 | 27.8 | **32.3** |
| Net asset value per share (US$) | 26.6 | 26.8 | **21.8** |

1 *For the purpose of this section, core operating EBITDA refers to earnings before interest, taxes, depreciation and amortisation of operating subsidiaries excluding currency translation differences, impairment losses, current year provisions and other extraordinary items*

## Management Discussion and Analysis

### REVENUE

12M-Sept2021 revenue decreased by 15.5% year-over-year to US$87.3 million due to the significant impact of the COVID-19 pandemic and the uncertain operating environment in the country since 1 February 2021. In spite of these headwinds, the Group saw increased revenue from the Yoma Land Development segment notwithstanding the temporary suspension of the Yoma Central Project. 12M-Sept2021 revenue was also positively impacted by higher operator fee income based on the Group's share of profits in Hlaing River Golf and Country Club Co. Limited ("HRGCCL"). The Group recorded operator fee income of US$4.8 million as a result of HRGCCL recognising US$6.5 million of net fair value gains on its investment properties in 12M-Sept2021. Please refer to table 1 on page 21 for explanation. In contrast, the Yoma F&B and Yoma Motors segments saw significant declines in revenue as a result of the disruptions to consumer spending from the COVID-19 pandemic and the uncertainty in the economic and business environment in Myanmar.

# FINANCIAL HIGHLIGHTS

## GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit declined due to the decline in revenue. Gross profit margin, however, increased from 32.0% to 33.3% year-over-year primarily due to improved gross profit margin in the Yoma Land Services segment arising from the higher operating fee income. Operator fee income has minimal corresponding direct cost of sales and consequently, carries a high gross profit margin. There was also a gross profit margin improvement in the Yoma Land Development segment due to land sales and sale of higher margin products at Pun Hlaing Estate.

## OTHER GAINS OR LOSSES

Other gains was significantly higher in 12M-Sept2021 mainly due to the fair value gains relating to the Group's annual valuation assessment on its investment properties. The fair value gains were the result of the weakening of MMK against US$, but were offset by impairment losses and other extraordinary items relating to the Group's investments and the Yoma F&B segment, amongst others.

## TABLE 1 – BREAKDOWN OF OTHER GAINS IN 12M-SEPT2021

| US$ MILLION | BREAKDOWN OF OTHER GAINS |
|---|---|
| (58.3) | Fair value losses on investment properties in US$ terms. Valuation exercise conducted in US$ as 1) rent is charged in US$ and 2) selling prices of comparable properties in Myanmar are determined in US$ per square foot. |
| 99.7 | Currency translation gains at the Myanmar subsidiary level from the conversion of US$ valuation into MMK. US$ appreciated more than 41.3 % against MMK since 30 September 2020. |
| 41.4[1] | Net fair value gain on investment properties held by Myanmar subsidiaries with MMK as their functional currency. |
| (6.4) | Impairment losses related to the Group's agricultural investments and the goodwill in KOSPA, which were both affected by the COVID-19 pandemic and current economic environment. |
| (2.2) | Fair value loss on the Group's investment in a private equity fund and the Mandalay Airport. |
| 3.6 | Interest income from the loan to Yoma Micro Power to pre-fund the scale up of its business. |
| (2.2) | Fair value loss from the shopping mall in Dalian, other currency translation gains, gains from the disposal of PPE, etc. |
| (3.0) | The winding up costs in relation to Metro Myanmar. |
| 31.2 | Other gains, net. |

1 *Currency effects from the consolidation of the Group's subsidiaries with different foreign currencies (which includes the translation of non-monetary assets, such as investment properties, into the Group's reporting currency) is reflected in other comprehensive income ("OCI") and affects the currency translation reserves in balance sheet equity. The effect of the strengthening of US$ against MMK would result in a countervailing OCI loss during this consolidation exercise which has a negative impact on the value of the net assets of the Group.*

## ADMINISTRATIVE EXPENSES

Administrative expenses reduced by 15.8% year-over-year to US$46.4 million in 12M-Sept2021. The reduction was the result of the stringent cost control measures imposed by the Group during the period, including salary reductions and staff cuts, lower overall overheads, reduced professional fees and rental and utilities rebates. These decreases were offset by approximately US$6.9 million in write-off costs related to realised bad debts in the Yoma Land segment and permanent store closures in the Yoma F&B segment.

# FINANCIAL HIGHLIGHTS

## FINANCE EXPENSES

Finance expenses increased by 17.8% year-over-year as a result of the currency translation losses on US$ denominated loans in the Group's MMK subsidiaries which nullified currency translation gains from the appreciation of US$ against THB. This increase was despite a decrease in interest expense on borrowings from lower US$ LIBOR and MMK borrowing rates.

### TABLE 2: BREAKDOWN OF FINANCE EXPENSES IN 12M-SEPT2020 AND 12M-SEPT2021

| US$ MILLION | 12M-Sept2020 | 12M-Sept2021 |
|---|---|---|
| Interest expenses on borrowings | 19.9 | **19.3** |
| Interest expenses on lease liabilities and deferred trade payables | 4.2 | **4.0** |
| Finance fees | 2.5 | **2.1** |
| Currency translation losses/(gain) on borrowings, net | (5.0) | - |
| **Total** | **21.6** | **25.4** |

## SHARE OF (LOSSES)/PROFITS OF JOINT VENTURES AND ASSOCIATED COMPANIES

The increase in the share of losses of joint ventures in 12M-Sept2021 was primarily due to (i) higher losses recorded at Yoma Micro Power, resulting from the increase in borrowing costs associated with the additional funding required to scale the project and (ii) lower profits at Mitsubishi Motors, which was impacted by both lower vehicle sales and currency translation losses on US$ borrowings.

In contrast, the Group's share of profits of associated companies increased significantly in 12M-Sept2021 due to lower losses at Memories Group and Seagram MM. Memories Group recorded significantly lower losses in 12M-Sept2021 due to currency translation gains on its MMK borrowings as well as lower impairment losses on its operating assets as compared to 12M-Sept2020. In 12M-Sept2021, lower profits were recorded at Wave Money where operations have been affected by the overall downturn in the macro economy, disruption of mobile services and continuing cash shortages in the market.

## CORE OPERATING EBITDA EXCLUDING EXTRAORDINARY ITEMS AND CURRENT YEAR PROVISIONS

As a result of the above, the Group incurred a net loss of US$15.7 million in 12M-Sept2021. Excluding extraordinary items and current year provisions, core operating EBITDA for the period was US$49.4 million.

# FINANCIAL HIGHLIGHTS

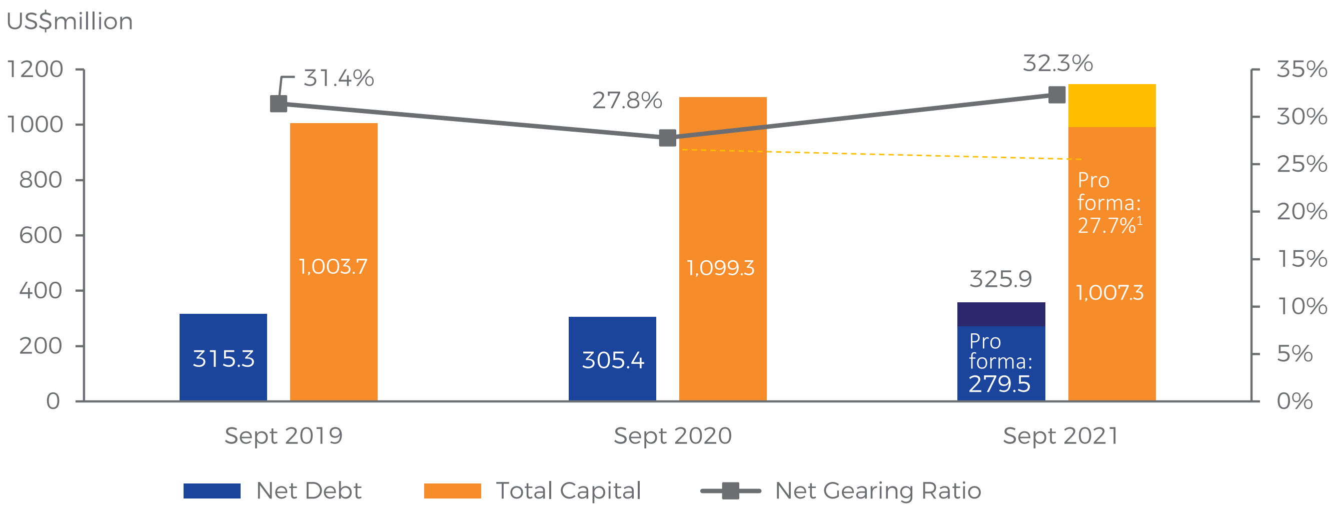
## GEARING COMMENTARY

Financial management is a critical focus of the Group given the current uncertainty in the economic and business environment in Myanmar. The Group continues to work with local and international counterparties to revise near-term obligations to maintain balance sheet flexibility and a stable liquidity position.

As at 30 September 2021, the Group's net gearing ratio stood at 32.3%, which continues to remain well below its maximum target of 40.0%. The pro-forma net gearing ratio would have been 27.7% taking into account the restructuring of the loan extended by the Ayala Corporation into a perpetual security.

The situation in Myanmar continues to evolve. The Group is closely monitoring developments and has been dynamically adjusting its approach to ensure commercial survival, business resilience and sustainability for each of its business units. The stringent financial management measures implemented across the Group, including strict cost controls, cash preservation initiatives, potential asset disposals and the deferral of most capital expenditures, are expected to remain in place. The Group has revised the payment schedules for certain loan facilities and discussions regarding covenant framework remain ongoing. It will continue to engage with its lenders to ensure a stable liquidity position and minimise any adverse impact to the Group.

### CHART 1: NET DEBT & NET GEARING RATIO




1 *Upon restructuring of second tranche of the Ayala investment*

# YOMA LAND DEVELOPMENT

| OPERATIONAL REVIEW | 12M-Sept2019 | 12M-Sept2020 | 12M-Sept2021 |
|---|---|---|---|
| Revenue | 16.2 | 31.7 | 32.5 |
| Cost of sales | (8.4) | (24.7) | (24.5) |
| **Gross Profit** | **7.8** | **7.0** | 8.0 |
| | | | |
| Other gains or losses | 4.0 | (4.1) | 0.7 |
| Expenses:- | | | |
| Administrative | (9.6) | (8.4) | (9.7) |
| Finance | (3.4) | (5.0) | (4.5) |
| Share of losses from associated companies | - | - | (1.2) |
| **Loss before income tax** | **(1.2)** | **(10.5)** | (6.7) |
| | | | |
| **Core Operating EBITDA excluding extraordinary items and current year provisions**[1] | **3.3** | **1.2** | 2.8 |

1 *For the purpose of this section, core operating EBITDA refers to earnings before interest, taxes, depreciation and amortisation of operating subsidiaries excluding currency translation differences, impairment losses, current year provisions and other extraordinary items*

Revenue at Yoma Land Development increased by 2.5% year-over-year to US$32.5 million despite the numerous headwinds facing the business and the temporary suspension of the Yoma Central Project.

US$11.2 million of revenue in 12M-Sept2021 was recognised from the percentage of completion of sold City Loft @ StarCity units with five buildings completed in the current period. In comparison, US$23.2 million of revenue was recognised and three buildings were completed in 12M-Sept2020. As at 30 September 2021, 783 units were booked and sold out of the 931 units launched for sale.

In 12M-Sept2021, the year-over-year decrease in City Loft @ StarCity revenue was augmented by revenue from additional projects, such as Star Villas in StarCity and The Hills in the Pun Hlaing Estate, as well as land sales at the Pun Hlaing Estate. Furthermore, the percentage of completion revenue recognition from sold Peninsula Residences Yangon units was also higher despite the halt in construction activities at The Yoma Central Project in 3Q2021. Customer activity at both StarCity and Pun Hlaing Estate remains high as the demand for hard assets, in particular real estate, continues.

Gross profit margin increased year-over-year due to the land sales at the Pun Hlaing Estate, which carry significantly higher margins than unit sales, and the sale of higher margin products in Pun Hlaing Estate as compared to StarCity.

Core operating EBITDA excluding extraordinary items and current year provisions grew by 133.3% in 12M-Sept2021 reflecting both the improvement in gross profit contribution and the stringent cost reduction improved by the Group.

City Loft @ StarCity

# YOMA LAND SERVICES

| OPERATIONAL REVIEW | 12M-Sept2019 | 12M-Sept2020 | 12M-Sept2021 |
|---|---|---|---|
| Revenue | 23.7 | 8.3 | 12.4 |
| Cost of sales | (4.1) | (4.5) | (4.6) |
| **Gross Profit** | **19.6** | **3.8** | **7.8** |
| | | | |
| Other gains or losses | 26.8 | (9.5) | 39.3 |
| Expenses:- | | | |
| Administrative | (3.2) | (3.2) | (2.1) |
| Finance | (1.1) | 0.6 | (0.2) |
| Share of losses from joint ventures | (0.1) | (1.2) | - |
| **Profit/(loss) before income tax** | **42.0** | **(9.5)** | **44.8** |
| | | | |
| **Core Operating EBITDA excluding extraordinary items and current year provisions[1]** | **45.6** | **(9.3)** | **46.3** |

1 *For the purpose of this section, core operating EBITDA refers to earnings before interest, taxes, depreciation and amortisation of operating subsidiaries excluding currency translation differences, impairment losses, current year provisions and other extraordinary items*

Yoma Land Services revenue was substantially higher in 12M-Sept2021 at US$12.4 million as a result of US$4.8 million of operator fee income from Hlaing River Golf and Country Club ("HRGCCL"). The Group records operator fee income from its 70% share of profits of HRGCCL, and in 12M-Sept2021, HRGCCL recognised US$6.5 million of fair value gains on its investment properties.

Without considering the positive impact of the operator fee income, leasing revenue from Yoma Land's rental properties at StarCity and Pun Hlaing Estate decreased slightly to US$7.6 million in 12M-Sept 2021 as compared to US$8.6 million in 12M-Sept2020. This result reflected the decision to reduce rental rates to maintain healthy occupancy levels and to augment ancillary services revenue at both estates. In addition, Yoma Land's leasing revenue was impacted by the Group's decision to reallocate The Campus office space to the investment segment.

Gross profit margin improved because operator fee income carries limited corresponding direct cost of sales.

Other income in 12M-Sept2021 amounted to US$39.3 million and reflected the fair value gains on Yoma Land's investment properties as part of the Group's annual valuation exercises.

Core operating EBITDA excluding extraordinary items and current year provisions improved significantly to US$46.3 million reflecting both the operator fee income and the fair value gains.

# YOMA F&B

| OPERATIONAL REVIEW | 12M-Sept2019 | 12M-Sept2020 | 12M-Sept2021 |
|---|---|---|---|
| Revenue - Restaurants | 21.3 | 24.5 | 13.6 |
| Revenue - Logistics | 1.5 | 7.0 | 6.2 |
| Total Revenue - F&B | 22.8 | 31.5 | 19.8 |
| Cost of sales | (11.3) | (17.8) | (13.2) |
| Gross Profit - Restaurants | 11.5 | 12.9 | 6.3 |
| Gross Profit - Logistics | - | 0.8 | 0.3 |
| **Total Gross Profit - F&B** | **11.5** | **13.7** | **6.6** |
| | | | |
| Other gains or losses | 0.8 | 1.2 | (5.2) |
| Expenses:- | | | |
| Administrative | (15.6) | (20.5) | (19.1) |
| Finance | (0.5) | (1.4) | (1.1) |
| Share of profits from joint ventures | 0.7 | - | - |
| Share of losses from associated companies | (6.1) | (1.8) | (1.0) |
| **Loss before income tax** | **(9.2)** | **(8.8)** | **(19.8)** |
| | | | |
| **Core Operating EBITDA excluding extraordinary items and current year provisions[1]** | **1.0** | **2.8** | **0.5** |

1 *For the purpose of this section, core operating EBITDA refers to earnings before interest, taxes, depreciation and amortisation of operating subsidiaries excluding currency translation differences, impairment losses, current year provisions and other extraordinary items*

Revenue at Yoma F&B has been heavily impacted by the COVID-19 pandemic and the current economic and business environment and decreased to US$19.8 million in 12M-Sept2021 from US$31.5 million in 12M-Sept2020.

The Restaurants division faced operational disruptions at certain trade zones leading to periodic store closures, shorter operating hours due to nationwide curfews, precautionary health and safety measures adopted by the Group and diminished consumer sentiment in the wake of recent events. During the period, the Group made the strategic decision to right size the Restaurants platform and closed its' Little Sheep Hotpot and Auntie Anne's™ brands and shut down a number of KFC and YKKO locations. As at 31 December 2021, Yoma F&B operated 68 restaurants comprising 35 KFC and 33 YKKO restaurants.

The Logistic division was likewise impacted by the nationwide curfews, travel restrictions between cities, border closures, as well as dampened consumer and business demands.

Gross profit margin was lower year-over-year due to the increase in delivery sales which incur higher packaging costs and delivery commissions as well as the Logistics division contributing a larger percentage of the segment's revenue. The Logistics division has lower margin than the Restaurants division.

Core operating EBITDA excluding extraordinary items and current year provisions remained positive despite the challenges faced by the businesses as a result of the substantial cost controls imposed by the Group.

Yoma F&B recorded a net loss in 12M-Sept2021 which included (1) US$5.6 million of write-off and impairment costs associated with the Restaurants platform rationalisation and the Group's investment in KOSPA and (2) US$3.0 million of cost related to the winding up of the Metro business.

The share of losses of associated companies declined year-over-year and reflected the improved performance of Seagram MM which reduced overhead costs and improved sales through exports.

# YOMA FINANCIAL SERVICES

| OPERATIONAL REVIEW | 12M-Sept2019 | 12M-Sept2020 | 12M-Sept2021 |
|---|---|---|---|
| Revenue | 6.7 | 7.3 | 6.7 |
| Cost of sales | (4.2) | (3.7) | (3.4) |
| **Gross Profit** | **2.5** | **3.6** | **3.3** |
| | | | |
| Other gains or losses | 0.1 | 0.5 | (1.6) |
| Expenses:- | | | |
| Administrative | (2.1) | (2.1) | (1.9) |
| Finance | (0.9) | (0.6) | (0.4) |
| Share of profits from associated companies | 2.7 | 6.1 | 4.3 |
| **Profit before income tax** | **2.3** | **7.5** | **3.7** |
| | | | |
| **Core Operating EBITDA excluding extraordinary items and current year provisions[1]** | **4.4** | **5.0** | **4.7** |

1 *For the purpose of this section, core operating EBITDA refers to earnings before interest, taxes, depreciation and amortisation of operating subsidiaries excluding currency translation differences, impairment losses, current year provisions and other extraordinary items*

Revenue at Yoma Financial Services is derived entirely from Yoma Fleet's operations. In 12M-Sept2021, revenue declined by 7.6% year-over-year primarily reflecting the shift in the portfolio from operating leases to finance leases. Fleet size stood at 1,315 vehicles at 30 September 2021 as compared to 1,352 vehicles at 30 September 2020.

Finance leases constituted 35.1% of Yoma Fleet's revenue in 12M-Sept2021 up from 29.7% in 12M-Sept2020. Finance leases recognise only the interest component of lease payments as revenue without the corresponding depreciation charges in cost of goods sold associated with operating leases, and hence, result in a lower amount of revenue but higher gross profit margin.

Core operating EBITDA excluding extraordinary items and current year provisions declined marginally by 6.0% as the shortfall in revenue was partially offset by the stringent cost controls put in place.

The share of profits of associated companies declined to US$4.3 million in 12M-Sept2021. Wave Money's performance was impacted by the overall downturn in the macro economy, third wave of COVID-19, disruption of 4G mobile services and continuing cash shortages in the market. Over-the-counter money transfers, digital transaction volumes and digital monthly active users for the e-wallet have all recovered substantially since June 2021, and the trend is expected to continue with month-on-month growth.

# YOMA MOTORS

| OPERATIONAL REVIEW | 12M-Sept2019 | 12M-Sept2020 | 12M-Sept2021 |
|---|---|---|---|
| Revenue - Heavy Equipment | 18.3 | 17.1 | 11.2 |
| Revenue - Automotive | 2.4 | 6.7 | 3.5 |
| Total Revenue - Motors | 20.7 | 23.8 | 14.7 |
| Cost of sales | (17.5) | (19.4) | (12.1) |
| Gross Profit - Heavy Equipment | 2.2 | 2.6 | 1.5 |
| Gross Profit - Automotive | 1.0 | 1.8 | 1.1 |
| **Total Gross Profit - Motors** | **3.2** | **4.4** | **2.6** |
| | | | |
| Other gains or losses | (0.1) | 1.1 | (2.0) |
| Expenses:- | | | |
| Administrative | (6.7) | (6.9) | (4.9) |
| Finance | (0.1) | (0.3) | (0.2) |
| Share of (losses)/profits of joint ventures | (0.6) | 0.9 | 0.1 |
| **Loss before income tax** | **(4.3)** | **(0.8)** | **(4.4)** |
| | | | |
| **Core Operating EBITDA excluding extraordinary items and current year provisions[1]** | **(2.0)** | **(0.5)** | (0.4) |

1 *For the purpose of this section, core operating EBITDA refers to earnings before interest, taxes, depreciation and amortisation of operating subsidiaries excluding currency translation differences, impairment losses, current year provisions and other extraordinary items*

Yoma Motors revenue from the Heavy Equipment and Automotive divisions declined by 34.5% and 47.0% year-over-year, respectively.

The Automotive division was negatively affected by the periodic closures of vehicle registration offices and dealer showrooms as well as disruptions to the availability of customer financing. In 12M-Sept2021, Volkswagen sold 87 vehicles and Ducati sold 71 motorbikes as compared to 154 vehicles and 72 motorbikes in 12M-Sept2020.


The Heavy Equipment division sold 219 New Holland tractors in 12M-Sept2021 as compared to 337 tractors in 12M-Sept2020 and was similarly impacted by the disruption to the availability of customer financing. These difficulties were compounded by a deterioration in the macroeconomic environment which saw falling crop prices and border closures that impacted farmers across the country. In addition, construction and mining activities were affected by Myanmar's third wave of COVID-19 and the broader economic uncertainty which reduced the demand for JCB construction equipment. The Heavy Equipment division sold 29 JCB machines in 12M-Sept2021 as compared to 50 machines in 12M-Sept2020.

The revenue shortfall was offset by substantial cost reductions driven by lower staff costs and reduced overheads stemming from the temporary closure of branches, showrooms and offices. Consequently, core operating EBITDA excluding extraordinary items and current year provisions improved slightly.

The share of profits of joint ventures declined as Mitsubishi Motors' performance was impacted by lower vehicle sales and currency translation losses on its US$ borrowings. Hino sales also declined from 181 trucks in 12M-Sept2020 to 72 trucks in 12M-Sept2021.

# PORTFOLIO OF INVESTMENTS

## MEMORIES GROUP

The Group holds a 33.3% stake in Memories Group Limited, a leading tourism company that owns and/or manages a portfolio of hotels, experiences and services in Myanmar. Memories Group has been severely impacted by both the COVID-19 pandemic and the uncertain economic and political environment since February 1st which has led to significant declines in domestic and international tourism. In particular, international travel to Myanmar remains heavily restricted and has resulted in significant operational disruptions to Awei Pila, Balloons Over Bagan and Burma Boating, which rely mostly on international tourists for their customer base. International tourists have greater spending power than domestic travelers which has exacerbated the headwinds facing Memories Group. Towards the end of 2021, Memories Group reopened several of its properties and continues to pivot its sales and marketing effort towards the local market.

## YOMA MICRO POWER

Yoma Micro Power is a joint venture between the Group, the International Finance Corporation and The Norwegian Investment Fund for Developing Countries that builds micro-power plants and mini-grids to provide off-grid power to telecommunication towers and villages. As at 30 September 2021, Yoma Micro Power has 542 telecommunication towers connected and 21 village mini-grids operational.

In October 2019, the Group also formed a 50:50 strategic partnership[1] with Ayala Corporation Energy ("AC Energy"), which has invested approximately US$25 million in Yoma Micro Power. The partnership continues to explore developing around 200MW of additional renewable energy opportunities in Myanmar, including participating in suitable utility-scale projects.


Burma Boating
by Memories Group


Solar panel installation at The Campus
by Yoma Micro Power

1 *Subject to satisfaction of certain terms and conditions including consents of joint venture partners.*

# RISK MANAGEMENT

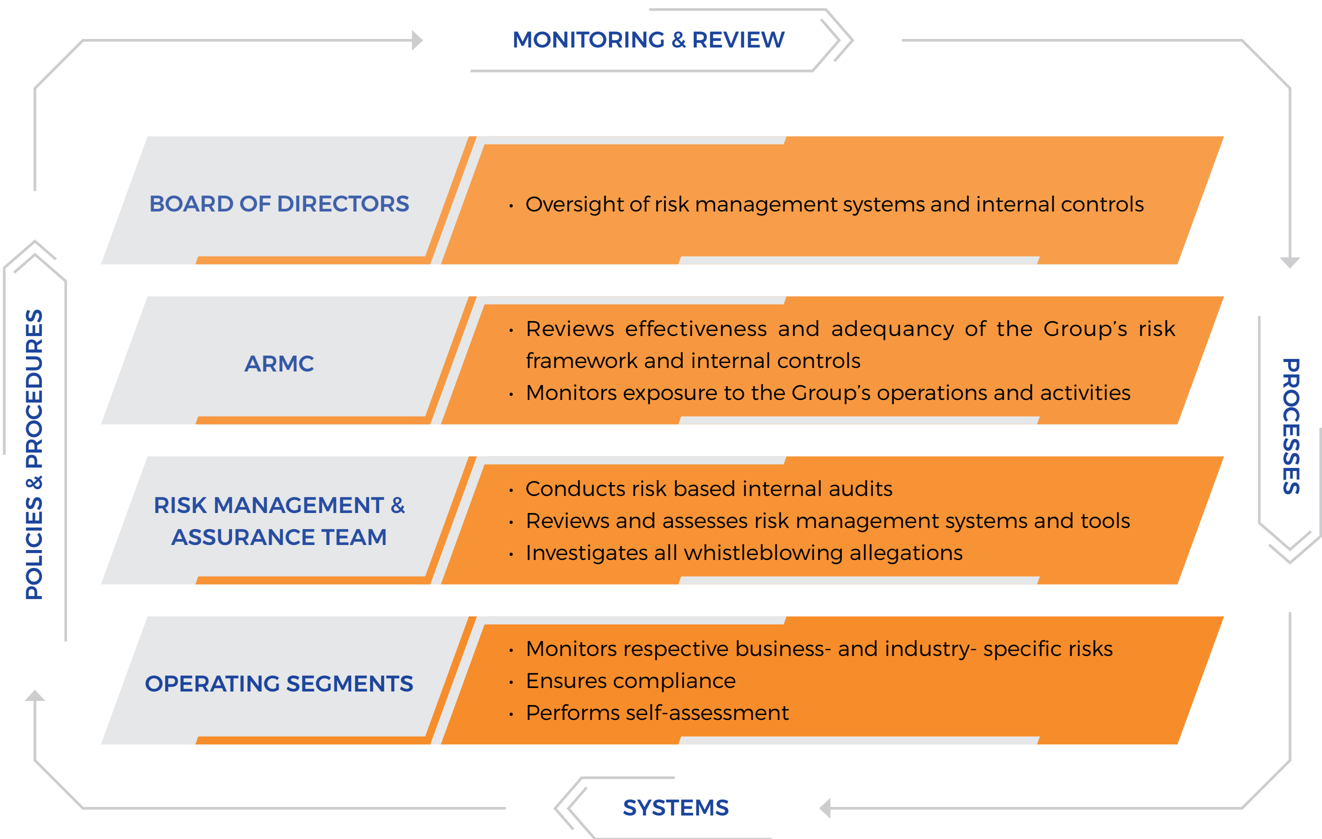
The Group has put in place a robust risk management framework to identify, measure and monitor critical risks. A strong risk awareness culture is embedded within the Group's decision-making activities aimed at safeguarding stakeholders' interests by striking a balance between acceptable risk tolerance levels against anticipated returns.

The Group's established Enterprise Risk Management ("ERM") Framework is premised on the principles set out in international standards, such as ISO 31000:2009 Risk Management – Principles and Guidelines and the COSO (Committee of Sponsoring Organisations of the Treadway Commission) Integrated Framework.

As part of the ERM Framework, an annual Group-wide self- assessment is undertaken to identify material risks faced by the Group along with mitigating measures in place. Where appropriate, related policies and internal controls are refined by Management with guidance from the Audit and Risk Management Committee ("ARMC") and the Board of Directors ("BOD").

The ERM Framework provides a sound and systematic approach towards risk management and internal control through the following activities:

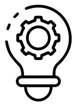
a. Risk identification and assessment
b. Development of key risk management strategies
c. Implementation of prevention, detection and response controls
d. Monitoring of risk exposure levels and mitigation of key risks
e. Reporting of key risk management performance to the ARMC and the BOD




The risks identified and the adequacy of any mitigating controls are measured and monitored through Risk-Based Independent Audits ("RBIA") as part of the process of prevention, detection and response controls implemented by Management. Results of the RBIA are presented to the ARMC and the BOD with any residual risks and the necessary corrective actions being highlighted.

The Group categorises its risk profile into six key areas:
- Strategic Risk
- Macro Risk
- Operational Risk
- Financial Risk
- Compliance Risk
- Technology Risk

# RISK MANAGEMENT

| | DESCRIPTION | MITIGATION |
|---|---|---|
| **STRATEGIC RISK** | | |
|  **BUSINESS MODEL/ STRATEGY** | The Group recognises that competitive landscapes, changing customer preferences and market-driven forces impact the strategy and operations of each of the Group's business units and their financial performance. | Regular and constant strategy sessions are held across the Group to review existing strategies at each business unit, including the relevant digital trends in different sectors, and to formulate pre-emptive measures, such as diversifying the Group's business mix and sources of revenue and profitability. |
| **MACRO RISK** | | |
|  **BUSINESS ENVIRONMENT** | Since February 1st, there has been substantial uncertainty in the economic and business environment in Myanmar. This has resulted in economic contraction and welfare challenges across the country. The situation continues to evolve, remains unclear and strong headwinds could prevail. Henceforth, macro risks have risen sharply for the Group conducting its businesses in Myanmar. | As the Group has made a long-term commitment to Myanmar, its continued presence, participation and provision of essential services is paramount in fulfilling its mission to Build a Better Myanmar for Its People.<br><br>Management continues to maintain a balanced approach in making decisions to ensure commercial survival, business resilience and sustainability. This includes supporting key sectors, performing enhanced due diligence and engaging with other stakeholders – including employees, customers, vendors, regulators, partners, lenders and investors – and the broader business community. |
| **OPERATIONAL RISK** | | |
|  **PANDEMIC** | The unprecedented global COVID-19 pandemic, in particular the latest wave from the more contagious Delta variant, has created unexpected challenges for the Group's businesses. The severity and duration of the pandemic have disrupted operations and accelerated structural changes that could have long-term effects on the business plans of each business unit and their ability to implement them.<br><br>Meanwhile, the imposition of travel and movement restrictions, curfews and nationwide lockdown measures has impacted the consistency of operations, particularly in business units that are considered non-essential. | The Group has advanced its digital transformation journey while embracing operational efficiency improvements and cross-collaboration between business units. Digital technology platforms have become critical in the changing operating environment and to maintain business continuity.<br><br>Mandatory vaccination program for all Group employees, remote working arrangements where possible and the continuous maintenance of workplace hygiene standards to prevent the spread of infections and ensure the safety and well-being of employees and customers. In addition, essential staff were provided with temporary housing at both gated residential communities to enable Groupwide business continuity. |

# RISK MANAGEMENT

| | DESCRIPTION | MITIGATION |
|---|---|---|
| **OPERATIONAL RISK** | | |
| **CORRUPTION AND FRAUD** | The risk of corruption and fraud is inherent to any business in Myanmar and has increased in the current operating environment. These acts could be perpetrated by employees, officers, customers or vendors engaged by the Group. | • Reviewing and assessing the Group's Code of Conduct and Conflict of Interest Policy and reinforcing a zero-tolerance policy towards any incidents of corruption and fraud.<br>• Having a Whistleblowing Policy that provides accessible channels for reporting improprieties or concerns to the Group Risk Management and Assurance Team for investigation and ultimate oversight by the ARMC.<br>• Conducting regular internal audits focused on areas with greater inherent risks, such as procurement and cash management, and introducing adequate internal controls commensurate with each business unit's operations. |
| **FINANCIAL RISK** | | |
| **CASHFLOW AND FUNDING** | The disruptions caused by the COVID-19 pandemic and the uncertainty caused by the macro risks may heighten the need for cash preservation and elevate the requirement for additional near-term funding. This may occur amidst financial markets volatility and a tightening credit environment. | Stringent focus on cash preservation measures and the scaling down of operations to a sustainable level. These efforts have taken the form of:<br>• Lowering fixed overheads through headcount reductions, salary cuts, recruitment freezes and the elimination of non-essential operating costs.<br>• Cessation or suspension of most capital expenditures.<br>• Reduction of inventory and monetisation of latent assets to generate revenue and raise additional liquidity.<br>• Debt profile review with the re-scheduling of certain facilities to maintain financial flexibility and a greater focus on domestic sources of funding to mitigate foreign exchange risk.<br>The measures implemented will provide the Group with a more competitive cost base going forward and will allow it to seize potential future opportunities. |
| **CREDIT** | The Group has extended credit to selected customers as access to financing has become increasingly challenging across the market. This extension of credit carries inherent risks of delinquency and default. | Customers' credit-worthiness is evaluated within approved underwriting policies which take into account background checks, financial standing, loan-to-value and the ability to meet repayments.<br><br>Rigorous approvals are required within each business unit where credit is extended. Cash terms are prioritised where possible to minimise credit risk. |

# RISK MANAGEMENT

| | DESCRIPTION | MITIGATION |
|---|---|---|
| **FINANCIAL RISK** | | |
| **FOREIGN EXCHANGE AND INTEREST RATES** | The Group's operations are exposed to fluctuations in Myanmar kyat against US dollar. In addition to currency translation movements, foreign exchange risk arises as local currency cashflows may need to be converted into US dollars to meet certain international payment obligations. Furthermore, the foreign exchange conversion cycle is limited by US dollar availability in the market.<br><br>The Group is also exposed to unfavorable movements in interest rates. | Constant review of the foreign currency exposures in each business unit's operations and monitoring of the Group's overall economic exposure to movements in foreign exchange rates.<br><br>Strategies to mitigate the impact of foreign exchange risk include implementing natural hedges to balance sheet positions, increasing the proportion of local currency borrowings and shortening the foreign exchange cycle.<br><br>Maintaining a mix of both fixed and floating rates on borrowings to manage interest rate fluctuations. |
| **COMPLIANCE RISK** | | |
| **REGULATORY AND ESG COMPLIANCE** | Non-compliance with various laws and regulations may have a detrimental effect on the financial and operational performance of each of the Group's business units. Furthermore, Environmental, Social and Governance (ESG) compliance has become one of the most pressing issues expected by key stakeholders, including customers, lenders and regulators, and has posed additional challenges in the current business environment. | The Group's compliance framework is guided by our core values and Code of Conduct. This entails regular reporting by each business unit to ensure that compliance risks are effectively assessed, managed and mitigated while keeping updated on changes to laws and regulations. In addition, the Group Risk Management and Assurance Team monitors the Group's compliance with its ESG targets and obligations and ensures that ESG disclosures are documented, accurate and complete. |
| **TECHNOLOGY RISK** | | |
| **SECURITY** | The Group has increasingly shifted towards remote working arrangements which relies on technology to facilitate its operations and to maintain business continuity. This increased dependence on technology has increased the Group's exposure to cyber security threats including network security, data protection and cybercrimes. | The Group remains focused on embedding cyber security and data governance into business processes to ensure that data protection and privacy are managed in addition to other commercial risks. These reduce the likelihood and severity of breaches in cyber security and data protection which increasingly have an impact on the Group's businesses.<br><br>Established strict information security policies are in place which are designed to continuously monitor the following:<br>• Secure access two-factor authentication.<br>• Back-up and privileged access protocols.<br>• Data storage capacity and utilisation monitoring. |

# SUSTAINABILITY SUMMARY

## OUR SUSTAINABILITY STRATEGY

The Group's strategy to meet its sustainability goals.

The Group focuses on holistic solutions that create value for all stakeholders and align with its mission to Build a Better Myanmar for Its People. This approach helps to further its sustainability journey by providing new opportunities for customers, employees and communities.

The Group's sustainability objectives are organised around People, Planet and Profit. It has identified a set of focus areas that are relevant to its businesses and guide its environmental, social and governance (ESG) initiatives and decision-making processes throughout its operations.

The Group's sustainability focus areas are closely aligned with the Sustainable Development Goals ("SDGs") of the 2030 Agenda for Sustainable Development and the Ten Principles of the UN Global Compact ("UNGC").

**VISION**

BUILD A BETTER MYANMAR FOR ITS PEOPLE

| | | | |
|---|---|---|---|
| **STRATEGIC OBJECTIVES** | **OUR BUSINESS** | **OUR PLANET** | **OUR PEOPLE** |
| **MATERIAL TOPICS** | · Economic Performance<br>· Ethical Business Practices<br>· Compliance | · Energy Efficiency and<br>· Climate Change<br>· Water Use and Reduction<br>· Waste and Effluent | · Diversity and Equal Opportunity<br>· Training and Development<br>· Talent Retention<br>· Human Rights and Labour Management<br>· Health and Safety |
| **OUR ACTIONS** | Uphold and adhere to its zero tolerance approach to corruption, bribery and fraud<br><br>Strive to maintain compliance with all the relevant national environmental policies, laws and regulations as well as ADB's Safeguard Policy, FMO's Sustainability Policy Framework and IFC's Performance Standards | Raise awareness on the importance of recycling and reducing waste across its various business units in order to minimise the impact on the environment<br><br>Implement guidelines on procurement practices in order to generate efficiencies amongst and across business units | Raise awareness to prevent the use of child labour and enhance surveillance for underage workers<br><br>Train managers on how to deal with workplace harassment and how to build a culture of respect and inclusivity<br><br>Strengthen training on health and safety awareness across its business units |

# SUSTAINABILITY SUMMARY

## SUSTAINABLE DEVELOPMENT GOALS

The Group 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 3,700 jobs to local staff in Myanmar. All employees are paid at least the local minimum wage.<br><br>In particular, Wave Money is a mobile-based financial services provider that facilitates secure, real-time transactions with the aim of improving financial inclusion in Myanmar. Wave Money runs a network of more than 45,000 agents in urban and rural areas across 299 townships in Myanmar. It also caters to Myanmar's migrant workers who have migrated to urban centres for work. These workers support their families by periodically sending part of their wages back to their home communities. |
| 2 ZERO HUNGER | The Group's heavy equipment business is committed to mechanise the agriculture industry in Myanmar and aims to help farmers to improve crop productivity by using machines to save time and energy and address labour shortages. It has 13 branches and 35 independent parts distributors throughout the country and is supported by a dedicated maintenance team to better serve farming communities in rural areas. |
| 3 GOOD HEALTH AND WELL-BEING | **Yoma Group COVID-19 Vaccination Policy**<br>The Group has allowed employees to work from home in order to ensure their health and safety during the COVID-19 pandemic. In response to the third wave of COVID-19 in Myanmar in the summer of 2021, the Group announced the "Yoma Group COVID-19 Vaccination Policy" and privately arranged for 7,122 doses of vaccines to be administered to staff and their families. Vaccination against COVID-19 is now a requirement for all Yoma Group employees, and the aim is to have all staff, except those underlying medical conditions, vaccinated by 1 January 2022. As at 30 September 2021, 88% of the employees were vaccinated.<br>**Partner of M2030**<br>Various companies within the Group are partners of M2030. M2030 is a movement launched by the Asia Pacific Leaders Malaria Alliance (APLMA) to eliminate malaria in Asia by 2030. The existing M2030 partners at the Yoma Group[1] include Pun Hlaing Hospitals, Wave Money, Volkswagen, New Holland, JCB; KFC, YKKO, Yoma Micro Power and Yoma Land.<br>**Be Well, Work Well**<br>During these challenging times, the Group provides free, professional and supportive services in both Myanmar and English to address the mental health of its staff. This program is designed to provide a safe space to talk about the issues that may be troubling individuals or their families.<br>**Anargat Program**<br>The Anargat program is designed to provide support to the Group's female employees as they look to start a family. As part of this program, a maternity leave policy, which offers longer leave options (20 weeks, 40 weeks or up to 52 weeks ) and guarantees employment at the end of the maternity leave period, has been implemented. This program also includes pre- and post-pregnancy support counselling, as well as financial support for child delivery services. A lactation room has been made available at The Campus to support breastfeeding mothers. |
| 5 GENDER EQUALITY | Approximately 43% of the Group's workforce is female. As at 31 December 2021, female representation on Yoma Strategic's Board of Directors is 22%. Women also currently hold senior management positions across all the Group's businesses.<br><br>The Group is a founding member of the Business Coalition for Gender Equality ("BCGE") and strives to be a role model in this area. |

1 *For this purpose, Yoma Group comprises Yoma Strategic and First Myanmar Investment Public Company Limited.*

# SUSTAINABILITY SUMMARY

| SDG | YOMA STRATEGIC'S CONTRIBUTION |
|---|---|
| 7 AFFORDABLE AND CLEAN ENERGY | Yoma Micro Power has completed 545 off-grid solar plants and 3 grid-tied solar plants as at 30 September 2021. Additionally, 24 villages with 2,202 households in off-grid areas now have access to electricity. These solar plants offset more than 5 million litres of diesel per year which prevents the equivalent of more than 13,000 tonnes of greenhouse gas emissions. |
| 8 DECENT WORK AND ECONOMIC GROWTH | The Group fully supports and practices the International Labour Organisation's eight fundamental 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 FY2021. |
| 11 SUSTAINABLE CITIES AND COMMUNITIES | Yoma Land has built a vibrant community offering at StarCity with a variety of residential products – City Loft, Star Villas, Galaxy Towers, Zone A/B – and expanded commercial and retail activities. As at 31 December 2021, 4,900 residents now live at StarCity. Furthermore, the Dulwich College Yangon campus at StarCity has been converted into office space, and the anchor tenant commenced occupation in October 2021.<br><br>To further efforts in providing renewable energy to our communities, Yoma Land has partnered with Yoma Micro Power to install ground-mounted solar farms at both Pun Hlaing Estate and StarCity. These are estimated to provide 2,956 kWp and 1,900 kWp, respectively, which will significantly reduce Yoma Land's use of grid electricity and diesel (which is used to power back-up generators during grid outages). It is estimated that both solar farms combined will save almost 4,000 tonnes of $CO_2$ emissions per annum which is the equivalent emissions from 10,000 barrels of oil.<br><br>The Group has also generated approximately 603,090 MJ of renewable energy from the 26 kWp[1] solar panels installed at The Campus (the Yoma Group's office in Pun Hlaing Estate) and the 52 kWp solar panels installed at StarCity. This is equivalent to the electricity consumed by approximately 385 households in Myanmar for one month based on an average of 435 kWh consumed per household per month[2].<br><br>The Group has undertaken to raise employees' awareness of environmental stewardship by championing activities such as Earth Hour, Earth Day, World Cleanup Day and Digital Cleanup Day. |
| 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 its Code of Conduct, the Group conducts training for all employees covering its policies on Anti-Bribery, Anti-Corruption, Conflicts of Interest and Whistle Blowing.<br><br>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 as part of the development of Myanmar. |

Further information on the Group's sustainability efforts and performance will be detailed in the Sustainability Report to be published by February 2022.

