

## DISCLOSURE DOCUMENT FOR LISTING DATED 28 DECEMBER 2020

**THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER.**

This Disclosure Document is issued by Amata Holding Public Company Limited (“**Company**”) in connection with the listing of 100.0% of the issued and paid up ordinary shares in our share capital (“**Shares**”) on the YSX (“**Listing**”).

Prior to the Listing, the Shares were not listed or quoted on any stock or securities exchange, whether in Myanmar or elsewhere. The Company had on 18 July 2018 issued a Prospectus (as amended by the Supplementary Document dated 20 August 2018) in which 497,598 Shares were successfully subscribed for by 596 investors in Myanmar at an offering price of 5,000 Kyats for each Share. All of the Shares of the Company are unclassified and have identical rights and privileges.

INVESTING IN THE SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN “*PART II. INFORMATION ON THE LISTING - RISK FACTORS*” BEGINNING ON PAGE 13.

Any subsequent issue or transfer or other disposal of our Shares to (i) a person who is not a citizen or an associate or a naturalised citizen under Section 2(e) of the Myanmar Citizenship Law or (ii) a company or an entity duly organised as a “foreign company” under any existing law in the Republic of the Union of Myanmar and a company or an entity duly organised under any other law including the laws of a foreign jurisdiction (collectively, the “Non-Myanmar Investors”) may be effected only if the total percentage of Shares held directly by the Non-Myanmar Investors will be less than 35.0% (the “Threshold”), subject to any subsequent rules, notifications, directives or announcements from the Myanmar government or the YSX relating to the Threshold. In addition, any subsequent issue or transfer or other disposal of our Shares to the Non-Myanmar Investors may be limited where the total percentage of Shares held directly by the Non-Myanmar Investors exceeds the Threshold or any other threshold that may be prescribed by the Company as notified to the YSX or as prescribed by the YSX. All dealings in and settlement of the Shares will be in Myanmar Kyats only.

This Disclosure Document is not for distribution outside Myanmar and the Shares covered herein may only be bought and sold in Myanmar and only to Myanmar citizens, local Myanmar incorporated companies (i.e. a company registered under the Companies Law that is not a foreign company (as defined in the Companies Law)) and to Non-Myanmar Investors (in the case of a subsequent issue or transfer or other disposal of our Shares to the Non-Myanmar Investors, such disposal of Shares may be effected only if the total percentage of Shares held directly by the Non-Myanmar Investors will be less than the Threshold or any other threshold that may be prescribed by the Company as notified to the YSX or as prescribed by the YSX. If you are in any doubt as to your capacity to dispose or exercise your rights with respect to the Shares as a Non-Myanmar Investor, you should consult your legal, financial, tax or other professional advisers. Please see “*Part II. Information on the Listing - Important Notes to Prospective Investors*” as well.)



(Company Registration Number: 100456125)

(Incorporated with limited liability in the Republic of the Union of Myanmar on 27 June 2017)

***Financial Adviser for Listing***  
**Myanmar Securities Exchange Centre**

To:  
The Yangon Stock Exchange Joint-Venture Company Limited,  
Republic of the Union of Myanmar

Name of Issuer : Amata Holding Public Company Limited

Name and Title of Representative : U Win Aung  
Chairman

Date of Application : (30 June 2020)

Location of the Registered Office : No. 10, Inya Yeiktha Street, Kaba Aye Pagoda Road,  
Mayangone Township, Yangon, Myanmar

Contact Points  
Address : See Location of the Registered Office above

Telephone : +95 – 9 – 899 044 077, +95 – 9 – 899 044 088, +95 – 9  
– 899 044 099

Fax : +95 – 1 – 657690

Email : [info@amataholding.com](mailto:info@amataholding.com)

Financial Adviser to the Company : Myanmar Securities Exchange Centre Co., Ltd  
21-25, Sule Pagoda Road  
1st Floor of MEB (Yangon Region Office)  
Yangon, Myanmar

Legal Adviser to the Company : Allen & Gledhill (Myanmar) Co., Ltd  
Junction City Tower, #18-01, Bogyoke Aung San Road,  
Pabedan Township, Yangon, Myanmar

Auditor to the Company : Khin Su Htay & Associates Limited  
Certified Public Accountants  
#C1/005, Ground Floor, Hninnsi Street, Yuzana Highway  
Complex, Narnat Taw Road, Kamayut Township,  
Yangon, Myanmar

Principal Bankers : KBZ Bank Ltd  
No (33,39) Corner of Bank Street and Maharbandoola  
Road, Kyauktada Township, Yangon, Myanmar

Myawaddy Bank Ltd  
151, War Dan St, Myawaddy Luxury Complex,  
Lanmadaw Township, Yangon, Myanmar

### **Listing**

Type of Securities to be Listed : Ordinary Shares

Stock Exchange to be listed in : Yangon Stock Exchange

**Office at which Copy of the Disclosure Document is Made Available for Public Inspection**

Name of Such Office : **Amata Holding Public Company Limited**  
No. 10, Inya Yeiktha Street, Kaba Aye Pagoda Road,  
Mayangone Township, Yangon, Myanmar