1 *kWp stands for kilowatt 'peak' power of a photovoltaic system.*

2 *Source of data: Myanmar Energy Statistics 2019. Published by Economic Research Institute for ASEAN and East Asia (ERIA).* *https://www.eria.org/uploads/media/0.ERIA-Myanmar_Energy_Statistics_2019.pdf*

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**MR. SERGE PUN @ THEIM WAI**
*(Executive Chairman)*

**MR. PUN CHI TUNG MELVYN**
*(Chief Executive Officer and Executive Director)*

**MS. WONG SU YEN**
*(Lead Independent Director)*

**DATO TIMOTHY ONG TECK MONG**
*(Non-Executive Independent Director)*

**MR. GEORGE THIA PENG HEOK**
*(Non-Executive Independent Director)*

**PROFESSOR ANNIE KOH**
*(Non-Executive Independent Director)*

**MR. CEZAR PERALTA CONSING**
*(Non-Executive Director)*

**MR. PUN CHI YAM CYRUS**
*(Alternate Director to Mr. Serge Pun @ Theim Wai)*

**MR. PAOLO MAXIMO FRANCISCO BORROMEO**
*(Alternate Director to Mr. Cezar Peralta Consing)*

## AUDIT AND RISK MANAGEMENT COMMITTEE

**MR. GEORGE THIA** *(Chairman)*
**DATO TIMOTHY ONG**
**PROFESSOR ANNIE KOH**

## NOMINATING AND GOVERNANCE COMMITTEE

**DATO TIMOTHY ONG** *(Chairman)*
**MS. WONG SU YEN**
**MR. MELVYN PUN**

## REMUNERATION COMMITTEE

**MS. WONG SU YEN** *(Chairman)*
**MR. GEORGE THIA**
**PROFESSOR ANNIE KOH**

## COMPANY REGISTRATION NUMBER

196200185E

63 Mohamed Sultan Road
#02-14 Sultan-Link, Singapore 239002
Tel: (65) 6223 2262
Fax: (65) 62231990

## 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**
80 Robinson Road
#25-00 Singapore 068898

Mr. Loh Ji Kin
Director-in-charge
(Appointed with effect from financial year ended 30 September 2021)

## PRINCIPAL BANKERS OF THE GROUP

**Bangkok Bank Public Company Limited**
Corporate Banking, Conglomerate 2
12th Floor, 333 Silom Road
Bangrak District, Bangkok 10500, Thailand

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

**DBS Bank Ltd**
12 Marina Boulevard
DBS Asia Central @ Marina Bay Financial Centre Tower 3
Singapore 018982

**Myanma Apex Bank Ltd.**
207, Thein Phyu Road, Middle Block
Botahtaung Township, Yangon, Myanmar

# CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**" or "**Directors**") and the management (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 their responsibility 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 30 September 2021 ("**FY2021**"), with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "**2018 Code**"). If there is any variation from the 2018 Code, appropriate disclosures and explanations are provided in accordance to the requirements of the Listing Manual. The Company has complied in all material aspects with the core principles and provisions of the 2018 Code. This Annual Report should be read in totality for the Company's full compliance.

During FY2021, the Group's businesses and its operation were severely disrupted by the COVID-19 pandemic and the uncertain economic and business environment in Myanmar (the "**Major Events**"). These Major Events also affected some of the corporate governance procedures and practices adopted by the Group.

*Corporate Governance Accolades*

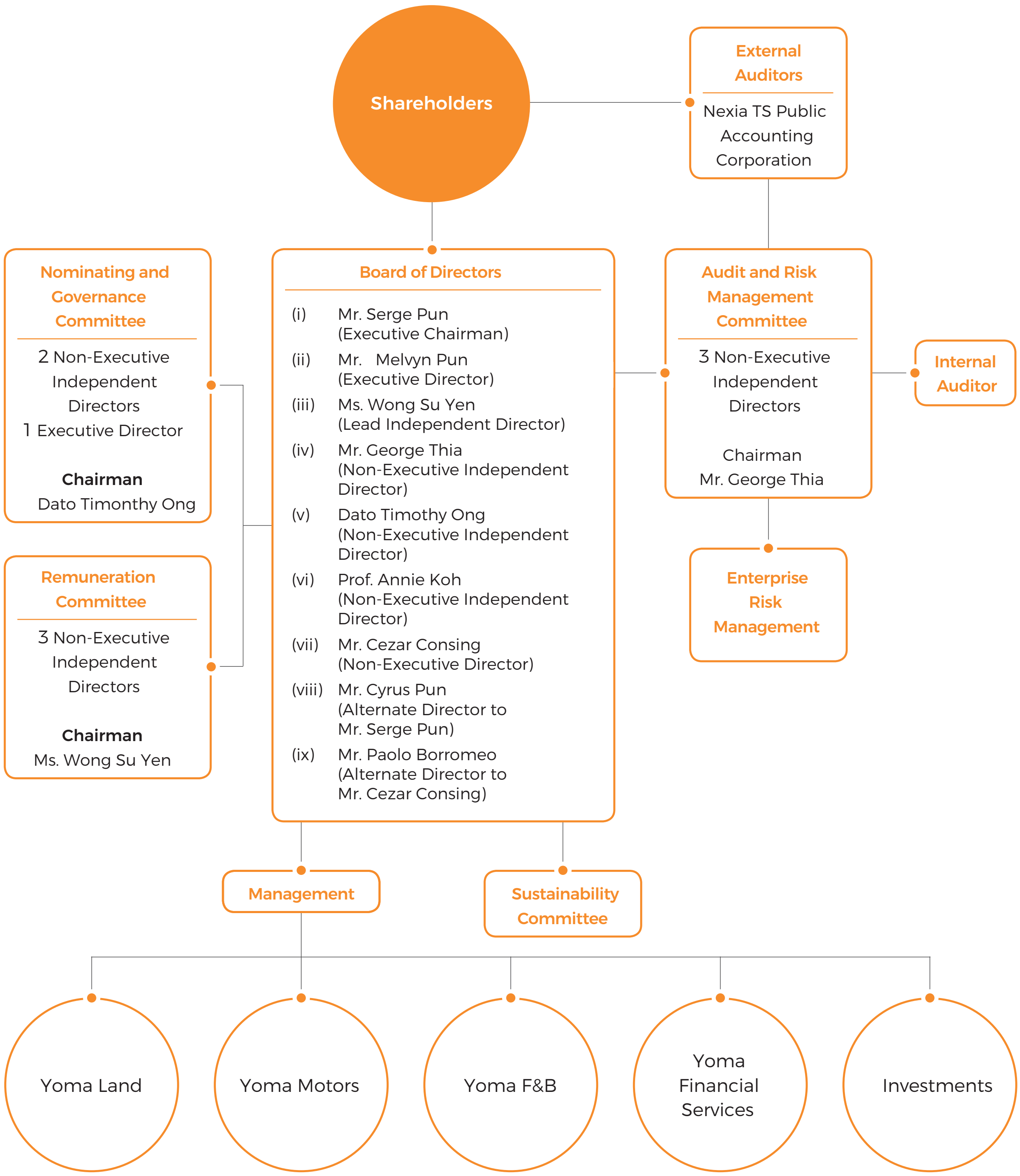
- The Company continues to uphold the highest standards of corporate governance and it remains in the top 5% of the Singapore Governance and Transparency Index (SGTI) in 2021. The SGTI is aimed at assessing companies on their corporate governance disclosures and practices, as well as the timeliness, accessibility and transparency of their financial results announcements.

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

# CORPORATE GOVERNANCE REPORT

*Corporate Governance Framework*

As at the date of this Annual Report, the Company's Corporate Governance Framework is as follows:



# CORPORATE GOVERNANCE REPORT

## BOARD AND BOARD INDEPENDENCE

In FY2021, the Board comprises two (2) Executive Directors, two (2) Non-Executive Non-Independent Directors, five (5) Non-Executive Independent Directors and one (1) Alternate Director to a Non-Executive Non-Independent Director. The five (5) Non-Executive Independent Directors collectively comprises more than fifty per cent. (50%) of the Board of Directors.

Profiles and qualifications of the Directors and the listed company directorships and principal commitments held by them as at the date of this Annual Report in the last three (3) years are set out in the section on Board of Directors of this Annual Report and the section on Role of the Lead Independent Director below.

## 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 the long-term success of the Group.

The Board sets appropriate tone-from-the-top and the desired organisational culture and ensures proper accountability within the Group. The Board has put in place a Code of Conduct for the Group with which all directors and employees, including senior management, are required to comply. For more information, please refer to the section on Corporate Values and Conduct of Business below.

Management is responsible for the day-to-day operations and administration of the Company in accordance with the policies and strategies set by the Board. Management remains accountable to the Board and provides the Board with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

*Role of the Board*

(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.

### Board's Guidance during the Ongoing COVID-19 Pandemic and the Uncertain Economic and Business Environment in Myanmar

Since 1 February 2021, economic and business activities and trade have been severely impacted by reduced mobility, disruptions to essential services, including banking, logistics and internet services, and decreased foreign investment. This uncertainty compounded an already challenging environment brought on by the outbreak of COVID-19 and resulted in a substantial adverse impact on the revenue and profits of the Group. The Board has spent a significant amount of time reviewing the major impacts on the Group's business operations, its financial resources and the health and safety of its employees.

### Cost Control Measures

The Group, under the guidance of the Board, responded efficaciously to the current environment with a series of cost mitigation measures, which included reducing:

(i) Non-staff operating costs and overheads; and
(ii) Staff costs by more than 60% through a cut to its workforce, unpaid leave, additional pay reductions for most employees and a rationalisation of its corporate functions.

The Group's Executive Chairman, Chief Executive Officer and Chief Financial Officer voluntarily took reductions in their salaries (a 25% reduction for the first six (6) months and a 100% reduction for the second six (6) months), while the Directors also agreed to similar reductions in their fees.

### Financial Management

The Board has paid particular attention to the financial condition of the Group. A key imperative of the Board was in ensuring that the Group continues to have adequate resources and liquidity to ensure commercial survival, business resilience and sustainability. This entailed the Group undertaking the Cost Control Measures above and implementing the following:

(i) Cessation or suspension of most capital expenditures;
(ii) Reduction of inventory and monetisation of PPE stocks; and

# CORPORATE GOVERNANCE REPORT

(iii) Discussions with lenders on revising principal and interest payment schedules

in order to conserve cash and maintain liquidity.

### Reshaping and Strengthening the Business

Management has evaluated new opportunities arising from the current environment, as well as looking at new ways of engaging employees to preserve and develop their capabilities for future career advancement. This includes re-allocating resources and forming management teams with a greater contribution from local employees to confront the challenges and opportunities ahead.

### *Board Committees & Delegation (Provision 1.4)*

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 were 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.

### *Directors' Duties (Provisions 1.1 and 1.2)*

Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. Directors understand the Group's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). There is formal communication from the Company to each of the Directors on their appointment and their roles, duties, obligations and responsibilities, and the expectations of the Company, including each Director developing his or her competencies to effectively discharge his or her duties. For further details, please refer to the sections on Board Orientation (Provision 1.2) and Training (Provision 1.2).

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-assessments carried out by the Directors for FY2021, all Directors have duly discharged this duty.

### *Conflicts of Interest (Provision 1.1)*

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 in accordance with the provisions of the Companies Act, Chapter 50.

Directors facing conflicts of interest recuse themselves when the issue of conflict is discussed, unless the Board is of the opinion that his/her presence is necessary to enhance such discussion, and in which case such Director shall abstain from voting in relation to the issue of conflict, with abstention duly recorded within the minutes and/or the resolutions of the Board and/or the Board Committees.

### *Board Strategic Review*

The Board periodically reviews and approves the Group's strategic plans. The Group's strategic plans for the near future are (i) to focus its Real Estate Development activities on opportunities in the market and building a continuous pipeline of sales and to increase the recurring rental revenue in its Real Estate Services business; (ii) to build out the Group's digital ecosystem and strengthen its role as a leading player in Myanmar's financial technology sector by taking control of and integrating Digital Money Myanmar Limited (Wave Money); (iii) to leverage Ayala Corporation's capabilities and experiences to strengthen the Group's businesses and to support its corporate functions; and (iv) to maintain financial and balance sheet discipline given the current environment.

### *Review Process*

A process is in place to support the Board in reviewing and monitoring the Group's strategic plans. The Board aims to hold an annual off-site Board strategy meeting for in-depth discussion on strategic issues and the direction of the Group, which is then followed by an update of each business unit's strategic plans to align with the Group's overall strategy. To support the Board's oversight of the implementation of the strategic plans, Management presents the plans and current challenges of the core business units at each Board meeting. Selected business units are also invited to meet the Board so as to provide the Board with an opportunity to perform an in-depth review into each of the Group's core businesses. Due to the Major Events, there was no off-site Board strategy meeting in FY2021.

# CORPORATE GOVERNANCE REPORT

*Meetings (Provision 1.5)*

Board meetings are scheduled to coincide with the reporting of the half yearly financial results in order to facilitate a review of the financial statements and the announcement of the unaudited half yearly and full year results of the Group. The Board also holds voluntary quarterly meetings after the close of each of the first and third quarters, and the Company provides trading updates to shareholders for these quarters. 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 typically plans to hold at least one Board meeting a year in Myanmar, where the Group conducts most of its operations, so that the Board can be better apprised of the business developments on the ground and to provide an opportunity for the Non-Executive Independent Directors to familiarise themselves with the key management personnel.

Due to the Major Events, no Board meeting was held in Myanmar for FY2021.

Board meetings generally last more than half a day and may include presentations by the key management personnel as well as external consultants/experts on strategic issues relating to specific business areas and 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 scheduled Board meetings.

*FY2021*

During FY2021, a total of eight (8) Board meetings were held. The number of Board and/or Board Committee meetings as well as the attendance of each Board member at these meetings and the last Annual General Meeting held on 29 January 2021 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 relationships which 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 video conferencing. To further facilitate the efficient decision-making of the Board, resolutions of the Board are also passed by way of circulating resolutions pursuant to the Constitution of the Company.

# CORPORATE GOVERNANCE REPORT

**Table 1: Directors' Attendance at meetings held during FY2021**

| Name | Board | ARMC | NGC | RC | AGM |
|---|---|---|---|---|---|
| Total number of meetings held | 8* | 5 | 2* | 2* | 1 |
| ***Executive Directors*** | | | | | |
| Mr. Serge Pun @ Theim Wai ("**Mr. Serge Pun**") | 8 | N.A. | N.A. | N.A. | 1 |
| Mr. Pun Chi Tung Melvyn ("**Mr. Melvyn Pun**") | 8 | N.A. | 2 | N.A. | 1 |
| ***Non-Executive Directors*** | | | | | |
| Mr. Fernando Miranda Zobel de Ayala ("**Mr. Fernando Ayala**")[1]<br><br>Mr. Paolo Maximo Francisco Borromeo ("**Mr. Paolo Borromeo**")[1] | 7 out of 7 | N.A. | N.A. | N.A. | 1 |
| Mr. Cezar Peralta Consing ("**Mr. Cezar Consing**")[2]<br><br>Mr. Paolo Maximo Francisco Borromeo ("**Mr. Paolo Borromeo**")[3] | 1 out of 1 | N.A. | N.A. | N.A. | N.A. |
| Mr. Adrian Chan Pengee ("**Mr. Adrian Chan**")[4] | 8 | N.A. | 2 | 2 | 1 |
| Mr. Pun Chi Yam Cyrus ("**Mr. Cyrus Pun**")[5] | 8 | N.A. | N.A. | N.A. | 1 |
| Ms. Wong Su Yen[6] | 7 | 5 | N.A. | 2 | 1 |
| Dato Timothy Ong Teck Mong ("**Dato Timothy Ong**") | 8 | 5 | 2 | N.A. | 1 |
| Mr. George Thia Peng Heok ("**Mr. George Thia**") | 8 | 5 | N.A. | 2 | 1 |
| Prof. Annie Koh ("**Prof. Annie Koh**") | 8 | N.A. | N.A. | N.A. | 1 |

**Notes**:

* The total number of meetings comprises scheduled and ad hoc meetings.

1 Mr. Fernando Ayala ceased to be a Non-Executive Non-Independent Director with effect from 2 August 2021. Accordingly, Mr. Paolo Borromeo ceased as an Alternate Director to Mr. Fernando Ayala.

2 Mr. Cezar Consing was appointed as a Non-Executive Non-Independent Director with effect from 2 August 2021.

3 Mr. Paolo Borromeo was re-designated as an Alternate Director to Mr. Cezar Consing with effect from 2 August 2021.

4 Mr. Adrian Chan ceased to be a Non-Executive Independent Director with effect from 31 December 2021.

5 Following the cessation of Mr. Adrian Chan as a Director of the Company, Mr. Cyrus Pun was re-designated as the Alternate Director to Mr. Serge Pun with effect from 1 January 2022.

6 Ms. Wong Su Yen was unable to attend one Board meeting as she had a prior engagement.

# CORPORATE GOVERNANCE REPORT

*Board Approval (Provision 1.3)*

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 statements
- ☑ 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 (Provision 1.2)*

The Company conducts an induction programme for newly appointed Directors which seeks to familiarise 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's 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. The Company provides a formal letter to each new Director upon his/her appointment, setting out clearly the Director's duties and obligations.

If a new Director has no prior experience as a director of a listed company on a recognised stock exchange, the Company will endeavour to arrange for training appropriate to the level of his/her prior experience in areas such as accounting, legal and industry-specific knowledge, and will ensure that he/she undergoes training in the roles and responsibilities of a director of a listed company as prescribed under the Listing Manual. During FY2021, Prof. Annie Koh was appointed as a Non-Executive Independent Director on 3 November 2020 and Mr. Cezar Consing was appointed as a Non-Executive Non-Independent Director on 2 August 2021. Mr. Paolo Borromeo was re-designated as the Alternate Director to Mr. Cezar Consing on 2 August 2021. Both Prof. Annie Koh and Mr. Cezar Consing have been briefed on their duties and statutory obligations as a Director of the Company. The Company will organise site visits for Prof. Annie Koh, Mr. Cezar Consing and Mr. Paolo Borromeo once the Major Events have subsided.

Prof. Annie Koh has directorship experience in companies listed on the SGX-ST. Mr. Cezar Consing has extensive directorship experience in several public-listed companies in Southeast Asia, including listed entities within the Ayala group of companies, Jollibee Foods Corporation, CIMB Group Holdings, First-Gen Corporation and National Reinsurance Corporation. Therefore, the NGC is of the view that the mandatory training prescribed by Rule 210(5)(a) of the Listing Manual for Mr. Cezar Consing is not required. For more information, please refer to the section on Board of Directors of this Annual Report.

Mr. Paolo Borromeo had attended and completed the Listed Entity Director Programme, as mandated under the Listing Manual and conducted by Singapore Institute of Directors ("**SID**"), when he was appointed as an Alternate Director to Mr. Fernando Ayala to familiarise himself with the roles and responsibilities of a director of a listed company.

*Training (Provision 1.2)*

The Directors are 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 at the Company's expense. In addition, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Group's operations.

The NGC and the Board are kept informed of the training sessions attended by the Directors during the year. As part of the NGC's annual assessment of the skills set of the Board and Board Committees, the NGC will also recommend further training for the Directors in specific areas, if so required, to supplement the regular updates/briefings provided to the Directors from time to time.

# CORPORATE GOVERNANCE REPORT

In the course of FY2021, the Directors were provided with updates on regulatory changes and apprised of amendments to the Listing Manual and relevant media releases by the SGX-ST. The workshops attended by some of the Directors in FY2021 included "Forbes Asia CEO Webinar: The Way Forward" organised by Asia Business Council, "Learning of 5G Technology Impact", "Crisis Leadership Forum" and "Recent Developments in Myanmar Law organised by Young Presidents' Organisation". Seminars attended by some of the Directors in FY2021 included the Audit Committee Seminar jointly organised by ACRA, SGX and SID and the SID Directors Conference 2021.

### *Directors' Participation (Provision 1.5)*

Directors attend and actively participate in Board and/or Board Committee meetings. In particular, Non-Executive Independent Directors contribute to the Board process by monitoring and reviewing Management's performance in maintaining the Group's strategy and meeting its agreed goals and objectives. Their views and opinions provide alternative perspectives to the Group's businesses. With constructive oversight of Management's proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interests and other complexities.

### *Non-Executive Directors' Meetings (Provision 2.5)*

Led by the Lead Independent Director, the Non-Executive Independent Directors communicate regularly through emails and chat groups without the presence of the other Directors, so as to facilitate a more effective check on Management. The Lead Independent Director will provide feedback to the Executive Chairman after such sessions.

During FY2021, led by the Lead Independent Director, the Non-Executive Independent Directors had discussions without the presence of Management to facilitate open discussions regarding the performance and effectiveness of Management.

### *Directors' Time Commitments (Provisions 1.5 and 4.5)*

Notwithstanding that some of the Directors have multiple board representations, the NGC has adopted a guide that each Director should not have board representations on more than six (6) listed groups. In determining whether each Director is able to devote sufficient time to discharge his/her duty, the commitment of time for Board and/or Board Committee meetings, contributions by Directors at such meetings, preparedness for such meetings, as well as their attendance at such meetings are also taken into account. In respect of FY2021, 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, the NGC was satisfied that in FY2021, 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 a Director of the Company.

The listed company directorships and principal commitments held by each Director as at the date of this Annual Report and in the last three (3) years are set out in the section Board of Directors of this Annual Report.

### *Complete, Adequate and Timely Information (Provision 1.6)*

Prior to each meeting, members of the Board and the Board Committees are provided with the meeting agenda and the relevant documents (including board papers and supporting information) being submitted by Management at least seven (7) days (as far as reasonably possible) in advance of the meeting, containing where possible and practicable, complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings.

All Directors are given sufficient time to prepare for Board and/or Board Committees meetings and to enable them to make informed decisions and discharge their duties and responsibilities. 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 Group's operational activities, future prospects, progress and developments, and monthly management reports of the Group's businesses are provided. Comprehensive half-yearly financial announcements, 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 Board and/or Board Committee meetings.

In addition, the Directors receive periodic Myanmar news updates and analysts' reports on the Company (when available). Such reports and news updates enable the Directors to keep abreast of key issues and developments in the industry and the country, as well as the challenges and opportunities facing the Group.

*Access to Management, Company Secretaries and Independent Professional Advice (Provision 1.7)*

The Directors have separate and independent access to Management in order to better understand the challenges faced by the Group as and when further enquiry or additional information is required. Management endeavours to meet their requirements in a timely manner so as to enable them to make informed decisions. The input of the Directors, through such engagement, provides valuable perspective to Management.

Directors also have ongoing interactions across various levels and functions within the Company.

*Company Secretaries (Provision 1.7)*

The Directors also have separate and independent access to 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 Company Secretaries attend Board and/or Board Committee meetings to provide guidance for the Board procedures to be followed. The Company Secretaries, together with Management, also ensure that the Company complies with the applicable statutory and regulatory rules. Together with Management, the Companies Secretaries also advise the Chairman, the Board and/or the Board Committees on corporate governance practices and processes, including ensuring good information flow within the Board and/or the Board Committees and between the Directors and Management, facilitating the induction for newly appointed Directors and newly appointed Board Committee members, and assisting in the continuing training and development programme for the Directors.

The appointment and removal of the Company Secretaries is a decision of the Board as a whole.

Furthermore, the Directors, whether as a group or individually, are entitled to seek and obtain independent professional advice, in the 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.

# CORPORATE GOVERNANCE REPORT

## Principle 2 – Board Composition and Guidance

The compositions of the Board and Board Committees for FY2021 are set out below.

| Name | Date of First Appointment | Last Re-election | Board | ARMC | RC | NGC |
|---|---|---|---|---|---|---|
| Mr. Serge Pun | 17 August 2006 | 29 January 2021 | Chairman | – | – | – |
| Mr. Melvyn Pun | 27 July 2015 | 24 July 2019 | Member | – | – | Member |
| Mr. Cyrus Pun | 21 February 2011 | 29 January 2021 | Member | – | – | – |
| Mr. Fernando Ayala[(1)] | 2 December 2019 | 29 January 2021 | Member | – | – | – |
| Mr. Adrian Chan[(2)] | 17 August 2006 | 24 July 2018 | Member | – | Member | Chairman |
| Ms. Wong Su Yen | 15 December 2015 | 29 January 2021 | Member | Member | Chairman | – |
| Dato Timothy Ong[(3)] | 20 May 2016 | 24 July 2019 | Member | Member | – | Member |
| Mr. George Thia[(3)] | 22 December 2017 | 24 July 2018 | Member | Chairman | Member | – |
| Prof. Annie Koh | 3 November 2020 | 29 January 2021 | Member | – | – | – |
| Mr. Cezar Consing[(4)] | 2 August 2021 | N.A. | Member | - | - | - |
| Mr. Paolo Borromeo[(5)] (Alternate Director to Mr. Fernando Ayala) | 15 June 2020 | N.A | Member | – | – | – |

**Notes**:

(1) Mr. Fernando Ayala had ceased to be a Director on 2 August 2021.

(2) Mr. Adrian Chan had ceased to be a Director on 31 December 2021.

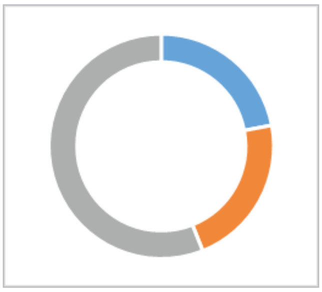
(3) Dato Timothy Ong and Mr. George Thia will retire pursuant to Regulation 105 of the Constitution of the Company and stand for re-election at the Annual General Meeting to be held on 28 January 2022 ("**2021 AGM**"). The NGC has considered their contributions and performances and recommended to the Board to nominate their re-election at the 2021 AGM. Additional information on Dato Timothy Ong and Mr. George Thia may be found on Pages 245 to 249 of this Annual Report.

(4) Mr. Cezar Consing will retire pursuant to Regulation 115 of the Constitution and stand for re-election at the 2021 AGM. The NGC has considered their contributions and performances and recommended to the Board to nominate their re-election at the 2021 AGM. Additional information on Mr. Cezar Consing may be found on Pages 245 to 249 of this Annual Report.

(5) Mr. Paolo Borromeo will continue to serve on the Board as the Alternate Director to Mr. Cezar Consing subject to shareholders' approval on the re-election of Mr. Cezar Consing as a Director at the 2021 AGM.

# CORPORATE GOVERNANCE REPORT

*Board Independence (Provisions 2.1, 2.2 and 2.3)*




There is a strong independence element on the Board. The 2018 Code provides that the independent directors should make up a majority of the Board where the chairman and the CEO are immediate family members. As the Executive Chairman, Mr. Serge Pun, is the father of the CEO, Mr. Melvyn Pun, the Company appointed Mr. Adrian Chan as the Lead Independent Director, Mr. George Thia, Ms. Wong Su Yen, Dato Timothy Ong and Prof. Annie Koh as the Non-Executive Independent Directors, and they together comprised more than half of the Board. As at the date of this Annual Report, Mr. Adrian Chan ceased to be a Non-Executive Independent Director on 31 December 2021. Ms. Wong Su Yen has served as the Lead Independent Director with effect from 1 January 2022. Please refer to the Company's announcement dated 19 December 2021 on the re-designation of Non-Executive Non-Independent Director and the recomposition of the Board and Board committees.

The independence of each Director is reviewed annually by the NGC based on the definition of "independence" as set out in the 2018 Code. Pursuant to Provision 2.1 of the 2018 Code, an "independent" director is one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment in the best interests of the Company. The NGC requires each Non-Executive Independent Director to confirm his or her relationships with the Company, its related corporations, its substantial shareholders or its officers in writing every year and reviews these confirmations of independence with the Director concerned abstaining and not taking part in any such deliberations. As part of its consideration of the independence of the Non-Executive Independent Directors, the NGC takes into account other directorships, annual confirmations of independence, disclosures of interest in transactions, abilities to avoid any apparent conflicts of interests, especially by abstaining from deliberation and decision-making on interested transactions, and abilities to maintain objectivity in conduct as Directors of the Company. 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 NGC is of the view that the Non-Executive Independent Directors had avoided apparent conflicts of interests especially by abstaining from deliberation on transactions in which they had a direct/indirect interest and were able to maintain objectivity in their conduct as Directors of the Company. During FY2021, no conflicts of interests from the Non-Executive Independent Directors have arisen.

In addition to the requirements under Rule 210(5)(d)(iii) of the Listing Manual which will come into effect on 1 January 2022 and in line with the practices of the Company established for compliance with the 2012 Code of Corporate Governance (the "**2012 Code**") 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 Director**") is subject to particularly rigorous review, the NGC has developed a detailed and rigorous process and procedure to assess the independence of the Long Tenured Independent Director.

This process involved taking into account, among other things, whether the Long Tenured Independent Director's long-term relationship with Management could materially interfere, or be reasonably perceived to interfere, with the exercise of their unfettered and independent business judgment in 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, and required the Long Tenured Independent Director to undertake a detailed self-assessment in which he/she had to provide written justification and examples of past conduct to justify why he/she 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 Director 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 he/she had an interest.

All members of the Board were also given the opportunity to highlight if there had been any circumstances that could have materially interfered with the Long Tenured Independent Director's exercise of unfettered and

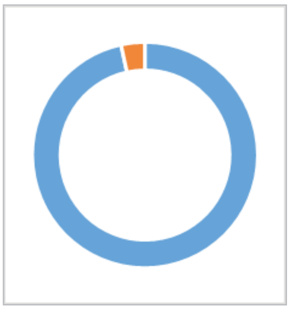
# CORPORATE GOVERNANCE REPORT

independent business judgment which appeared relevant to the assessment of his independence and should be brought to the Board's attention.

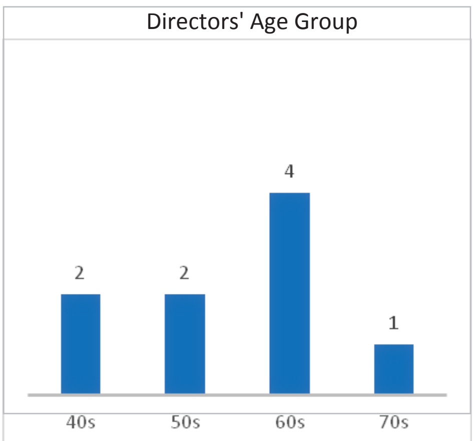
The NGC noted that Mr. Adrian Chan, who is a Non-Executive Independent Director, has served on the Board for more than nine (9) years since his appointment as a Director on 17 August 2006 and is thus, deemed to be a Long Tenured Independent Director.

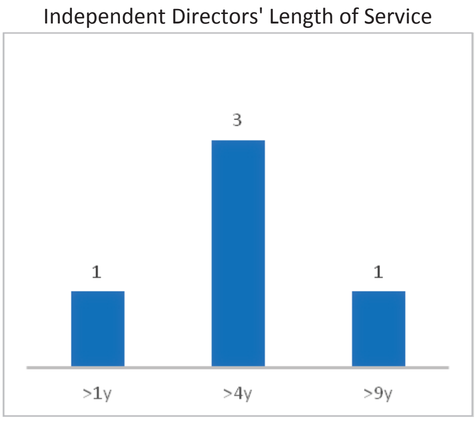
After rigorous review and assessment, the NGC and the Board was of the view that Mr. Adrian Chan had maintained his independence throughout his services on the Board, having observed instances of Mr. Adrian Chan's contribution and objectivity.. The Company has also benefited from his years of experience in his field of expertise. Mr. Adrian Chan did not take part in the review of his own independence. As recommended by the NGC and approved by the Board, with Mr. Adrian Chan abstaining from voting at the Board, Mr. Adrian Chan stayed on as a Non-Executive Independent Director until 31 December 2021. The Board extends its appreciation to Mr. Adrian Chan for his dedicated service and contribution to the Board.

*Board Composition, Size and Diversity (Provision 2.4)*



Female Directors – 22%
Male Directors – 78%




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 Group's operations, the requirements of the Company and the need to avoid undue disruptions from changes to the composition of the Board and/or 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, age, knowledge of the Group and 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, thereby avoiding groupthink and fostering constructive debate.

The five (5) Non-Executive Independent Directors had objectively raised issues and sought clarification as and when necessary from the Board, Management and the Group's external advisers on matters relating to their areas of responsibility as at the date of this Annual Report.

# CORPORATE GOVERNANCE REPORT

*Board Diversity Statement (Provision 2.4)*

**Board Diversity Pledge**

The Board welcomes the push for greater diversity in the boardroom which can provide a more diverse approach to 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, which effectively spurs innovative thinking and cultivates sustainable competitive advantages for the Company's long-term growth and success.

The Board has adopted a formal Board Diversity Policy which sets out the framework for promoting diversity on the Board. The objective of the Board Diversity Policy provides, *inter alia*, that when reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NGC will consider all aspects of diversity in order to arrive at an optimal balanced composition of the Board. The final decision on the selection of Directors will be based on merit against objective criteria that complements and expands the skills and experience of the Board as a whole, and giving due regard to the overall balance and effectiveness of a diverse Board.

The Board recognises that a diverse Board is an important element which will better support the Company's strategic objective for sustainable development by enhancing the decision-making process of the Board. The NGC is responsible for ensuring that the Board Diversity Policy is implemented in an effective and practical manner and reports to the Board periodically on the progress made in achieving the objectives set for promoting diversity. The Board is of the view that gender is an important aspect of diversity and will strive to ensure that (a) if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to also present female candidates; (b) when seeking to identify a new Director for appointment to the Board, the NGC will request for female candidates to be fielded for consideration; (c) at least one female Director be appointed to the Board; and (d) there is significant and appropriate female representation on the Board. The final decision on the selection of Directors will be based on merit against an objective criterion that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board.

In FY2021, the Board has two (2) female members (22% female representation). Directors have ages ranging from the mid-40s to more than 70 years old and have served the Board for different tenures.

The NGC reviews the Board Diversity Policy from time to time, as appropriate, for an assessment of its effectiveness and will recommend changes, as appropriate, to the Board.

## Principle 3 – Chairman and Chief Executive Officer

There is a clear division of the roles and responsibilities between the Executive Chairman and the Chief Executive Officer (the "**CEO**") of the Company established in writing, such that no one individual has unfettered powers of decision-making. The Executive Chairman and the CEO are separate persons to ensure an appropriate balance of power and increased accountability and enhances the Board's capacity for independent decision-making.

The, CEO, Mr. Melvyn Pun, is the son of the Executive Chairman, Mr. Serge Pun.

*Role of Chairman (Provisions 3.1 and 3.2)*

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 promoting high standards of corporate governance. The Company further benefits from the strength he brings to such a role by virtue of his stature and experience.

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 Management. In order 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 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 (Provisions 3.1 and 3.2)*

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 discussion, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions.

*Role of the Lead Independent Director (Provision 3.3)*

As the Executive Chairman and CEO are immediate family members and the Executive Chairman is part of the Management team, the Board appointed a Lead Independent Director to provide leadership and to 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, as well as to provide a channel to Non-Executive Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary. The Lead Independent Director assists the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company.

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 when they have concerns and for which contact through the normal channels of the Chairman, the CEO, the Chief Financial Officer ("**CFO**") or other members of Management are inadequate or inappropriate.

Mr. Adrian Chan served as the Lead Independent Director for FY2021. He also served as Chairman of the NGC, helping the NGC conduct the annual performance evaluations and developing succession plans for the Executive Chairman and the CEO. He ceased to be a Non-Executive Independent Director as well as the Lead Independent Director on 31 December 2021 to facilitate board renewal.

Mr. Adrian Chan is the Head of the Corporate Department and a Senior Partner at Lee & Lee Advocates and Solicitors, Singapore. He is the Vice-Chairman of the Singapore Institute of Directors and formerly sits on the board of the Accounting and Corporate Authority of Singapore (ACRA). He serves on the Executive Council of the Association of Small and Medium Enterprises as its Honorary Secretary and the Council of the Law Society of Singapore. He is a member of the Legal Service Commission and Singapore Management University's Enterprise Board. Mr. Chan holds a Bachelor of Laws degree from the National University of Singapore and is a member of the Singapore Academy of Law. He has more than 31 years of experience in the law profession and has been a director of various SGX-listed companies since 2002. His contact details may be found at http://www.leenlee.com.sg.

The current Lead Independent Director is Ms. Wong Su Yen. Ms. Wong is the Chairman of the Singapore Institute of Directors. Her email address is wongsuyen.yoma@gmail.com.

## Principle 4 – Board Membership

*NGC Composition and Role (Provision 4.2)*

| Nominating and Governance Committee ("NGC") | | |
|---|---|---|
| The NGC has been established to make recommendations to the Board on all board appointments. | | |
| Mr. Adrian Chan<br>Lead Independent Director | Ms. Wong Su Yen<br>Non-Executive Independent Director | Mr. Melvyn Pun<br>CEO and Exeutive Director |

In FY2021, the NGC comprised three (3) directors. The majority of the members of the NGC, including the Chairman, were Non-Executive Independent Directors. The Lead Independent Director was the Chairman of the NGC.

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 (Provision 4.1)*

(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.

# CORPORATE GOVERNANCE REPORT

(b) Reviews the Board succession plans for Directors and key management personnel, in particular, for the Executive Chairman and the CEO.

(c) Determines annually whether a Director is independent, bearing in mind the circumstances set forth in the Listing Manual, the 2018 Code and any other salient factors.

(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 makes its recommendation to the Board.

(f) Decides whether a Director is able to and has adequately carried out his/her 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 proposes objective performance criteria for the Board's approval.

(j) Reviews the training and professional development programs for the Board.

(k) Considers the various disclosure requirements for the appointment of Directors, particularly those required by regulatory bodies such as the SGX-ST.

(l) Undertakes such other duties as may be agreed between itself and the Board.

*Re-nomination of Directors and Review of Independence (Provisions 4.3 and 4.4)*

The NGC reviews annually the nomination of the relevant Directors for re-election and re-appointment as well as the independence of Non-Executive Independent Directors. 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, and also reviews their independence having regard to the applicable provisions in the Listing Manual and Provision 2.1 of the 2018 Code, the respective Directors' self-declaration in the Directors' Independence Checklist and their actual performance on the Board and/or Board Committees. 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.

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 2021 AGM, Dato Timothy Ong and Mr. George Thia will retire and seek re-election pursuant to Regulation 105 of the Constitution of the Company. Mr. Cezar Consing will retire and seek re-election pursuant to Regulation 115 of the Constitution of the Company. Mr. Paolo Borromeo will continue serve the Board as the Alternate Director to Mr. Cezar Consing subject to shareholders' approval on the re-election of Mr. Cezar Consing as a Director at the 2021 AGM.

*Alternate Director*

Mr. Paolo Borromeo was re-designated as the Alternate Director to Mr. Cezar Consing in FY2021 to ensure that sufficient time and attention are given to the affairs of the Company and so that he is able to discharge his duty as director effectively. As an Alternate Director, Mr. Paolo Borromeo bears all the duties and responsibilities of a director. All rules and procedures that apply to Directors similarly apply to Mr. Paolo Borromeo as an Alternate Director. Mr. Paolo Borromeo is fully apprised of all Board matters, receives notices to attend Board meetings and Board papers, as well as Board resolutions by circulation. In the absence of the principal Director, Mr. Cezar Consing, the Alternate Director, Mr. Paolo Borromeo, is competent to contribute to the Board on behalf of the principal Director and to discharge the duties as Director, including but not limited to attending Board meetings on behalf of Mr. Cezar Consing.

*Criteria and Process for Selection and Appointment of New Directors (Provision 4.3)*

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 also considers the need to position and shape the Board in line with the evolving needs of the Company and the Group's businesses. The NGC undertakes the process of identifying the quality of directors aligned with the Company's strategic direction. The NGC, in consultation with Management, assesses if there is 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 are 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/her 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*

The Board believes in carrying out succession planning for itself, the Executive Chairman, the CEO and other key management personnel to ensure continuity of leadership.

There is a progressive renewal of the Board over time so that the experience of longer serving directors can be drawn upon while tapping into the perspectives and insights of new appointees. In line with the ongoing Board renewal process, during FY2021, Prof. Annie Koh was appointed as a Non-Executive Independent Director in November 2020 and Mr. Cezar Consing was appointed as a Non-Executive Non-Independent Director on 2 August 2021. The Board approved their appointments as directors, having considered that their extensive experiences will strengthen the core competencies of the Board.

Furthermore, Mr. Adrian Chan, who was a Long Tenured Independent Director, stepped down on 31 December 2021 to facilitate Board renewal. At the same time, Mr. Cyrus Pun was re-designated as an Alternate Director to the Executive Chairman. Following the changes, the Board has maintained majority independence as at the date of this Annual Report.

The CEO leads the evaluation of performance of the Group's key management personnel and ensures that robust succession plans are in place for the senior management team.

*Board Development (Provision 4.5)*

The NGC ensures that new Directors are aware of their duties and obligations. Please refer to the section on Provision 1.2 for further details.

*Key Information on Directors (Provision 4.5)*

Please refer to the section on Board of Directors in this Annual Report for key information on the Directors, including their date of first appointment and latest re-appointment to the Board, their academic/professional qualification, major appointments/principal commitments, directorships held in listed companies both currently and in the preceding three (3) years, and other relevant information.

**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 businesses so as to enable them to make sound decisions. The Board also endeavours to hold an annual Board retreat at an off-site location with Management to discuss broader issues of strategy and business direction for the Group.

*Board Evaluation Process (Provisions 5.1 and 5.2)*

The Board acknowledges the importance of a formal assessment of the Board's performance. The NGC has recommended, and the Board has approved, objective performance criteria and the process to be used under a formal system of evaluating the effectiveness of the Board as a whole and of its Board Committees separately, as well as to assess the contributions by the Executive Chairman and each individual Director to the Board. The performance evaluation criteria are reviewed by the NGC periodically and approved by the Board. The performance criteria are not changed from year to year unless the NGC is of the view that it is necessary to change the performance criteria, for example, in order to align the criteria with any changes in the Code of Corporate Governance.

Board and Board Committees

In order to assess the overall effectiveness of the Board, each Director is requested to complete a Board Performance Evaluation Form. The Board Performance Evaluation Form is accompanied with explanatory notes to clarify the objective and the background of the form, and to explain the scoring system of the various performance criteria. The evaluation criteria for the Board take into account factors and criteria such as the Board's structure, size, composition, conduct of meetings, provision of information, procedures, relationship with Management, succession planning and standard of conduct.

In order to assess the effectiveness of the Board Committees, each member of a Board Committee is requested to complete a Board Committee Performance Evaluation Form in respect of his or her respective Board Committee. Each Board Committee Performance Evaluation Form is accompanied with explanatory notes to clarify the objective and the background of the form, and to explain the scoring system of the various performance criteria. The evaluation criteria for each Board Committee take into account factors and criteria such as the composition of the Board Committee, the provision of information, committee procedures as well as criteria which are specific to each Board Committee.

Completed forms are returned for collation and compilation on a non-attribution basis, so that open and frank feedback and comments can be encouraged. The compiled reports are then sent to the NGC for its deliberation and discussion. No external facilitator had been engaged for FY2021. Thereafter, the NGC makes its recommendations to and shares its conclusions with the Board.

Individual Directors

The Board has also approved a process of assessment of the contribution made by each individual Director towards the effectiveness of the Board and/or the Board Committees.

The evaluation process for each individual Director's performance comprises two parts: (a) review of background information concerning the Director, including his or her attendance records at Board and/or Board Committees; and (b) an individual performance evaluation form. Each Director is requested to complete performance evaluation forms in respect of the other individual Directors. The evaluation criteria take into account factors including, *inter alia*, the Director's attendance, commitment of time, contributions at Board and/or Board Committee meetings, interactive and interpersonal skills, insight, foresight, analytical skills and preparedness for meetings. The results of the individual evaluation of the Directors are used by the NGC, in its consultation with the Executive Chairman to review, where appropriate, the composition of the Board and/or the Board Committees. The Executive Chairman will act on the results of the performance evaluation, and, in consultation with the NGC, propose, where appropriate, changes to the Board and/or the Board Committees.

## REMUNERATION MATTERS

**Principle 6 – Procedures for Developing Remuneration Policies**

**Principle 7 – Level and Mix of Remuneration**

**Principle 8 – Disclosure on Remuneration**

*Composition and Role of RC (Provisions 6.1 and 6.2)*

**Remuneration Committee ("RC")**

The principal 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<br>Chairman and Non-Executive Independent Director | Mr. George Thia<br>Non-Executive Independent Director | Mr. Adrian Chan Lead Independent Director |

In FY2021, the RC comprised three (3) Directors. All members of the RC, including the Chairman, were Non-Executive Independent Directors. The RC had two (2) meetings during FY2021.

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 (Provisions 6.1 and 6.3)*

(a) Develops and maintains the formal and transparent policy for the determination of the Directors' remuneration, including but not limited to the Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, 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 personnels' contracts of service would entail in the event of early termination, if any, and ensures 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 evaluates the costs and benefits of long-term incentive schemes.

(g) Makes recommendations in consultation with the CEO and submits 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 Directors' remuneration, particularly those required by regulatory bodies such as the 2018 Code and the SGX-ST, and any other regulations to ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and the relevant interested parties.

(j) Undertakes such other duties as may be agreed between itself and the Board.

*RC's Evaluation Criteria and Recommendations on Directors' Remuneration (Provisions 6.3 and 7.3)*

Based on the remuneration framework, the remuneration packages for 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 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 incentives. In its deliberations, the RC also took into consideration industry practices and norms in compensation. Remuneration is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term, The RC reviewed the Cost Control Measures in relation to the remuneration of key management personnel during FY2021 and recommended 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 FY2021, in view of the Major Events and the Cost Control Measures undertaken by the Group, no remuneration consultants engaged by the Company. The RC was satisfied that the level and structure of remuneration align with the long-term interests and risk management policies of the Company.

*Remuneration of Directors and Key Management Personnel (Provision 7.1 and Provision 8.3)*

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 personnel's remuneration is structured so as to link rewards to corporate and individual performance.

Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company. Such performance-related remuneration takes into account the risk policies of the Company, 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 the growth of the Company. The RC has the discretion not to award incentives or to reclaim incentive components of remuneration in any year

# CORPORATE GOVERNANCE REPORT

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 Directors and employees of the Group. The YSH ESOS 2012 is administered by the RC. In FY2021, 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, 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. Details of the YSH PSP are set out in the section on Directors' Statement 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 CEO, Mr. Melvyn Pun, which can be terminated by not less than six (6) months' notice in writing by either party.

The Executive Directors and key management personnel are remunerated on an earned basis and there are no termination, retirement and post-employment benefits to be granted.

### *Disclosure on Executive Directors' and CEO's Remuneration (Provision 8.1(a))*

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

The level and mix of each of the Executive Directors' and CEO's remuneration for FY2021 are set out below:

| Remuneration Band & Name of Director | Base / Fixed Salary (%) | Benefits-in-kind, Allowances and Other Incentives (%) | Total (%) |
|---|---|---|---|
| **Executive Directors** | | | |
| **Mr. Serge Pun**<br>S$322,800 | 70 | 30 | 100 |
| **Mr. Melvyn Pun**<br>S$259,733 | 78 | 22 | 100 |

### *Remuneration of Non-Executive Directors (Provision 7.2)*

The remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities. Non-Executive Directors are paid directors' fees which are subject to shareholders' approval at a general meeting. The RC believes that the current fees are appropriate and comparable to the market. The payment of directors' fees for FY2021 had been approved by the shareholders at the last AGM on 29 January 2021.

*Disclosure on Non-Executive Directors' Remuneration (Provision 8.1(a))*

The fee structure of the Non-Executive Directors for FY2021 is as follows:

| | S$ Per annum |
|---|---|
| **Basic Retainer Fee** | |
| 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 |

Information on the remuneration of the Non-Executive Directors for FY2021 is set out below:

| **Non-Executive Directors** | S$ (FY2021) |
|---|---|
| Mr. Cyrus Pun | 30,000 |
| Mr. Fernando Ayala [(1)] | 26,000 |
| Mr. Adrian Chan | 51,250 |
| Ms. Wong Su Yen | 47,500 |
| Dato Timothy Ong | 42,500 |
| Mr. George Thia | 50,000 |
| Prof. Annie Koh [(2)] | 27,000 |
| Mr. Cezar Peralta Consing[(3)] | 4,000 |
| Mr. Paolo Borromeo [(4)] | – |

**Notes:**

(1) Mr. Fernando Ayala ceased to be a Non-Executive Non-Independent Director on 2 August 2021. The directors' fee in the table reflects fees in respect of the period from 1 October 2020 to 2 August 2021.

(2) Prof. Annie Koh was appointed as a Non-Executive Independent Director on 3 November 2020. The directors' fee in the table reflects fees in respect of the period from 3 November 2020 to 30 September 2021.

(3) Mr. Cezar Consing was appointed as a Non-Executive Non-Independent Director on 2 August 2021. The directors' fee in the table reflects fees in respect of the period from 2 August 2021 to 30 September 2021.

(4) Mr. Paolo Maximo is an Alternate Director. He is not paid any director's fee.

# CORPORATE GOVERNANCE REPORT

As announced on 30 November 2020 and 14 May 2021, in view of the Major Events, the Board has taken voluntary reductions in directors' fees of twenty-five (25) per cent for the first six (6) months and fifty (50) per cent for the subsequent six (6) months in FY2021. The directors' fees disclosed above reflect these reductions.

*Disclosure on Key Executives' Remuneration (Provisions 8.1(b) and 8.3)*

Taking into consideration the highly competitive business environment, the nature of the industry and the confidentiality of the Group's remuneration policies, the Board is of the view that providing full disclosure of the remuneration of each key management personnel is not in the best interest of the Group and may adversely affect talent attraction and retention.

As announced on 30 November 2020 and 14 May 2021, in view of the Major Events and as a sign of solidarity, the Group's Executive Chairman, the CEO and the CFO had taken voluntary reductions in their salaries of twenty-five (25) per cent for the first six (6) months and one hundred per cent (100%) for the subsequent six (6) months in FY2021. Other senior management had similarly taken voluntary reductions in their salaries of twenty-five (25) per cent for the first six (6) months and fifty (50) per cent for the subsequent six (6) months in FY2021. The remuneration disclosed below reflects these reductions.

With the resumption of the Group's business activities, the Group's CEO and CFO salaries, which had been voluntarily waived over the previous six (6) months, have been partially reinstated from October 2021. The Group's Executive Chairman continues to waive his salary.

The level and mix of the remuneration of each of the key management personnel and senior management, in bands of S$200,000, for FY2021, are set out below:

| Remuneration Band & Name of Key Management Personnel and Senior Management[1] (in alphabetical order) | Base / Fixed Salary (%) | Variable Component or Bonuses (%) | Benefits-in-kind, Allowances and Other Incentives (%) | Total (%) |
|---|---|---|---|---|
| **S$600,000 – S$800,000** | | | | |
| Mr. Brad Jones | 65 | 22 | 13 | 100 |
| | | | | |
| **S$200,000 – S$400,000** | | | | |
| Mr. Ben Koo | 79 | – | 21 | 100 |
| Mr. Gerhad Hartzenberg | 75 | – | 25 | 100 |
| Mr. JR Ching | 73 | – | 27 | 100 |
| Ms. Loo Hwee Fang | 94 | – | 6 | 100 |
| Mr. Michael Rudenmark | 100 | – | – | 100 |
| | | | | |
| **Below S$200,000** | | | | |
| Ms. Jane Chia | 74 | – | 26 | 100 |
| Ms. Joycelyn Siow | 91 | – | 9 | 100 |
| Mr. Kyaw Kyaw Niang | 100 | – | – | 100 |
| Mr. Michael Toh | 94 | – | 6 | 100 |
| Mr. Timothy Nash | 91 | – | 19 | 100 |
| Ms. Thinn Thandar Shwe | 85 | – | 15 | 100 |
| Mr. Yue Wai Khin | 88 | – | 12 | 100 |

(1) The above table set out the key management personnel and senior management who have been in employment with the Group for the entire period of FY2021.

# CORPORATE GOVERNANCE REPORT

The aggregate amount of the total remuneration paid to the above key management personnel and senior management for FY2021 is S$3.00 million. During FY2021, no termination, retirement and post-employment benefits have been granted to the Directors, the CEO or the key management personnel. The Group believes that the measures that it has implemented in FY2021 are expected to result in much improved profitability in the coming year and as such, 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 30 September 2022. These share awards will be granted pursuant to the remuneration framework adopted by the Company.

Apart from Mr. Serge Pun (who is the father of Mr. Melvyn Pun and Mr. Cyrus Pun) and Mr. Melvyn Pun (who is the son of Mr. Serge Pun and the brother of Mr. Cyrus Pun), there were no employees who are immediate family members of a Director or the CEO and whose remuneration exceeds S$100,000 during FY2021. The remuneration of Mr. Serge Pun and Mr. Melvyn Pun are disclosed above. Under the Listing Manual, the term "immediate family members" means the spouse, child, adopted child, step-child, brother, sister and parent.

## ACCOUNTABILITY AND AUDIT

**Principle 9 – Risk Management and Internal Controls**

**Principle 10 – Audit Committee**

*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 through 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 Group's performance, position and prospects.

Aside from adopting corporate governance practices in line with the spirit of the 2018 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 half-yearly financial statements reviewed by the ARMC to provide shareholders with comprehensive information and a balanced view on the Group's performance, position and prospects.

*Risk Management and Internal Controls (Provision 9.1)*

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and furthering value creation. The Board has set up the ARMC to specifically address this.

The Board is responsible for the governance of risk and oversees Management in implementing a sound system of risk management and internal controls, including financial, operational, compliance and information technology controls and risk management policies and systems to safeguard the interests of the Company and its shareholders 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, systems and risk management policies established by Management. In addition to an internal audit and risk management function, the Independent Auditor also reviews the internal controls of the Group and reports these findings to the ARMC during its meetings. The ARMC reviews the adequacy of the actions taken by Management to address the recommendation of the Independent Auditor and the internal audit function, comments on the effectiveness and adequacy of internal controls and submits its findings to the Board to reassure the Board that sufficient checks have been put in place and to enable the Board to comment on the adequacy and effectiveness of the internal controls.

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 for 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, and cash management, capital expenditure and capital disposal.

*Internal Audit Function (Provision 10.4)*

The Group's internal audit function has been partly outsourced to Mazars LLP, an independent accounting and auditing firm and partly undertaken by the Group's Risk Management and Assurance ("**RMA**") team (collectively the "**Internal Auditors**") as a consequence of the Major Events. The Internal Auditors report 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 internal audit plan complements that of the Independent Auditor and together forms a robust risk-based audit approach to facilitate the ARMC's review of the adequacy and effectiveness of the Group's risk management and internal control systems. Furthermore, the ARMC decides on the appointment, termination and remuneration of the internal auditor.

The ARMC is satisfied that the Internal Auditors are able to discharge their duties effectively given that:

- Mazars LLP is adequately qualified given that it is a member of the Institute of Internal Auditors and it adheres to the Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors;

- the RMA is led by Mr. Michael Toh who has broad range of financial experience including internal audit and the RMA is adequately resourced to undertake internal audit work; and

- Mr. Michael Toh has the appropriate standing in the Company, given, *inter alia*, its involvement in certain ARMC meetings and its unfettered access to all of the Group's documents, records, properties and personnel, including direct access to the ARMC.

The Company has in place an Enterprises Risk Management Framework which is subject to review periodically. The implementation and maintenance of the Company's risk management framework is undertaken by the Group's RMA team. The RMA team assists 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. The Company had appointed Mr. Michael Toh as the Head of RMA and the RMA team will continue to review and monitor the Group's internal control systems and risk management processes and report to the ARMC as well as work together with Mazars LLP. The ARMC approves the hiring, removal and evaluation of the Head of Risk Management and Assurance.

Please refer to the information on the Enterprise Risk Management Framework implemented by the Group on Page 30 of this Annual Report for a description of the processes and framework used to assess the internal control and risk management systems.

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

During FY2021, the Board and the ARMC reviewed the internal control and risk management systems and after taking into consideration and adopting the recommendations of the Group's RMA team, the work done by both the Internal Auditors, and the Independent Auditor, written assurances from Management, the Board is of the opinion, with the concurrence of the ARMC, that the internal control and risk management systems, addressing the financial, operational, compliance and information technology risks faced by the Group, are adequate and effective in safeguarding the interests of the Company and its shareholders. The ARMC had also met the Head of RMA without the presence of Management during FY2021.

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 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 framework 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. Please refer to the information on the Enterprise Risk Management Framework implemented by the Group on Page 30 of this Annual Report for a description of the categories of risk identified by the Company. 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 discussions with the relevant staff to obtain an understanding of the control environment and procedures.

(b) Documenting key control processes and undertaking walkthroughs to assess their effectiveness.

(c) Data-mining and testing of key controls to determine compliance with policies and procedures.

(d) Documenting observations, identifying opportunities for improvement and recommending action plans to Management to address the issues identified.

(e) Discussing findings with Management, and obtaining feedback.

Each finding is 'risk rated' as per the tolerance levels approved by the Board. Action plan implementation due dates are agreed with Management, and follow up reviews are conducted to validate the existence and effectiveness of the action plans implemented.

## MATERIAL CONTRACTS

No material contracts were entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholder during FY2021.

*Assurance from the Key Management Personnel (Provision 9.2)*

The Board has received written assurances from:-

(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations 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; and

(b) the CEO and key management personnel that the Group's risk management and internal control systems in place were adequate and effective to address the principal risks (including financial, operational, compliance and information technology risks) facing the Group.

The above written assurances are supported by similar written assurances provided by the heads of the Group's core business segments and key operating subsidiaries.

*Composition of ARMC (Provision 10.2)*

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

The principal 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<br>Chairman and Non-Executive Independent Director | Ms. Wong Su Yen<br>Non-Executive Independent Director | Dato Timothy Ong<br>Non-Executive Independent Director |

In FY2021, the ARMC comprised three (3) directors. All members of the ARMC, including the Chairman, were Non-Executive Independent Directors.

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 30 September 2021, as set out in Pages 81 to 87 of this Annual Report.

## KEY AUDIT MATTERS

| | |
|---|---|
| Recognition of revenue from contracts with customers - Sale of development properties | The ARMC reviewed the Management's assessment of the recognition of revenue from sale of development properties with regards to the requirement of SFRS(I) 15 *Revenue from Contracts with Customers*, particularly for the identification of the performance obligations and the timing for recognising revenue. The ARMC also reviewed the Management's basis of assessment that the Group has an enforceable right to payment for performance to date for recognition of revenue from development properties over time (i.e. percentage of completion) based on the input method by reference to the construction costs incurred to-date over 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. The ARMC also discussed with Management to obtain understanding on the status and impact of the COVID-19 pandemic and the uncertain economic and business environment in Myanmar on the development properties to collaborate the changes in the key assumptions used in forming any revised completion timeline and estimated total construction costs. |
| Valuation of investment properties | 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 valuations, including the valuers' assessment of the appropriateness of valuation methodologies, the underlying key assumptions applied in the valuation of investment properties and impact of the COVID-19 pandemic and the uncertain economic and business environment in Myanmar, 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.<br><br>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. |

# CORPORATE GOVERNANCE REPORT

| | |
|---|---|
| Impairment of non-financial assets | The ARMC reviewed and agreed with Management's impairment process for the Group's non-financial assets including their considerations of the potential impact COVID-19 pandemic and the uncertain economic and business environment in Myanmar has on the Group's operations, industry outlook and other external factors.<br><br>The ARMC considered the approach and methodology applied to the impairment of non-financial assets, focusing on goodwill and intangible assets with indefinite useful lives and those with indicators of impairment and the key assumptions used in determination of the value-in-use ("VIU") calculations.<br><br>The ARMC reviewed the outcomes of the impairment processes of the above non-financial assets and discussed the details of the review with Management, focusing on the significant judgments in deriving the future cash flow projections of the business and the appropriate terminal growth rates and discount rates applied to the future cash flow projections.<br><br>The ARMC also discussed the above with the Independent Auditor on the work performed over the appropriateness of the key estimates, namely the revenue growth rates under various recovery scenarios including the impact of COVID-19 pandemic and the uncertain economic and business environment in Myanmar, budgeted gross margin, budgeted operating costs, discount rates and long-term growth rates.<br><br>The ARMC is satisfied with the impairment review process, the approach and methodology used, and the amount of impairment losses applied to certain non-financial assets and the resultant carrying values of the non-financial assets as at 30 September 2021. |
| Valuation of land development rights and development properties | The ARMC reviewed on a half-yearly basis (a) the actual transacted selling prices of the Group's land development rights and development properties as well as comparable land development rights and development properties sold by other developers; and (b) the estimated total costs to completion to ensure that the selling prices of the Group's land developments rights and development properties are above their carrying amounts plus estimated costs to complete the development properties.<br><br>The ARMC evaluated the appropriateness of the key judgements and estimates applied by Management in assessing the net realisable value, taking into consideration the potential impact of the COVID-19 pandemic and the uncertain economic and business environment in Myanmar through discussion with Management regarding the upcoming marketing and sales programs, observation of the subsequent sales and assessment of the budgeted total costs to complete the development properties presented by the Independent Auditor.<br><br>Overall, the ARMC is satisfied that Management did monitor closely the net realisable value of land development rights and development properties and concurred with Management's conclusion that no write-down is required for the Group's land development rights and development properties as at 30 September 2021. |

*Powers and Duties of the ARMC (Provision 10.1)*

The ARMC is authorised by the Board to investigate any matter 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, any officer or employee of the Company, the Independent Auditor or the 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 it deems appropriate within its terms of reference at the Company's expense.

# CORPORATE GOVERNANCE REPORT

*Role (Provision 10.1)*

(a) Reviews with Management and, where appropriate, the Independent Auditor on the half-yearly and full-year financial statements to be issued by the Group before their submission to the Board.

(b) 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.

(c) Assesses the role and effectiveness of the internal audit function in the overall context of the Group's internal control and risk management systems.

(d) Reviews and approves the annual audit plans of the internal auditor and the Independent Auditor.

(e) 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.

(f) Reviews half-yearly and/or annually, as applicable, with Management, the internal auditor and the Independent Auditor, the results of their review on the Group's internal controls, including financial, operational, compliance and information technology controls, systems and risk management policies and reports to the Board annually on the adequacy and effectiveness of such controls, systems and risk management policies.

(g) Makes recommendations to the Board on the nomination for the appointment, re-appointment and removal of the Independent Auditor, and approves the remuneration and terms of engagement of the Independent Auditor.

(h) Reviews interested person transactions falling within the scope of Chapter 9 of the Listing Manual.

(i) 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 and corporate expertise and experience to discharge their responsibilities as set out in its terms of reference. The Chairman of the ARMC, Mr. George Thia, is a member of the Institute of Singapore Chartered Accountants and the Chartered Association of Certified Accountants (U.K.), and is well qualified to chair the ARMC. One other member of the ARMC, Dato Timothy Ong, possesses related financial management expertise and experience.

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

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, officer or employee to any of its meetings. The ARMC is in possession of reasonable resources to enable it to discharge its functions properly.

*ARMC meeting with Independent Auditors and Internal Auditors (Provision 10.5)*

During FY2021, the ARMC met with Management and the Independent Auditor on five (5) 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 ARMC is satisfied that the independence of the Independent Auditor is not compromised by any other material relationship with the Company.

The Independent Auditor also met with the ARMC members without the presence of Management during FY2021.

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 their 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 section on the Independent Auditor's Report of this Annual Report.

During FY2021, the fees paid or payable by the Group to the Independent Auditor for their audit services amounted to S$477,000. The Independent Auditor did not provide any non-audit services during FY2021. As mentioned above, the ARMC is satisfied that the independence of the Independent Auditor is not compromised by any other material relationship with the Company.

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

The ARMC is primarily responsible for proposing the appointment and removal of the Independent 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 the supervisory and professional staff assigned to the particular audit, and having taken into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority, the ARMC has recommended that the Board re-appoint Nexia TS Public Accounting Corporation as the Independent Auditor at the forthcoming 2021 AGM.

*Release of Annual Reports*

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

*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 raising or reporting 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 or member of senior management (i.e. having the designation of Head/Chief/Managing Director of a division and above), shall be received by the most senior member of the risk management and assurance team who will conduct a review of the report received and recommend the remedial, disciplinary or other action to be taken by the Company. All investigations are reported to the ARMC for their attention and further action as necessary.

In the event that the whistle-blowing report involves any Director or member of senior management or the Head of Risk Management and Assurance or the equivalent, such report 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.

Under these procedures, arrangements are in place for independent Investigation of such matters raised and for appropriate follow-up action to be taken. On an ongoing basis, the Whistle-Blower Policy is covered during employee training and periodic communications to employees as part of the Group's efforts to promote awareness of fraud controls.

## COMMUNICATION WITH SHAREHOLDERS

**Principle 11 – Shareholder Rights and Conduct of General Meetings**

**Principle 12 – Engagement with Shareholders**

**Principle 13 – Engagement with Stakeholders**

The Company treats all shareholders fairly and equitably in order to enable them to exercise their shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company is committed to delivering high standards of corporate disclosure and transparency through an open and non-discriminatory

# CORPORATE GOVERNANCE REPORT

approach towards its communications with shareholders, the investment community and the media. Shareholders are given the right to participate in certain decisions, including amendments to the Company's Constitution, the authorisation of additional shares and the transfer of all or substantially all of the 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 Directors.

The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects. The Company has in place a communications framework that disseminates timely and complete financial data, price- sensitive information and material developments to shareholders. 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" link and the investor relations contacts are provided on the Company's website. The Company also issues press releases after the occurrence of significant developments and regularly conducts briefings with the analyst and investment community. Presentation materials for such briefings are made available on SGXNet and on the Company's website. The Company makes timely disclosure of any new material information to the SGX-ST. These filings are also posted on the Company's website which allow investors to keep abreast of strategic and operational developments.

As announced on 14 February 2020, the Company has ceased quarterly reporting of its financial statements, and instead, the Company will announce its financial statements on a half-yearly basis (within the prescribed forty-five (45) days and sixty (60) days) and provide trading updates for the other quarters. As part of its commitment to ensure transparent disclosure to investors, it also notifies investors of the scheduled date of announcement of the financial statements about one week before the scheduled date by way of a separate SGX-ST announcement.

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

Ms. Hnin Yu Mon, Tel: (95) 09 25300 1100
Email: hninyumon@yoma.com.mm

*General Meetings (Provision 11.1 to 11.5)*

The Company provides shareholders with the opportunity to participate effectively at its general meetings of shareholders and encourages active shareholder participation at its general meetings. The Company also informs shareholders of the rules governing 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 its 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 its 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 (2) proxies to attend and vote on his/her behalf, while relevant intermediaries may appoint more than two (2) proxies to attend and participate in its 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. Detailed results of the voting will be published on the website of the SGX-ST via SGXNet on the same day the general meeting is held.

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 senior management are in attendance to address queries and concerns about the Company. 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 Independent Auditor's Report.

Pursuant to Rule 730A(2) of the Listing Manual, all resolutions to be proposed at the annual general meeting and at any adjournment thereof shall be put to vote by way of poll. An external firm will also be appointed as scrutineers to count and validate the votes cast at the general meetings. Voting and vote tabulation procedures will be disclosed at the general meetings. 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.

**2020 AGM**

In view of the COVID-19 pandemic, the 2020 AGM was held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Temporary Measures**"). The 2020 AGM was attended by all the Directors appointed at that point in time, including the Executive Chairman, the CEO and the Chairmen of all the Board Committees. The Company's Independent Auditor was also present. Shareholders participated in the 2020 AGM by attending the live audio-visual webcast or the live audio-only stream, submitting questions in advance of the 2020 AGM and/or appointing the Chairman of the 2020 AGM as proxy to attend, speak and vote on their behalf at the 2020 AGM. The Company answered all substantial and relevant questions submitted by shareholders prior to the 2020 AGM. The Company made the results of the votes of all resolutions of the 2020 AGM publicly available on the website of the SGX-ST via SGXNet on the same day that the meeting was held. Minutes of the 2020 AGM, which included responses to the substantial and relevant questions from shareholders addressed during the 2020 AGM, were published on the Company's website and the SGXNet.

Due to the ongoing COVID-19 situation in Singapore, the 2021 AGM to be held in January 2022 will continue to be held via electronic means pursuant to the Temporary Measures. Alternative arrangements relating to attendance at the 2021 AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the 2021 AGM, addressing of substantial and relevant questions at the 2021 AGM and voting by appointing the Chairman of the meeting as proxy at the 2021 AGM, are set out in the Company's announcement dated 12 January 2022. Due to the constantly evolving COVID-19 situation in Singapore, the arrangements for the 2021 AGM may be changed at short notice and shareholders are advised to check the Company's website and SGXNet regularly for any updates concerning the 2021 AGM.

The Company strongly encourages and supports shareholder participation at its general meetings. The Company gives sufficient time to shareholders to review the notice of AGM and appoint a proxy to attend the AGM, if they wish. In line with this, the Company is committed to post its replies to questions 48 hours before the deadline for shareholders to submit their proxy votes. This is to ensure that shareholders have sufficient time to review the answers to questions posed and digest them before voting.

The Company Secretaries prepare minutes of its general meetings which record the substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and the responses from the Board and Management. These minutes may be accessed on the Company's website and SGXNet within one (1) month from the date of the general meeting.

*Shareholders' Trip and Site Visits in Yangon*

The Company endeavours to organise an annual shareholders' trip to Myanmar as it believes that such a trip will reinforce the Company's efforts to enhance communications with shareholders. Between March 2014 and February 2019, the Company had organised five (5) shareholders' trips hosting more than 300 participants of various nationalities (e.g. Bangladesh, France, Germany, Myanmar, Singapore, Thailand, the United Kingdom, and the United States).

During the Shareholders' trips, the Company arranged site visits to its key real estate development projects in Yangon 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 the heads of various business divisions. The trip enhanced shareholders' understanding of both the Company and Myanmar. The Company will continue to seek effective ways to engage with shareholders.

Since March 2020, the shareholders' trip has been suspended due to the travel restrictions imposed by the governments of Singapore and Myanmar in response to the COVID-19 pandemic. The Company will continue to monitor the Major Events and will organise the next shareholders' trip when such trips are permitted or when it would be appropriate to do so.

*Dividend Policy (Provision 11.6)*

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

# CORPORATE GOVERNANCE REPORT

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.

In light of the uncertain operating environment and the Group's result for FY2021, the Board has reviewed and recommended no dividend for FY2021.

*Communication with Investors (Provision 12.1)*

The Company provides avenues for communication between the Board and all shareholders. The Company communicates regularly with its shareholders and facilitates the participation of shareholders during its general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Company is committed to understand shareholders' viewpoints and concerns and 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 direct meetings, conference calls, email communications, investor roadshows, conferences and social media platforms via Facebook and LinkedIn, to provide updates on the latest developments of the Company.

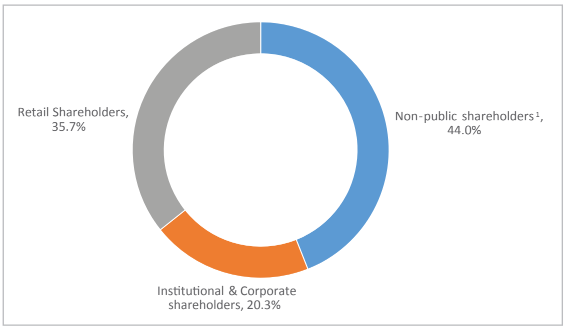
Prior to the COVID-19 outbreak in January 2020, the Company also frequently arranges site visits to its businesses in Yangon for investors and analysts. The Company believes that such trips can offer the investment community a first-hand experience of the Group's operations and a greater appreciation of the long-term growth potential of its businesses.

Despite the challenges brought upon by the Major Events, the Company continued to engage with the investment community via virtual one-on-one meetings and virtual conferences.

The Company also held its analysts' briefings via conferences calls in May 2021 and November 2021 for its first half-year and second half-year results to communicate its results, strategies and outlook. Key management personnel (including the CEO and the CFO) attended these conference calls to answer any questions that the analysts had. In addition, the Company has taken proactive steps to provide frequent updates on the Major Events to institutional shareholders through group and 1-on-1 conference calls.

As at September 2021, non-public shareholders[(1)] 44.0% of the Company's shareholder base, while institutional & corporate shareholders and retail shareholders formed 20.3% and 35.7% respectively[(2)]. Its institutional & corporate shareholders were geographically diversified across Asia Pacific (43.8%), North America (49.9%) and UK and rest of Europe (6.3%)[(2)].

**Shareholders by Investors**

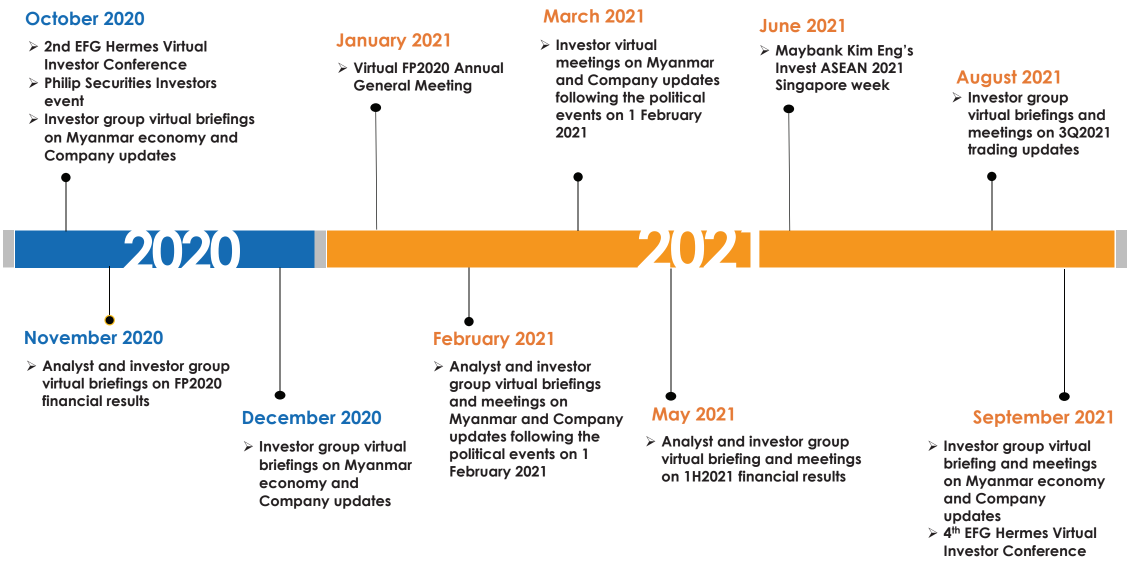



(1) Shares held by the Company's Board of Directors and the Director's associate including Ayala Corporation (14.9%).

(2) Based on the Company's internal data.

# CORPORATE GOVERNANCE REPORT

**INVESTOR RELATIONS CALENDAR (OCTOBER 2020 – SEPTEMBER 2021)**




### *Investor Relations Policy (Provisions 12.2 and 12.3)*

The Company has implemented an Investor Relations Policy which aims to provide timely, unbiased and accurate disclosure of material information to the public and allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders, in accordance with the Listing Manual, the 2018 Code and current best practices. The Company's Investor Relations Policy sets out the process and mechanism to engage its stakeholders, including the channel of communication through which shareholders and investors may contact the Company with queries and through which the Company may respond. Further information on the Company's Investor Relations Policy can be found on the Company's website (http://www.yomastrategic.com).

### *Corporate Values and Conduct Of Business*

The Company has adopted a Code of Conduct for the Group with which all Directors and employees, including senior management, are required to comply. 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, its customers, its suppliers and the broader 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 businesses, the Company also has the following corporate policies in place:-

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

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

### *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 operation.

# CORPORATE GOVERNANCE REPORT

*Training and Employee Participation*

The Group continuously ensures that its compliance policies and procedures are communicated effectively to all Directors, officers and employees and where necessary and appropriate, agents, and business partners. The Company has policies and programmes in place to enhance the performance of its employees. Please refer to the section on Sustainability Summary of this Annual Report for more information on these training and development programmes.

*Role of Stakeholders (Provisions 13.1 to 13.3)*

The Company values its stakeholders and has affirmed its support for 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 has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The Company maintains a corporate website (http://www.yomastrategic.com) to communicate and engage with stakeholders. The Company's contact details for both its Singapore and Myanmar offices are provided on its corporate website to enable stakeholders to contact the Company.

The Group is committed to engaging with stakeholders in order to contribute to the development and growth of Myanmar. In FY2021, the Group was involved in various community projects and announced the ''Yoma Group COVID-19 Vaccination Policy'' in response to the COVID-19 pandemic. This vaccination program was extended to all staff and their family members, and as of 30 October 2021, 89% of employees were fully vaccinated.

Another key area of focus for the Company is the environment and sustainable development. The Company encourages value chains that are environmentally friendly and consistently promote sustainable development. It advocates a "paperless culture" by encouraging employees to read documents throiugh digital means instead of printing and has introduced a "cloud based" file sharing system which eliminates the need for printing and photocopying documents.

In addition to the Company's Code of Conduct, the Whistle-Blowing Policy stated above is a prominent example of its efforts to work against corruption.

## 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, and abstain from participating in Board discussions on a particular agenda when they are conflicted. The Company ensures that interested person transactions are conducted fairly and on an arm's length basis**.** 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 in the best interest of the Company and shareholders. None of the interested person transactions in FY2021 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**"), provided that such transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. An interested person and his associates will abstain from voting on the resolution approving the general mandate. The IPT Mandate was last renewed by shareholders on 29 January 2021 and shareholders' approval will be sought at the 2021 AGM to renew the IPT Mandate. The details of interested person transactions for FY2021 are set out below.

| Name of Interested Person | Nature of relationship | Aggregate value of all interested person transactions during 12M-Sept2021 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)<br><br>US$'000 | Aggregate value of all interested person transactions during 12M-Sept2021 which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)<br><br>US$'000 |
|---|---|---|---|
| **General Transactions** | | | |
| (a) First Myanmar Investment Public Company Limited | Associates of Mr. Serge Pun, Executive Chairman Associates of Mr. Serge Pun, Executive Chairman | – | 121 |
| (b) FMI Industrial Investment Co Ltd | | – | 289 |
| (c) Hlaing River Golf & Country Club Co., Ltd | | – | 1,075 |
| (d) JJ-Pun Trading Company Limited | | – | 189 |
| (e) Myanmar Agri-Tech Ltd | | – | 248 |
| (f) Pun Hlaing International Hospital Limited | | – | 163 |
| (g) Serge Pun & Associates (Myanmar) Ltd | | – | 134 |
| (h) Yoma Bank Limited | | – | 15,536 |
| (i) Memories Group Limited | | – | 84 |
| (j) SPA Assets Management Limited | | – | 720 |
| (k) Serge Pun | | 5,351 | – |
| **Treasury Transactions** | | | |
| (a) Yoma Bank Limited (excluding Meeyahta Development Limited) | Associate of Mr. Serge Pun, Executive Chairman | – | 14,657 |
| (b) Yoma Bank Limited (comprising only Meeyahta Development Limited) | | – | 2,544 |
| **Loan Interest Expenses Transaction** | | | |
| (a) Ayala Corporation | Associate of Mr Fernando Miranda Zobel de Ayala (Former Non-Executive Director) | 12,205[1] | – |

Note (1): This is an estimated total amount of interest payable to Ayala Corporation for a 5-year loan assuming full repayment of principal at maturity.

*Shareholders' mandate was renewed and approved at the AGM held on 29 January 2021. Accordingly, the aggregate value of all interested person transactions is presented for the twelve -month period from 1 October 2020 to 30 September 2021.

# CORPORATE GOVERNANCE REPORT

## 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 one (1) month before the announcement of the Company's half year and 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 30 September 2021

The Directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 30 September 2021 and the statement of financial position of the Company as at 30 September 2021.

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 30 September 2021 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.

## 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
Ms. Wong Su Yen
Dato Timothy Ong Teck Mong
Mr. Thia Peng Heok George
Prof. Annie Koh
Mr. Cezar Peralta Consing (Appointed on 2 August 2021)
Mr. Paolo Maximo Francisco Borromeo (Re-designated to alternate Director to Mr. Cezar Peralta Consing on 2 August 2021)
Mr. Pun Chi Yam Cyrus (Re-designated to alternate Director to Mr. Serge Pun @ Theim Wai on 1 January 2022)

## 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 30 September 2021

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

(a) According to the Register of Directors' Shareholdings, none of the Directors holding office as at 30 September 2021 had any interest in the shares and debentures of the Company and 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 30.09.2021 | At 01.10.2020 or date of appointment, if later | At 30.09.2021 | At 01.10.2020 or date of appointment, if later |
| **The Company** | | | | |
| Number of ordinary shares | | | | |
| Mr. Serge Pun @ Theim Wai | 628,636,358 | 328,636,358 | 896,790 | 300,896,790 |
| Mr. Pun Chi Tung Melvyn | 20,147,800 | 20,147,800 | – | – |
| Mr. Pun Chi Yam Cyrus | 888,000 | 888,000 | – | – |
| Mr. Chan Pengee Adrian* | 745,681 | 745,681 | – | – |
| Dato Timothy Ong Teck Mong | 1,075,000 | 1,075,000 | – | – |
| Ms. Wong Su Yen | 150,000 | 150,000 | – | – |

* Mr. Chan Pengee Adrian ceased to be a Director of the Company on 31 December 2021.

(b) According to the Register of Directors' Shareholdings, certain Directors holding office as at 30 September 2021 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, no Directors holding office as at 30 September 2021 has 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 October 2021 were the same as those as at 30 September 2021.

## 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.

## OPTION SCHEME (CONTINUED)

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

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 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 or her.

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.

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

| | Granted in financial year ended 30.09.2021 | Aggregate granted since commencement of the scheme to 30.09.2021 | Aggregate adjusted since commencement of the scheme to 30.09.2021 [i] | Aggregate exercised/ forfeited since commencement of the scheme to 30.09.2021 | Aggregate outstanding as at 30.09.2021 |
|---|---|---|---|---|---|
| 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 were 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 30 September 2021.

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.

## OPTION SCHEME (CONTINUED)

### (b) Options outstanding

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

| | No. of unissued ordinary shares under Options as at 30.09.2021 | Exercise price | Exercise year |
|---|---|---|---|
| 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 | 560,402 | 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 | | |
| | 13,594,333 | | |

* 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 (the "Awards"). Controlling shareholders of the Company and their associates are also eligible to participate in the Yoma PSP.

## 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 year 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 year 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 Yoma PSP 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 or her.

During the financial period ended 30 September 2020, the Company granted Awards for an aggregate of 9,625,000 shares to the employees of the Company pursuant to the Yoma PSP, with total fair value of US$582,000.

No Award has been granted to employees, controlling shareholders of the Company or their associates during the financial year ended 30 September 2021.

### (b) Information on Awards

Awards granted, vested and cancelled during the financial year, and Awards outstanding at the end of the financial year ended 30 September 2021, were as follows:

<u>**Performance shares for employees**</u>

| 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/ forfeited during the financial year | Number of Awards outstanding as at end of the financial year |
|---|---|---|---|---|---|
| 30.07.2020 | 9,625,000 | – | – | (700,000) | 8,925,000 |

<u>**Performance shares for Non-Executive Directors**</u>

There was no performance shares awards granted to Non-Executive Directors for the financial year ended 30 September 2021.