**Myanmar Securities Exchange Centre Co., Ltd**  
21-25, Sule Pagoda Road  
1st Floor of MEB (Yangon Region Office)  
Yangon, Myanmar

**No Shares are being offered for subscription or sale pursuant to this Disclosure Document for Listing.**

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## **PART I. LISTING SUMMARY**

### **1.1. IMPORTANT NOTES TO PROSPECTIVE INVESTORS**

This Disclosure Document has been prepared for the purpose of the Listing of the entire issued and paid up share capital of the Company on the Yangon Stock Exchange, and does not constitute an invitation or offer to the general public to subscribe to new Shares in the Company. The Company's Shares may only be acquired by Myanmar citizens, local Myanmar incorporated companies (i.e. a company registered under the Companies Law that is not a foreign company (as defined in the Companies Law)) and Non-Myanmar Investors (in the case of a subsequent issue or transfer or other disposal of our Shares to the Non-Myanmar Investors, such disposal of Shares may be effected only if the total percentage of Shares held directly by the Non-Myanmar Investors will be less than the Threshold). In addition, any subsequent issue or transfer or other disposal of our Shares to the Non-Myanmar Investors may be limited where the total percentage of Shares held directly by the Non-Myanmar Investors exceeds the Threshold or any other threshold that may be prescribed by the Company as notified to the YSX or as prescribed by the YSX. If you are in any doubt as to your capacity to dispose or exercise your rights with respect to the Shares as a Non-Myanmar Investor, you should consult your legal, financial, tax or other professional advisers. <sup>(1)</sup>

**Note:**

1. For further information, please also refer to Notification No. 1/2020, The 13<sup>th</sup> Waxing Day of Tabaung, 1381 M.E. dated 6 March 2020 issued by the Securities Exchange and Commission under the Ministry of Planning, Finance and Industry, which *inter alia*, provides that the voting rights of Non-Myanmar Investors may be restricted under certain circumstances.

The Directors have approved this Disclosure Document for the Listing. Each of the Directors takes full responsibility for the accuracy and completeness of the information contained therein. Having made all reasonable enquiries and to the best of his/her knowledge and belief, each of the Directors assures that there is no false or misleading statement in this Disclosure Document or other facts which if omitted would make any statement false or misleading.

The registration and approval of this Disclosure Document by the Yangon Stock Exchange does not imply that the legal or regulatory requirements for Listing have been complied with, or that the Yangon Stock Exchange (a) recommends subscribing to shares offered; (b) takes responsibility of the accuracy of the information, assumptions and statements contained in this Disclosure Document; or (c) takes responsibility for any losses arising to investors in relation with the information contained in this Disclosure Document.

You should rely on your own valuations to assess the accuracy and risks related to the Listing by considering the objective of the Listing, risk profile, your own financial position and so on. *If you have any doubt as to this Disclosure Document or as to the investment, you should consult your investment consultants or advisors, securities firms and other professional advisors.*

No person is authorised to give any information or to make any representation not contained in this Disclosure Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of us. Neither the delivery of this Disclosure Document nor any offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our affairs, condition and prospects of our Shares since the date hereof. Where such changes occur and are material and required to be disclosed by Applicable Laws and/or any Governmental Authorities, we will make an announcement of the same. Investors should take notice of such announcements and, upon release of such announcements, shall be deemed to have notice of such changes.

Unless otherwise required by Applicable Laws, no representation, warranty or covenant, express or implied, is made by us or any of our affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this document is, or shall be relied upon as, a promise, representation or covenant by us or our affiliates, directors, officers, employees, agents, representatives or advisers.

## **DISCLAIMER**

The contents of this Disclosure Document are based on information and material provided by the Company and other sources that the Company believes to be reliable. The financial and legal advisors of the Company make no representation or warranty, express or implied, as to the accuracy or completeness of such information and materials, and nothing contained in this Disclosure Document is, or shall be relied upon or construed as a promise, undertaking or representation by the financial or legal advisors of the Company. Neither the financial nor the legal advisors assume any responsibility or liability for the accuracy or completeness of information and the materials that are contained or referred to in this Disclosure Document.

Each person receiving or viewing this Disclosure Document acknowledges that such person has not relied on the financial or legal advisors of the Company or any person affiliated with the same in connection with its investment decisions or the investigation of the accuracy or completeness of the information or materials contained in this Disclosure Document. The financial and legal advisors of the Company are not making any representation to the aforementioned person regarding the legality of the bid, subscription and purchase of, or investment in shares by such person.

## **1.2. FORWARD-LOOKING STATEMENTS**

All statements contained in this Disclosure Document, statements made in media advertisements and releases and oral statements that may be made by our Company or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these statements by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, and “could” or other similar words. You should note, however, that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our Company’s expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to:

- our Company’s revenue and profitability;
- our Company’s dividend policy;
- our Company’s expected growth;
- expected industry trends;
- our Company’s prospects; and
- other matters discussed in this Disclosure Document regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. Some of these risks, uncertainties and other factors are discussed in more detail in this Disclosure

Document, in particular, under the section “**Part II. Information on the Listing - Risk Factors**”. However, they are not exhaustive and other sections of this Disclosure Document may describe additional risks, uncertainties and other factors which could materially and adversely affect our results, performance or achievements. There may also be other risks, uncertainties and other factors that are not yet known to us, or that we currently believe are not material but may subsequently turn out to be so. All forward-looking statements by or attributable to our Company, or persons acting on our Company’s behalf, contained in this Disclosure Document are expressly qualified in their entirety by all such risks, uncertainties and other factors. These forward-looking statements are applicable only as of the date of this Disclosure Document.