# DIRECTORS' STATEMENT

For the financial year ended 30 September 2021

## AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Audit and Risk Management Committee (the "ARMC") at the end of the financial year ended 30 September 2021 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 and the audit findings 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 internal auditor; and
- the statement of financial position of the Company as at 30 September 2021 and the consolidated financial statements of the Group for the financial year ended 30 September 2021 before their submission to the 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 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 Directors

| | |
|---|---|
| **Serge Pun @ Theim Wai** | **Pun Chi Tung Melvyn** |
| *Director* | *Director* |

**12 January 2022**

# 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 30 September 2021, 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 30 September 2021 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 30 September 2021. 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) Recognition of revenue from contracts with customers – Sale of development properties

See accounting policies on Note 2.2(c) and critical accounting estimates on Note 3(a)
Refer to Note 4 to the financial statements

*Area of focus*

One of the Group's significant revenue streams is derived from sale of development properties which amounts to US$27.69 million for the financial year ended 30 September 2021.

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

## 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)

*Area of focus* (continued)

In respect of development properties where the Group has no enforceable right to payment until the property is delivered to the customer, revenue is recognised at a point in time 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.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the assumptions occur, actual results are still likely to be different from estimates since other anticipated events frequently do not occur as expected and the variation may be material and in particular arising from volatility in market conditions brought on by the COVID-19 pandemic and the uncertain economic and business environment in Myanmar.

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 percentage 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, 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 appropriate.

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 the construction costs incurred to-date over the estimated total construction costs, we sighted the certified progress reports submitted by contractors and approved by the Group's project department to assess the appropriateness of management's estimates of the works completed by subcontractors and suppliers.

We also had discussion with management to obtain understanding on the status and impact of the COVID-19 pandemic and the uncertain economic and business environment in Myanmar on the development properties to corroborate the changes, if any, in the key assumptions used in forming any revised completion timeline and estimated total construction costs.

We evaluated the effectiveness of management's controls over the estimation of total construction costs and assessed the reasonableness of key inputs in the estimation of costs. We tested the appropriateness of estimated construction costs by comparing these against actual costs incurred, signed contracts with subcontractors and suppliers. We recomputed the cumulative and current financial year's revenue recognised from the sale of development properties under construction based on the respective percentage of completion, verified samples of costs incurred to supporting documents and traced these to the accounting records.

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

*Key Audit Matters (continued)*

(2) Valuation and impairment of assets

Since the outbreak of the COVID-19 pandemic and the uncertain economic and business environment in Myanmar, the measures taken by Myanmar's governments including lockdown, travel bans and restrictions in response to control the spread of the COVID-19 pandemic have created a high level of uncertainty to global economic prospects, including the business segments in which the Group operates. This gives rise to financial statements risk such as determination of valuation of investment properties, development properties and land development rights and impairment of non-financial assets.

(a) Valuation of investment properties

See accounting policies on Note 2.9 and critical accounting estimates on Note 3(b)
Refer to Note 22 to the financial statements

*Area of focus*

The Group owns a portfolio of investment properties comprising an office building, commercial units, residential units and school buildings, which are primarily located in Myanmar. As at 30 September 2021, 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$228.91 million accounted for 18.6% of the Group's total assets.

The valuation process involves significant judgements in determining the appropriate valuation methodologies, in estimating adjustments to the prices of comparable properties when using the direct comparison method, in projecting income and estimating the related expenses under the income method, in projecting development costs and related costs capitalised and estimating the appropriate margin of developer profit under the depreciated replacement costs method and residual land approach. 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. In addition, there was heightened uncertainty in determining the fair value of investment properties arising from changes in market and economic conditions brought on by the COVID-19 pandemic and the uncertain economic and business environment in Myanmar.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

*Key Audit Matters (continued)*

(2) Valuation and impairment of assets (continued)

(a) Valuation of investment properties (continued)

*How our audit addressed the matter*

Our audit procedures included discussion with the valuers and management to understand the approach adopted, the valuation methodologies, the bases of fair value measurement and the appropriateness of inputs provided by management to the valuers, taking into consideration comparability and market factors. Together with our internal valuation specialists, we also evaluated the appropriateness of valuation methodologies and significant underlying assumptions used in the valuation of the investment properties, including the implications of COVID-19 and the uncertain economic and business environment in Myanmar on the critical assumptions.

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 considered the adequacy of the disclosure 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.

(b) Valuation of development properties and land development rights

See accounting policies on Note 2.5 and Note 2.6 and critical accounting estimates on Note 3(c)
Refer to Note 16 and Note 27 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 30 September 2021, the carrying values of the Group's development properties and land development rights of US$320.13 million and US$144.27 million, respectively, accounted for 26.0% and 11.7% of the Group's total assets. No write-down has been recognised for the Group's development properties and land development rights for the current financial year.

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.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

*Key Audit Matters (continued)*

(2) Valuation and impairment of assets (continued)

(b) Valuation of development properties and land development rights (continued)

*Area of focus* (continued)

For development properties which have no comparable market price available, the Group assessed the net realisable value based on the fair value by reference to the future discounted cash flows which involves the use of significant key assumptions such as selling price per square metre, rental rate, occupancy rate, discount rate and growth rate.

The COVID-19 pandemic and the uncertain economic and business environment in Myanmar has resulted in significant economic uncertainly in the current and future economic environment in Myanmar and there is heightened uncertainty inherent in estimating the impact of the pandemic on future selling prices of the development properties and land development rights. 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.

We have also reviewed, evalued and discussed with component auditors and management regarding the appropriateness and reasonableness of the key assumptions used in deriving the fair value.

In addition, we considered the potential impact of the COVID-19 pandemic and the uncertain economic and business environment in Myanmar on the net realisable value through discussion with management, observation of the subsequent sales and assessment of the budgeted total costs to complete the development properties. Where selling price is lower than cost or where there are no sales after the end of the financial year or when the expected demand is low, we enquired management and assessed whether upcoming marketing and sales programs will generate sufficient demand.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### *Key Audit Matters (continued)*

(2) Valuation and impairment of assets (continued)

(c) Impairment of non-financial assets
See accounting policies on Note 2.10 and critical accounting estimates on Note 3(d)
Refer to Note 20, Note 23 and Note 26 to the financial statements

*Area of focus* (continued)

As at 30 September 2021, management reviewed whether there are objective evidence or indications that the carrying amounts of the Group's non-financial assets may be impaired. For non-financial assets with impairment indicators and goodwill and intangible assets with indefinite useful life, management performed impairment testing annually. As at 30 September 2021, the Group has non-financial assets with carrying amounts before impairment loss, of US$285.28 million, mainly comprising of the following:

(i) Property, plant and equipment of US$159.69 million;
(ii) Investments in associated companies of US$91.04 million;
(iii) Intangible assets of US$16.36 million; and
(iv) Goodwill of US$8.79 million.

For the purposes of performing impairment assessment, all non-financial assets including goodwill have been allocated to the respective cash generating units ("CGU"). The recoverable amount of the underlying CGUs is determined using value-in-use calculations which are based on future discounted cash flows. The Group recognised impairment loss on intangible assets for operating rights and prepayments for agriculture products during the financial year ended 30 September 2021.

We focus on this area as the assessments made by the Group involved significant estimates and judgements over the indication of impairment indicators and applying various key assumptions that are affected by future market and economic conditions such as forecasted revenue and operating expenses, sales growth rates, gross profit margin and discount rates applied to these future discounted cash flows. In addition, there was an increase in uncertainty in deriving the key assumptions used due to the impact of the COVID-19 pandemic and the uncertain economic and business environment in Myanmar.

*How our audit addressed the matter*

We obtained an understanding of management's impairment assessment process including their considerations of the impact COVID-19 pandemic and the uncertain economic and business environment in Myanmar have on the Group's operations, industry outlook and other external factors.

Our audit procedures included reviewing, evaluating and discussing with management regarding its basis of assessment of whether there are indications of impairment and the assumptions used in deriving the value-in-use calculations, including the potential impact of COVID-19 pandemic and the uncertain economic and business environment in Myanmar, where applicable.

# 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 and impairment of assets (continued)

(c) Impairment of non-financial assets (continued)

*How our audit addressed the matter* (continued)

We obtained and reviewed the future discounted cash flows provided by management and challenged the appropriateness of the key assumptions used. Together with our internal valuation specialists, we assessed the reasonableness of key assumptions used in the calculations, including, inter alia, forecasted revenue and operating expenses, sales growth rates, perpetual growth rate and discount rates by comparing against the past and recent financial performances, reviewing new and on-going contracts secured with its customers (if any), performing trend analysis, and discussing with management on the planned strategies, revenue growth strategies and cost initiatives of each CGU subject to impairment testing.

We also reviewed the sensitivity analysis to assess the impact on the respective recoverable amounts of the cash-generating units subject to reasonably possible changes to the key assumptions for adequacy of disclosure in the financial statements.

### *Other Information*

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

# 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*

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.

- 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.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Yoma Strategic Holdings Ltd.

## 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 Mr. Loh Ji Kin.

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

**Singapore**

**12 January 2022**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2021

| | Note | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
|---|---|---|---|
| | | **US$'000** | US$'000 |
| Revenue | 4 | **87,328** | 144,192 |
| Cost of sales | | **(58,188)** | (95,909) |
| Gross profit | | **29,140** | 48,283 |
| Other gains or losses | | | |
| - Impairment losses on financial assets at amortised cost, net | 40(b) | **(4,670)** | (697) |
| - Others | 6 | **35,905** | (34,501) |
| Expenses | | | |
| - Administrative | | **(46,410)** | (83,063) |
| - Finance | 7 | **(25,444)** | (40,113) |
| Share of losses of joint ventures | 19 | **(2,521)** | (1,639) |
| Share of profits/(losses) of associated companies | 20 | **1,152** | (7,326) |
| Loss before income tax | | **(12,848)** | (119,056) |
| Income tax expense | 9(a) | **(2,832)** | (4,386) |
| **Net loss for the financial year/period** | | **(15,680)** | (123,442) |
| **Other comprehensive (loss)/income:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| - Currency translation (losses)/gains arising from consolidation | | **(83,322)** | 37,593 |
| - Reclassification of currency translation losses arising from deemed disposal of joint venture | | **-** | (581) |
| - Share of other comprehensive (loss)/income of joint ventures | 19 | **(443)** | 872 |
| - Share of other comprehensive (loss)/income of associated companies | 20 | **(5,987)** | 1,065 |
| | | **(89,752)** | 38,949 |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| - Currency translation (losses)/gains arising from consolidation | | **(22,016)** | 9,894 |
| **Other comprehensive (loss)/income, net of tax** | | **(111,768)** | 48,843 |
| **Total comprehensive loss for the financial year/period** | | **(127,448)** | (74,599) |
| **Net (loss)/profit attributable to:** | | | |
| Equity holders of the Company | | **(19,704)** | (118,013) |
| Non-controlling interests | | **4,024** | (5,429) |
| | | **(15,680)** | (123,442) |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Equity holders of the Company | | **(109,456)** | (79,064) |
| Non-controlling interests | | **(17,992)** | 4,465 |
| | | **(127,448)** | (74,599) |
| **Loss per share attributable to equity holders of the Company (US cents per share)** | 11 | | |
| - Basic | | **(0.91)** | (5.67) |
| - Diluted | | **(0.91)** | (5.67) |

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

# STATEMENTS OF FINANCIAL POSITION

As at 30 September 2021

| | Note | Group 2021 US$'000 | Group 2020 US$'000 | Company 2021 US$'000 | Company 2020 US$'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | 12 | **27,180** | 46,418 | **697** | 11,788 |
| Trade and other receivables | 13 | **109,220** | 114,474 | **15,277** | 10,827 |
| Inventories | 15 | **12,539** | 19,298 | **–** | – |
| Development properties | 16 | **320,133** | 304,761 | **–** | – |
| Other assets | 17 | **50,611** | 65,376 | **1,261** | 1,621 |
| Land development rights | 27 | **821** | 1,161 | **–** | – |
| | | **520,504** | 551,488 | **17,235** | 24,236 |
| Assets of disposal group classified as held-for-sale | 10 | **32,795** | 32,665 | **–** | – |
| | | **553,299** | 584,153 | **17,235** | 24,236 |
| **Non-current assets** | | | | | |
| Trade and other receivables | 13 | **13,571** | 16,546 | **–** | – |
| Other assets | 17 | **1,071** | 3,838 | **–** | – |
| Financial assets at fair value through profit or loss | 18 | **10,283** | 12,231 | **–** | – |
| Investments in joint ventures | 19 | **7,436** | 10,600 | **–** | – |
| Investments in associated companies | 20 | **91,038** | 82,954 | **–** | – |
| Investments in subsidiary corporations | 21 | **–** | – | **740,590** | 720,014 |
| Investment properties | 22 | **228,910** | 273,379 | **–** | – |
| Property, plant and equipment | 23 | **159,687** | 182,434 | **1,862** | 3,773 |
| Intangible assets | 26 | **20,658** | 25,985 | **–** | – |
| Land development rights | 27 | **143,448** | 149,789 | **–** | – |
| Deferred income tax assets | 30 | **–** | 208 | **–** | – |
| | | **676,102** | 757,964 | **742,452** | 723,787 |
| **Total assets** | | **1,229,401** | 1,342,117 | **759,687** | 748,023 |

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

# STATEMENTS OF FINANCIAL POSITION

As at 30 September 2021

| | Note | Group 2021 US$'000 | Group 2020 US$'000 | Company 2021 US$'000 | Company 2020 US$'000 |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 28 | **91,895** | 85,004 | **7,927** | 4,595 |
| Current income tax liabilities | 9(b) | **5,911** | 6,493 | **29** | 288 |
| Borrowings | 29 | **92,960** | 80,735 | **46,123** | 45,193 |
| | | **190,766** | 172,232 | **54,079** | 50,076 |
| Liabilities directly associated with disposal group classified as held-for-sale | 10 | **513** | 442 | **–** | – |
| | | **191,279** | 172,674 | **54,079** | 50,076 |
| **Non-current liabilities** | | | | | |
| Trade and other payables | 28 | **1,918** | 1,884 | **–** | – |
| Borrowings | 29 | **316,017** | 337,625 | **152,508** | 133,651 |
| Put options to non-controlling interests | 31 | **35,107** | 33,026 | **35,107** | 33,026 |
| Financial liabilities at fair value through profit or loss | 32 | **1,015** | 1,510 | **1,015** | 1,510 |
| Deferred income tax liabilities | 30 | **2,662** | 1,464 | **–** | – |
| | | **356,719** | 375,509 | **188,630** | 168,187 |
| **Total liabilities** | | **547,998** | 548,183 | **242,709** | 218,263 |
| **NET ASSETS** | | **681,403** | 793,934 | **516,978** | 529,760 |
| **EQUITY** | | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | | |
| Share capital | 33 | **624,890** | 624,890 | **624,890** | 624,890 |
| Perpetual securities | 34 | **30,000** | 30,000 | **30,000** | 30,000 |
| Other reserves | 36 | **(137,639)** | (45,662) | **(31,751)** | (29,526) |
| Accumulated losses | 37 | **(29,999)** | (9,919) | **(106,161)** | (95,604) |
| | | **487,252** | 599,309 | **516,978** | 529,760 |
| **Non-controlling interests** | | **194,151** | 194,625 | **–** | – |
| **Total equity** | | **681,403** | 793,934 | **516,978** | 529,760 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2021

| | Note | Attributable to equity holders of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Share capital | Perpetual securities | Other reserves | Accumulated losses | Total | Non-controlling interests | Total equity |
| | | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **2021** | | | | | | | | |
| **Balance as at 1 October 2020** | | **624,890** | **30,000** | **(45,662)** | **(9,919)** | **599,309** | **194,625** | **793,934** |
| Employee share awards scheme – value of employee services | 36(b)(ii) | – | – | 110 | – | 110 | – | 110 |
| Forfeiture of share options | 36(b)(i) | – | – | (254) | 254 | – | – | – |
| Equity loan from non-controlling interests | 21(a) | – | – | – | – | – | 17,496 | 17,496 |
| Derecognition of subsidiary corporation | | – | – | – | (30) | (30) | 30 | – |
| Accretion of imputed interest – put options to non-controlling interests | 36(b)(iv) | – | – | (2,081) | – | (2,081) | – | (2,081) |
| Dividends declared to non-controlling interests | | – | – | – | – | – | (8) | (8) |
| Perpetual securities distribution for current financial year | 34 | – | – | – | (600) | (600) | – | (600) |
| Total comprehensive loss for the financial year | | – | – | (89,752) | (19,704) | (109,456) | (17,992) | (127,448) |
| **Balance as at 30 September 2021** | | **624,890** | **30,000** | **(137,639)** | **(29,999)** | **487,252** | **194,151** | **681,403** |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2021

| | | Attributable to equity holders of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Share capital US$'000 | Perpetual securities US$'000 | Other reserves US$'000 | Retained profits/ (accumulated losses) US$'000 | Total US$'000 | Non-controlling interests US$'000 | Total equity US$'000 |
| **2020** | | | | | | | | |
| **Balance as at 1 April 2019** | | 513,716 | 30,000 | (79,522) | 90,313 | 554,507 | 147,082 | 701,589 |
| Issuance of shares under placement | 33 | 108,573 | – | – | – | 108,573 | – | 108,573 |
| Issuance of shares pursuant to exercise of share awards | 33, 36(b)(ii) | 2,601 | – | (2,601) | – | – | – | – |
| Employee share options scheme – value of employee services | 36(b)(i) | – | – | 181 | – | 181 | – | 181 |
| Employee share awards scheme – value of employee services | 36(b)(ii) | – | – | 955 | – | 955 | – | 955 |
| Forfeiture of share awards | 36(b)(ii) | – | – | (732) | 732 | – | – | – |
| Equity loan from non-controlling interests | 21(a) | – | – | – | – | – | 28,590 | 28,590 |
| Acquisition of subsidiary corporations | 43(c) | – | – | – | – | – | 4,352 | 4,352 |
| Increase in share capital of subsidiary corporations | 21(b) | – | – | – | 18,249 | 18,249 | 10,257 | 28,506 |
| Accretion of imputed interest – put options to non-controlling interests | 36(b)(iv) | – | – | (2,892) | – | (2,892) | – | (2,892) |
| Dividends declared to non-controlling interests | | – | – | – | – | – | (121) | (121) |
| Perpetual securities distribution: | | | | | | | | |
| - for the financial year ended 31.3.2019 | | – | – | – | (300) | (300) | – | (300) |
| - for the financial period ended 30.9.2020 | | – | – | – | (900) | (900) | – | (900) |
| | 34 | – | – | – | (1,200) | (1,200) | – | (1,200) |
| Total comprehensive income/(loss) for the financial period | | – | – | 38,949 | (118,013) | (79,064) | 4,465 | (74,599) |
| **Balance as at 30 September 2020** | | 624,890 | 30,000 | (45,662) | (9,919) | 599,309 | 194,625 | 793,934 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2021

| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months) US$'000** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) US$'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net loss | **(15,680)** | (123,442) |
| Adjustments for: | | |
| - Income tax expense | **2,832** | 4,386 |
| - Depreciation of property, plant and equipment | **16,268** | 24,614 |
| - Amortisation of intangible assets | **1,012** | 1,500 |
| - Write-off of property, plant and equipment | **5,156** | 944 |
| - Net fair value (gains)/losses on investment properties | **(41,405)** | 12,108 |
| - Fair value gains on financial liabilities at fair value through profit or loss | **(495)** | (106) |
| - Dividend income from financial assets at fair value through profit or loss | **–** | (180) |
| - Fair value loss on assets of disposal group classified as held-for-sale | **1,512** | 32,243 |
| - Gain on disposal of property, plant and equipment | **(192)** | (409) |
| - Gain on deemed divestment of associated companies | **–** | (359) |
| - Gain on remeasurement of previously held interest in joint venture as a result of change in control | **–** | (241) |
| - Impairment loss of prepayment – crop and supply agreement | **1,958** | 4,310 |
| - Impairment loss of agriculture operating rights | **3,731** | 1,316 |
| - Gain from modification of lease contracts | **(73)** | – |
| - Loss from derecognition of lease contracts | **27** | – |
| - Interest income on loan to joint venture | **(3,830)** | (1,296) |
| - Interest income on bank deposits | **(183)** | (433) |
| - Interest income from trade receivables under instalments and contracts with significant financing component | **(82)** | (528) |
| - Interest expense on borrowings | **19,272** | 31,823 |
| - Interest expense on lease liabilities | **3,980** | 6,079 |
| - Interest expense on deferred trade payables | **–** | 215 |
| - Amortised interest on non-current payables | **34** | 37 |
| - Impairment loss of goodwill | **756** | – |
| - Employee share option expenses | **–** | 181 |
| - Employee share award expenses | **110** | 955 |
| - Share of losses of joint ventures | **2,521** | 1,639 |
| - Share of (profits)/losses of associated companies | **(1,152)** | 7,326 |
| - Unrealised currency translation (gains)/losses | **(8,692)** | 3,959 |
| **Operating cash flows before changes in working capital** | **(12,615)** | 6,641 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2021

| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
|---|---|---|
| | **US$'000** | US$'000 |
| **Cash flows from operating activities** (continued) | | |
| **Operating cash flows before change in working capital** (continued) | **(12,615)** | 6,641 |
| Changes in working capital, net of effects from acquisition of subsidiary corporations: | | |
| - Inventories | **6,759** | (95) |
| - Development properties | **2,346** | 6,881 |
| - Trade and other receivables | **5,882** | (13,094) |
| - Land development rights | **(1,662)** | 587 |
| - Trade and other payables | **1,931** | (27,110) |
| - Financial assets at fair value through profit or loss | **1,948** | 48,017 |
| Cash generated from operations | **4,589** | 21,827 |
| Interest received | **264** | 1,826 |
| Income tax paid | **(659)** | (1,016) |
| **Net cash provided by operating activities** | **4,194** | 22,637 |
| | | |
| **Cash flows from investing activities** | | |
| Additions to investment properties | **(2,593)** | (4,668) |
| Additions to property, plant and equipment | **(17,873)** | (49,045) |
| Additions to development properties intended for investing activities | **(23,022)** | (56,285) |
| Acquisition of subsidiary corporations, net of cash acquired | **-** | 4,344 |
| Dividend received from financial assets at fair value through profit or loss | **-** | 180 |
| Investments in joint ventures | **-** | (3,451) |
| Investments in associated companies | **-** | (13,680) |
| Loan to a joint venture for renewable energy projects | **-** | (24,017) |
| Advanced payment for additional investment in associated company | **-** | (7,800) |
| Prepayment for operating rights | **-** | (577) |
| Prepayment for property, plant and equipment | **-** | (3,091) |
| Proceeds from disposal of property, plant and equipment | **3,015** | 9,640 |
| **Net cash used in investing activities** | **(40,473)** | (148,450) |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2021

| | Note | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
|---|---|---|---|
| | | **US$'000** | US$'000 |
| **Cash flows from financing activities** | | | |
| Interest paid | | **(13,438)** | (32,682) |
| Distribution to perpetual securities holder | | **(300)** | (1,200) |
| Payment of lease liabilities (including interest paid) | | **(4,265)** | (7,903) |
| Proceeds from issuance of shares under placement | | **–** | 108,573 |
| Equity loan from non-controlling interests | | **17,496** | 10,785 |
| Proceeds from borrowings | | **50,272** | 134,068 |
| Repayment of borrowings | | **(28,639)** | (122,780) |
| Loan from a non-related party for renewable energy projects | | **–** | 24,017 |
| Proceed from issuance of ordinary shares of subsidiary corporation to non-controlling interest | | **–** | 28,506 |
| Decrease in bank deposits restricted for use | | **11,427** | 2,744 |
| **Net cash provided by financing activities** | | **32,553** | 144,128 |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | **(3,726)** | 18,315 |
| Cash and cash equivalents at beginning of financial year/period | | **34,712** | 15,487 |
| Effects of currency translation on cash and cash equivalents | | **(4,047)** | 910 |
| **Cash and cash equivalents at end of financial year/period** | 12 | **26,939** | 34,712 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2021

*Reconciliation of liabilities arising from financing activities*

| | Borrowings | Loans from non-controlling interests | Interest payable (included in trade and other payables) | Lease liabilities |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Balance as at 1 October 2020** | **(351,453)** | **(14,303)** | **(2,887)** | **(52,244)** |
| **Changes from financing cash flows** | | | | |
| Proceeds from borrowings | **(50,272)** | – | – | – |
| Repayment of borrowing | **28,639** | – | – | – |
| Payment of lease liabilities | – | – | – | **2,558** |
| Interest paid | – | – | **13,438** | **1,707** |
| **Total changes from financing cash flows** | **(21,633)** | – | **13,438** | **4,265** |
| Foreign exchange movement | **20,222** | **3,479** | **3,427** | **3,253** |
| **Other changes** | | | | |
| Additions during the financial year | – | – | – | **(465)** |
| Modification during the financial year | – | – | – | **411** |
| Disposals during the financial year | – | – | – | **3,267** |
| Transfer to other payables | – | – | – | **391** |
| Interest expense | – | – | **(19,272)** | **(3,980)** |
| **Total other changes** | – | – | **(19,272)** | **(376)** |
| **Balance as at 30 September 2021** | **(352,864)** | **(10,824)** | **(5,294)** | **(45,102)** |
| | | | | |
| **Balance as at 1 April 2019** | (334,649) | (40,511) | (3,493) | – |
| **Changes from financing cash flows** | | | | |
| Proceeds from borrowings | (134,068) | – | – | – |
| Repayment of borrowing | 122,780 | – | – | – |
| Payment of lease liabilities | – | – | – | 1,824 |
| Interest paid | – | – | 32,682 | 6,079 |
| **Total changes from financing cash flows** | (11,288) | – | 32,682 | 7,903 |
| Acquisition arising from business combinations | – | – | – | (1,451)* |
| Foreign exchange movement | (5,516) | (1,573) | (253) | (1,944) |
| **Other changes** | | | | |
| Adoption of SFRS(I) 16 | – | – | – | (45,101) |
| Additions during the financial period | – | – | – | (5,572) |
| Offsetting arrangement | – | 1,590 | – | – |
| Transfer to equity loan from non-controlling interests | – | 17,805 | – | – |
| Transfer to investments in associated companies | – | 8,386 | – | – |
| Interest expense | – | – | (31,823) | (6,079) |
| **Total other changes** | – | 27,781 | (31,823) | (56,752) |
| **Balance as at 30 September 2020** | (351,453) | (14,303) | (2,887) | (52,244) |

* Excluded leases obtained from Yoma Fleet Limited amounting to US$2,958,000 which have been eliminated as part of consolidated adjustment.

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

# NOTES TO THE FINANCIAL STATEMENTS

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 Directors of Yoma Strategic Holdings Ltd. on 12 January 2022.

## 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 63 Mohamed Sultan Road, #02-14 Sultan-Link, Singapore 239002.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiary corporations are disclosed in Note 21.

**Impact of (COVID-19) and the uncertain economic and business environment in Myanmar**

The COVID-19 pandemic has affected almost all countries and resulted in border closures, production stoppages, work-from-home arrangements, movements controls and other measures imposed by various governments. The Group has significant operations in Myanmar, all of which have been affected by COVID-19 and the stringent measures taken by the Myanmar government to contain the spread of the virus.

In addition to COVID-19, the uncertain economic and business environment in Myanmar has created significant disruption to the Group's operations and has resulted in downward revisions to the growth prospects of Myanmar's economy, a contraction in overall economic activities, a high level of volatility in assets prices and currency exchange rates, and a marked decline in foreign direct investment into Myanmar.

Set out below are some of the impacts of COVID-19 and the uncertain economic and business environment in Myanmar on the Group's financial performance reflected in this set of financial statements for the financial year ended 30 September 2021.

(i) The Group had assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

(ii) In the financial year ended 30 September 2021, border closures, production stoppages, work-from-home arrangements, disrupted trade zones and movement restrictions had resulted in periods where the Group's operations were temporarily suspended. These had negatively impacted the Group's financial performance for the financial year ended 30 September 2021.

(iii) In the financial year ended 30 September 2021, the Group had received rental rebates for its leased retail locations and had also provided rental concessions to tenants in its commercial buildings. The effects of such rental rebates and concessions are disclosed in Note 24.

(iv) The Group had considered the extant market conditions, including the impact of COVID-19 and the uncertain economic and business environment in Myanmar, as at the reporting date in making estimates and judgements on the recoverability of assets as at 30 September 2021. The significant estimates and judgements applied are disclosed in Note 3.

As the COVID-19 situation and the uncertain economic and business environment in Myanmar remain fluid as at the date of issuance of these financial statements, the Group cannot reasonably ascertain the full extent of the probable impact of COVID-19 and the uncertain economic and business environment in Myanmar on its operating and financial performance for the financial year ending 30 September 2022.

# NOTES TO THE FINANCIAL STATEMENTS

## 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.

*Interpretations and amendments to published standards effective in 2021*

On 1 October 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for early adoption of amendment to SFRS(I) 16 *Leases*.

**Early adoption of amendment to SFRS(I) 16 *Leases***

The Group has elected to early adopt the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of US$961,000 (Note 5) was recognised as negative variable lease payments (i.e. reduction in the rental expenses) in the profit or loss during the year.

### 2.2 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 goods or service to the customer, which is when the customer obtains control of the goods 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition (continued)

(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 accepted 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 accepted by the customers.

(c) *Sale of development properties*

Completed development properties

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.

Development properties under construction

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition (continued)

(c) *Sale of development properties* (continued)

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.

(d) *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.

(e) *Income from logistics services*

The Group provides a range of logistics services such as trucking, distribution, packing, warehousing and material management services. Revenue is recognised when performance obligations are met which is dictated by the type of logistics services provided based on the agreement with customers, either at a point in time or over time. Revenue is recognised over time when customers simultaneously receive and consume the benefits of the Group's services. In general, revenue is recognised using the output method which commensurate with the pattern of transfer of provision of services to the customers. A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due.

(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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting (continued)

(c) *Associated companies and joint ventures* (continued)

(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.

(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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 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 |
|---|---|
| Land and buildings | 10 - 56 years |
| Machinery, facilities and equipment | 3 - 10 years |
| Renovation, furniture and office equipment | 3 - 5 years |
| Motor vehicles | 3 - 5 years |
| Water treatment plant | 10 years |
| Bearer plants | 20 years |
| Right-of-use assets | 2 - 48 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 gains or losses".

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 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 year 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.

### 2.6 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.

### 2.7 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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 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) *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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Intangible assets (continued)

*(e) 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 year 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 year 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.

### 2.9 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.

### 2.10 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 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 year.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Impairment of non-financial assets (continued)

(b) *Other intangible assets*
*Property, plant and equipment*
*Right-of-use assets*
*Investments in subsidiary corporations, joint ventures and associated companies*
*Other non-financial assets*

Other Intangible assets, property, plant and equipment, right-of-use assets, 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 purposes 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.

### 2.11 Financial assets

(a) *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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets (continued)

(a) *Classification and measurement* (continued)

At initial recognition

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.

At subsequent measurement

*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 year in which it arises and presented in "Other gains or losses".

(b) *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 year 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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets (continued)

(c) *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 40(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 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(d) *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.

### 2.12 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.

### 2.13 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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Inventories

Inventories consist of construction materials and consumables which are purchased for the purposes of development properties and property leasing and trading goods, (such as tractors, implements, other spare parts, motor vehicles and the sale of food and beverages) for sale 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 year 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 year in which the reversal occurs.

### 2.15 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.

### 2.16 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 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 year of the borrowings using the effective interest method.

### 2.18 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.

### 2.19 Leases

*(i) When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

<u>Right-of-use assets</u>

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets for which the underlying assets meet the definition of properties under development are presented within "Development properties" and accounted for in accordance with Note 2.2(c) and 2.5.

Right-of-use assets are presented within "Property, plant and equipment" and "Development properties", and are disclosed in Note 23 and Note 16 respectively.

<u>Lease liabilities</u>

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Leases (continued)

(i) *When the Group is the lessee:* (continued)

<u>Lease liabilities</u> (continued)

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

<u>Short term and low value leases</u>

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

<u>Variable lease payments</u>

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 24.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Leases (continued)

*(ii) When the Group is the lessor:*

The Group leases equipment under finance leases and office spaces, retail stores and investment properties under operating leases to non-related parties.

- Lessor – Finance leases

  Leases where the Group has transferred substantially all 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 and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

  Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the 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 reduce the amount of income recognised over the lease term.

- Lessor – Operating leases

  Leases where the Group retains substantially all 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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 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. Management periodically evaluates positions taken in tax returns with respect to stiuations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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.

### 2.21 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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 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 year. The total amount to be recognised over the vesting year 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 year.

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.

### 2.22 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 States 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Currency translation (continued)

(b) *Transactions and balances (continued)*

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 gains or losses".

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.

(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.

### 2.23 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.

### 2.24 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 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.

### 2.26 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 year 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 include 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.

### 2.27 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.

### 2.28 Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

### 2.29 Perpetual securities

Perpetual securities, including perpetual bonds, do not have a maturity date and the Company is able to elect to defer or not make 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.29 Perpetual securities (continued)

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.

### 2.30 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.

### 2.31 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 expire unexercised, the liability is derecognised with a corresponding adjustment to equity.

### 2.32 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 recognized 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) *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 30 September 2021 is US$27,688,000 (2020: US$40,134,000).

If the contract costs of uncompleted properties to be incurred increase/decrease by 10% (2020: 10%) from management's estimates, the Group's revenue and profit would have been decreased/increased by US$3,931,000/ US$3,931,000 and US$1,035,000/US$209,000 (2020: US$927,000/US$927,000 and US$381,000/US$342,000) respectively.

(b) *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 22. If the selling prices and price per unit measurement of the investment properties determined by the valuation experts had been 5% (2020: 5%) higher/lower, the carrying amount of the investment properties would have been US$11,446,000 (2020: US$13,669,000) higher/lower.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(c) *Estimation of net realisable value for development properties land development rights*

Development properties and land development rights are stated at the lower of cost and net realisable value. Net realisable value of completed properties and land development rights is assessed by reference to market prices of comparable completed properties and land development rights 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 27 respectively.

For the development properties which have no comparable market price available, the net realisable value is determined by reference to be recoverable amount of the development properties based on value-in-use ("VIU"). Cash flow projections used in these calculations were based on financial budgets approved by management covering 12 years period. Key assumptions used for value-in-use calculations were as below:

| | 2021 |
|---|---|
| | % |
| Growth rate[1] | **2** |
| Discount rate[2] | **12.9** |

[1] Growth rate used for extrapolation of future cash flows beyond the ten-years period.

[2] Pre-tax discount rate applied on the pre-tax cash flow projection.

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.

(d) *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, 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 higher of value-in-use ("VIU") calculation and 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. It also involves the use of significant judgements such as the forecasted revenue and operating expenses, sales growth rates, gross profit margin and discount rates applied to the VIU calculation. Specific estimates used in the impairment assessment are disclosed in Note 26(e).

Management has assessed that the recoverable amounts of the CGUs are more than the carrying values of the CGUs except for logistic and distribution business, and accordingly an impairment loss of US$756,000 was recognised. The carrying amounts of intangible assets and goodwill with indefinite useful lives are disclosed in Note 26(d) and Note 26(e) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(d) *Estimated impairment of non-financial assets* (continued)

Other non-financial assets

Intangible assets with finite useful lives, 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. 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 investment in associated company (i.e. Memories Group Limited), prepayments and agriculture operating rights, there is no objective evidence or indication that the carrying amounts of the Group'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, 19, 20, 21, 23 and 26 respectively.

The impairment assessments for investment in associated company, prepayments and agriculture operating rights are performed based on the value-in-use calculations. As at 30 September 2021, the Group recognised impairment losses of US$1,958,000 (2020: US$4,310,000) and US$3,731,000 (2020: US$1,316,000) on prepayments and agriculture operating rights as the estimated recoverable amounts were lower than the respective carrying amounts which resulted in the carrying value of prepayment and agriculture operating rights being fully impaired as disclosed in Note 17 and Note 26(a). No impairment loss was recognised for the Group's investment in Memories Group Limited, as the estimated recoverable amount was higher than the carrying amount as disclosed in Note 20(a). Specific estimates used in the impairment assessment are disclosed in Note 17 and Note 20(a) respectively.

(e) *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).

Total carrying amounts of trade receivables, finance lease receivables and contract assets as at 30 September 2021 are US$48,794,000 (2020:US$56,017,000).

# NOTES TO THE FINANCIAL STATEMENTS

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(f) *Fair value estimation of financial assets and liabilities at fair value through profit or loss*

Investments in 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 32 respectively. If the fair value had been 5% (2020: 5%) higher from management's estimate, the carrying amount of financial assets and liabilities at fair value through profit and loss and the fair value remeasurement gain and loss would have been increased by US$514,000 and US$51,000 (2020: US$611,000 and US$76,000) respectively.

(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 year 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(a) and Note 9(b) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. REVENUE

Revenue of the Group is analysed as follows:

| | Group | |
|---|---|---|
| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
| | **US$'000** | US$'000 |
| Revenue from contracts with customers | **76,130** | 125,491 |
| Leasing income from investment properties (Note 22) | **4,476** | 8,005 |
| Leasing income from motor vehicles | **4,361** | 7,690 |
| Interest income from finance leases | **2,361** | 3,006 |
| | **87,328** | 144,192 |

(a) Disaggregation of revenue from contracts with customers

| | Group | |
|---|---|---|
| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
| | **US$'000** | US$'000 |
| **Major products or service lines** | | |
| Sale of development properties | **27,688** | 40,134 |
| Sale of land development rights | **4,826** | 136 |
| Sale of goods | | |
| - Automotive & heavy equipment | **14,743** | 32,923 |
| - Food & beverages | **13,632** | 37,918 |
| Logistic and distribution | **6,172** | 8,581 |
| Real estate services | **9,059** | 5,764 |
| Agricultural activities | **10** | 35 |
| | **76,130** | 125,491 |
| **Geographical markets** | | |
| Myanmar | **76,130** | 125,491 |
| **Timing of revenue recognition** | | |
| Product and services transferred over time | **27,688** | 40,134 |
| Product and services transferred at a point in time | **48,442** | 85,357 |
| | **76,130** | 125,491 |

# NOTES TO THE FINANCIAL STATEMENTS

## 4. REVENUE (CONTINUED)

(b) The following table provides information about contract assets and contract liabilities for contracts with customers.

| | Note | Group 2021 US$'000 | Group 2020 US$'000 |
|---|---|---|---|
| - Contract assets (Note 13) | (i) | **13,379** | 16,429 |
| - Contract liabilities (Note 28) | (ii) | **(9,235)** | (15,460) |

(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 30 September 2021, significant change in contract assets relates to amounts billed and reclassified to trade receivables of US$8,893,000 (2020: US$4,149,000).

(ii) Contract liabilities

Contract liabilities relate primarily to:

- advance consideration received from customers for sale of development properties; and
- progress billings issued to customers in accordance with the specified milestones in the contract for the sale of development properties in excess of the Group's right to the consideration.

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 are as follows:

| | Group: **For the financial year from 1 October 2020 to 30 September 2021 (12 months) US$'000** | Group: For the financial period from 1 April 2019 to 30 September 2020 (18 months) US$'000 |
|---|---|---|
| Revenue recognised that was included in contract liabilities at the beginning of financial year/period | **10,026** | 8,979 |
| Increases due to cash received and contractual progress billing, excluding amounts recognised as revenue during the financial year/period | **7,467** | 9,930 |

(iii) As at 30 September 2021, the Group has aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied in relation to sale of development properties of US$28,361,000 (2020: US$47,590,000).

# NOTES TO THE FINANCIAL STATEMENTS

## 4. REVENUE (CONTINUED)

(b) (iii) Management expects that the transaction price allocated to unsatisfied performance obligation as at 30 September 2021 and 2020 may be recognised as revenue in next reporting years as follows:

| | 2021 US$'000 | 2022 US$'000 | 2023 US$'000 | 2024 US$'000 | **Total US$'000** |
|---|---|---|---|---|---|
| Partially and fully unsatisfied performance obligations as at: | | | | | |
| - 30 September 2021 | **–** | **15,946** | **8,360** | **4,055** | **28,361** |
| - 30 September 2020 | 42,019 | 5,571 | – | – | 47,590 |

The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods of one year or less, or are billed based on time incurred, is not disclosed.

## 5. EXPENSES BY NATURE

| | Group | |
|---|---|---|
| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months) US$'000** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) US$'000 |
| Purchase of inventories | **13,026** | 44,628 |
| Subcontractors and related construction costs | **29,271** | 39,181 |
| Employee compensation (Note 8) | **18,221** | 38,497 |
| Amortisation of intangible assets [(Note 26(f)] | **1,012** | 1,500 |
| Depreciation of property, plant and equipment (Note 23) | **16,268** | 24,614 |
| Total amortisation and depreciation | **17,280** | 26,114 |
| Marketing and commission | **3,753** | 6,876 |
| Professional fees | **1,233** | 3,893 |
| Utilities expenses | **1,322** | 3,100 |
| License fee | **1,721** | 2,614 |
| Travelling and related costs | **859** | 2,396 |
| Rental (rebates)/expenses on short-term leases/operating leases[(a)] | **(578)** | 983 |
| Write-off of property, plant and equipment | **5,156** | 944 |
| Fees on audit services paid/payable to: | | |
| - Auditor of the Company | **348** | 458 |
| - Other auditors | **129** | 182 |
| Total fees on audit services | **477** | 640 |
| Costs of land development rights sold (Note 27) | **345** | 62 |
| Changes in inventories | **6,759** | (95) |
| Others | **5,753** | 9,139 |
| Total cost of sales and administrative expenses | **104,598** | 178,972 |

[(a)] Included within rental expenses are COVID-19 related rent concession received from lessors of US$961,000 (2020: US$710,000) [Note 24(c)] of which the Group applied the practical expedient as disclosed in Note 2.1.

# NOTES TO THE FINANCIAL STATEMENTS

## 6. OTHER GAINS OR LOSSES

| | Group | |
|---|---|---|
| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
| | **US$'000** | US$'000 |
| Net fair value gains/(losses) on investment properties (Note 22) | **41,405** | (12,108) |
| Fair value (losses)/gains on financial assets at fair value through profit or loss (Note 18) | **(2,159)** | 5,235 |
| Currency translation gains, net | **3,130** | 3,274 |
| Management services fee | **552** | 1,236 |
| Interest income on loan to joint venture | **3,830** | 1,296 |
| Interest income on bank deposits | **183** | 433 |
| Interest income from trade receivables under instalments and contracts with significant financing component | **82** | 528 |
| Gain on disposal of property, plant and equipment | **192** | 409 |
| Dividend income from financial assets, at fair value through profit or loss | **–** | 180 |
| Fair value gain on financial liabilities, at fair value through profit or loss (Note 32) | **495** | 106 |
| Gain on deemed divestment of associated company | **–** | 359 |
| Gain on disposal of financial asset at fair value through profit or loss [Note 18(b)(i)] | **–** | 3,638 |
| Gain on remeasurement of previously held interest in a joint venture as result of change in control | **–** | 241 |
| Impairment loss of agriculture operating rights [Note 26(a)] | **(3,731)** | (1,316) |
| Impairment loss of prepayments – Crop and Supply Agreement (Note 17) | **(1,958)** | (4,310) |
| Fair value loss on assets of disposal group classified as held-for-sale (Note 10) | **(1,512)** | (32,243) |
| Impairment loss of goodwill [Note 26(e)] | **(756)** | – |
| Cost related to the winding up of associated company | **(2,975)** | – |
| Gain from modification of lease contracts [Note 24(e)] | **73** | – |
| Loss from derecognition of lease contracts [Note 24(f)] | **(27)** | – |
| Others | **(919)** | (1,459) |
| | **35,905** | (34,501) |

# NOTES TO THE FINANCIAL STATEMENTS

## 7. FINANCE EXPENSES

| | Group | |
|---|---|---|
| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
| | **US$'000** | US$'000 |
| Interest expense | | |
| - borrowings | **19,272** | 31,823 |
| - lease liabilities [Note 24(b)] | **3,980** | 6,079 |
| - deferred trade payables | **–** | 215 |
| Amortised interest on deferred consideration | **34** | 37 |
| Other finance costs | **2,141** | 3,888 |
| Currency translation losses/(gains), net | **17** | (1,929) |
| | **25,444** | 40,113 |

## 8. EMPLOYEE COMPENSATION

| | Group | |
|---|---|---|
| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
| | **US$'000** | US$'000 |
| Wages and salaries | **15,980** | 33,068 |
| Employer's contribution to defined contribution plans | **93** | 179 |
| Share options expenses [Note 36(b)(i)] | **–** | 181 |
| Share awards expenses [Note 36(b)(ii)] | **110** | 955 |
| Other short-term benefits | **2,038** | 4,114 |
| | **18,221** | 38,497 |

# NOTES TO THE FINANCIAL STATEMENTS

## 9. INCOME TAXES

*(a) Income tax expense*

| | Group | |
|---|---|---|
| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
| | **US$'000** | US$'000 |
| Tax expense attributable to profit is made up of: | | |
| - Loss for the financial year/period | | |
| - Current income tax | | |
| - Singapore | **530** | 537 |
| - Foreign | **1,504** | 2,688 |
| | **2,034** | 3,225 |
| - Deferred income tax (Note 30) | **1,404** | (176) |
| | **3,438** | 3,049 |
| - (Over)/under-provision of current income tax in prior financial year/period | | |
| - Singapore | **(228)** | 62 |
| - Foreign | **(378)** | 1,275 |
| | **(606)** | 1,337 |
| | **2,832** | 4,386 |

The tax expense on the Group's loss before income tax differs from the theoretical amount that would have arisen using the Singapore standard rate of income tax as follows:

| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
|---|---|---|
| | **US$'000** | US$'000 |
| Loss before income tax: | **(12,848)** | (119,056) |
| Share of losses of joint ventures, net of tax (Note 19) | **2,521** | 1,639 |
| Share of (profits)/losses of associated companies, net of tax (Note 20) | **(1,152)** | 7,326 |
| Loss before income tax and share of results of joint ventures and associated companies | **(11,479)** | (110,091) |

# NOTES TO THE FINANCIAL STATEMENTS

## 9. INCOME TAXES (CONTINUED)

*(a) Income tax expense* (continued)

| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
|---|---|---|
| | **US$'000** | US$'000 |
| Tax calculated at a tax rate of 17% (2020: 17%) | **(1,952)** | (18,715) |
| Effects of: | | |
| - different tax rates in other countries | **526** | (3,435) |
| - expenses not deductible for tax purposes | **13,780** | 24,070 |
| - income not subject to tax purposes | **(7,808)** | (2,011) |
| - tax incentives | **(39)** | (38) |
| - deferred tax assets not recognised | **1,913** | 3,178 |
| - utilisation of previously unrecognised tax losses | **(2,982)** | – |
| - (Over)/under-provision of tax in prior financial period/year | **(606)** | 1,337 |
| Income tax expense | **2,832** | 4,386 |

*(b) Movement in current income tax liabilities*

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Beginning of financial year/period | **6,493** | 4,143 | **288** | 196 |
| Income tax expense for the financial year/period | **2,034** | 3,225 | **29** | 287 |
| Income tax paid | **(659)** | (1,016) | **(168)** | (264) |
| (Over)/under-provision of tax in prior financial period/year | **(606)** | 1,337 | **(120)** | 69 |
| Utilisation of prepaid withholding taxes | **–** | (1,311) | **–** | – |
| Other tax payables | **(72)** | (492) | **–** | – |
| Currency translation differences | **(1,279)** | 607 | **–** | – |
| End of financial year/period | **5,911** | 6,493 | **29** | 288 |

# NOTES TO THE FINANCIAL STATEMENTS

## 10. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In September 2019, the Directors of the Company approved the plan to sell its wholly owned subsidiary corporation, Wyndale International Limited and its subsidiary corporation ("Wyndale Group"). Accordingly, the entire assets and liabilities related to Wyndale Group (including the investment property, the Grand Central Shopping Mall in Dalian, the People's Republic of China) were presented as disposal group held-for-sale. In connection with this reclassification, the Group took a fair value loss. This fair value loss was recognised in "other gains or losses" and amounted to US$1,512,000 (2020: US$32,243,000) (Note 6) for the financial year ended 30 September 2021.

The disposal group is presented under the "Investments" reportable segment of the Group (Note 42). As at the reporting date, the Group remains actively committed to sell Wyndale Group as evidenced by the management's efforts in continuing to negotiate with potential buyers and at the same time seeking other interested buyers. The Directors are of the view that the delay in completing the sale of Wyndale Group is a result of the outbreak of the COVID-19 pandemic, which is not within the control of the Group. Accordingly, Wyndale Group continues to be presented as disposal group held-for-sale as at 30 September 2021.

(a) Details of the assets of disposal group classified as held-for-sale are as follows:

| | **2021** | 2020 |
|---|---|---|
| | **US$'000** | US$'000 |
| Cash and bank balances (Note 12) | **165** | 300 |
| Trade and other receivables | **75** | 89 |
| Other assets | **24** | 23 |
| Property, plant and equipment | **11** | 10 |
| Investment properties | **32,520** | 32,243 |
| | **32,795** | 32,665 |

(b) Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows:

| | **2021** | 2020 |
|---|---|---|
| | **US$'000** | US$'000 |
| Trade and other payables | **513** | 442 |

# NOTES TO THE FINANCIAL STATEMENTS

## 11. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year/period.

For the purpose of calculating diluted 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.

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| Net loss attributable to equity holders of the Company (US$'000) | **(19,704)** | (118,013) |
| Less: Perpetual securities distribution | **(600)** | (1,200) |
| Net loss used to determine basic loss per share | **(20,304)** | (119,213) |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) | **2,237,469** | 2,102,473 |
| Adjustments for share options | **–** | 518 |
| Adjustments for share awards | **8,925** | 9,625 |
| Weighted average number of ordinary shares outstanding for diluted earnings per share ('000) | **2,246,394** | 2,112,616 |
| Basic loss per share (US cents) | **(0.91)** | (5.67) |
| Diluted loss per share (US cents) | **(0.91)*** | (5.67)* |

* As net loss was recorded by the Group, the dilutive potential share options and share awards were anti-dilutive and no change has been made to the dilutive loss per share.

# NOTES TO THE FINANCIAL STATEMENTS

## 12. CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Cash at bank balances | **27,180** | 46,418 | **697** | 11,788 |

Please refer to Note 43(b) for the effects of an acquisition of subsidiary corporation on the cash flows of the Group in the prior financial period.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Cash and bank balances (as above) | **27,180** | 46,418 |
| Add: Cash and bank balances included in assets of disposal group classified as held-for-sale (Note 10) | **165** | 300 |
| Less: Bank deposits restricted for use | **(219)** | (11,646) |
| Less: Bank overdrafts (Note 29) | **(187)** | (360) |
| Cash and cash equivalents per consolidated statement of cash flows | **26,939** | 34,712 |

Bank deposits restricted for use are in relation to debt service reserve accounts required for certain borrowings.

Cash and bank balances of the Group with carrying amount of US$5,170,000 (2020: US$3,330,000) are subject to a floating charge to secure borrowings of the Group [Note 29(a)].

# NOTES TO THE FINANCIAL STATEMENTS

## 13. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Current** | | | | |
| Trade receivables | | | | |
| - Non-related parties | **15,661** | 18,773 | **–** | – |
| - Associated companies | **2,201** | – | **–** | – |
| - Joint venture | **23** | – | **–** | – |
| | **17,885** | 18,773 | **–** | – |
| Contract assets [Note 4(b)] | **13,379** | 16,429 | **–** | – |
| Finance lease receivables (Note 14) | **5,219** | 5,570 | **–** | – |
| Non-trade receivables | | | | |
| - Non-related parties | **4,045** | 6,365 | **57** | 9 |
| - Associated companies | **4,827** | 5,554 | **4,599** | 3,624 |
| - Joint ventures | **6,121** | 2,094 | **84** | 45 |
| | **14,993** | 14,013 | **4,740** | 3,678 |
| Amounts due from entities related by a common controlling shareholder | **33,517** | 35,386 | **10,492** | 7,074 |
| Loan to a joint venture | **24,017** | 24,017 | **–** | – |
| Staff loans | **210** | 286 | **45** | 75 |
| | **109,220** | 114,474 | **15,277** | 10,827 |
| **Non-current** | | | | |
| Trade receivables – Non-related parties | **4,073** | 4,343 | **–** | – |
| Staff loans | **1,260** | 1,301 | **–** | – |
| Finance lease receivables (Note 14) | **8,238** | 10,902 | **–** | – |
| | **13,571** | 16,546 | **–** | – |
| Total trade and other receivables | **122,791** | 131,020 | **15,277** | 10,827 |

## 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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.

Loan to a joint venture amounting to US$24,017,000 (2020: US$24,017,000) is provided to Yoma Micro Power (S) Pte. Ltd. for the purpose of developing additional renewable energy projects within Myanmar including participation in large scale utilities renewable projects. The loan is unsecured, interest-bearing at 15% (2020: 15%) per annum and receivable on demand. This loan is obtained by the Group from a non-related party who will be investing into the Group's investment in the renewable energy projects (Note 28).

Staff loans are unsecured, interest-bearing at 5% (2020: 5%) per annum and are receivable on demand except for an amount of US$1,455,000 (2020: US$1,574,000) which is repayable under installment plan. Included in the staff loans are loans made to two (2020: two) members of key management personnel of the Group amounting to US$1,413,000 (2020: US$1,497,000) which are interest-free.

Trade and other receivables of the Group with carrying amount of US$3,427,000 (2020: US$3,259,000) are subject to a floating charge to secure borrowings of the Group [Note 29(a)].

The fair value of non-current trade receivables of US$3,680,000 (2020: US$3,924,000) is computed based on the adjusted future cash flows discounted at market interest rate of an equivalent instrument at the reporting date of 7% (2020: 7%). The fair value is within Level 2 of the fair value hierarchy.

Trade receivables amounting to US$877,000 (2020: US$166,000) are under instalment credit agreements with interest rate ranging from 10% to 13% (2020: 10% to 13%) and are analysed as below:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Gross instalment receivables: | | |
| - Within one year | **482** | 166 |
| - Between one to five years | **429** | – |
| | **911** | 166 |
| Less: Unearned interest income | **(34)** | * |
| Net instalment receivables | **877** | 166 |

* Amount less than US$1,000

The present value of trade receivables with instalment credit agreements is analysed as follows:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Within one year | **458** | 166 |
| Between one and five years | **419** | – |
| | **877** | 166 |

## 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 | Gross amounts offset in the statements of financial position | Net amounts presented in the statements of financial position |
|---|---|---|---|
| | US$'000 | US$'000 | US$'000 |
| Group | | | |
| **2021** | | | |
| Trade and other receivables | **39,571** | **(6,054)** | **33,517** |
| Trade and other payables | **(6,054)** | **6,054** | **–** |
| **2020** | | | |
| Trade and other receivables | 41,284 | (5,898) | 35,386 |
| Trade and other payables | (5,898) | 5,898 | – |
| Company | | | |
| **2021** | | | |
| Trade and other receivables | **11,061** | **(569)** | **10,492** |
| Trade and other payables | **(569)** | **569** | **–** |
| **2020** | | | |
| Trade and other receivables | 10,329 | (3,255) | 7,074 |
| Trade and other payables | (3,255) | 3,255 | – |

## 14. FINANCE LEASE RECEIVABLES

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Gross receivables due | | |
| Not later than one year | **7,272** | 8,004 |
| Later than one year but within five years | **10,392** | 13,754 |
| | **17,664** | 21,758 |
| Less: Unearned finance income | **(4,207)** | (5,286) |
| Net investment in finance leases | **13,457** | 16,472 |

# NOTES TO THE FINANCIAL STATEMENTS

## 14. FINANCE LEASE RECEIVABLES (CONTINUED)

The net investment in finance leases is analysed below:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Not later than one year (Note 13) | **5,219** | 5,570 |
| Later than one year but within five years (Note 13) | **8,238** | 10,902 |
| Net investment in finance leases | **13,457** | 16,472 |

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$7,202,000 (2020: US$9,533,000) is computed based on the adjusted future cash flows discounted at the market interest rate of an equivalent instrument at the reporting date of 13% (2020: 13%). The fair value is within Level 2 of the fair value hierarchy.

## 15. INVENTORIES

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Construction materials | **2** | 3 |
| Consumables | **906** | 1,511 |
| Trading goods | **11,631** | 17,784 |
| | **12,539** | 19,298 |

The cost of inventories recognised as an expense and included in "cost of sales" amounted to US$ 19,784,000 (2020: US$44,533,000).

Inventories of the Group with carrying amount of US$10,370,000 (2020: US$13,287,000) are subject to a floating charge to secure borrowings of the Group [Note 29(a)].

## 16. DEVELOPMENT PROPERTIES

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Properties under development, sold units for which revenue is recognised over time – costs incurred | **44,546** | 22,503 |
| Other unsold properties under development | | |
| - Costs incurred | **257,628** | 262,947 |
| - Right-of-use assets | **17,269** | 17,269 |
| Completed properties | **690** | 2,042 |
| | **320,133** | 304,761 |

# NOTES TO THE FINANCIAL STATEMENTS

## 16. DEVELOPMENT PROPERTIES (CONTINUED)

During the financial year ended 30 September 2021, the Group transferred certain development properties with total carrying amount of US$1,381,000 (2020: US$56,072,000), which was inclusive of development properties for hotel and serviced apartment in Yoma Central) to property, plant and equipment (Note 23) for own use in accordance with SFRS(I) 1-16 *Property, plant and equipment*.

As at 30 September 2021, a development property of the Group with a carrying amount of US$69,834,000 (2020: US$70,478,000) was mortgaged to secure certain of Group's borrowings [Note 29(a)].

## 17. OTHER ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Other deposits | **828** | 1,351 | **120** | 121 |
| Advances to suppliers and subcontractors | **45,744** | 49,345 | **–** | – |
| Prepayments – Crop and Supply Agreement | **–** | 1,755 | **–** | – |
| Other prepayments | **5,110** | 8,963 | **1,141** | 1,500 |
| Advanced payment for investment in associated company [Note 20(b)] | **–** | 7,800 | **–** | – |
| | **51,682** | 69,214 | **1,261** | 1,621 |
| Less: Non-current portion | **(1,071)** | (3,838) | **–** | – |
| Current portion | **50,611** | 65,376 | **1,261** | 1,621 |

Other deposits and prepayments of the Group with carrying amount of US$360,000 and US$2,250,000 (2020: US$130,000 and US$468,000) are subject to a floating charge to secure borrowings to the Group [Note 29(a)].

<u>Prepayments – Crop and Supply Agreement</u>

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| *Cost* | | |
| Beginning of financial year/period | **15,174** | 13,922 |
| Additions | **187** | 1,213 |
| Currency translation differences | **1** | 39 |
| End of financial year/period | **15,362** | 15,174 |
| *Accumulated impairment loss* | | |
| Beginning of financial year/period | **(13,419)** | (8,119) |
| Impairment loss (Note 6) | **(1,958)** | (4,310) |
| Currency translation differences | **15** | (990) |
| End of financial year/period | **(15,362)** | (13,419) |
| *Carrying value* | **–** | 1,755 |

# NOTES TO THE FINANCIAL STATEMENTS

## 17. OTHER ASSETS (CONTINUED)

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 adjustment 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 review for the prepayments based on value-in-use. Cash flow projections used in these calculations were based on financial budgets approved by management covering the remaining contractual year of the agriculture operating rights of 16 years (2020: 17 years). Key assumptions used for value-in-use calculations were as below:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| Crop yield rate per acre | **163** | 207 |
| Market price of crop per MT | **US$1,840** | US$1,850 |
| Discount rate[1] | **17.0%** | 20.0% |

[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, future plan and its expectations of market developments. The discount rate used was pre-tax and reflected specific risks relating to the agriculture investment.

*Sensitivity analysis*

An impairment loss of US$1,958,000 was recognised for prepayments during the financial year ended 30 September 2021, resulted in the prepayments fully impaired.

An impairment loss of US$4,310,000 was recognised for prepayments during the financial period ended 30 September 2020. A further decrease of 1% in market price or increase of 1% in discount rate with all other assumptions remain constant would result in additional impairment of US$784,000 or US$196,000 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Beginning of financial year/period | **12,231** | 60,248 |
| Additions | **835** | 1,107 |
| Fair value (losses)/gains recognised in profit or loss (Note 6) | **(2,159)** | 5,235 |
| Capital repayment | **(340)** | (625) |
| Disposal | **–** | (53,862) |
| Currency translation differences | **(284)** | 128 |
| End of financial year/period | **10,283** | 12,231 |

Analysed as:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Unlisted securities | | |
| Private investment fund – Myanmar (Note a) | **7,298** | 8,418 |
| Equity securities – Myanmar (Note b) | **2,985** | 3,813 |
| Total | **10,283** | 12,231 |

(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 30 September 2021, the fair value of US$7,298,000 (2020: US$8,418,000) is determined based on valuation techniques as described in Note 3(f).

## 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 Singapore Pte. Ltd. ("edotco Investments") of which the Company had been granted a put option to sell its interest to edotco Group Sdn Bhd ("edotco Group"). Similarly, the Company had also granted a call option to the edotco Group on the same terms. At each reporting date, the Group would remeasure the fair value of its interest in edotco Investments based on earnings multiple using recent transacted valuation of other telecom tower companies based in Asia as reference as described in Note 3(f).

On 15 November 2019, the Group completed the disposal of its 12.5% equity interest in edotco Investments to a non-related party for a consideration of US$57,500,000 and recognised a gain of US$3,638,000 as included in "other gains or losses" (Note 6). Prior to the disposal, the Group recognised fair value gains of US$3,635,000 during the financial period ended 30 September 2020 in relation to the fair value remeasurement.

(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 signed a concession agreement with Myanmar's Department of Civil Aviation for the concession to operate Mandalay International Airport for 30 years. As at 30 September 2021, the fair value of US$2,499,000 (2020:US$3,126,000) is determined based on valuation techniques as described in Note 3(f).

(iii) Other unquoted equity securities with a fair value of US$486,000 (2020: US$687,000) which is determined based on valuation techniques as described in Note 3(f) are subject to a floating charge to secure borrowings of the Group [Note 29(a)].

## 19. INVESTMENTS IN JOINT VENTURES

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Beginning of financial year/period | **10,600** | 11,372 |
| Additions | – | 3,451 |
| Share of losses [Note 9(a)] | **(2,521)** | (1,639) |
| Fair value of previously held interest [Note 43(a)] | – | (3,264) |
| Gain on remeasurement on previously held interest | – | (197) |
| Share of other comprehensive (loss)/income | **(443)** | 872 |
| Currency translation differences | **(200)** | 5 |
| End of financial year/period | **7,436** | 10,600 |

# NOTES TO THE FINANCIAL STATEMENTS

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The Group has certain interests in the ownership and voting rights in 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 entities 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 Group's material joint ventures are summarised below:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| MM Cars Myanmar Limited ("MM Cars") | **2,728** | 3,437 |
| Yoma Micro Power (S) Pte Ltd ("YMP") | **2,617** | 5,253 |
| Other immaterial joint ventures | **2,091** | 1,910 |
| | **7,436** | 10,600 |

(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 department stores in Myanmar through the incorporation of Parkson Myanmar Investment Company Pte. Ltd. and its subsidiary corporations (collectively, the "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 and is in the process of being wound-up.

(b) In March 2013, the Group entered into an agreement with Dragages Singapore Pte Ltd to form a jointly-controlled entity, BYMA Pte. Ltd. ("BYMA"), to perform building, design and construction works in Myanmar. The Group has a 40% equity interest in BYMA at a historical cost of US$295.

(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%.

# NOTES TO THE FINANCIAL STATEMENTS

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

(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 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 of 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 30% 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. FJTS has ceased its operations during the financial year and is in the process of being wound up.

(f) In July 2014, the Group entered into a joint venture agreement with Kokubu & Co., Ltd. ("Kokubu") and FMI to incorporate KOSPA Limited ("KOSPA") to operate the business of offering distribution and third-party logistics services in Myanmar, including cold chain solutions, inventory management and transportation. 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 as its additional share capital, and accordingly, the Group's historical cost of investment in KOSPA increased to US$6,000,000.

In February 2019, the Group 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 the completion of the proposed investment by S.F. Express, the Group acquired from Kokubu a certain number of shares in KOSPA such that the Group retained 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. Upon completion of the transaction in July 2019, KOSPA became a subsidiary corporation of the Group pursuant to a new shareholders agreement between the parties (Note 43).

(g) In October 2015, the Group 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

(h) In June 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 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, YMP.

In April 2018, YMP issued additional new shares to the International Finance Corporation and existing shareholders to expand its business pursuant to the new Shareholders' 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%.

Subsequently in September 2020, the Group contributed an additional US$2,926,000 to YMP based on its pro-rata shareholdings, and thus increased its cost of investment to US$8,166,000 as at 30 September 2020 in YMP.

As at 30 September 2021, the Group's 35% investment in YMP with a carrying amount of US$2,617,000 (2020: US$5,253,000) is pledged to secure borrowings of the Group [Note 29(a)].

(i) In July 2016, the Group through its subsidiary corporation, Yoma Agriculture Company Limited ("YAC") entered into a 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"). 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. During the financial period ended 30 September 2020, the Group has invested additional US$12,000 based on its pro-rata shareholding in Myfood and its historical cost of investment increased to US$133,500.

(j) In March 2017, the Group through its subsidiary corporation, YAC 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 ("Zuari"). The Group has 50% equity interest in Zuari at a historical cost of US$12,500. Subsequently in September 2020, the Group invested an additional US$500,000 in Zuari, resulting in the increase in its historical cost of investment to US$512,500 based on its pro-rata shareholding.

As at 30 September 2021, the Group has a total of US$466,500 (2020: US$466,500) of commitments to provide funding, 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 related to the Group's interests in the joint ventures.

# NOTES TO THE FINANCIAL STATEMENTS

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Set out below are the joint ventures of the Group as at 30 September 2021 and 2020:

| | Name of joint ventures | Principal activities | Country of incorporation/ Principal place of business | Interest 2021 % | Interest 2020 % |
|---|---|---|---|---|---|
| | Joint ventures held by Yoma Strategic Investments Ltd. | | | | |
| (a) | Parkson Myanmar Investment Company Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | **20** | 20 |
| (b) | MC Elevator (Myanmar) Limited | Investments – Distributor and service activities | Myanmar | **40** | 40 |
| (a) | Yoma Micro Power (S) Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | **35** | 35 |
| (a) | BYMA Pte. Ltd. | Real Estate Services – Construction services activities | Singapore/Myanmar | **40** | 40[1] |
| | Joint ventures held by Myanmar Motors Pte. Ltd. | | | | |
| (b) | First Japan Tire Services Company Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **30** | 30 |
| (b) | MM Cars Myanmar Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **50** | 50 |
| | Joint venture held by Elite Matrix International Limited | | | | |
| (c) | Summit SPA Motors Limited | Automotive & Heavy Equipment - Distributor activities | Myanmar | **23.16** | 23.16 |
| | 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** | 50 |
| | Joint venture held by Yankin Kyay Oh Group of Companies Limited | | | | |
| (f) | YKKO Toridoll Myanmar Company Limited | Consumer - F&B activities | Myanmar | **60** | 60 |

# NOTES TO THE FINANCIAL STATEMENTS

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

[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
[f] Audited by W & Associate Limited, Myanmar

[1] Pursuant to a restructuring undertaken by the Group during the financial period, the Group's interest in Byma Pte. Ltd. is now held through Yoma Strategic Investments Ltd. a wholly-owned subsidiary corporation of the Company.

*Summarised financial information for joint ventures*

Management has determined the significance of the joint ventures based on the future plans of the respective entities, their prospects and their 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 | | YMP | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Current assets** | **12,146** | 14,650 | **23,689** | 26,920 |
| Includes: | | | | |
| - Cash and bank balances | **7,074** | 5,658 | **6,264** | 21,481 |
| **Current liabilities** | **(8,465)** | (10,130) | **(9,026)** | (2,870) |
| Includes: | | | | |
| - Financial liabilities | | | | |
| (excluding payables and accruals) | **(7,539)** | (6,926) | **(7,435)** | (1,959) |
| **Non-current assets** | **949** | 1,656 | **37,631** | 35,008 |
| **Non-current liabilities** | **–** | – | **(46,421)** | (45,965) |
| **Net assets** | **4,630** | 6,176 | **5,873** | 13,093 |

# NOTES TO THE FINANCIAL STATEMENTS

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised statement of comprehensive income

| | MM Cars | | YMP | |
|---|---|---|---|---|
| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Revenue** | **21,014** | 25,855 | **5,715** | 3,842 |
| **Expenses** | **(20,284)** | (23,867) | **(12,935)** | (9,816) |
| Includes: | | | | |
| - Depreciation and amortisation | **(322)** | (488) | **(65)** | (31) |
| - Interest expense | **(24)** | (15) | **(5,450)** | (1,825) |
| **Profit/(loss) before income tax** | **730** | 1,988 | **(7,220)** | (5,974) |
| Income tax expense | **(407)** | (407) | **–** | – |
| **Net profit/(loss)** | **323** | 1,581 | **(7,220)** | (5,974) |
| Other comprehensive (loss)/income | | | | |
| - Currency translation (loss)/gain | **(1,869)** | 757 | **–** | – |
| **Net (loss)/profit, representing total comprehensive (loss)/income** | **(1,546)** | 2,338 | **(7,220)** | (5,974) |

# NOTES TO THE FINANCIAL STATEMENTS

## 19. INVESTMENTS IN 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 | | YMP | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Net assets** | | | | |
| **At beginning of financial year/period** | **6,176** | 3,838 | **13,093** | 11,123 |
| Profit/(loss) for the financial year/period | **323** | 1,581 | **(7,220)** | (5,974) |
| Increase in share capital | **–** | – | **–** | 7,944 |
| Currency translation differences | **(1,869)** | 757 | **–** | – |
| | **4,630** | 6,176 | **5,873** | 13,093 |
| **At end of financial year/period** | | | | |
| Interests in joint ventures | **2,315** | 3,088 | **2,056** | 4,583 |
| Others | **413** | 349 | **561** | 670 |
| Carrying value | **2,728** | 3,437 | **2,617** | 5,253 |

*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 | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Carrying amount of interests in the immaterial joint ventures | **2,091** | 1,910 |
| Group's share of: | | |
| - Loss for the financial year/period, representing total comprehensive loss | **(2,521)** | (1,639) |

The Group has not recognised its share of loss of joint ventures amounting to US$1,868,000 (2020: US$3,100,000) because the Group's cumulative share of losses exceeds its interests in those entities and the Group has no obligation in respect of those losses.

# NOTES TO THE FINANCIAL STATEMENTS

## 20. INVESTMENTS IN ASSOCIATED COMPANIES

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Investments in associated companies, at cost | **59,375** | 54,894 |
| Loan to associated companies | **31,663** | 28,060 |
| Total | **91,038** | 82,954 |
| | | |
| Beginning of financial year/period | **54,894** | 66,970 |
| Additions | **9,692** | 8,386 |
| Disposals | **–** | (14,201) |
| Share of profits/(losses) [Note 9(a)] | **1,152** | (7,326) |
| Share of other comprehensive (loss)/income | **(5,987)** | 1,065 |
| Currency translation differences | **(376)** | – |
| End of financial year/period | **59,375** | 54,894 |
| Add: Loan to associated companies | **31,663** | 28,060 |
| Total | **91,038** | 82,954 |

The loan to the associated company, Peninsula Yangon Holdings Pte Ltd ("Peninsula Yangon"), is unsecured and interest-free. There is no certainty on the date of repayment as the Group intends to provide this loan as financing for Peninsula Yangon'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 Peninsula Yangon.

The Group's material associated companies are summarised below:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Memories Group Limited ("Memories Group") (Note a) | **17,741** | 18,740 |
| Digital Money Myanmar Limited ("Wave Money") (Note b) | **36,811** | 30,005 |
| Other immaterial associated companies (Note c) | **36,486** | 34,209 |
| | **91,038** | 82,954 |

# NOTES TO THE FINANCIAL STATEMENTS

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(a) 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%.

In 2019, Memories Group issued additional new shares as part of the consideration to acquire new businesses which resulted in the dilution of the Group's interest in Memories Group from 47.56% to 33.3%.

As at 30 September 2021, the Group's 33.3% investment in Memories Group with a carrying amount of US$17,741,000 (2020: US$18,740,000) is pledged to secure borrowings of the Group [Note 29(a)].

Memories Group operates an integrated tourism platform in Myanmar which synergistically connects all its business to provide a seamless one-of-kind experience aimed at creating lasting memories. As at 30 September 2021, the fair value of the Group's interest in Memories Group, which is listed on the SGX, was US$2,962,000 (2020: US$6,683,000). The fair value measurement is classified within Level 1 of the fair value hierarchy. The carrying amount of the Group's interest as at 30 September 2021 was US$17,741,000 (2020: US$18,740,000). The reduction in the carrying amount is due to the share of loss recognised during the financial year ended 30 September 2021 as a result of an impairment loss of US$1,791,000 (2020: US$14,774,000) recognised by Memories Group on its operating assets in view of the adverse impact of COVID-19 and the uncertain economic and business environment on Myanmar's tourism industry.

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 is required as the estimated recoverable amount determined based on the value-in-use calculation was higher than the carrying amount as at 30 September 2021. Cash flows projections used in this calculation were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rate stated below.

Key assumptions used for the value-in-use calculation were as follows:

| | **2021** | 2020 |
|---|---|---|
| | **%** | % |
| Growth rate[1] | **4** | 3 |
| Discount rate[2] | **15.6 – 17.7** | 14.3 – 17.3 |

[1] Growth rate used for the extrapolation of future cash flows beyond the five-year period.

[2] Pre-tax discount rate applied to the pre-tax cash flow projections.

*Sensitivity analysis*

The impairment review carried out as at 30 September 2021 for the Group's investment in Memories Group has revealed that the recoverable amount is higher than the carrying amount by US$8,977,000 (2020: US$5,269,000). A decrease of 1% in growth rate or an increase of 1% in discount rate with all other assumptions remaining constant would result in this recoverable amount being lower by US$819,000 (2020:US$870,000) or US$1,156,000 (2020: US$1,295,000), respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(b) In March 2018, the Group acquired 34% equity interest in Wave Money which is in the financial services sector offering mobile payment solutions and services in Myanmar, for a cost of investment of US$19,400,000 from FMI.

In 2019, the Group contributed additional capital of US$1,608,000 based on its pro-rata shareholding in Wave Money. On 13 October 2020, the Group completed its acquisition of an additional 10% equity interest in Wave Money for US$7,800,000 (Note 17), and the Group's equity interest in Wave Money increased to 44% and its historical cost of investment increased to US$28,808,000.

(c) Included as other immaterial associated companies are:

(i) The Group's 24% equity interest in Peninsula Yangon Holdings Pte. Limited ("Peninsula Yangon") with an initial cost of investment of US$240 made in January 2016. The Group capitalised part of the costs incurred for the development of the hotel project on behalf of this associated company amounting to US$14,380,000 as a quasi-capital loan under investments in associated companies.

Subsequently, during the financial period ended 30 September 2020, the Group has provided an additional shareholder loan amounting to US$13,680,000 to finance the development of the hotel project. The additional loan has been capitalised as a quasi-capital loan and forms part of the Group's cost of investment in Peninsula Yangon.

The contribution of Peninsula Yangon to the Group for the financial year ended 30 September 2021 and the financial period ended 30 September 2020 are not significant as the construction of the hotel project is still in progress. Accordingly, the summarised financial information of Peninsula Yangon is not disclosed.

As at 30 September 2021, the Group's 24% investment in Peninsula Yangon with a carrying amount of US$28,153,000 (2020: US$28,158,000) is pledged to secure borrowings of the Group [Note 29(a)].

(ii) The Group's investment in Access Myanmar Distribution Company Limited ("Access Myanmar Distribution") which 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 had 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 had effective control of 30% in Access Myanmar Distribution.

During the financial period ended 30 September 2020, the Group completed the restructuring of its investment in Access Myanmar Distribution into a new associated company, Seagram MM Holdings Pte. Ltd. ("Seagram MM"), with Pernod Richard and other parties to focus on the production and distribution of whisky in Myanmar. In November 2018, Seagram MM had been incorporated with initial issued and paid-up share capital of US$100, and the Group held an initial 50% equity interest in Seagram MM. Following the completion of the restructuring, the Group's equity interest in Seagram MM reduced from 50% to 19.8% with a historical cost of US$8,386,000. As the Group is no longer required to maintain its original investment in Access Myanmar Distribution, the Group subsequently disposed of its 50% equity interest in Access Myanmar Distribution to non-related party for a consideration of MMK 2.5 billion (approximately US$1,647,000).

(iii) On 15 December 2020, the Group invested in CLW Development Limited ("CLW") with an initial cost of investment of US$2,100,000 representing a 25% equity interest in CLW. The principal activity of the company is real estate development and services in Myanmar.

# NOTES TO THE FINANCIAL STATEMENTS

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(c) Included as other immaterial associated companies are (continued):

During the financial year ended 30 September 2021, Metro Wholesale Myanmar Limited ("Metro Myanmar") issued additional new shares to one of the shareholders for working capital purposes which resulted in the dilution of the Group's interest in Metro Myanmar from 15% to 11.9%. There is no deemed loss/gain from dilution recognised in the Group's financial statements as Metro Myanmar's carrying amount is nought for the financial year ended 30 September 2021 as a result of the Group's cumulative share of losses exceeding its interest in Metro Myanmar and the Group having no obligation in respect of those excess losses. In addition, the Group recognised accrual for winding up related cost of Metro Myanmar amounted to US$2,975,000 based on its proportionate shareholding during the financial year (Note 6).

As at 30 September 2021, the Group has an aggregate US$3,440,000 (2020: US$1,940,000) of commitments to provide funding, if called, related to the above associated companies. These commitments have not been recognised in the Group's consolidated financial statements.

There were no contingent liabilities related to the Group's interest in the associated companies.

Set out below are the associated companies of the Group as at 30 September 2021 and 2020:

| | Name of associated companies | Principal activities | Country of incorporation/ principal place of business | Interest | |
|---|---|---|---|---|---|
| | | | | **2021** | 2020 |
| | | | | **%** | % |
| | Associated companies held by Yoma Strategic Investments Ltd. | | | | |
| [a] | Peninsula Yangon Holdings Pte. Limited | Real Estate Development – Investment holding | Singapore/ Not applicable | **24** | 24 |
| [b] | Digital Money Myanmar Limited | Financial Services – Mobile financial service activities | Myanmar | **44** | 34 |
| [c] | Memories Group Limited | Investments – Investment holding | Singapore/ Not applicable | **33.3** | 33.3 |
| [d] | Metro Wholesale Myanmar Limited | Consumer – Distributor and logistics activities | Myanmar | **11.9** | 15 |
| [c] | Seagram MM Holdings Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | **19.8** | 19.8 |
| | 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 |
| | Associated company held by Yoma Development Group Pte. Ltd. | | | | |
| [e] | CLW Development Limited | Real Estate Development | Myanmar/ Not applicable | **25** | – |

[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
[e] Audited by Excellent Choice Professional Financial Consulting and Auditing Group, Myanmar

# NOTES TO THE FINANCIAL STATEMENTS

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

*Summarised financial information for associated companies*

Management has determined the significance of the associated companies based on the future plans of the respective entities, their prospects and their impact on the financial statements of the Group.

Set out below are the summarised financial information of the associated companies 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

| | Memories Group | | Wave Money | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Current assets** | **2,323** | 3,095 | **102,767** | 124,946 |
| Includes: | | | | |
| - Cash and bank balances | **130** | 406 | **97,396** | 120,576 |
| **Current liabilities** | **(22,990)** | (16,848) | **(72,033)** | (93,498) |
| Includes: | | | | |
| - Financial liabilities (excluding payables and accruals) | **(15,426)** | (14,069) | **(62,592)** | (79,412) |
| **Non-current assets** | **67,992** | 74,282 | **3,029** | 5,195 |
| **Non-current liabilities** | **(25,162)** | (35,618) | **–** | (97) |
| **Net assets** | **22,163** | 24,911 | **33,763** | 36,546 |

# NOTES TO THE FINANCIAL STATEMENTS

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

*Summarised financial information for associated companies* (continued)

Summarised statement of comprehensive income

| | Memories Group | | Wave Money | |
|---|---|---|---|---|
| | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) | **For the financial year from 1 October 2020 to 30 September 2021 (12 months)** | For the financial period from 1 April 2019 to 30 September 2020 (18 months) |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Revenue** | **2,095** | 10,523 | **82,010** | 141,338 |
| **Other losses** | **(2,899)** | (14,888) | **–** | – |
| Includes: | | | | |
| - Impairment loss on goodwill | **(1,400)** | (5,135) | **–** | – |
| - Impairment loss on intangible assets | **(391)** | – | **–** | – |
| - Impairment loss on property, plant and equipment | **–** | (9,639) | **–** | – |
| **Expenses** | **(1,984)** | (31,606) | **(69,860)** | (115,005) |
| Includes: | | | | |
| - Depreciation and amortisation | **(2,593)** | (4,442) | **(2,301)** | (4,890) |
| - Interest expense | **(3,850)** | (5,378) | **–** | – |
| **(Loss)/profit before income tax** | **(2,788)** | (35,971) | **12,150** | 26,333 |
| Income tax credit/ (expense) | **40** | 4 | **(2,292)** | (2,789) |
| **Net (loss)/profit** | **(2,748)** | (35,967) | **9,858** | 23,544 |
| **Other comprehensive (loss)/income** | | | | |
| - Currency translation (loss)/gain | **–** | – | **(12,641)** | 3,917 |
| **Total comprehensive (loss)/income** | **(2,748)** | (35,967) | **(2,783)** | 27,461 |

# NOTES TO THE FINANCIAL STATEMENTS

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

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:

| | Memories Group | | Wave Money | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Net assets** | | | | |
| **At beginning of financial year/period** | **24,911** | 60,812 | **36,546** | 9,085 |
| (Loss)/profit for the financial year/period | **(2,748)** | (35,967) | **9,858** | 23,544 |
| Equity component of convertible bond | **–** | 66 | **–** | – |
| Currency translation differences | **–** | – | **(12,641)** | 3,917 |
| | **22,163** | 24,911 | **33,763** | 36,546 |
| **At end of financial year/period** | | | | |
| Interests in associated companies | **7,380** | 8,295 | **14,856** | 12,425 |
| Goodwill | **10,362** | 10,362 | **21,955** | 17,580 |
| Others | **(1)** | 83 | **–** | – |
| Carrying value | **17,741** | 18,740 | **36,811** | 30,005 |

*Immaterial associated companies*

The following table summarises, in aggregate, the carrying amount and the Group's share of loss and other comprehensive loss of immaterial associated companies that are accounted for using the equity method:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Carrying amount of interests in the immaterial associated companies | **36,486** | 34,209 |
| Group's share of: | | |
| - Profit/(loss) for the financial year/period, representing total comprehensive income/(loss) | **1,152** | (7,326) |

The Group has not recognised its share of loss of associated companies amounting to US$4,272,000 (2020: US$2,996,000) because the Group's cumulative share of losses exceeds its interests in those entities and the Group has no obligation in respect of those losses.

# NOTES TO THE FINANCIAL STATEMENTS

## 21. INVESTMENTS IN SUBSIDIARY CORPORATIONS

| | Company | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| *Equity investment at cost* | | |
| Beginning and end of financial year/period | **78,792** | 78,792 |
| Loans to subsidiary corporations (net) | **661,798** | 641,222 |
| Total | **740,590** | 720,014 |

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, and accordingly, these loans are considered to be quasi-capital loans and form part of the Company's cost of investments in the subsidiary corporations.

*Significant restrictions*

Cash and bank balances of US$25,815,000 (2020: US$31,996,000) 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 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, 80% interest in Yoma Fleet Limited, 50% interest in Kospa Limited and 48% interest in Meeyahta Development Limited are pledged to secure borrowings of the Group and the Company [Note 29(a)].

# NOTES TO THE FINANCIAL STATEMENTS

## 21. 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 | Interest held by the Parent | | Interest held by the Group | |
|---|---|---|---|---|---|---|---|
| | | | | **2021** | 2020 | **2021** | 2020 |
| | | | | **%** | % | **%** | % |
| | Held by the Company | | | | | | |
| (1) | Yoma Strategic Investments Ltd. | Others – Investment holding | Singapore/ Not applicable | **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 |
| (1) | Yoma Education Pte. Ltd. | Others – Investment holding | Singapore/ Not applicable | **100** | 100 | **100** | 100 |
| (1) | Yoma Development Group Pte. Ltd. | Real Estate Development – Investment holding | Singapore/Not applicable | **100** | 100 | **100** | 100 |
| (1) | Plantation Resources Pte. Ltd. | Investments – Agricultural activities | Singapore | **100** | 100 | **100** | 100 |
| (1) | Wayville Investments Limited | Investments – Investment holding | British Virgin Islands/ Not applicable | **100** | 100 | **100** | 100 |
| (1) | Elite Matrix International Limited | Automotive & Heavy Equipment – Investment holding | British Virgin Islands/ Not applicable | **100** | 100 | **100** | 100 |
| (1) | YSH Finance Ltd. | Investments – Investment holding | British Virgin Islands/ Not applicable | **100** | 100 | **100** | 100 |
| (1) | Chindwin Holdings Pte. Ltd. | Others – Investment holding | Singapore/ Not applicable | **70** | 70 | **70** | 70 |
| (1) | Welbeck Global Limited | Investments – Investment holding | British Virgin Islands/ Not applicable | **100** | 100 | **100** | 100 |
| (1) | Yoma Agricultural & Logistics Holding Pte. Ltd. | Investments – Agricultural activities | Singapore/Myanmar | **100** | 100 | **100** | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

## 21. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations are as follows: (continued)

| | Name of subsidiary corporation | Principal activities | Country of incorporation/ principal place of business | Interest held by the Parent | | Interest held by the Group | |
|---|---|---|---|---|---|---|---|
| | | | | **2021** | 2020 | **2021** | 2020 |
| | | | | **%** | % | **%** | % |
| | Subsidiary corporations of Yoma Strategic Investments Ltd. (continued) | | | | | | |
| (2) | Pun Hlaing Lodge Limited | Investments – Investment holding | Myanmar/ Not applicable | **100** | 100 | **100** | 100 |
| (2) | Yangon Sand Industries Limited | Real Estate Services – Investment properties leasing activities | Myanmar | **100** | 100 | **100** | 100 |
| (2) | Summit Brands Restaurant Group Company Limited | Consumer – F&B activities | Myanmar | **100** | 100 | **100** | 100 |
| (5), (7) | Kospa Limited | Consumer – Logistics activities | Myanmar | **50** | 50 | **50** | 50 |
| (2) | Meeyahta International Hotel Limited | Real Estate Development – Development activities | Myanmar | **80** | 80 | **80** | 80 |
| (1) | Access Myanmar Holding Company Pte. Ltd. | Consumer – Investment holding | Singapore/ Not applicable | **-** (i) | 60 | **-** (i) | 60 |
| (2) | Yoma Nominee Limited | Others – Investment holding | Myanmar/ Not applicable | **100** | 100 | **100** | 100 |
| (2) | Yoma Venture Company Limited | Real Estate Development – Development activities | Myanmar | **100** | 100 | **100** | 100 |
| (2) | Yoma Agriculture Company Limited | Investments – Agricultural activities | Myanmar | **100** | 100 | **100** | 100 |
| (3), (7) | Meeyahta Development Limited | Real Estate Development – Development activities | Myanmar | **48** | 48 | **48** | 48 |

# NOTES TO THE FINANCIAL STATEMENTS

## 21. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations are as follows: (continued)

| | Name of subsidiary corporation | Principal activities | Country of incorporation/ principal place of business | Interest held by the Parent | | Interest held by the Group | |
|---|---|---|---|---|---|---|---|
| | | | | **2021** | 2020 | **2021** | 2020 |
| | | | | **%** | % | **%** | % |
| | Subsidiary corporations of Yoma Strategic Investments Ltd. (continued) | | | | | | |
| (1) | Yoma F&B Pte. Ltd. | Consumer – Investment holding | Singapore/ Not applicable | **100** | 100 | **100** | 100 |
| (1) | Yoma Financial Services Pte. Ltd. | Financial Services – Investment holding | Singapore/ Not applicable | **100** | 100 | **100** | 100 |
| (1) | Yoma MFS Holdings Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | **100** | 100 | **100** | 100 |
| (1) | Yoma-AC Energy Holdings Pte. Ltd. | Investments – Investment holding | Singapore/ Not applicable | **100** | 100 | **100** | 100 |
| | Subsidiary corporations of Elite Matrix International Limited | | | | | | |
| (1) | Myanmar Motors Pte. Ltd. | Automotive & Heavy Equipment – Investment holding | Singapore/ Not applicable | **91** (ii) | 91 (ii) | **100** (ii) | 100 (ii) |
| (2) | Convenience Prosperity Company Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **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 |
| | Subsidiary corporations of Yoma Development Group Pte. Ltd. | | | | | | |
| (2) | YL Holdings (Myanmar) Company Limited | Investments – Investment holding | Myanmar/ Not applicable | **100** | 100 | **100** | 100 |
| (1) | SPA Project Management Pte. Ltd. | Others – Investment holding | Singapore/ Not applicable | **100** | 100 | **100** | 100 |
| (1) | SPA Design Pte. Ltd. | Others – Investment holding | Singapore/ Not applicable | **100** | 100 | **100** | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

## 21. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations are as follows: (continued)

| | Name of subsidiary corporation | Principal activities | Country of incorporation/ principal place of business | Interest held by the Parent | | Interest held by the Group | |
|---|---|---|---|---|---|---|---|
| | | | | **2021** | 2020 | **2021** | 2020 |
| | | | | **%** | % | **%** | % |
| | Subsidiary corporations of Yoma Development Group Pte. Ltd. (continued) | | | | | | |
| (2) | SPA Design & Project Services Limited | Real Estate Services – Project management and design activities | Myanmar | **100** | 100 | **100** | 100 |
| (2) | Yoma Development Group Limited | Real Estate Development & Services – Development and investment properties leasing activities | Myanmar | **100** | 100 | **100** | 100 |
| | 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 |
| | Subsidiary corporations of Thanlyin Estate Development Limited | | | | | | |
| (1) | Thanlyin Estate Development (Singapore) Pte. Ltd. | Real Estate Development – Marketing activities | Singapore | **100** | 100 | **100** | 100 |
| (2) | Star City International School Company Limited | Real Estate Services – Investment properties leasing activities | Myanmar | **100** | 100 | **100** | 100 |
| | Subsidiary corporations of Myanmar Motors Pte. Ltd. | | | | | | |
| (2) | German Car Industries Company Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **100** | 100 | **100** | 100 |
| (2) | Yoma Fleet Limited | Financial Services – Automotive and equipment leasing activities | Myanmar | **80** | 80 | **80** | 80 |

# NOTES TO THE FINANCIAL STATEMENTS

## 21. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations are as follows: (continued)

| | Name of subsidiary corporation | Principal activities | Country of incorporation/ principal place of business | Interest held by the Parent | | Interest held by the Group | |
|---|---|---|---|---|---|---|---|
| | | | | **2021 %** | 2020 % | **2021 %** | 2020 % |
| | Subsidiary corporations of Myanmar Motors Pte. Ltd. (continued) | | | | | | |
| (2) | Successful Goal Trading Company Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **100** | 100 | **100** | 100 |
| (2) | Seven Golden Gates Company Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **100** | 100 | **100** | 100 |
| (2) | SGG Motor Services Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **100** | 100 | **100** | 100 |
| (2) | Yoma German Motors Limited | Automotive & Heavy Equipment – Distributor activities | Myanmar | **100** | 100 | **100** | 100 |
| | Subsidiary corporation of Yoma Fleet Limited | | | | | | |
| (2) | Yoma Leasing Company Limited | Financial Services – Automotive and equipment leasing activities | Myanmar | **100** | 100 | **100** | 100 |
| | Subsidiary corporations of Yoma F&B Pte. Ltd. | | | | | | |
| (2) | Altai Myanmar Company Limited | Consumer – F&B activities | Myanmar | **100** | 100 | **100** | 100 |
| (2) | Blue Ridge Company Limited | Consumer – F&B activities | Myanmar | **100** | 100 | **100** | 100 |
| (2) | Popa Myanmar Company Limited | Consumer – Investment holding | Myanmar/ Not applicable | **100** | 100 | **100** | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

## 21. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations are as follows: (continued)

| | Name of subsidiary corporation | Principal activities | Country of incorporation/ principal place of business | Interest held by the Parent | | Interest held by the Group | |
|---|---|---|---|---|---|---|---|
| | | | | **2021** | 2020 | **2021** | 2020 |
| | | | | **%** | % | **%** | % |
| | Subsidiary corporations of Yoma F&B Pte. Ltd. (continued) | | | | | | |
| (2) | Yankin Kyay Oh Group of Companies Limited | Consumer – F&B activities | Myanmar | **35** | 35 | **65** | 65 |
| (2) | YKKO Trademarks Company Limited | Consumer – Activities of head offices; management consultancy activities | Myanmar | **60** | 60 | **60** | 60 |
| | 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 |
| | Subsidiary corporations of Chindwin Holdings Pte. Ltd. | | | | | | |
| (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 |

(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 under audit of significant line items of the financial statements. Audited by Dalian Boyuan United Certified Public Accountants, People's Republic of China for local statutory purposes.

(5) KOSPA Limited was acquired on 15 July 2019 (Note 43). For the purpose of preparing the consolidated financial statements, the financial statements of KOSPA Limited have been audited by Nexia TS Public Accounting Corporation under audit of significant line items. Audited by Excellent Choice Professional Financial Consulting and Auditing Group, Myanmar for local statutory purpose.

(6) Given that full scope of audit on significant subsidiary corporations incorporated outside Singapore has 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.

(7) The Group is the largest shareholder of the subsidiary corporation and has the majority representation on subsidiary corporation's board of directors. The Group also has defacto control over the voting rights and therefore, the Group has control over the subsidiary corporation in accordance with SFRS(I)10 *Consolidated Financial Statements*.

(i) The subsidiary corporation has been struck-off on 7 June 2021.

(ii) Following the conversion of shareholders loan, new shares representing 9% interest in Myanmar Motors Pte. Ltd. were allotted and issued to Yoma Strategic Investments Ltd, a wholly-owned subsidiary corporation of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 21. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

*Transactions with non-controlling interests – Acquisition of additional interests in subsidiary corporations*

(a) During the financial period ended 30 September 2020, the Group reclassified the non-current loans from non-controlling interests of the subsidiary corporation, Meeyahta Development Limited ("MDL"), amounting to US$17,805,000 as equity loan from non-controlling interests following the approval for capitalisation from the shareholders of MDL. Subsequently, the non-controlling shareholders of MDL provided additional equity loan amounting to US$10,785,000 based on the non-controlling interests' pro-rata shareholding in MDL. Accordingly, total loan from non-controlling interests of US$28,590,000 is presented within equity of the Group.

During the financial year ended 30 September 2021, the non-controlling shareholders of MDL provided additional equity loan amounting to US$17,496,000 based on the non-controlling interests' pro-rata shareholdings in MDL. Accordingly, total loan from non-controlling interests of US$46,086,000 is presented within equity of the Group.

(b) In April 2019, Tokyo Century Corporation completed the acquisition of 20% equity interest in the Group's subsidiary corporation, Yoma Fleet Limited ("YF"), by way of subscription of newly issued shares in the share capital of YF. As a result of the acquisition, the Group's interest in YF reduced from 100% to 80%.

During the financial period ended 30 September 2020, the non-controlling shareholders of MDL contributed capital of US$2,306,000 based on their pro-rata shareholdings in MDL in accordance with the shareholders agreement. There is no change in the Group's effective shareholdings in MDL and the Group remains as the largest single shareholder of MDL.

The following summarises the effect of the changes in the Group's ownerships interest in MDL and YF on the equity attributable to shareholders of the Company during the financial year.

| | Group | | |
|---|---|---|---|
| | Meeyahta Development Limited | Yoma Fleet Limited | Total |
| | US$'000 | US$'000 | US$'000 |
| Consideration received from non-controlling interests | 2,306 | 26,200 | 28,506 |
| Carrying amount of non-controlling interests | (2,306) | (7,951) | (10,257) |
| Excess of consideration received recognised in parent's equity | – | 18,249 | 18,249 |

# NOTES TO THE FINANCIAL STATEMENTS

## 21. 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 | (Loss)/profit allocated to NCI during the financial year/period | Carrying amount of NCI at the end of financial year/period | Dividends declared to NCI |
|---|---|---|---|---|---|
| | | % | US$'000 | US$'000 | US$'000 |
| **2021** | | | | | |
| Thanlyin Estate Development Limited | Myanmar | **30** | **4,860** | **38,727#** | – |
| Meeyahta Development Limited | Myanmar | **52*** | **(3,417)** | **137,180** | – |
| **2020** | | | | | |
| Thanlyin Estate Development Limited | Myanmar | 30 | (1,145) | 48,610# | – |
| Meeyahta Development Limited | Myanmar | 52* | (5,305) | 123,102 | – |

* For the purpose of computing accumulated NCI at the end of each respective financial period/year, NCI's share of the net assets of Meeyahta Development Limited has been computed based on the ultimate effective interest of NCI of 52% (2020: 52%).

\# 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*.

*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. They are presented before inter-company eliminations.

Summarised statement of financial position

| | Thanlyin Estate Development Limited | | Meeyahta Development Limited | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Current assets** | | | | |
| Assets | **123,657** | 168,876 | **326,153** | 308,355 |
| Liabilities | **(100,383)** | (124,101) | **(36,404)** | (26,563) |
| Total current net assets | **23,274** | 44,775 | **289,749** | 281,792 |
| **Non-current** | | | | |
| Assets | **129,483** | 157,104 | **97,944** | 85,246 |
| Liabilities | **(21,985)** | (30,957) | **(116,213)** | (125,357) |
| Total non-current net assets/(liabilities) | **107,498** | 126,147 | **(18,269)** | (40,111) |
| **Net assets** | **130,772** | 170,922 | **271,480** | 241,681 |

# NOTES TO THE FINANCIAL STATEMENTS

## 21. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Summarised statement of comprehensive income

| | Thanlyin Estate Development Limited | | Meeyahta Development Limited | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Revenue | **26,702** | 39,015 | **6,317** | 6,181 |
| **Profit/(loss) before income tax** | **17,353** | (1,918) | **(6,572)** | (10,203) |
| Income tax expense | **(1,152)** | (1,898) | **–** | – |
| **Net profit/(loss)** | **16,201** | (3,816) | **(6,572)** | (10,203) |

Summarised statement of cash flows for the financial year ended 30 September 2021

| | Thanlyin Estate Development Limited | | Meeyahta Development Limited | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Cash generated/(used in) from operations | **4,815** | (11,179) | **34,754** | 1,448 |
| Income tax paid | **(310)** | (125) | **–** | – |
| **Net cash provided by/(used in) operating activities** | **4,505** | (11,304) | **34,754** | 1,448 |
| **Net cash used in investing activities** | **(2,206)** | (3,320) | **(37,853)** | (58,965) |
| **Net cash provided by/(used in) financing activities** | **886** | 13,970 | **(617)** | 67,647 |
| **Net increase/(decrease) in cash and cash equivalents** | **3,185** | (654) | **(3,716)** | 10,130 |
| Cash and cash equivalents at beginning of financial year/period | **2,914** | 3,412 | **12,776** | 2,636 |
| Effects of currency translation on cash and cash equivalents | **(581)** | 156 | **(4,047)** | 10 |
| **Cash and cash equivalents at end of financial year/period** | **5,518** | 2,914 | **5,013** | 12,776 |

# NOTES TO THE FINANCIAL STATEMENTS

## 22. INVESTMENT PROPERTIES

| | Completed investment properties US$'000 | Investment properties under construction US$'000 | Total US$'000 |
|---|---|---|---|
| **Group** | | | |
| **2021** | | | |
| Beginning of financial year | **103,248** | **170,131** | **273,379** |
| Movements: | | | |
| Subsequent expenditure on investment properties | **965** | **1,628** | **2,593** |
| Transfer from Land Development Rights (Note 27) | **150** | **–** | **150** |
| Reclassification | **55,546** | **(55,546)** | **–** |
| | **56,661** | **(53,918)** | **2,743** |
| Net fair value gains recognised in profit or loss (Note 6) | **27,678** | **13,727** | **41,405** |
| Currency translation differences | **(52,302)** | **(36,315)** | **(88,617)** |
| End of financial year | **135,285** | **93,625** | **228,910** |
| **2020** | | | |
| Beginning of financial period | 160,254 | 150,105 | 310,359 |
| Movements: | | | |
| Subsequent expenditure on investment properties | 631 | 4,037 | 4,668 |
| Fair value loss on assets of disposal group classified as held-for-sale (Note 10) | (32,243) | – | (32,243) |
| | (31,612) | 4,037 | (27,575) |
| Net fair value losses recognised in profit or loss (Note 6) | (6,855) | (5,253) | (12,108) |
| Transfer to assets of disposal group classified as held-for-sale (Note 10) | (32,243) | – | (32,243) |
| Currency translation differences | 13,704 | 21,242 | 34,946 |
| End of financial period | 103,248 | 170,131 | 273,379 |

Investment properties are leased to non-related parties and related parties under operating leases (Note 25).

Investment properties with an aggregate carrying amounts of US$76,410,000 (2020: US$91,245,000) are mortgaged to secure borrowings of the Group [Note 29(a)].

The following amounts are recognised in profit or loss:

| | Group | |
|---|---|---|
| | **2021 US$'000** | 2020 US$'000 |
| Leasing income (Note 4) | **4,476** | 8,005 |
| Direct operating expenses arising from: | | |
| - Investment properties that generate leasing income | **(759)** | (1,869) |

# NOTES TO THE FINANCIAL STATEMENTS

## 22. INVESTMENT PROPERTIES (CONTINUED)

At the reporting date, the details of the Group's investment properties are as follows:

| Location | Description/existing use | Tenure |
|---|---|---|
| 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 | Residential 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 |
| Within StarCity Thanlyin, Kyaik Khauk Pagoda Road, Thanlyin Township, Yangon, Myanmar | Wet market and food court (The Hangar) | 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

## 22. 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 |
| **2021** | | | |
| Recurring fair value measurements | | | |
| Investment properties: | | | |
| - Office building – Myanmar | **–** | **–** | **15,000** |
| - Commercial units – Myanmar | **–** | **9,440** | **–** |
| - Residential units – Myanmar | **–** | **90,410** | **38,000** |
| - Educational use – Myanmar | **–** | **–** | **75,200** |
| - Wet Market use – Myanmar | **–** | **–** | **860** |
| **2020** | | | |
| Recurring fair value measurements | | | |
| Investment properties: | | | |
| - Office building – Myanmar | – | – | 18,145 |
| - Commercial units – Myanmar | – | 11,076 | – |
| - Residential units – Myanmar | – | 109,308 | 54,490 |
| - Educational use – Myanmar | – | – | 80,360 |

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's investment properties have been generally derived using direct comparison approach. Sale prices of comparable properties in close proximity are adjusted for differences in key attributes such as location, property size and age. The most significant input into this valuation approach is selling prices per square metre.

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 30 September 2021, the fair values of the properties located in People's Republic of China and Myanmar have been determined by Cushman & Wakefield and Colliers International Consultancy & Valuation (Singapore) Pte Ltd respectively.

## 22. INVESTMENT PROPERTIES (CONTINUED)

Valuation processes of the Group (continued)

At each financial year end, the finance department:

– verifies all major inputs to the independent valuation report;
– assesses property valuation movements when compared to the 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 amongst 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 | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| **Shopping centre and retail stores – People's Republic of China** | | |
| Beginning of financial year/period | **–** | 39,355 |
| Fair value losses recognised in profit or loss, under "other gains or losses" | **–** | (16,854) |
| Transfer to assets of disposal group classified as held-for-sale | **–** | (21,984) |
| Currency translation differences | **–** | (517) |
| End of financial year/period | **–** | – |
| Changes in unrealised losses for assets held at the reporting date included in profit or loss under "other gains or losses" | **–** | (16,854) |
| **Educational use – Myanmar** | | |
| Beginning of financial year/period | **80,360** | 70,650 |
| Additions: | | |
| - Subsequent expenditure on investment properties | **1,600** | 1,091 |
| Currency translation differences | **(28,034)** | 10,696 |
| Fair value gains/(losses) recognised in profit or loss, under "other gains or losses" | **21,274** | (2,077) |
| End of financial year/period | **75,200** | 80,360 |
| Changes in unrealised gains/(losses) for assets held at the reporting date included in profit or loss under "other gains or losses" | **21,274** | (2,077) |

# NOTES TO THE FINANCIAL STATEMENTS

## 22. INVESTMENT PROPERTIES (CONTINUED)

Reconciliation of movements in Level 3 fair value measurement (continued)

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| **Residential units – Myanmar** | | |
| Beginning of financial year/period | **54,491** | 98,000 |
| Additions: | | |
| - Subsequent expenditure on investment properties | **29** | 2,958 |
| Currency translation differences | **(15,505)** | 14,698 |
| Fair value losses recognised in profit or loss, under "other gains or losses" | **(1,015)** | (5,619) |
| Transfer to Level 2 | **–** | (55,546) |
| End of financial year/period | **38,000** | 54,491 |
| Changes in unrealised losses for assets held at the reporting date included in profit or loss under "other gains or losses" | **(1,015)** | (5,619) |
| **Office Building – Myanmar** | | |
| Beginning of financial year/period | **18,145** | 16,800 |
| Additions: | | |
| - Subsequent expenditure on investment properties | **129** | 385 |
| Currency translation differences | **(5,840)** | 2,464 |
| Fair value gains/(losses) recognised in profit or loss, under "other gains or losses" | **2,566** | (1,504) |
| End of financial year/period | **15,000** | 18,145 |
| Changes in unrealised gains/(losses) for assets held at the reporting date included in profit or loss under "other gains or losses" | **2,566** | (1,504) |

# NOTES TO THE FINANCIAL STATEMENTS

## 22. INVESTMENT PROPERTIES (CONTINUED)

Reconciliation of movements in Level 3 fair value measurement (continued)

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| **Wet Market units – Myanmar** | | |
| Beginning of financial year/period | **–** | – |
| Additions: | | |
| - Subsequent expenditure on investment properties | **705** | – |
| - Transfer from land development rights (Note 27) | **150** | – |
| Currency translation differences | **(213)** | – |
| Fair value gains recognised in profit or loss, under "other gains or losses" | **218** | – |
| End of financial year/period | **860** | – |
| | | |
| Changes in unrealised gains for assets held at the reporting date included in profit or loss under "other gains or losses" | **218** | – |

The Group's accounting policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the financial period ended 30 September 2020, the construction of the residential units at Tower 2 and Tower 4 of Starcity Zone C was completed. The fair values of these investment properties have been derived using the direct comparison method and transferred from Level 3 of fair value hierarchy to Level 2.

During the financial year ended 30 September 2021, there were no changes in valuation techniques and no transfers into or out of fair value hierarchy levels.

# NOTES TO THE FINANCIAL STATEMENTS

## 22. 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 2021 US$'000 | Fair value as at 2020 US$'000 | Valuation technique | Unobservable inputs | 2021 | 2020 | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|
| Educational use – Pun Hlaing, Myanmar | **25,000** | 25,653 | Depreciated replacement cost method for building and direct comparison method for land | Estimated construction costs per square meter | **US$183** | US$213 | The higher the construction cost, the higher the fair value |
| | | | | Unit rate on land per square meter | **US$185-US$260** | US$164-US$205 | 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 |
| Educational use – Thanlyin, Myanmar | **50,200** | 54,707 | Depreciated replacement cost method for building and direct comparison method for land | Estimated construction costs per square meter | **US$331** | US$315 | The higher the construction cost, the higher the fair value |
| | | | | Unit rate on land per square meter | **US$100-US$124** | US$134-US$154 | 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 |

# NOTES TO THE FINANCIAL STATEMENTS

## 22. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

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: (continued)

| Description | Fair value as at 2021 US$'000 | Fair value as at 2020 US$'000 | Valuation technique | Unobservable inputs | 2021 | 2020 | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|
| Office building, Myanmar | **15,000** | 18,145 | Depreciated replacement cost method for building and direct comparison method for land reconciled with income approach | Estimated construction costs per square meter | **US$1,867** | US$1,920 | The higher the construction cost, the higher the fair value |
| | | | | Estimated market rent | **US$25 - US$31** | US$31 - US$41 | The higher the market rent, the higher the fair value |
| | | | | Unit rate on land per square meter | **US$318 - US$361** | US$328 - US$369 | 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 | **25,000** | 37,719 | Depreciated replacement cost method for building and residual land method for land | Estimated construction costs per square meter | **US$705** | US$1,083 | The higher the construction cost, the higher the fair value |
| | | | | Unit rate on land per square meter | **US$334** | US$541 | The higher the unit rate, the higher the fair value |
| | | | | Developer profit margin | **15%** | 15% | The higher the profit margin, the higher the fair value |

# NOTES TO THE FINANCIAL STATEMENTS

## 22. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

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: (continued)

| Description | Fair value as at 2021 | 2020 | Valuation technique | Unobservable inputs | 2021 | 2020 | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|
| | **US$'000** | US$'000 | | | | | |
| Wet Market (The Hangar) – Myanmar | **860** | – | Depreciated replacement cost method for building and direct comparison method for land | Estimated construction costs per square meter | **US$631** | – | The higher the construction cost, the higher the fair value |
| | | | | Unit rate on land per square meter | **US$153 - US$174** | – | The higher the unit rate, the higher the fair value |
| | | | | Developer profit margin | **20%** | – | The higher the profit margin, the higher the fair value |
| Residential units (Golf Apartments –Block C, D, E, F, G) - Myanmar | **13,000** | 16,772 | Depreciated replacement cost method for building and residual land approach for land | Estimated construction costs per square meter | **US$753** | US$739 | The higher the construction cost, the higher the fair value |
| | | | | Unit rate on land per square meter | **US$446 - US$505** | US$649 - US$739 | 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 |

# NOTES TO THE FINANCIAL STATEMENTS

## 23. PROPERTY, PLANT AND EQUIPMENT

| | Land and 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$'000 | Right-of-use assets (Note 24) US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|
| <u>Group</u> | | | | | | | | | |
| **2021** | | | | | | | | | |
| *Cost* | | | | | | | | | |
| Beginning of financial year | 22,761 | 18,052 | 31,471 | 33,025 | 1,692 | 642 | 81,657 | 35,789 | 225,089 |
| Transfer from/(to) inventories | – | 173 | – | (66) | – | – | – | – | 107 |
| Transfer (to)/from development properties (Note 16) | (222) | 1,971 | 53 | – | – | – | (421) | – | 1,381 |
| Additions | 75 | 1,037 | 792 | 3,371 | – | – | 15,646 | 508 | 21,429 |
| Modification of lease liabilities | – | – | – | – | – | – | – | (1,892) | (1,892) |
| Disposals/write-offs | (160) | (2,397) | (6,028) | (3,750) | – | – | (765) | (5,815) | (18,915) |
| Currency translation differences | (8,895) | (1,247) | (10,374) | (1,165) | 27 | (250) | (495) | (6,577) | (28,976) |
| End of financial year | 13,559 | 17,589 | 15,914 | 31,415 | 1,719 | 392 | 95,622 | 22,013 | 198,223 |

# NOTES TO THE FINANCIAL STATEMENTS

## 23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Land and 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$'000 | Right-of-use assets (Note 24) US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **2021** | | | | | | | | | |
| *Accumulated depreciation* | | | | | | | | | |
| Beginning of financial year | 5,096 | 5,164 | 14,924 | 8,919 | 912 | 173 | – | 7,467 | 42,655 |
| Transfer to inventories | – | (20) | – | (39) | – | – | – | – | (59) |
| Depreciation charge (Note 5) | 1,595 | 2,062 | 4,555 | 3,366 | 171 | 38 | – | 4,481 | 16,268 |
| Modification of lease liabilities | – | – | – | – | – | – | – | (1,573) | (1,573) |
| Disposals/write-offs | (112) | (897) | (3,085) | (1,027) | – | – | – | (2,463) | (7,584) |
| Currency translation differences | (2,903) | (1,405) | (3,988) | (707) | 16 | (121) | – | (2,063) | (11,171) |
| End of financial year | 3,676 | 4,904 | 12,406 | 10,512 | 1,099 | 90 | – | 5,849 | 38,536 |
| ***Net book value*** | | | | | | | | | |
| **End of financial year** | 9,883 | 12,685 | 3,508 | 20,903 | 620 | 302 | 95,622 | 16,164 | 159,687 |

# NOTES TO THE FINANCIAL STATEMENTS

## 23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Land and 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$'000 | Right-of-use assets (Note 24) US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **2020** | | | | | | | | | |
| *Cost* | | | | | | | | | |
| Beginning of financial period | 14,793 | 12,946 | 22,783 | 29,453 | 1,717 | 557 | 3,589 | 24,316 | 110,154 |
| Transfer (to)/from inventories | – | (1,391) | (90) | 188 | – | – | – | – | (1,293) |
| Transfer to finance lease receivables | – | – | – | (100) | – | – | – | – | (100) |
| Transfer from development properties (Note 16) | 939 | 3,023 | – | – | – | – | 52,110 | – | 56,072 |
| Additions | 886 | 1,772 | 6,715 | 14,202 | – | – | 26,119 | 6,552 | 56,246 |
| Acquisition of subsidiary corporation [Note 43(c)] | 3,465 | 200 | 161 | 3,225 | – | – | – | 1,504 | 8,555 |
| Transfer to assets of disposal group classified as held-for-sale (Note 10) | – | – | (36) | – | – | – | – | – | (36) |
| Disposals/write-offs | (18) | (118) | (1,444) | (14,287) | – | – | (890) | – | (16,757) |
| Currency translation differences | 2,696 | 1,620 | 3,382 | 344 | (25) | 85 | 729 | 3,417 | 12,248 |
| End of financial period | 22,761 | 18,052 | 31,471 | 33,025 | 1,692 | 642 | 81,657 | 35,789 | 225,089 |

# NOTES TO THE FINANCIAL STATEMENTS

## 23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Land and 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$'000 | Right-of-use assets (Note 24) US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **2020** | | | | | | | | | |
| *Accumulated depreciation* | | | | | | | | | |
| Beginning of financial period | 1,901 | 2,653 | 7,784 | 7,672 | 668 | 94 | – | – | 20,772 |
| Transfer to inventories | – | (409) | (3) | – | – | – | – | – | (412) |
| Transfer to finance lease receivables | – | – | – | (36) | – | – | – | – | (36) |
| Depreciation charge (Note 5) | 2,442 | 2,454 | 6,591 | 6,028 | 253 | 58 | – | 6,788 | 24,614 |
| Transfer to assets of disposal group classified as held-for-sale (Note 10) | – | – | (26) | – | – | – | – | – | (26) |
| Disposals/write-offs | (8) | (96) | (879) | (5,089) | – | – | – | – | (6,072) |
| Currency translation differences | 761 | 562 | 1,457 | 344 | (9) | 21 | – | 679 | 3,815 |
| End of financial period | 5,096 | 5,164 | 14,924 | 8,919 | 912 | 173 | – | 7,467 | 42,655 |
| ***Net book value*** | | | | | | | | | |
| **End of financial period** | 17,665 | 12,888 | 16,547 | 24,106 | 780 | 469 | 81,657 | 28,322 | 182,434 |

# NOTES TO THE FINANCIAL STATEMENTS

## 23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Motor vehicles | Renovation, furniture and office equipment | Right-of-use assets (Note 24) | Total |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Company** | | | | |
| **2021** | | | | |
| *Cost* | | | | |
| Beginning of financial year | 168 | 757 | 4,237 | 5,162 |
| Additions | – | 19 | – | 19 |
| Modification of lease liabilities | – | – | (2,176) | (2,176) |
| Disposals/write-offs | (62) | (3) | – | (65) |
| End of financial year | 106 | 773 | 2,061 | 2,940 |
| *Accumulated depreciation* | | | | |
| Beginning of financial year | 168 | 393 | 828 | 1,389 |
| Depreciation charge | – | 184 | 433 | 617 |
| Modification of lease liabilities | – | – | (864) | (864) |
| Disposals/write-offs | (62) | (2) | – | (64) |
| End of financial year | 106 | 575 | 397 | 1,078 |
| ***Net book value*** | | | | |
| **End of financial year** | – | 198 | 1,664 | 1,862 |
| **2020** | | | | |
| *Cost* | | | | |
| Beginning of financial period | 193 | 525 | 3,330 | 4,048 |
| Additions | – | 393 | 907 | 1,300 |
| Disposals/write-offs | (25) | (161) | – | (186) |
| End of financial period | 168 | 757 | 4,237 | 5,162 |
| *Accumulated depreciation* | | | | |
| Beginning of financial period | 188 | 365 | – | 553 |
| Depreciation charge | 5 | 188 | 828 | 1,021 |
| Disposals/write-offs | (25) | (160) | – | (185) |
| End of financial period | 168 | 393 | 828 | 1,389 |
| ***Net book value*** | | | | |
| **End of financial period** | – | 364 | 3,409 | 3,773 |

# NOTES TO THE FINANCIAL STATEMENTS

## 23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The land and building of the Group with a net book value of US$27,541,000 (2020: US$30,000,000) are mortgaged and other classes of property, plant and equipment of the Group with aggregate net book value of US$19,117,000 (2020: US$1,979,000) are subject to a floating charge, to secure borrowings of the Group [Note 29(a)].

Included in the Group's additions of property, plant and equipment are:

- utilisation of prior financial period's prepayments and advances to suppliers totalling to US$3,091,000 (2020: US$1,629,000); and
- right-of-use assets with lease liabilities of US$465,000 (2020: US$5,572,000).

The disposal/write-offs of property and, plant and equipment under ROU assets consists of leases derecognised during the financial year [Note 24(f)].

Proceeds from the disposal of certain property, plant and equipment in the prior financial period amounting to US$510,000 remained outstanding as at 30 September 2021.

Right-of-use ("ROU") assets acquired under leasing agreements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 24(a).

## 24. LEASES – THE GROUP AS A LESSEE

**Nature of the Group's leasing activities**

**Land and buildings**

The Group leases land, office space and retail stores for the purpose of back office operations and sale of consumer goods to retail customers respectively.

**Motor vehicles**

The Group leases vehicles to render logistic services.

**Machinery and equipment**

The Group leases office equipment for the purpose of back office operations.

There is no externally imposed covenant on these lease arrangements.

# NOTES TO THE FINANCIAL STATEMENTS

## 24. LEASES – THE GROUP AS A LESSEE (CONTINUED)

(a) Carrying amounts of ROU assets presented within property, plant and equipment

| | Land and buildings US$'000 | Machinery and equipment US$'000 | Motor vehicles US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2021** | | | | |
| *Cost* | | | | |
| Beginning of financial year | 35,605 | 18 | 166 | 35,789 |
| Additions | 508 | – | – | 508 |
| Disposal/write-offs - Derecognitions | (5,815) | – | – | (5,815) |
| Modifications | (1,892) | – | – | (1,892) |
| Currency translation differences | (6,529) | – | (48) | (6,577) |
| End of financial year | 21,877 | 18 | 118 | 22,013 |
| *Accumulated depreciation* | | | | |
| Beginning of financial year | 7,368 | 3 | 96 | 7,467 |
| Depreciation charge | 4,415 | 4 | 62 | 4,481 |
| Disposal/write-offs - Derecognitions | (2,463) | – | – | (2,463) |
| Modifications | (1,573) | – | – | (1,573) |
| Currency translation differences | (2,023) | – | (40) | (2,063) |
| End of financial year | 5,724 | 7 | 118 | 5,849 |
| ***Net book value*** | | | | |
| **End of financial year** | 16,153 | 11 | – | 16,164 |

# NOTES TO THE FINANCIAL STATEMENTS

## 24. LEASES – THE GROUP AS A LESSEE (CONTINUED)

(a) Carrying amounts of ROU assets presented within property, plant and equipment (continued)

| | Land and buildings US$'000 | Machinery and equipment US$'000 | Motor vehicles US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2020** | | | | |
| *Cost* | | | | |
| Beginning of financial period | 24,316 | – | – | 24,316 |
| Additions | 6,534 | 18 | – | 6,552 |
| Acquisition of subsidiary corporation | 1,360 | – | 144 | 1,504 |
| Currency translation differences | 3,395 | – | 22 | 3,417 |
| End of financial period | 35,605 | 18 | 166 | 35,789 |
| *Accumulated depreciation* | | | | |
| Beginning of financial period | | | | |
| Depreciation charge | 6,698 | 3 | 87 | 6,788 |
| Currency translation differences | 670 | – | 9 | 679 |
| End of financial period | 7,368 | 3 | 96 | 7,467 |
| ***Net book value*** | | | | |
| **End of financial period** | 28,237 | 15 | 70 | 28,322 |

| | Buildings US$'000 | Machinery and equipment US$'000 | Total US$'000 |
|---|---|---|---|
| **Company** | | | |
| **2021** | | | |
| *Cost* | | | |
| Beginning of financial year | **4,219** | **18** | **4,237** |
| Modification | **(2,176)** | **–** | **(2,176)** |
| End of financial year | **2,043** | **18** | **2,061** |
| *Accumulated depreciation* | | | |
| Beginning of financial year | **825** | **3** | **828** |
| Depreciation charge | **430** | **3** | **433** |
| Modification | **(864)** | **–** | **(864)** |
| End of financial year | **391** | **6** | **397** |
| ***Net book value*** | | | |
| **End of financial year** | **1,652** | **12** | **1,664** |

# NOTES TO THE FINANCIAL STATEMENTS

## 24. LEASES – THE GROUP AS A LESSEE (CONTINUED)

(a) Carrying amounts of ROU assets presented within property, plant and equipment (continued)

| | Buildings | Machinery and equipment | Total |
|---|---|---|---|
| | **US$'000** | **US$'000** | **US$'000** |
| **Company** | | | |
| **2020** | | | |
| *Cost* | | | |
| Beginning of financial period | 3,330 | – | 3,330 |
| Additions | 889 | 18 | 907 |
| End of financial period | 4,219 | 18 | 4,237 |
| *Accumulated depreciation* | | | |
| Beginning of financial period | – | – | – |
| Depreciation charge | 825 | 3 | 828 |
| End of financial period | 825 | 3 | 828 |
| ***Net book value*** | | | |
| **End of financial period** | 3,394 | 15 | 3,409 |

ROU assets classified within development properties

The ROU assets relating to the properties under development presented under development properties (Note 16) are stated at present value at initial adoption and has a carrying amount at the reporting date of US$22,358,000 (2020: US$22,565,000) as at 30 September 2021.

(b) Interest expense

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Interest expense on lease liabilities (Note 7) | **3,980** | 6,079 |

(c) Lease expenses not capitalised in lease liabilities

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Lease expenses - short term leases | **330** | 1,258 |
| Lease expenses - low value leases | **42** | 88 |
| Variable lease payments which do not depends on an index or rate | **11** | 347 |
| Rental discount rebate | **(961)** | (710) |
| Total (Note 5) | **(578)** | 983 |

# NOTES TO THE FINANCIAL STATEMENTS

## 24. LEASES – THE GROUP AS A LESSEE (CONTINUED)

(d) Total cash outflow for all the leases was US$4,648,000 (2020: US$9,596,000) for the current financial year.

(e) Modification of lease contracts

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Gain from modification of lease contracts (Note 6) | **73** | – |

During the financial year ended 30 September 2021, the Group and the Company renegotiated and modified existing lease contracts for an office building and rental stores by shortening the contractual lease term and reduce the rental area. As these are not part of the terms and conditions of the original lease contract, the lease liabilities have been remeasured by discounting the revised lease payments and recording the corresponding remeasurement to right-of-use assets.

(f) Derecognition of lease contracts

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Loss from derecognition of lease contracts (Note 6) | **(27)** | – |

The decognition of lease contracts relates to the derecognition of the lease contracts which have been expired or terminated.

## 25. LEASES – THE GROUP AS A LESSOR

The Group leases out investment properties and motor vehicles to related parties and non-related parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain rental deposits and/or advance rental payments from the tenants. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties is disclosed in Note 22.

# NOTES TO THE FINANCIAL STATEMENTS

## 25. LEASES – THE GROUP AS A LESSOR (CONTINUED)

The table below discloses the undiscounted lease payment to be received by the Group for its leases after the reporting date as follows.

Maturity analysis of lease payments – The Group as a lessor

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Not later than one year | **6,833** | 6,280 |
| Between one and five year | **12,325** | 4,001 |
| Later than five years | **178** | 227 |
| Total undiscounted lease payment | **19,336** | 10,508 |

## 26. INTANGIBLE ASSETS

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| **Composition:** | | |
| Agriculture operating rights (Note a) | – | 4,095 |
| Golf estate operating rights (Note b) | **9,826** | 9,990 |
| Distributor licence (Note c) | **1,034** | 1,346 |
| Trademark (Note d) | **1,766** | 1,766 |
| Goodwill (Note e) | **8,032** | 8,788 |
| | **20,658** | 25,985 |

# NOTES TO THE FINANCIAL STATEMENTS

## 26. INTANGIBLE ASSETS (CONTINUED)

*(a) Agriculture operating rights*

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| *Cost* | | |
| Beginning of financial year/period | **10,656** | 10,815 |
| Currency translation differences | **173** | (159) |
| End of financial year/period | **10,829** | 10,656 |
| *Accumulated amortisation* | | |
| Beginning of financial year/period | **5,245** | 4,786 |
| Amortisation charge | **381** | 564 |
| Currency translation differences | **156** | (105) |
| End of financial year/period | **5,782** | 5,245 |
| *Accumulated impairment* | | |
| Beginning of financial year/period | **1,316** | – |
| Impairment loss (Note 6) | **3,731** | 1,316 |
| End of financial year/period | **5,047** | 1,316 |
| *Carrying value* | **–** | 4,095 |

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 adjustment 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 basis of impairment and key assumptions used for value-in-use calculations are disclosed in Note 17.

*Sensitivity analysis*

An impairment loss of US$3,731,000 was recognised for agriculture operating rights during the financial year ended 30 September 2021, resulting in the agriculture operating rights being fully impaired.

An impairment loss of US$1,316,000 was recognised for agriculture operating rights during the financial period ended 30 September 2020. A further decrease of 1% in market price or increase of 1% in discount rate with all other assumptions remain constant would result in additional impairment of US$1,830,000 or US$459,000 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 26. INTANGIBLE ASSETS (CONTINUED)

(b) *Golf estate operating rights*

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| *Cost* | | |
| Beginning of financial year/period | **11,782** | 11,953 |
| Currency translation differences | **186** | (171) |
| End of financial year/period | **11,968** | 11,782 |
| *Accumulated amortisation* | | |
| Beginning of financial year/period | **1,792** | 1,337 |
| Amortisation charge | **319** | 473 |
| Currency translation differences | **31** | (18) |
| End of financial year/period | **2,142** | 1,792 |
| *Carrying value* | **9,826** | 9,990 |

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 country club for a period of 37 years.

(c) *Distributor licence*

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| *Cost* | | |
| Beginning and end of financial year/period | **3,096** | 3,096 |
| *Accumulated amortisation* | | |
| Beginning of financial year/period | **1,750** | 1,287 |
| Amortisation charge | **312** | 463 |
| End of financial year/period | **2,062** | 1,750 |
| *Carrying value* | **1,034** | 1,346 |

# NOTES TO THE FINANCIAL STATEMENTS

## 26. INTANGIBLE ASSETS (CONTINUED)

*(d) 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 32 (2020: 42) outlets in Myanmar. As explained in Note 2.8(e), the useful life of these trademarks is estimated to be indefinite.

As at 30 September 2021 and 2020, the Group had carried out an assessment of the recoverable amount of trademarks based on value-in-use calculation alongside with the assessment of recoverable amount on goodwill from food and beverages business in Note 26(e). Based on the assessment, the recoverable amount of trademarks exceeded the carrying amount and no impairment was recognised. The key assumptions used in the impairment assessment are as disclosed in Note 26(e).

*(e) Goodwill*

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Beginning of financial year/period | **8,788** | 8,032[i] |
| Acquisition of subsidiary corporation [Note 43(c)] | **–** | 756[ii] |
| Impairment of goodwill (Note 6) | **(756)** | – |
| End of financial year/period | **8,032** | 8,788 |

(i) Acquisition of Yankin Kyay Oh Group of Companies Limited ("YKKO")

The goodwill and trademark of US$8,032,000 and US$1,766,000 derived from the acquisition of YKKO and YKKO Trademarks Company Ltd ("Brandco") have been allocated to the same cash-generated units ("CGU"), i.e. restaurants business under consumer segment for impairment review.

(ii) Acquisition of KOSPA Limited ("KOSPA")

The goodwill of US$756,000 derived from the step-acquisition of KOSPA which was completed on 15 July 2019 is allocated to logistic and distribution business under consumer segment for impairment review.

# NOTES TO THE FINANCIAL STATEMENTS

## 26. INTANGIBLE ASSETS (CONTINUED)

*(e) Goodwill (continued)*

The Group performed its impairment review by comparing the carrying amount of the CGU against its recoverable amount. The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculation were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rate stated below.

Key assumption used for value-in-use calculations were as follows:

| | Myanmar | | | |
|---|---|---|---|---|
| | Restaurants | | Logistic and distribution business | |
| | **2021** | 2020 | **2021** | 2020 |
| | **%** | % | **%** | % |
| Growth rate[1] | **2.5** | 7.0 | **2.5** | 5.0 |
| Discount rate[2] | **29.8** | 25.6 | **18.0** | 21.9 |

[1] Growth rate used for extrapolation of future cash flows beyond the five-year period.

[2] Pre-tax discount rate applied to the pre-tax cash flow projections.

The management determined the growth rate based on past performance and its expectations of market development. The discount rate used was pre-tax and reflected specific risk relating to the relevant business.

**2021**

During the financial year ended 30 September 2021, the Group recognised impairment loss amounting of US$756,000 on goodwill allocated to the logistic and distribution business as the carrying amount of the CGU, including goodwill, exceed its recoverable amount. This impairment loss resulted in the goodwill for logistic and distribution business being fully impaired.

For the restaurant business, the Group believes that any reasonable changes on the above key assumptions are not likely to cause the recoverable amount to be materiality lower than the related carrying amount.

**2020**

The Group believes that any reasonable possible changes on the above key assumptions are not likely to cause the recoverable amount to be materially lower than the related carrying amount.

*(f)* Amortisation expenses amounting US$1,012,000 (2020: US$1,500,000) are included in the statement of comprehensive income under administrative expenses (Note 5).

# NOTES TO THE FINANCIAL STATEMENTS

## 27. LAND DEVELOPMENT RIGHTS

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Beginning of financial year/period | **150,950** | 151,537 |
| Capitalisation of direct costs | **263** | 320 |
| Transfer to investment properties (Note 22) | **(150)** | – |
| Transfer to development properties | **(8,789)** | – |
| Charged to profit or loss (Note 5) | **(345)** | (62) |
| Currency translation differences | **2,340** | (845) |
| End of financial year/period | **144,269** | 150,950 |

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Represented by: | | |
| - Pun Hlaing Estate (PHE) | **83,415** | 82,382 |
| - Thanlyin Estate, Star City | **54,481** | 61,943 |
| - Evergreen Condominium | **5,184** | 5,103 |
| - Others | **1,189** | 1,522 |
| | **144,269** | 150,950 |
| Analysed as: | | |
| - Current portion | **821** | 1,161 |
| - Non-current portion | **143,448** | 149,789 |
| | **144,269** | 150,950 |

Land development rights of the Group with an aggregate carrying amounts of US$11,952,000 (2020: US$12,357,000) are mortgaged to secure borrowings of the Group [Note 29(a)] and borrowings of an associated company and a related party in exchange of partial amounts which have been included in the Group's borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

## 28. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Current** | | | | |
| Trade payables | | | | |
| - Non-related parties | **5,766** | 8,206 | **–** | – |
| - Joint ventures | **–** | 3 | **–** | – |
| - Associated companies | **753** | 805 | **–** | – |
| | **6,519** | 9,014 | **–** | – |
| Contract liabilities [Note 4(b)] | **9,235** | 15,460 | **–** | – |
| Accrued operating expenses | **26,189** | 18,295 | **5,332** | 2,442 |
| Non-trade payables | | | | |
| - Non-related parties | **46,972** | 38,676 | **2,595** | 2,153 |
| - Joint ventures | **418** | 841 | **–** | – |
| - Associated companies | **2,562** | 2,718 | **–** | – |
| | **49,952** | 42,235 | **2,595** | 2,153 |
| | **91,895** | 85,004 | **7,927** | 4,595 |
| **Non-current** | | | | |
| Non-trade payables | | | | |
| - Non-related parties | **1,918** | 1,884 | **–** | – |
| Total trade and other payables | **93,813** | 86,888 | **7,927** | 4,595 |

Included in current non-trade payables as at 30 September 2021 is a loan of US$24,017,000 (2020: US$24,017,000) received from a non-related party which has the intention to use this loan towards its investment in the Group's joint venture in the renewable energy projects (Note 13). The loan is secured by corporate guarantee of the Company, interest-bearing at 4% per annum and is payable in full on or by 31 July 2021. This loan has been extended to July 2022.

Current non-trade payables to joint ventures and associated companies are unsecured, interest-free and payable on demand.

As at 30 September 2021, non-current non-trade payable to a non-related party of US$1,918,000 (2020: US$1,884,000) related to deferred cash consideration for the acquisition of KOSPA which will be repaid within 5 years, i.e. by February 2024.

The fair value of non-current payables of US$1,747,000 (2020: US$1,632,000) is determined from the adjusted future cash flows discounted at the market interest rate of an equivalent instrument at the reporting date of 7.0% (2020: 7.0%) which the directors expect to be available to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## 29. BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Current** | | | | |
| Borrowings | **89,907** | 76,841 | **45,593** | 44,308 |
| Bank overdraft (Note 12) | **187** | 360 | **187** | 360 |
| Lease liabilities | **2,866** | 3,534 | **343** | 525 |
| | **92,960** | 80,735 | **46,123** | 45,193 |
| **Non-current** | | | | |
| Borrowings | **196,841** | 204,575 | **84,990** | 60,531 |
| Bonds | **66,116** | 70,037 | **66,116** | 70,037 |
| Loans from non-controlling interests | **10,824** | 14,303 | **–** | – |
| Lease liabilities | **42,236** | 48,710 | **1,402** | 3,083 |
| | **316,017** | 337,625 | **152,508** | 133,651 |
| Total borrowings | **408,977** | 418,360 | **198,631** | 178,844 |
| Borrowings are analysed as: | | | | |
| - secured | **262,133** | 295,453 | **122,122** | 138,332 |
| - unsecured | **146,844** | 122,907 | **76,509** | 40,512 |
| | **408,977** | 418,360 | **198,631** | 178,844 |

The exposure of the Group's and the Company's borrowings to changes in interest rate on their contractual repricing dates at the reporting dates are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Within six months | **291,792** | 283,008 | **186,886** | 172,327 |

(a) Total borrowings as at 30 September 2021 were mainly made up of a Thai Baht Bond issued by the Company, which is fully guaranteed by the Credit Guarantee and Investment Facility, loans from development financial institutions, including Nederlandse Financierings-maatschappij Voor Ontwikkelingslanden N.V., the Asian Development Bank and the International Finance Corporation, and loans from Myanmar and other international banks. The collateral provided for the above secured borrowings include:

- Certain development properties, investment properties, property, plant and equipment and land development rights of the Group (Notes 16, 22, 23 and 27);
- The Group's interest in certain subsidiary corporations (Note 21), investments in associated companies (Note 20), and certain investments in joint ventures (Note 19);
- Certain bank deposits (Note 12); and
- Certain current assets and property, plant and equipment of subsidiary corporations (Notes 12, 13, 15, 17, 18 and 23).

The Company has also provided a corporate guarantee for certain loans of subsidiary corporations.

# NOTES TO THE FINANCIAL STATEMENTS

## 29. BORROWINGS (CONTINUED)

(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 settlement is not expected to occur within twelve months from the reporting dates. Accordingly, these loans are considered to be quasi-equity loans from non-controlling interests.

(c) The fair value of non-current borrowings of US$290,032,000 (2020: US$297,505,000) is determined from their adjusted future cash flows and discounted at the market interest rate of an equivalent instrument as at the reporting date of 7.0% (2020: 7.0%) which the Directors expect to be available to the Group.

## 30. 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** |
|---|---|
| **2021** | |
| Beginning of financial year | **208** |
| Charged to profit or loss [Note 9(a)] | **(208)** |
| End of financial year | **–** |
| **2020** | |
| Beginning and end of financial period | 208 |

# NOTES TO THE FINANCIAL STATEMENTS

## 30. DEFERRED INCOME TAXES (CONTINUED)

*Deferred income tax liablities*

| | Fair value adjustment | | | |
|---|---|---|---|---|
| | Distributor license | Trademarks | Property, plant and equipment | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **2021** | | | | |
| Beginning of financial year | **249** | **736** | **479** | **1,464** |
| (Credited)/charged to profit or loss [Note 9(a)] | **(113)** | **–** | **1,309** | **1,196** |
| Currency translation differences | **2** | **–** | **–** | **2** |
| End of financial year | **138** | **736** | **1,788** | **2,662** |
| **2020** | | | | |
| Beginning of financial period | 414 | 736 | 257 | 1,407 |
| Credited to profit or loss [Note 9(a)] | (176) | – | – | (176) |
| Acquisition of subsidiary corporations [Note 43(c)] | – | – | 222 | 222 |
| Currency translation differences | 11 | – | – | 11 |
| End of financial period | 249 | 736 | 479 | 1,464 |

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$39,258,000 (2020: US$45,544,000) 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$31,117,000 (2020: US$42,153,000) have expiry dates of three years from the year of assessment when the losses were incurred, while the remaining tax losses of US$8,141,000 (2020: US$3,391,000) 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

## 31. PUT OPTIONS TO NON-CONTROLLING INTERESTS

During the financial year ended 1 April 2018, the Group entered into put option agreements with the Asian Development Bank ("ADB") and the International Finance Corporation ("IFC"), non-controlling shareholders which each own a 5% shareholding interest in Meeyahta Development Limited ("MDL"), that entitle them to sell all or part of their shareholdings in MDL and the related shareholder loans to MDL. The terms of 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 subscribed 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 loans. Management has assessed that there is no change to the key assumptions which would trigger a change in the valuation of the put options.

The movement of the put options granted is as follows:

| | Group and Company | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Beginning of financial year/period | **33,026** | 30,134 |
| Accretion of imputed interest [Note 36(b)(iv)] | **2,081** | 2,892 |
| End of financial year/period | **35,107** | 33,026 |

Key assumptions used in the valuation of put options are as follows:

| | Group and Company | |
|---|---|---|
| | **2021** | 2020 |
| | **%** | % |
| Dividend distribution rate | **12.5** | 12.5 |
| Discount rate | **6.3** | 6.3 |

# NOTES TO THE FINANCIAL STATEMENTS

## 32. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Group and Company | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Beginning of financial year/period | **1,510** | 1,616 |
| Fair value gain recognised in profit or loss (Note 6) | **(495)** | (106) |
| End of financial year/period | **1,015** | 1,510 |

The share warrant deeds with two investors which provided the investors with the options to purchase the shares in a subsidiary corporation of the Company 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 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.

## 33. SHARE CAPITAL

| | Number of ordinary shares | | Amount | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **'000** | '000 | **US$'000** | US$'000 |
| Beginning of financial year/period | **2,237,469** | 1,895,820 | **624,890** | 513,716 |
| Shares issued pursuant to: | | | | |
| - Private placement (Note a) | **–** | 332,500 | **–** | 108,573 |
| - Performance share plan (Note b) | **–** | 9,149 | **–** | 2,601 |
| End of financial year/period | **2,237,469** | 2,237,469 | **624,890** | 624,890 |

(a) In December 2019, the Company allotted and issued 332,500,000 new ordinary shares at US$0.45 per shares to a subscribers pursuant placement exercise for a total consideration of US$108,573,000.

(b) In July 2019, an aggregate of 9,149,000 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$2,601,000 was transferred from share awards reserve to share capital of the Company [Note 36(b)(ii)].

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 34. PERPETUAL SECURITIES

In June 2018, the Company entered into perpetual securities agreements with two investors for the issuance of perpetual securities in an aggregate principal amount of US$30,000,000.

The perpetual securities bear distributions at a rate of 2% per annum payable on each anniversary date. The distribution rate will increase to 17% per annum if the Company elects not to redeem the securities on the sixth anniversary of the first utilisation date. The Company has full discretion to defer distributions on the perpetual securities and is not subject to any limits as to the number of times distributions can be deferred.

The perpetual securities are classified as equity, and distributions are treated as dividends, as the Company has no contractual obligations to repay the principal or to pay any distributions which means the instruments do not meet the definition of a financial liability under SFRS(I) 1-32 Financial Instruments: Disclosure and Presentation.

During the financial year ended 30 September 2021, the Directors of the Company have approved a distribution amount of US$600,000 (2020: US$1,200,000) to the holders of the perpetual securities which has been accounted for as a deduction to the Company's retained profits.

## 35. 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 the 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 year 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 year ended 30 September 2021 and the financial period ended 30 September 2020. Particulars of the share options granted before 1 April 2018 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.

Out of the unexercised options for 13,595,000 shares (2020: 14,492,000), options for 13,595,000 shares (2020: 14,492,000) are exercisable at the reporting date. During the financial year ended 30 September 2021, 897,000 shares were forfeited following the resignation of employees. There were no options exercised during the financial year ended 30 September 2021 and the financial period ended 30 September 2020.

# NOTES TO THE FINANCIAL STATEMENTS

## 35. 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 | Forfeited during financial year '000 | End of financial year '000 | Exercise price | Exercise period |
|---|---|---|---|---|---|
| **Group and Company** | | | | | |
| **2021** | | | | | |
| *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 |
| | 1,682 | – | 1,682 | | |
| *2015 Options* | | | | | |
| - First Tranche | 1,457 | (897) | 560 | S$0.51 | 29.11.2016 - 27.11.2024 |
| *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 | | |
| | 14,492 | (897) | 13,595 | | |

# NOTES TO THE FINANCIAL STATEMENTS

## 35. 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 period '000 | Forfeited during financial period '000 | End of financial period '000 | Exercise price | Exercise period |
|---|---|---|---|---|---|
| **<u>Group and Company</u>** | | | | | |
| **2020** | | | | | |
| *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 |
| | 1,682 | – | 1,682 | | |
| *2015 Options* | | | | | |
| - First Tranche | 1,457 | – | 1,457 | S$0.51 | 29.11.2016 - 27.11.2024 |
| *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 | | |
| | 14,492 | – | 14,492 | | |

# NOTES TO THE FINANCIAL STATEMENTS

## 35. SHARE OPTIONS AND SHARE AWARDS (CONTINUED)

(b) *Share awards*

2020 Awards

On 30 July 2020, the Group granted awards comprising 9,625,000 ordinary shares to employees, being long-term incentive awards, under the Yoma Performance Share Plan ("Yoma PSP"). The release of these ordinary shares 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 9,625,000 ordinary shares will vest in July 2025. The fair value of these performance shares at grant date was S$0.108 per share, which was an observable market price on that date.

During the financial year ended 30 September 2021, 700,000 (2020: 2,649,000) shares awards were forfeited following to the resignation of employees and there are no new shares issued or allotted under the Yoma PSP during the financial year (2020: 9,149,000 new ordinary shares were issued and allotted).

During the financial year ended 30 September 2021, the Group charged US$110,000 (2020: US$955,000) (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.

2019 Awards

On 6 July 2018, the Group granted awards comprising 3,214,719 ordinary shares to employees, being long-term incentive awards, under the Yoma PSP. The release of these ordinary shares 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 have been vested in two tranches from July 2019 to July 2020. A total of 50,000 ordinary shares have been vested in in three tranches from July 2019 to July 2021. 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 granted awards comprising 4,186,111 ordinary shares to employees, being long-term incentive awards, under the Yoma PSP. The release of these ordinary shares 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 ordinary shares have been vested in three tranches from June 2018 to June 2020. A total of 150,000 ordinary shares have been vested in May 2020. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 36. OTHER RESERVES

(a) *Composition*

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Share options reserve | **3,226** | 3,480 | **3,226** | 3,480 |
| Share awards reserve | **130** | 20 | **130** | 20 |
| Currency translation reserve | **(105,888)** | (16,136) | **–** | – |
| Put options reserve | **(35,107)** | (33,026) | **(35,107)** | (33,026) |
| | **(137,639)** | (45,662) | **(31,751)** | (29,526) |

Other reserves are non-distributable.

(b) *Movement*

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| (i) *Share options reserve* | | | | |
| Beginning of financial year/ period | **3,480** | 3,299 | **3,480** | 3,299 |
| Employee share options - value of employee services (Note 8) | **–** | 181 | **–** | 181 |
| Less: Forfeited share options [Note 37(b)] | **(254)** | – | **(254)** | – |
| End of financial year/period | **3,226** | 3,480 | **3,226** | 3,480 |

# NOTES TO THE FINANCIAL STATEMENTS

## 36. OTHER RESERVES (CONTINUED)

(b) *Movements* (continued)

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| (ii) *Share awards reserve* | | | | |
| Beginning of financial year/period | **20** | 2,398 | **20** | 2,398 |
| Employee share awards - value of employee services (Note 8) | **110** | 955 | **110** | 955 |
| Less: Forfeited share options | **–** | (732) | **–** | (732) |
| Issuance of shares pursuant to performance share awards [Note 33(b)] | **–** | (2,601) | **–** | (2,601) |
| End of financial year/period | **130** | 20 | **130** | 20 |
| (iii) *Currency translation reserve* | | | | |
| Beginning of financial year/ period | **(16,136)** | (55,085) | **–** | – |
| Net currency translation differences of financial statements of foreign subsidiary corporations, joint ventures and associated companies | **(111,768)** | 48,843 | **–** | – |
| Less: Non-controlling interests' share | **22,016** | (9,894) | **–** | – |
| End of financial year/period | **(105,888)** | (16,136) | **–** | – |
| (iv) *Put options reserve* | | | | |
| Beginning of financial year/period | **(33,026)** | (30,134) | **(33,026)** | (30,134) |
| Accretion of imputed interest (Note 31) | **(2,081)** | (2,892) | **(2,081)** | (2,892) |
| End of financial year/period | **(35,107)** | (33,026) | **(35,107)** | (33,026) |

# NOTES TO THE FINANCIAL STATEMENTS

## 37. ACCUMULATED LOSSES

(a) Retained profits of the Group are distributable except for retained profits of joint ventures and associated companies amounting to US$1,423,000 (2020: US$1,687,000) and US$12,646,000 (2020: US$8,313,000) respectively.

(b) Movements in accumulated losses of the Company are as follows:

| | Company | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Beginning of financial year/period | **(95,604)** | (61,033) |
| Net loss | **(10,211)** | (34,103) |
| Forfeiture of share options [Note 36(b)(i)] | **254** | – |
| Forfeiture of share awards | **–** | 732 |
| Perpetual securities distribution | **(600)** | (1,200) |
| End of financial year/period | **(106,161)** | (95,604) |

## 38. COMMITMENTS

*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 (Note 19) and investments in associated companies (Note 20), are as follows:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Private equity investment fund | **1,119** | 1,943 |
| Property, plant and equipment | **86** | 167 |
| Investment properties | **5,833** | 1,588 |
| | **7,038** | 3,698 |

# NOTES TO THE FINANCIAL STATEMENTS

## 39. CONTINGENT LIABILITIES

*Group*

(a) The Group has agreed to provide guarantees under the dealer undertaking to a maximum sum of US$26,088,000 (2020: US$34,402,000) 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 30 September 2021 is US$14,232,000 (2020: US$20,490,000).

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 manner in which the dealer undertaking arrangement agreed is that the Group will receive an up-front non-refundable cash deposit which constitutes up to 30% of the selling price of the respective tractors and construction equipment. 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$3,200,000 (2020: US$3,886,000).

*Company*

(a) The Company has provided corporate guarantee for payables of certain subsidiary corporations amounting to US$24,017,000 as at 30 September 2021 (2020: US$25,140,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under these guarantees.

(b) The Company has provided corporate guarantees to banks for borrowings of certain subsidiary corporations. These bank borrowings amounted to US$27,415,000 as at 30 September 2021 (2020: US$37,298,000). The Directors estimated that the fair values of these corporate guarantees to be negligible in the view that consequential benefits to be derived are not material and therefore not recognised. It is considered unlikely that the Company will be held liable as a result of these corporate guarantees since there are no default in the payments of borrowings by the subsidiary corporations to which the corporate guarantees are provided.

(c) 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

## 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 the adverse effects from unpredictability in the 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 expenses 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 rates on which fixed rate hedges have not been entered into are denominated in United States Dollar ("USD") and Singapore Dollar ("SGD"). If the USD and SGD interest rates had increased/decreased by 0.5% (2020: 0.5%) with all other variables including tax rates being held constant, the Group's net loss and the Company's net loss would have been higher/lower by US$1,459,000 and US$934,000 (2020: US$1,415,000 and US$862,000) respectively.

*(ii) Currency risk*

The Group operates mainly in Myanmar and the 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 ("MMK"), 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 the People's Republic of China.

The Group manages currency risks, when it is considered economically significant, by entering into the appropriate currency hedging contracts. At the reporting date, the Group had not entered into any currency hedging contracts.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 Team is as follows:

| Group | SGD US$'000 | MMK US$'000 | USD US$'000 | THB US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and bank balances | 444 | 18,983 | 7,729 | 24 | – | 27,180 |
| Trade and other receivables | 24,908 | 21,379 | 75,958 | – | 546 | 122,791 |
| Financial assets at fair value through profit or loss | – | 2,985 | 7,298 | – | – | 10,283 |
| Other financial assets | 68 | 468 | 292 | – | – | 828 |
| | 25,420 | 43,815 | 91,277 | 24 | 546 | 161,082 |
| **Financial liabilities** | | | | | | |
| Trade and other payables | 2,571 | 32,899 | 49,105 | – | 3 | 84,578 |
| Borrowings (excluding lease liabilities) | 187 | 50,910 | 246,662 | 66,116 | – | 363,875 |
| Lease liabilities | 650 | 9,115 | 35,337 | – | – | 45,102 |
| Put options to non-controlling interests | – | – | 35,107 | – | – | 35,107 |
| Financial liabilities at fair value through profit or loss | – | – | 1,015 | – | – | 1,015 |
| | 3,408 | 92,924 | 367,226 | 66,116 | 3 | 529,677 |
| **Net financial assets/ (liabilities)** | 22,012 | (49,109) | (275,949) | (66,092) | 543 | (368,595) |
| **Add: Net non-financial assets** | 194,907 | 394,560 | 428,166 | – | 32,365 | 1,049,998 |
| **Currency profile including non-financial assets and liabilities** | 216,919 | 345,451 | 152,217 | (66,092) | 32,908 | 681,403 |
| **Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies** | (650) | (36,289) | – | (66,092) | – | (103,031) |

# NOTES TO THE FINANCIAL STATEMENTS

## 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 Team is as follows:

| Group | SGD US$'000 | MMK US$'000 | USD US$'000 | THB US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and bank balances | 530 | 13,931 | 31,931 | 26 | – | 46,418 |
| Trade and other receivables | 660 | 51,247 | 78,375 | – | 738 | 131,020 |
| Financial assets at fair value through profit or loss | – | 3,813 | 8,418 | – | – | 12,231 |
| Other financial assets | 20 | 844 | 487 | – | – | 1,351 |
| | 1,210 | 69,835 | 119,211 | 26 | 738 | 191,020 |
| **Financial liabilities** | | | | | | |
| Trade and other payables | 1,719 | 26,084 | 43,617 | – | 8 | 71,428 |
| Borrowings (excluding lease liabilities) | 6,904 | 68,271 | 220,904 | 70,037 | – | 366,116 |
| Lease liabilities | 783 | 18,181 | 33,280 | – | – | 52,244 |
| Financial liabilities at fair value through profit or loss | – | – | 1,510 | – | – | 1,510 |
| Put options to non-controlling interests | – | – | 33,026 | – | – | 33,026 |
| | 9,406 | 112,536 | 332,337 | 70,037 | 8 | 524,324 |
| **Net financial (liabilities)/assets** | (8,196) | (42,701) | (213,126) | (70,011) | 730 | (333,304) |
| **Add: Net non-financial assets** | 108,123 | 501,042 | 485,772 | – | 32,301 | 1,127,238 |
| **Currency profile including non-financial assets and liabilities** | 99,927 | 458,341 | 272,646 | (70,011) | 33,031 | 793,934 |
| **Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies** | (7,687) | (76,852) | – | (70,011) | – | (154,550) |

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Market risk* (continued)

(ii) *Currency risk* (continued)

If MMK, SGD and THB had strengthened or weakened against USD by 29%, 2% and 6% (2020: 15%, 1% and 1%) 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/(loss) will be as follows:

| | Group | |
|---|---|---|
| | Impact on net profit/(loss) Increase/(decrease) | |
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| MMK against USD | | |
| - strengthened | **(8,735)** | (9,568) |
| - weakened | **8,735** | 9,568 |
| SGD against USD | | |
| - strengthened | **(11)** | (64) |
| - weakened | **11** | 64 |
| THB against USD | | |
| - strengthened | **(3,291)** | (581) |
| - weakened | **3,291** | 581 |

# NOTES TO THE FINANCIAL STATEMENTS

## 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 Team is as follows:

| Company | SGD US$'000 | MMK US$'000 | USD US$'000 | THB US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and bank balances | 52 | 1 | 620 | 24 | – | 697 |
| Trade and other receivables | 1,833 | – | 13,444 | – | – | 15,277 |
| Other financial assets | 68 | 2 | 50 | – | – | 120 |
| | 1,953 | 3 | 14,114 | 24 | – | 16,094 |
| **Financial liabilities** | | | | | | |
| Trade and other payables | 1,822 | 52 | 6,050 | – | 3 | 7,927 |
| Borrowings (excluding lease liabilities) | 187 | – | 130,583 | 66,116 | – | 196,886 |
| Lease liabilities | 650 | – | 1,095 | – | – | 1,745 |
| Financial liabilities through profit or loss | – | – | 1,015 | – | – | 1,015 |
| Put options to non-controlling interests | – | – | 35,107 | – | – | 35,107 |
| | 2,659 | 52 | 173,850 | 66,116 | 3 | 242,680 |
| **Net financial liabilities** | (706) | (49) | (159,736) | (66,092) | (3) | (226,586) |
| **Add: Net non-financial assets/ (liabilities)** | 741,126 | (1,141) | 3,578 | – | 1 | 743,564 |
| **Currency profile including non-financial assets and liabilities** | 740,420 | (1,190) | (156,158) | (66,092) | (2) | 516,978 |
| **Currency exposure of financial liabilities net of those denominated in the Company's functional currency** | (706) | (49) | – | (66,092) | (3) | (66,850) |

# NOTES TO THE FINANCIAL STATEMENTS

## 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 Team is as follows:

| Company | SGD US$'000 | MMK US$'000 | USD US$'000 | THB US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **2020** | | | | | |
| **Financial assets** | | | | | |
| Cash and bank balances | 157 | 1 | 11,604 | 26 | 11,788 |
| Trade and other receivables | 1,675 | – | 9,152 | – | 10,827 |
| Other financial assets | 20 | – | 101 | – | 121 |
| | 1,852 | 1 | 20,857 | 26 | 22,736 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 1,055 | 104 | 3,436 | – | 4,595 |
| Borrowings (excluding lease liabilities) | 6,904 | – | 98,295 | 70,037 | 175,236 |
| Lease liabilities | 783 | – | 2,825 | – | 3,608 |
| Financial liabilities through profit or loss | – | – | 1,510 | – | 1,510 |
| Put options to non-controlling interests | – | – | 33,026 | – | 33,026 |
| | 8,742 | 104 | 139,092 | 70,037 | 217,975 |
| **Net financial liabilities** | (6,890) | (103) | (118,235) | (70,011) | (195,239) |
| **Add: Net non-financial assets** | 723,872 | – | 1,127 | – | 724,999 |
| **Currency profile including non-financial assets and liabilities** | 716,982 | (103) | (117,108) | (70,011) | 529,760 |
| **Currency exposure of financial liabilities net of those denominated in the Company's functional currency** | (6,890) | (103) | – | (70,011) | (77,004) |

# NOTES TO THE FINANCIAL STATEMENTS

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Market risk* (continued)

(ii) *Currency risk* (continued)

If MMK, SGD and THB had strengthened or weakened against USD by 29%, 2% and 6% (2020: 15%, 1% and 1%), respectively, with all other variables, including tax rates, being held constant, the effects arising from the net financial position on the Company's net loss will be as follows:

| | Company | |
|---|---|---|
| | Impact on net loss | |
| | Increase/(decrease) | |
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| MMK against USD | | |
| - strengthened | **(12)** | (13) |
| - weakened | **12** | 13 |
| SGD against USD | | |
| - strengthened | **(12)** | (57) |
| - weakened | **12** | 57 |
| THB against USD | | |
| - strengthened | **(3,291)** | (581) |
| - weakened | **3,291** | 581 |

(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 investments in unquoted shares and private investment funds in Myanmar which are classified on the consolidated statement of financial position of the Group as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio of investments. If prices for financial instruments classified as financial assets at fair value through profit or loss changed by 5% (2020: 5%) with all other variables including tax rates, being held constant, the effects on the Group's net loss would have been US$514,000 (2020: US$612,000) higher/lower.

(b) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group and/or 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.

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Credit risk* (continued)

Financial assets that are potentially subject to a concentration of credit risk consist principally of bank deposits and trade receivables. The Group places its deposits with bank and financial institutions and limits the amount of credit exposure to any one party. As at 30 September 2021, the Group has concentrated credit risk on one debtor (2020: one debtor) that individually represents more than 22% (2020: 18%) 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** | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Corporate guarantees provided to: | | | | |
| - banks on customers' finance leases (Note 39) | **14,232** | 20,490 | **–** | – |
| - banks on borrowings of certain subsidiary corporations (Note 39) | **–** | – | **27,415** | 37,298 |
| - a supplier and outstanding payables of certain subsidiary corporation (Note 39) | **3,200** | 3,886 | **24,017** | 25,140 |

*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 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 for 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 payments by requiring that tenants furnish cash deposits and/or to pay rental in advance. For the restaurants business in the consumer segment, customers generally settle all transactions in cash, using credit cards issued by reputable financial institutions or digital payment gateways from reputable institutions, and accordingly, this business does not have significant credit risk.

# NOTES TO THE FINANCIAL STATEMENTS

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Credit risk* (continued)

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 a customer's credit risk and assessing the customer's ability to repay, the Group considers the customers' trade history with the Group, the aging profile, maturity and the existence of any previous financial difficulties.

**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 customer is set out below:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| **By business segment** | | |
| Real estate development | **23,326** | 33,223 |
| Real estate services | **4,690** | 2,245 |
| Automotive & heavy equipment | **1,909** | 2,138 |
| Financial services | **17,734** | 16,936 |
| Consumer | **826** | 1,475 |
| Others | **309** | – |
| | **48,794** | 56,017 |
| **By geographical area** | | |
| Myanmar | **48,794** | 56,017 |
| **By type of customer** | | |
| Joint ventures | **23** | – |
| Associates | **2,201** | – |
| Non-related parties | | |
| - Individuals | **29,960** | 36,232 |
| - Other companies | **16,610** | 19,785 |
| | **48,794** | 56,017 |

# NOTES TO THE FINANCIAL STATEMENTS

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Credit risk* (continued)

*Trade receivables, contract assets and finance lease receivables* (continued)

**Expected credit loss assessment as at 30 September 2021 and 2020**

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) for trade receivables, contract assets and finance lease receivables, the customers are categorised by business segment, type of customer and their credit characteristics.

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets without a 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.

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 payments within 90 days when they fall due and/or has shown indicators of financial difficulty and writes off the financial asset through profit or loss when the Group has exhausted all means to retrieve the sum from the counterparty. Where receivables are written-off, the Group continues to engage in enforcement activities 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 ECLs 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 ECLs, 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 that informed the credit assessment and also includes forward-looking information.

If the 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, the loss allowance is measured at an amount equal to the 12-month ECL.

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Credit risk* (continued)

*Trade receivables, contract assets and finance lease receivables* (continued)

**Expected credit loss assessment as at 30 September 2021 and 2020** (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, 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.

The Group uses the following categories of internal credit risk ratings for financial assets which are subject to ECLs 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 a significant financing component amounting to US$16,463,000 as at 30 September 2021 (2020: US$17,432,000) and assessed that these financial assets have a low risk of default and a strong capacity to meet contractual cash flows, and accordingly a loss allowance as at 30 September 2021 has been recognised based on 12-month expected credit losses which amounted to US$4,563,000 (2020: US$1,691,000) with an additional loss allowance of US$2,900,000 (2020: US$559,000) and a reversal of loss allowance of Nil (2020: US$364,000) recognised in profit or loss during the financial year ended 30 September 2021. In addition, a loss allowance of US$28,000 has been written-off during the financial year ended 30 September 2021.

# NOTES TO THE FINANCIAL STATEMENTS

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Credit risk* (continued)

*Trade receivables, contract assets and finance lease receivables* (continued)

**Expected credit loss assessment as at 30 September 2021 and 2020** (continued)

The following table provides information about the Group's exposure to credit risk and the ECLs for trade receivables (excluding those with a significant financing component), contract assets and finance lease receivables as at 30 September 2021 and 2020:

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Current | Within 90 days | 91 days to 180 days | 181 days to 365 days | More than one year | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **2021** | | | | | | |
| **Real estate development** | | | | | | |
| Gross carrying amounts | 10,890 | 1,080 | 593 | 750 | 14,812 | 28,125 |
| Loss allowance | – | (49) | (52) | (135) | – | (236) |
| **Real estate services** | | | | | | |
| Gross carrying amounts | 1,955 | 799 | 402 | 803 | 908 | 4,867 |
| Loss allowance | – | (110) | (56) | (11) | – | (177) |
| **Automotive and heavy equipment** | | | | | | |
| Gross carrying amounts | 899 | 694 | 27 | 121 | 360 | 2,101 |
| Loss allowance | – | – | (19) | (14) | (159) | (192) |
| **Financial services** | | | | | | |
| Gross carrying amounts | 14,973 | 1,622 | 509 | 1,699 | – | 18,803 |
| Loss allowance | – | (30) | (123) | (916) | – | (1,069) |

# NOTES TO THE FINANCIAL STATEMENTS

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(b)* *Credit risk* (continued)

*Trade receivables, contract assets and finance lease receivables* (continued)

**Expected credit loss assessment as at 30 September 2021 and 2020** (continued)

The following table provides information about the Group's exposure to credit risk and the ECLs for trade receivables (excluding those with a significant financing component), contract assets and finance lease receivables as at 30 September 2021 and 2020:

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Current US$'000 | Within 90 days US$'000 | 91 days to 180 days US$'000 | 181 days to 365 days US$'000 | More than one year US$'000 | Total US$'000 |
| **2020** | | | | | | |
| **Real estate development** | | | | | | |
| Gross carrying amounts | 12,761 | 938 | 936 | 853 | 2,409 | 17,897 |
| Loss allowance | – | (216) | (24) | (20) | (155) | (415) |
| **Real estate services** | | | | | | |
| Gross carrying amounts | 191 | 682 | 480 | 480 | 656 | 2,489 |
| Loss allowance | – | (165) | (30) | (49) | – | (244) |
| **Automotive and heavy equipment** | | | | | | |
| Gross carrying amounts | – | 883 | 436 | 156 | 819 | 2,294 |
| Loss allowance | – | – | (49) | (4) | (103) | (156) |
| **Financial services** | | | | | | |
| Gross carrying amounts | 16,872 | 32 | 32 | – | – | 16,936 |
| Loss allowance | – | – | – | – | – | – |

# NOTES TO THE FINANCIAL STATEMENTS

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(b)* *Credit risk* (continued)

*Trade receivables, contract assets and finance lease receivables* (continued)

**<u>Expected credit loss assessment as at 30 September 2021 and 2020</u>** (continued)

The movements in ECL allowance are as follows:

| | Trade receivables | | Other receivables | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Beginning of financial year/period | **2,506** | 2,116 | **250** | – |
| Loss allowance recognised in profit or loss | **4,670** | 811 | **–** | 250 |
| Reversal of loss allowance recognised in profit or loss | **–** | (364) | **–** | – |
| | **4,670** | 447 | **–** | 250 |
| Write-off | **(939)** | (57) | **–** | – |
| End of financial year/period | **6,237** | 2,506 | **250** | 250 |

*Cash and cash equivalents*

As at 30 September 2021, the Group and the Company held cash and bank balances of US$27,180,000 and US$697,000 (2020: US$46,418,000 and US$11,788,000), respectively. 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 ECL 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 sale/purchase of goods and services and prepaid commercial and value added taxes totalling to US$73,997,000 and US$15,277,000 (2020: US$75,003,000 and US$10,827,000) respectively at 30 September 2021. The Group has applied the general approach for other receivables with a significant financing component and assessed that the financial assets have a low risk of default and a strong capacity to meet contractual cash flows, and accordingly a loss allowance of Nil (2020: US$250,000) has been recognised in profit or loss during the financial year ended 30 September 2021 based on 12-month ECLs.

# NOTES TO THE FINANCIAL STATEMENTS

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) *Liquidity risk*

Liquidity risk is the risk that the Group and the Company will encounter difficulties in meeting their obligations associated with financial liabilities. The Group manages liquidity risks by monitoring its liquidity position through the periodic preparation of cash flows and forecasted cash balances, diversifying its source of fundings, managing the maturity profile of its borrowings, payables and other liabilities, and the 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. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

| | 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** | | | | |
| **2021** | | | | |
| Trade and other payables | **82,660** | **1,918** | **–** | **–** |
| Borrowings (excluding lease liabilities) | **90,094** | **142,603** | **137,463** | **43,629** |
| Lease liabilities | **2,866** | **4,866** | **13,938** | **125,159** |
| Put options to non-controlling interest | **–** | **–** | **–** | **35,107** |
| Financial guarantee contracts | **17,432** | **–** | **–** | **–** |
| | **193,052** | **149,387** | **151,401** | **203,895** |
| **2020** | | | | |
| Trade and other payables | 68,434 | 2,000 | – | – |
| Borrowings (excluding lease liabilities) | 77,201 | 234,171 | 80,425 | 1,283 |
| Lease liabilities | 3,534 | 5,229 | 18,355 | 132,760 |
| Put options to non-controlling interest | – | – | – | 33,026 |
| Financial guarantee contracts | 24,376 | – | – | – |
| | 173,545 | 241,400 | 98,780 | 167,069 |
| **Company** | | | | |
| **2021** | | | | |
| Trade and other payables | **7,927** | **–** | **–** | **–** |
| Borrowings (excluding lease liabilities) | **45,780** | **100,015** | **65,257** | **–** |
| Lease liabilities | **343** | **472** | **1,143** | **–** |
| Put options to non-controlling interest | **–** | **–** | **–** | **35,107** |
| Financial guarantee contracts | **51,432** | **–** | **–** | **–** |
| | **105,482** | **100,487** | **66,400** | **35,107** |
| **2020** | | | | |
| Trade and other payables | 4,595 | – | – | – |
| Borrowings (excluding lease liabilities) | 44,668 | 94,736 | 55,816 | 610 |
| Lease liabilities | 525 | 795 | 2,324 | 594 |
| Put options to non-controlling interest | – | – | – | 33,026 |
| Financial guarantee contracts | 62,438 | – | – | – |
| | 112,226 | 95,531 | 58,140 | 34,230 |

## 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 the 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 year ended 30 September 2021 and the financial period ended 30 September 2020 and are to maintain a financial gearing ratio not exceeding 40%. The Group is also required by certain banks and financial institutions to maintain a certain level of consolidated net worth and certain leverage 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 and lease liabilities) less cash and bank balances. Total capital is calculated as total equity plus net debt.

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Net debt | **325,871** | 305,395 | **196,189** | 163,448 |
| Total equity | **681,403** | 793,934 | **516,978** | 529,760 |
| Total capital | **1,007,274** | 1,099,329 | **713,167** | 693,208 |
| **Financial gearing ratio** | **32.35%** | 27.78% | **27.51%** | 23.58% |

The Group and the Company are in compliance with all externally imposed requirements for consolidated net worth and leverage ratios for the financial year ended 30 September 2021 and the financial period ended 30 September 2020.

(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

(iii) 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

## 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:

| Group | Level 1 US$'000 | Level 2 US$'000 | Level 3 US$'000 | Total US$'000 |
|---|---|---|---|---|
| **2021** | | | | |
| *Assets* | | | | |
| Financial assets at fair value through profit or loss | **–** | **–** | **10,283** | **10,283** |
| *Liabilities* | | | | |
| Financial liabilities at fair value through profit or loss | **–** | **–** | **1,015** | **1,015** |
| **2020** | | | | |
| *Assets* | | | | |
| Financial assets at fair value through profit or loss | – | – | 12,231 | 12,231 |
| *Liabilities* | | | | |
| Financial liabilities at fair value through profit or loss | – | – | 1,510 | 1,510 |

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 investment funds and private equities. As observable prices are not available for these securities, management has used valuation techniques to derive the fair value.

There were no changes in valuation techniques and no transfers into or out of fair value hierarchy levels during the financial year ended 30 September 2021 and the financial period ended 30 September 2020.

See Note 22 for disclosures of the investment properties that are measured at fair value.

## 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 transactions | 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 |
| - 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) multiples/risk-free rate | The higher the P/B multiple and the higher the 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 in the statement of financial position and in Note 18 and Note 32, except for the following:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Financial assets at amortised cost | **150,799** | 178,789 | **16,094** | 22,736 |
| Financial liabilities at amortised cost | **528,662** | 521,704 | **241,665** | 216,465 |

# NOTES TO THE FINANCIAL STATEMENTS

## 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 during the financial year/period ended:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| *With entities related by a common controlling shareholder* | | |
| Sales | **4,262** | 1,913 |
| Purchases | **2,303** | 501 |
| Treasury transactions* | **17,201** | 14,297 |
| Land development rights transactions# | **–** | 136 |
| Financial guarantee to Yoma Bank^ | **2,072** | 12,196 |
| Prepayments for supply of crops | **187** | 369 |
| Advance payment for investment in associated company | **–** | 7,800 |
| Advance rental received | **9,405** | – |
| *With joint ventures* | | |
| Sales | **608** | 1,930 |
| Purchases | **584** | 3,982 |
| Construction costs | **32,557** | 59,802 |
| Other service income | **470** | 1,379 |
| *With associated companies* | | |
| Sales | **196** | 3,289 |
| Purchases | **76** | 55 |
| Other service income | **12** | 19 |
| *With other related party* | | |
| Professional fee paid/payable | **39** | 71 |

* 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 commissions by the Group to entities related by a common shareholder.

^ Financial guarantee relates to Convenience Prosperity Company Limited ("CPCL") where CPCL has taken up the financial obligation of a customer. CPCL will be responsible for any credit losses incurred by Yoma Bank when the customer defaults a payment.

Other related party refers to a firm of which a director is a member.

Outstanding balances at 30 September 2021 and 2020 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 28 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Wages and salaries | 1,489 | 5,035 |
| Directors' fees | 204 | 378 |
| Share options expenses | – | 181 |
| Share awards expenses | 101 | 241 |
| Other short-term benefits | 288 | 477 |
| Employer's contribution to defined contribution plans, including CPF | 19 | 29 |
| | 2,101 | 6,341 |

Included in the above is total compensation to directors of the Company amounting to US$632,000 (2020: US$1,851,000).

## 42. SEGMENT INFORMATION

Management has determined the operating segments based on the reports that are used to make strategic decisions and are reviewed by the Key Management Team. 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.

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: Myanmar, Singapore 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 ("Yoma Land Development").

(ii) Real estate services is in the business of providing project management, design, estate management, golf estate operations and property leasing services in Myanmar ("Yoma Land Services"). 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 and 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 (the "Yoma Motor"). This reportable segment has been formed by aggregating the relevant operating entities involved in supplying and selling of agriculture and construction equipment, motor vehicles and related parts, including the provision of maintenance services, which are regarded by management to exhibit similar economic characteristics.

# NOTES TO THE FINANCIAL STATEMENTS

## 42. SEGMENT INFORMATION (CONTINUED)

(iv) The food and beverages segment is in the business of operating restaurants, bottling and distributing beverages and developing food wholesale, transportation, distribution and logistics services (the "Yoma F&B"). This reportable segment has been formed by aggregating the relevant operating entities, which are regarded by management to exhibit similar economic characteristics.

(v) The financial services segment is in the business of providing non-bank financing (i.e. leasing products under both operating and finance leases and related financing options) and investing in mobile financial services ("Yoma 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, solar power, agriculture and other sectors in Myanmar and the leasing of an investment property in the PRC.

(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

## 42. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Key Management Team for the reportable segments and the reconciliation to the consolidated statements of comprehensive income and statement of financial position are as follows:

| | Myanmar | | | | | Myanmar/ PRC | Myanmar/ Singapore | |
|---|---|---|---|---|---|---|---|---|
| | Yoma Land Development | Yoma Land Services | Yoma Motors | Yoma Financial Services | Yoma F&B | Investments | Others | Total |
| **2021** | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Revenue** | | | | | | | | |
| Total segment sales | 32,513 | 12,867 | 14,882 | 7,275 | 20,136 | 2,127 | – | 89,800 |
| Less: Inter-segment sales | – | (494) | (139) | (553) | (332) | (954) | – | (2,472) |
| Sales to external parties | 32,513 | 12,373 | 14,743 | 6,722 | 19,804 | 1,173 | – | 87,328 |
| Cost of sales | (24,535) | (4,592) | (12,117) | (3,424) | (13,200) | (320) | – | (58,188) |
| Gross profit | 7,978 | 7,781 | 2,626 | 3,298 | 6,604 | 853 | – | 29,140 |
| Other gains or losses | 696 | 39,352 | (1,994) | (1,665) | (5,188) | (730) | 764 | 31,235 |
| Expenses: - | | | | | | | | |
| - Administrative | (9,682) | (2,137) | (4,898) | (1,867) | (19,154) | (2,373) | (6,299) | (46,410) |
| - Finance | (4,518) | (209) | (237) | (361) | (1,081) | (5,543) | (13,495) | (25,444) |
| Share of profits/(losses) of joint ventures | – | – | 94 | – | (22) | (2,593) | – | (2,521) |
| Share of (losses)/ profits of associated companies | (1,210) | – | – | 4,338 | (978) | (998) | – | 1,152 |
| (Loss)/profit before income tax | (6,736) | 44,787 | (4,409) | 3,743 | (19,819) | (11,384) | (19,030) | (12,848) |
| Income tax expense | (828) | (467) | (100) | (1,122) | (13) | – | (302) | (2,832) |
| **Net (loss)/profit** | (7,564) | 44,320 | (4,509) | 2,621 | (19,832) | (11,384) | (19,332) | (15,680) |
| Interest expense | 4,373 | 209 | 163 | 315 | 1,051 | 1,687 | 15,488 | 23,286 |
| Income tax expense | 828 | 467 | 100 | 1,122 | 13 | – | 302 | 2,832 |
| Depreciation and amortisation | 1,633 | 846 | 1,949 | 3,165 | 8,048 | 1,269 | 370 | 17,280 |
| Share of (profits)/losses of joint ventures | – | – | (94) | – | 22 | 2,593 | – | 2,521 |
| Share of losses/ (profits) of associated companies | 1,210 | – | – | (4,338) | 978 | 998 | – | (1,152) |
| Currency translation (gains)/losses, net | (5,290) | 102 | 1,841 | 740 | 1,631 | 1,707 | (3,845) | (3,114) |
| Yoma Central Project | 1,587 | – | – | – | – | – | – | 1,587 |
| **Core Operating EBITDA** | (3,223) | 45,944 | (550) | 3,625 | (8,089) | (3,130) | (7,017) | 27,560 |

# NOTES TO THE FINANCIAL STATEMENTS

## 42. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Key Management Team for the reportable segments and the reconciliation to the consolidated statements of comprehensive income and statement of financial position are as follows: (continued)

| | Myanmar | | | | | Myanmar/ PRC | Myanmar/ Singapore | |
|---|---|---|---|---|---|---|---|---|
| 2021 | Yoma Land Development US$'000 | Yoma Land Services US$'000 | Yoma Motors US$'000 | Yoma Financial Services US$'000 | Yoma F&B US$'000 | Investments US$'000 | Others US$'000 | Total US$'000 |
| Net loss include: | | | | | | | | |
| - Net fair value gains on investment properties | – | 38,840 | – | – | – | 2,565 | – | 41,405 |
| - Fair value losses on financial assets at fair value through profit or loss | – | – | – | – | – | (2,159) | – | (2,159) |
| - Fair value gain on financial liabilities at fair value through profit or loss | – | – | – | – | – | – | 495 | 495 |
| - Fair value loss on assets of disposal group classified as held-for-sale | – | – | – | – | – | (1,512) | – | (1,512) |
| - Impairment loss of goodwill | – | – | – | – | (756) | – | – | (756) |
| - Impairment loss of agriculture operating rights | – | – | – | – | – | (3,731) | – | (3,731) |
| - Impairment loss of prepayment – crop and supply agreement | – | – | – | – | – | (1,958) | – | (1,958) |
| - Impairment loss on financial assets at amortised cost, net | (3,458) | – | (104) | (1,108) | – | – | – | (4,670) |
| - Write-offs for stores closure | – | – | – | – | (4,857) | – | – | (4,857) |
| - Cost related to the winding up of associated company | – | – | – | – | (2,975) | – | – | (2,975) |
| **Segment assets** | 678,002 | 265,017 | 28,913 | 78,114 | 46,870 | 116,260 | 16,225 | 1,229,401 |
| Segment assets includes: | | | | | | | | |
| Investments in associated companies | 31,756 | – | – | 36,811 | 4,729 | 17,742 | – | 91,038 |
| Investments in joint ventures | – | – | 3,722 | – | – | 3,714 | – | 7,436 |
| Additions to non-current assets | 16,172 | 2,600 | 307 | 3,544 | 1,292 | 2 | 105 | 24,022 |
| **Segment liabilities** | 180,861 | 18,760 | 7,798 | 4,809 | 16,477 | 36,732 | 282,561 | 547,998 |

# NOTES TO THE FINANCIAL STATEMENTS

## 42. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Key Management Team for the reportable segments and the reconciliation to the consolidated statements of comprehensive income and statement of financial position are as follows: (continued)

| | Myanmar | | | | | Myanmar/ PRC | Myanmar/ Singapore | |
|---|---|---|---|---|---|---|---|---|
| **2020** | **Yoma Land Development US$'000** | **Yoma Land Services US$'000** | **Yoma Motors US$'000** | **Yoma Financial Services US$'000** | **Yoma F&B US$'000** | **Investments US$'000** | **Others US$'000** | **Total US$'000** |
| **Revenue** | | | | | | | | |
| Total segment sales | 40,270 | 14,810 | 33,718 | 11,161 | 47,091 | 3,436 | – | 150,486 |
| Less: Inter-segment sales | – | (2,176) | (795) | (465) | (593) | (2,265) | – | (6,294) |
| Sales to external parties | 40,270 | 12,634 | 32,923 | 10,696 | 46,498 | 1,171 | – | 144,192 |
| Cost of sales | (30,565) | (6,759) | (27,145) | (5,998) | (25,230) | (212) | – | (95,909) |
| Gross profit | 9,705 | 5,875 | 5,778 | 4,698 | 21,268 | 959 | – | 48,283 |
| Other gains or losses | (1,026) | (9,426) | 1,106 | 646 | 1,668 | (27,996) | (170) | (35,198) |
| Expenses: - | | | | | | | | |
| - Administrative | (13,574) | (4,752) | (10,188) | (3,383) | (30,169) | (2,960) | (18,037) | (83,063) |
| - Finance | (7,480) | (245) | (379) | (966) | (1,936) | (1,356) | (27,751) | (40,113) |
| Share of (losses)/profits of joint ventures | – | (1,096) | 666 | – | 825 | (2,034) | – | (1,639) |
| Share of (losses)/ profits of associated companies | (5) | – | 17 | 8,005 | (3,387) | (11,956) | – | (7,326) |
| (Loss)/profit before income tax | (12,380) | (9,644) | (3,000) | 9,000 | (11,731) | (45,343) | (45,958) | (119,056) |
| Income tax expense | (1,607) | (795) | (989) | (396) | (126) | – | (473) | (4,386) |
| **Net (loss)/profit** | (13,987) | (10,439) | (3,989) | 8,604 | (11,857) | (45,343) | (46,431) | (123,442) |
| Interest expense | 7,123 | 1,895 | 311 | 941 | 1,947 | 1,469 | 24,468 | 38,154 |
| Income tax expense | 1,607 | 795 | 989 | 396 | 126 | – | 473 | 4,386 |
| Depreciation and amortisation | 2,345 | 2,422 | 2,786 | 5,363 | 12,201 | 642 | 355 | 26,114 |
| Share of losses/(profits) of joint ventures | – | 1,096 | (666) | – | (825) | 2,034 | – | 1,639 |
| Share of losses/ (profits) of associated companies | 5 | – | (17) | (8,005) | 3,387 | 11,956 | – | 7,326 |
| Currency translation (gains)/losses, net | (824) | (3,832) | (898) | (291) | (655) | 931 | 366 | (5,203) |
| Yoma Central Project | 3,998 | – | – | – | – | – | – | 3,998 |
| **Core Operating EBITDA** | 267 | (8,063) | (1,484) | 7,008 | 4,324 | (28,311) | (20,769) | (47,028) |

# NOTES TO THE FINANCIAL STATEMENTS

## 42. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Key Management Team for the reportable segments and the reconciliation to the consolidated statements of comprehensive income and statement of financial position are as follows: (continued)

| | Myanmar | | | | | Myanmar/ PRC | Myanmar/ Singapore | |
|---|---|---|---|---|---|---|---|---|
| 2020 | Yoma Land Development US$'000 | Yoma Land Services US$'000 | Yoma Motors US$'000 | Yoma Financial Services US$'000 | Yoma F&B US$'000 | Investments US$'000 | Others US$'000 | Total US$'000 |
| Net loss include: | | | | | | | | |
| - Net fair value losses on investment properties | – | (12,108) | – | – | – | – | – | (12,108) |
| - Fair value gains on financial assets at fair value through profit or loss | – | – | – | – | – | 5,235 | – | 5,235 |
| - Fair value gain on financial liabilities at fair value through profit or loss | – | – | – | – | – | – | 106 | 106 |
| - Fair value loss on assets of disposal group classified as held-for-sale | – | – | – | – | – | (32,243) | – | (32,243) |
| - Gain on disposal of financial assets at fair value through profit or loss | – | – | – | – | – | 3,638 | – | 3,638 |
| - Gain on measurement of previously held interest in a joint venture as a result of change in control | – | – | – | – | 241 | – | – | 241 |
| - Deemed gain on dilution of investment in joint ventures | – | – | – | – | 989 | 267 | – | 1,256 |
| - Gain on deemed divestment of associated company | – | – | – | – | 359 | – | – | 359 |
| - Impairment loss of agriculture operating rights | – | – | – | – | – | (1,316) | – | (1,316) |
| - Impairment loss of prepayment – crop and supply agreement | – | – | – | – | – | (4,310) | – | (4,310) |
| - Impairment losses on financial assets at amortised cost, net | (577) | (62) | (58) | – | – | – | – | (697) |
| **Segment assets** | **676,117** | **328,944** | **38,211** | **82,635** | **79,340** | **104,430** | **32,440** | **1,342,117** |
| Segment assets includes: | | | | | | | | |
| Investments in associated companies | 28,158 | – | – | 30,005 | – | 24,791 | – | 82,954 |
| Investments in joint ventures | – | – | 3,771 | – | 88 | 6,741 | – | 10,600 |
| Additions to non-current assets | 33,960 | 4,678 | 4,132 | 12,982 | 37,482 | 38 | 1,269 | 94,541 |
| **Segment liabilities** | **188,945** | **24,263** | **8,918** | **8,792** | **22,674** | **25,799** | **268,792** | **548,183** |

## 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 seven 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 activities in Singapore and Myanmar. The activities 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 and the provision of project management, design services, estate management and golf operations; the sale of automotive and heavy equipment products; the operation of restaurants, the bottling and distribution of beverages and the development of food wholesale and logistics services; and the provision of leasing products and mobile financial services.
- People's Republic of China – the operations in this area are principally the leasing of an investment property.

Information on revenue and non-current assets based on the geographical location of customers and non-current assets, respectively, are as follows:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| **Revenue** | | |
| Myanmar | **86,609** | 143,057 |
| People's Republic of China | **719** | 1,135 |
| | **87,328** | 144,192 |
| **Non-current assets** | | |
| Singapore | **98,935** | 208,937 |
| Myanmar | **577,167** | 549,027 |
| | **676,102** | 757,964 |

# NOTES TO THE FINANCIAL STATEMENTS

## 42. SEGMENT INFORMATION (CONTINUED)

(b) *Revenue from major products and services*

Revenue from external customers is derived mainly from the sale of land development rights and development properties; the provision of project management, design services, estate management and golf estate operations (collectively "real estate services"); the leasing of investment properties; the automotive and heavy equipment segment; the sale of food and beverages; logistics and distribution; the provision of leasing products; and agriculture activities. The breakdown of revenue is as follows:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **US$'000** | US$'000 |
| Development properties | **27,688** | 40,134 |
| Land development rights | **4,826** | 136 |
| Real estate services | **9,059** | 5,764 |
| Leasing of investment properties | **4,476** | 8,005 |
| Automotive and heavy equipment | **14,743** | 32,923 |
| Food and beverages | **13,632** | 37,917 |
| Logistics and distribution | **6,172** | 8,581 |
| Leasing products | **6,722** | 10,696 |
| Agricultural activities | **10** | 36 |
| | **87,328** | 144,192 |

## 43. BUSINESS COMBINATION

On 15 July 2019, the Group through its wholly-owned subsidiary corporations, Yoma Strategic Investments Ltd. and Yoma Nominee Limited, completed the acquisition of 50% of the issued shares of KOSPA Limited ("KOSPA") for a total consideration of US$5,108,000. KOSPA Limited, a Myanmar-based third-party logistics (3PL) company, is the premier provider of Myanmar logistics services, including transportation and distribution. KOSPA provides an end-to-end logistics solution for agricultural, pharmaceutical, fast-moving consumer goods, and other clients throughout Myanmar. KOSPA focuses on providing best practice in logistics management for temperature-sensitive and ambient products using the latest technology and time-tested quality standards.

The acquisition of KOSPA 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

## 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*

| | 2020<br>US$'000 |
|---|---|
| Fair value of previously held interest (Note 19) | 3,264 |
| Cash payable/paid | 1,844 |
| Total purchase consideration | 5,108 |

*(b) Effect on cash flows of the Group*

| | 2020<br>US$'000 |
|---|---|
| Cash paid (as above) | – |
| Less: Cash and cash equivalents in subsidiary corporations acquired | (4,344) |
| Cash inflow on acquisition | (4,344) |

*(c) Identifiable assets acquired and liabilities assumed*

| | 2020<br>US$'000 |
|---|---|
| Cash and cash equivalents | 4,344 |
| Property, plant and equipment (Note 23) | 8,555[1] |
| Trade and other receivables | 1,697 |
| Total assets | 14,596 |
| | |
| Trade and other payables | (1,261) |
| Lease liabilities | (4,409) |
| Deferred income tax liabilities (Note 30) | (222) |
| Total liabilities | (5,892) |
| | |
| Total identifiable net assets | 8,704 |
| | |
| Less: Non-controlling interest measured at the non-controlling interest's proportionate share of net identifiable assets | (4,352) |
| Add: Goodwill [Note 26(e)] | 756 |
| Consideration transferred for the business | 5,108 |

[1] Fair value of leasehold land and buildings included in property, plant and equipment of KOSPA is determined by an independent valuer based on depreciated replacement cost method.

# NOTES TO THE FINANCIAL STATEMENTS

## 43. BUSINESS COMBINATION (CONTINUED)

(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.

(e) *Goodwill*

Goodwill of US$756,000 arising from the acquisition is attributable to the synergies expected to arise from the future economic benefit from operating the KOSPA business in Myanmar (i.e. the consumer segment) respectively.

(f) *Revenue and profit contribution*

The acquired business contributed revenue of US$8,581,000 and net loss of US$763,000 to the Group from the period from 15 July 2019 to 30 September 2020. Had the KOSPA been consolidated from 1 April 2019, the Group's consolidated revenue and total loss for the financial year ended 30 September 2021 would have been US$145,996,000 and US$123,703,000 respectively.

## 44. NEW ACCOUNTING STANDARDS AND INTERPRETATION

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 October 2021 and which the Group has not early adopted.

**Amendments to SFRS(I) 1-1 Presentation of Financial Statements:** Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

**Amendments to SFRS(I) 1-16 Property, Plant and Equipment**: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

# NOTES TO THE FINANCIAL STATEMENTS

## 44. NEW ACCOUNTING STANDARDS AND INTERPRETATION (CONTINUED)

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

**Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets**: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

## 45. EVENT OCCURRING AFTER REPORTING DATE

On 29 December 2021, the Company entered into a Restructured Loan Agreement with an indirect wholly-owned Singapore subsidiary corporation of Ayala Corporation, VIP Infrastructure Holdings Pte. Ltd. ("VIP Infrastructure"), to restructure the existing loan with VIP Infrastructure and the subscription of the Second Tranche Placement Shares with Ayala into a perpetual loan which can only be redeemed by way of allotment and issuance of ordinary shares in the capital of the Company.

Through the execution of the Restructured Loan Agreement, both VIP Infrastructure and the Company agreed to convert the existing loan with a principal amount of US$46,426,000, together with accrued interest of US$2,705,000, into a perpetual loan. In accordance with the terms and conditions of the Restructured Loan Agreement, the Company has no contractual obligations to repay the principal in cash or to pay any distributions.

# STATISTICS OF SHAREHOLDINGS

As at 22 December 2021

| | | |
|---|---|---|
| No. of issued and fully-paid shares | : | 2,237,469,260 |
| Class of Shares | : | Ordinary Shares |
| Voting Rights | : | 1 Vote Per Share |
| Treasury Shares | : | Nil |
| Subsidiary Holdings | : | Nil |

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 - 99 | 141 | 1.75 | 3,944 | 0.00 |
| 100 - 1,000 | 459 | 5.70 | 261,587 | 0.01 |
| 1,001 - 10,000 | 2,444 | 30.33 | 15,811,118 | 0.71 |
| 10,001 - 1,000,000 | 4,944 | 61.35 | 354,741,313 | 15.85 |
| 1,000,001 & ABOVE | 70 | 0.87 | 1,866,651,298 | 83.43 |
| TOTAL | **8,058** | **100.00** | **2,237,469,260** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members and Depository Agent)

| | | NO. OF SHARES | % |
|---|---|---|---|
| 1 | RAFFLES NOMINEES (PTE) LIMITED | 459,677,747 | 20.55 |
| 2 | DBS NOMINEES PTE LTD | 416,522,586 | 18.62 |
| 3 | VIP INSFRASTRUCTURE HOLDINGS PTE. LTD. | 332,500,000 | 14.86 |
| 4 | SERGE PUN @ THEIM WAI | 100,063,025 | 4.47 |
| 5 | DBSN SERVICES PTE LTD | 95,758,681 | 4.28 |
| 6 | CITIBANK NOMINEES SINGAPORE PTE LTD | 95,726,074 | 4.28 |
| 7 | BPSS NOMINEES SINGAPORE (PTE.) LTD. | 80,193,469 | 3.58 |
| 8 | HSBC (SINGAPORE) NOMINEES PTE LTD | 35,941,901 | 1.61 |
| 9 | PHILLIP SECURITIES PTE LTD | 34,439,815 | 1.54 |
| 10 | OCBC SECURITIES PRIVATE LTD | 22,905,349 | 1.02 |
| 11 | MAYBANK SECURITIES PTE. LTD. | 20,616,474 | 0.92 |
| 12 | UOB KAY HIAN PTE LTD | 15,010,079 | 0.67 |
| 13 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 12,796,247 | 0.57 |
| 14 | OCBC NOMINEES SINGAPORE PTE LTD | 11,171,869 | 0.50 |
| 15 | MORGAN STANLEY ASIA (S) SECURITIES PTE LTD | 10,260,530 | 0.46 |
| 16 | CHONG YEAN FONG | 10,131,000 | 0.45 |
| 17 | ABN AMRO CLEARING BANK N.V. | 6,697,384 | 0.30 |
| 18 | LIM AND TAN SECURITIES PTE LTD | 6,280,483 | 0.28 |
| 19 | CGS-CIMB SECURITIES (SINGAPORE) PTE LTD | 5,264,689 | 0.24 |
| 20 | IFAST FINANCIAL PTE LTD | 5,219,950 | 0.23 |
| | | **1,777,177,352** | **79.43** |

# STATISTICS OF SHAREHOLDINGS

As at 22 December 2021

## SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

| SUBSTANTIAL SHAREHOLDERS | DIRECT INTEREST | | DEEMED INTEREST | |
|---|---|---|---|---|
| | NO. OF SHARES | % OF TOTAL ISSUED SHARES[1] | NO. OF SHARES | % OF TOTAL ISSUED SHARES[1] |
| Mr. Serge Pun @ Theim Wai | 628,636,358[2] | 28.09 | 896,790[3] | 0.04 |
| Mr. Jaime Augusto Zobel de Ayala[4] | – | – | 332,500,000 | 14.86 |
| Mr. Fernando Miranda Zobel de Ayala [4] | – | – | 332,500,000 | 14.86 |
| Mermac Inc. [4] | – | – | 332,500,000 | 14.86 |
| Ayala Corporation[4] | – | – | 332,500,000 | 14.86 |
| Bestfull Holdings Limited[4] | – | – | 332,500,000 | 14.86 |
| AG Holdings Limited[4] | – | – | 332,500,000 | 14.86 |
| VIP Infrastructure Holdings Pte. Ltd[4] | 332,500,000 | 14.86 | – | – |
| Kopernik Global Investors, LLC[5] | – | – | 140,603,500 | 6.28 |

**Notes:-**

(1) Percentage calculated based on the total number of issued shares as at 22 December 2021, comprising 2,237,469,260 Shares.

(2) 528,573,333 are held through nominee companies.

(3) Mr. Serge Pun @ Theim Wai is deemed interested in 896,790 shares held by Pun Holdings Pte. Ltd. which is 100% owned by Mr. Serge Pun @ Theim Wai.

(4) VIP Infrastructure Holdings Pte. Ltd. ("**VIP**") is a wholly-owned subsidiary of AG Holdings Limited ("**AGH**"). AGH is, in turn, a wholly-owned subsidiary of Bestfull Holdings Limited ("**BHL**"), and BHL is a wholly-owned subsidiary of Ayala Corporation ("**AC**"). Mermac Inc. ("**MI**") holds a 47.28% interest in AC. Each of Mr. Jaime Augusto Zobel de Ayala and Mr. Fernando Miranda Zobel de Ayala holds a 30.25% interest in MI thus both have deemed interest in the shares of the Company held by VIP.

(5) Kopernik Global Investors, LLC is deemed interested in the shares as it has discretionary power in the disposal rights over shares as an investment advisor.

Based on the information available to the Company as at 22 December 2021, approximately 49.73% 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 convened and held by way of electronic means on Friday, 28 January 2022 at 10.00 a.m. (Singapore time) to transact the following businesses:

## 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 30 September 2021 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of up to S$400,000 payable by the Company for the financial year ending 30 September 2022. **(Resolution 2)**

3. To re-elect Dato Timothy Ong Teck Mong as a Director of the Company, who is retiring pursuant to Regulation 105 of the Constitution of the Company and who, being eligible, will offer himself for re-election.
*(See Explanatory Note 1)*
**(Resolution 3)**

4. To re-elect Mr. George Thia Peng Heok as a Director of the Company, who is retiring pursuant to Regulation 105 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-elect Mr. Cezar Peralta Consing as a Director of the Company, who is retiring pursuant to Regulation 115 of the Constitution of the Company and who, being eligible, will offer himself for re-election.
*(See Explanatory Note 3)*
**(Resolution 5)**

6. To re-appoint Nexia TS Public Accounting Corporation as Independent Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.
**(Resolution 6)**

## B. SPECIAL BUSINESS

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

7. 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),

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, provided the options or awards were granted in compliance with the Listing Manual; and

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

    provided that in respect of (i) and (ii) above, adjustments are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(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 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 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 5)*
**(Resolution 8)**

9. 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 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 12 January 2022 (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 and Risk Management 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)**

BY ORDER OF THE BOARD

Loo Hwee Fang
Lun Chee Leong
Joint Company Secretaries

Singapore
12 January 2022

# NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes:-**

1. Dato Timothy Ong Teck Mong when re-elected, will be considered a Non-Executive Independent Director for the purpose of Rule 704(8) of Listing Manual. He will remain as a member of the Audit and Risk Management Committee and the Chairman of the Nominating and Governance Committee.

2. Mr. George Thia Peng Heok when re-elected, will be considered a Non-Executive Independent Director for the purpose of Rule 704(8) of Listing Manual. He will remain as the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee.

3. Mr. Cezar Peralta Consing, when re-elected, will be considered a Non-Executive Non-Independent Director. The appointment of Mr. Paolo Maximo Francisco Borromeo as the Alternate Director to Mr. Cezar Peralta Consing shall continue upon re-election of Mr. Cezar Peralta Consing as a Director of the Company.

4. Ordinary Resolution 7 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.

5. Ordinary Resolutions 8 and 9 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 to 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 ordinary 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.

6. Ordinary Resolution 10 proposed above, if passed, will renew the existing Shareholders' Mandate (as defined in the Addendum) that was approved by shareholders on 29 January 2021. 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.

**Meeting Notes**

**General**

1. The annual general meeting of the Company (the "**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's corporate website at https://www.yomastrategic.com/. This Notice will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. The Notice will not be advertised in the national newspaper.

2. To minimise physical interactions and COVID-19 transmission risks, a member of the Company will not be able to attend the AGM in person. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:

   (a) observing and/or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Note 3 below;

   (b) submitting questions ahead of the AGM. Please refer to Notes 7 to 8 below for further details; and

   (c) voting by proxy at the AGM. Please refer to Notes 9 to 16 below for further details.

**Participation in the AGM via live webcast or live audio feed**

3. A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch and/or listen to the proceedings of the AGM through a "live" audio-visual webcast via mobile phone, tablet or computer or through a "live" audio-only stream via mobile phone ("**Live Webcast**"). In order to do so, the member must pre-register by 10.00 a.m. on 25 January 2022 ("**Registration Deadline**"), at the Company's pre-registration URL https://yomastrategic.com/annual-general-meeting/

4. Following authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

5. Shareholders who have registered by the Registration Deadline in accordance with Note 3 above but do not receive an email response by 5.00 p.m. on 26 January 2022 may contact the Company for assistance at the following email address: info@yoma.com.mm, with the following details included: (1) the member's full name; and (2) his/her/its identification/ registration number.

6. Non-SRS holders whose shares are registered under Depository Agents ("**DAs**") must also contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceeding.

**Submission of questions prior to the AGM**

7. A shareholder of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM. Please note that shareholders will not be able to ask questions at the AGM "live" during the Live Webcast. The Company shall address relevant and substantial questions (as may be determined by the Company in its sole discretion) by 10.00 a.m. on 24 January 2022. The Company will publish the minutes of the AGM on SGXNET and the Company's corporate website within one month after the date of AGM.

8. To do so, all questions must be submitted no later than 10.00 a.m. on 20 January 2022 either (i) via electronic means to the Company, through the Company's pre-registration website at URL https://yomastrategic.com/annual-general-meeting; (ii) by post lodged with the Company's Registered Office, at 63 Mohamed Sultan Road #02-14 Singapore 239002; or (iii) by email to info@yoma.com.mm.

**Proxy Voting**

9. Shareholders may only exercise their voting rights at the AGM via proxy voting. The accompanying proxy form for the AGM may be accessed via the Company's corporate website at https://www.yomastrategic.com/, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/companyannouncements.

10. Shareholders (including Relevant Intermediaries*) who wish to vote on any or all of the resolutions at the AGM must submit a proxy form to appoint the Chairman of the Meeting as their proxy to do so on their behalf.

    **Relevant Intermediary(ies) has the meaning ascribed to it in Section 181 of the Companies Act, (Cap 50).*

11. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner: (a) if submitted by post, be lodged at the office of the Company at 63 Mohamed Sultan Road, #02-14, Sultan Link, Singapore 239002; or (b) if submitted electronically, be submitted by email to the Company at info@yoma.com.mm, in either case by no later than 10.00 a.m. on 26 January 2022, being 48 hours before the time appointed for the AGM. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically.**

12. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.

13. CPF and SRS Investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 18 January 2022) in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.

14. The Chairman of the Meeting, as proxy, need not be a member of the Company.

15. A Depositor's name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

16. Please note that shareholders will not be able to vote through the Live Webcast and can only vote via their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request.

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | | | |
|---|---|---|---|
| Name of Persons | Dato Timothy Ong Teck Mong ("Dato Timothy Ong") | Mr. George Thia Peng Heok ("Mr. George Thia") | Cezar Peralta Consing ("Mr. Cezar Consing") |
| Age | 68 | 73 | 62 |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | 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 qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. | The re-election of Mr. George Thia 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 Mr. George Thia qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. | The re-election of Mr. Cezar Consing as the Non-Independent Non-Executive Director was recommended by the Nominating and Governance Committee and the Board has accepted the recommendation, after taking into consideration Mr. Consing's qualifications, expertise and past experience. |
| Country of principal residence | Brunei | Singapore | Philippines |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Non-Executive | Non-Independent Non-Executive |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Persons | Dato Timothy Ong Teck Mong<br>("Dato Timothy Ong") | Mr. George Thia Peng Heok<br>("Mr. George Thia") | Cezar Peralta Consing<br>("Mr. Cezar Consing") |
|---|---|---|---|
| Working experience and occupation(s) during the past 10 years | 2003 – present<br>Chairman of Asia Inc. Forum<br><br>2005 – 2010<br>Acting Chairman of the Brunei Economic Development Board | 2015 to date<br>- Non-Executive, Lead Independent Director of CH Offshore Ltd<br><br>2005 to date<br>- Business Consultant, Asiainc Private Limited<br><br>2006 to 2012<br>- Independent Director of Manhattan Resources Limited<br><br>2007 to 2013<br>- Independent Commissioner of PT Indosat tbk | 2004 – 2013 – Partner at The Rohatyn Group, headed its Hong Kong office and its private investing business in Asia<br>2013 – 2021 – Senior Managing Director of Ayala Corporation, President & Chief Executive Officer of Bank of the Philippine Islands ("BPI")<br>2017 – 2021 – President of Bancnet, Inc.<br>2019 – 2021 – Chairman and President of the Bankers Association of the Philippines<br>From 2021 – Representative of Ayala Corporation on the boards of BPI, Ayala Corporation, Globe Telecom, Inc. and AC Energy Corporation<br>2010 – 2021 – Independent Director of Jollibee Foods Corporation<br>2014 – 2021 - BPI Europe PLC – Director<br>2019 – Present – Chairman of Philippine Dealing System Holdings Corp. |
| Shareholding interest in the listed issuer and its subsidiaries | 1,075,000 shares and 250,000 share awards | 250,000 share awards | No |
| 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 | No | No | Director of Ayala Corporation, a substantial shareholder of Yoma Strategic Holdings Ltd. |
| Conflict of interest (including any competing business) | Nil | Nil | Nil |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual has been submitted to the listed issuer | Yes | Yes | Yes |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Persons | Dato Timothy Ong Teck Mong<br>("Dato Timothy Ong") | Mr. George Thia Peng Heok<br>("Mr. George Thia") | Cezar Peralta Consing<br>("Mr. Cezar Consing") |
|---|---|---|---|
| **Other Principal Commitments* Including Directorships#** | | | |
| Past (for the last 5 years) | Tee Land Limited<br>Brunei Hotel Sdn Bhd<br>Hexalink Investment Pty Ltd<br>Wawasan Holdings Pty Ltd | Disa Limited<br>Singapore Institute of Management Group Limited | Bank of the Philippine Islands – President, CEO<br>BPI Family Savings Bank, Inc. – Chairman, Director<br>BPI Capital Corporation – Chairman, Director<br>BPI Century Tokyo Lease and Finance Corporation – Chairman<br>BPI Century Tokyo Rental Corporation – Chairman<br>LGU Guarantee Corporation – Director<br>National Reinsurance Corporation of the Philippines – Chairman<br>National Reinsurance Corporation of the Philippines – Director<br>BPI Computer Systems Corporation – Chairman<br>BPI Capital Corporation – Vice Chairman<br>BPI Capital Corporation – Independent Non-Executive Director<br>BPI Direct BanKO, Inc. (A Savings Bank) – Chairman<br>BPI Direct BanKO, Inc. (A Savings Bank) - Director<br>BPI Direct Savings Bank, Inc. – Chairman<br>BPI Globe BanKO, Inc., A Savings Bank – Chairman<br>BPI Globe BanKO, Inc., A Savings Bank – Director<br>BPI/MS Insurance Corporation – Chairman, Director<br>BPI Foundation, Inc. – Vice-Chairman, Trustee<br>BPI-Philam Life Assurance Corporation – Director<br>BPI Europe PLC – Chairman<br>Bankers Association of the Philippines – President<br>BancNet, Inc. – President, Director |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Persons | Dato Timothy Ong Teck Mong ("Dato Timothy Ong") | Mr. George Thia Peng Heok ("Mr. George Thia") | Cezar Peralta Consing ("Mr. Cezar Consing") |
|---|---|---|---|
| | | | TRG Management Principals LP – Board Partner<br>Jollibee Foods Corporation – Independent Board Director<br>Endeavor Philippines – Director<br>RBB Microfinance & Resource Center – Chairman<br>BPI Asset Management and Trust Corporation – Director |
| Present | 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>Cemerjaya Sdn Bhd<br>Clarity Sdn Bhd<br>Everon Sdn Bhd<br>Hotel Associates Sdn Bhd<br>Jebsen & Jebsen (Brunei) Sdn Bhd<br>National Insurance Co. Bhd<br>OKK Legacy Sdn Bhd<br>Pansar Company Sdn Bhd<br>Praxis Energy Sdn Bhd<br>Phinma Inc<br>Phinma Education Holdings Inc<br>PT IndoPhil Manajemen<br>Quest Sdn Bhd<br>Sumber Mulia Holdings Sdn Bhd<br>The Boardroom Sdn Bhd | CH Offshore Ltd<br>Asiainc Private Limited<br>GAAB Private Limited<br>Thia Holdings Private Limited<br>National Cancer Centre Singapore | Bank of the Philippine Islands – Director<br>BPI Capital Corporation – Director<br>BPI Direct Banko, Inc. A Savings Bank – Director<br>Ayala Corporation – Director<br>Globe Telecom Inc. – Director<br>AC Energy Corporation - Director<br>BPI Asset Management and Trust Corporation – Director<br>Philippine Dealing System Holdings Corporation – Chairman<br>Philippine Dealing & Exchange Corporation – Chairman<br>Philippine Securities Settlement – Chairman<br>Philippine Depository & Trust Corporation – Chairman<br>Filgifts.com – Board Director and Non-Executive Chairman<br>Sqreem Technologies Private Ltd. – Director |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Persons | Dato Timothy Ong Teck Mong<br>("Dato Timothy Ong") | Mr. George Thia Peng Heok<br>("Mr. George Thia") | Cezar Peralta Consing<br>("Mr. Cezar Consing") |
|---|---|---|---|
| | | | U.S. Philippine Society – Director<br>Manila Golf Club Foundation – Trustee<br>Trilateral Commission – Member<br>Business for Sustainable Development – Board Member, Trustee<br>De La Salle College of St. Benilde – Board Member, Trustee<br>La Salle Greenhills – Board Member, Trustee<br>Philippine-American Educational Foundation – Board Director |
| Responses to Sections (a) to (k) under Appendix 7.4.1 of the Listing Manual | Negative confirmation | Negative confirmation | Negative confirmation |

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## YOMA STRATEGIC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 196200185E)

**IMPORTANT**

1. The annual general meeting of the Company (the "**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. **To minimise physical interactions and COVID-19 transmission risks, a member will not be able to attend the AGM in person**. A member (whether individual or corporate and including a Relevant Intermediary*) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
3. 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.
4. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.
5. For investors who have used their CPF monies to buy Yoma Strategic Holdings Ltd.'s shares, the 2021 Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
6. By submitting an instrument appointing the Chairman of the Meeting as his/her/its proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 January 2022.

## PROXY FORM
## ANNUAL GENERAL MEETING

I/We, ____________________ (Name) ____________________ (NRIC/Passport/UEN Number)
of ________________________________________ (Address)
being a member/members of YOMA STRATEGIC HOLDINGS LTD. (the "Company"), hereby appoint the Chairman of the Meeting as *my/our proxy to vote on *my/our behalf at the annual general meeting of the Company (the "**AGM**") to be held by way of electronic means on 28 January 2022 at 10.00 a.m., and at any adjournment thereof in the following manner as specified below. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the Meeting as *my/our proxy will be treated as invalid.

**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 **Abstain** from voting on 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** and/or **Abstain** in the corresponding box against that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

| Ordinary Resolutions | | For | Against | Abstain |
|---|---|---|---|---|
| 1 | Adoption of Directors' Statement and Audited Financial Statements for financial year ended 30 September 2021 and the Independent Auditor's Report | | | |
| 2 | Approval of Directors' fees for the financial year ending 30 September 2022 | | | |
| 3 | Re-election of Dato Timothy Ong as a Director | | | |
| 4 | Re-election of Mr. George Thia as a Director | | | |
| 5 | Re-election of Mr. Cezar Peralta Consing as a Director | | | |
| 6 | Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor | | | |
| 7 | Authority to issue shares pursuant to the share issue mandate | | | |
| 8 | Authority to offer and grant options and issue shares pursuant to the YSH ESOS 2012 | | | |
| 9 | Authority to issue and allot shares pursuant to the Yoma PSP | | | |
| 10 | Renewal of Shareholders' Mandate for Interested Person Transactions | | | |

Dated this __________ day of ______________ 2022

| 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 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.

2 To minimise physical interactions and COVID-19 transmission risks, a member of the Company will not be able to attend the AGM in person. A member of the Company (whether individual or corporate and including a Relevant Intermediary*) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

**Relevant Intermediary(ies) has the meaning ascribed to it in Section 181 of the Companies Act, (Cap 50).*

CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 18 January 2022) in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.

*Fold along dotted line*

Affix
Postage
Stamp

**The Company Secretary**
**YOMA STRATEGIC HOLDINGS LTD.**
63 Mohamed Sultan Road
#02-14 Sultan-Link
Singapore 239002

*Fold along dotted line*

3 The Chairman of the Meeting, as proxy, need not be a member of the Company.

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 This form of proxy must be submitted to the Company not less than 48 hours before the time set for the AGM (i.e. by 10.00 a.m. on 26 January 2022) in the following manner:-

(a) if submitted by post, be lodged at the office of the Company at 63 Mohamed Sultan Road, #02-14, Sultan Link, Singapore 239002; or

(b) if submitted electronically, be submitted by email to the Company at the info@yoma.com.mm.

6 **In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically.**

7 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 72 hours before the time set for holding the AGM, as certified by the Central Depository (Pte) Limited to the Company.

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