Given the risks and uncertainties that may cause our Company’s actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Disclosure Document, we advise you not to place undue reliance on those statements. Neither our Company nor any other person represents or warrants to you that our Company’s actual future results, performance or achievements will be as discussed in those statements. Our Company’s actual future results, performance or achievements may differ materially from those anticipated in these forward-looking statements. Further, our Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future.

## **CERTAIN DEFINED TERMS AND CONVENTIONS**

In this Disclosure Document, references to “Kyats” or “Ks” are to the lawful currency of Myanmar, and references to “US\$” are to the lawful currency of the United States of America.

In this Disclosure Document, unless the context otherwise requires, references to our “Company”, “we”, “us”, “our”, “ourselves” refer to Amata Holding Public Company Limited. References to our management and Directors are to the management and directors of our Company respectively.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Disclosure Document to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined in the Companies Law or any statutory modification thereof and used in this Disclosure Document shall, where applicable, have the meaning ascribed to it under the Companies Law or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Disclosure Document shall be a reference to Myanmar time unless otherwise stated.

Certain names with Myanmar characters have been translated into English names. Such translations are provided solely for your convenience, may not have been registered with the relevant Myanmar authorities and should not be construed as representations that the English names actually represent the Myanmar characters.

Any discrepancies in the tables, graphs and charts included in this Disclosure Document between the listed amounts and the totals thereof are due to rounding. A number of rounding conventions have been used in this Disclosure Document. Accordingly, figures shown in totals in certain tables, graphs or charts may not be an arithmetic aggregation of the figures that precede them.

Please refer to the section “**Part I. Listing Summary - Definitions**” for definitions of other terms used in this Disclosure Document.

Copies of this Disclosure Document may be obtained on request, subject to availability, during office hours from:

**Our Registered Office**

No. 10, Inya Yeiktha Street, Kaba Aye Pagoda Road, Mayangone Township, Yangon, Myanmar

**Financial Adviser**

**Myanmar Securities Exchange Centre Co., Ltd**

21-25, Sule Pagoda Road  
1st Floor of MEB (Yangon Region Office)  
Yangon, Myanmar

**1.3. DEFINITIONS**

“AIC”	:	Amata International Co., Ltd., a company incorporated in Myanmar, which is wholly owned by U Win Aung and Daw Nay Myat Thu Aung (who are also Shareholders and Directors of the Company)
“Applicable Laws”	:	The laws, statutes, rules, regulations and by-laws for the time being having force and effect including all notifications, orders, directives, procedures and policies of any Governmental Authority
“Board” or “Board of Directors”	:	The board of directors of Amata Holding Public Company Limited
“Business”	:	The Hotel Service and Oriental Ballooning Service
“Companies Law”	:	The Myanmar Companies Law 2017 (as amended and supplemented from time to time)
“Company”	:	Amata Holding Public Company Limited. The terms “we”, “our”, “our Company” and “us” have correlative meanings
“Constitution”	:	The constitution of our Company
“DICA”	:	Directorate of Investment and Company Administration
“Disclosure Document”	:	This disclosure document dated 28 December 2020
“Directors”	:	Our Company’s directors as at the date of this Disclosure Document as set out at “ <b>Part IV. Information On The Issuer’s Management, Shareholders And Shares – Board of Directors and Directors</b> ”
“Executive Officers”	:	The executive officers of our Company as at the date of this Disclosure Document as set out at “ <b>Part IV. Information On The Issuer’s Management, Shareholders And Shares – Managing Directors, Managers and Managing Agents</b> ”

“Financial Adviser”	:	Myanmar Securities Exchange Centre Co., Ltd
“FY”	:	Financial year ended or ending 31 March, as the case may be  With effect from 1 October 2019, the financial year of all Myanmar companies shall be ended or ending 30 September
“Governmental Authority”	:	Any foreign, domestic, federal, national, provincial, territorial, state or local governmental authority, quasi-governmental authority, court, governmental or self-regulatory organization, commission, tribunal, organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing, as the context or the terms of this Disclosure Document may require.
“Group”	:	The Company and its subsidiaries
“Hotel Service”	:	As defined in the section “ <b>Part III. Issuer Information – Description of Business – Nature of Business</b> ”
“IFC”	:	International Finance Corporation
“IFC Credit Facility”	:	A convertible facility agreement dated 22 October 2016 entered into between United International Group Limited (as borrower), U Win Aung, Daw Nay Myat Thu Aung (as sponsors) and IFC (as lender) for an amount of up to US\$13.5 million with the first tranche of US\$8.5 million and the second tranche of up to US\$5.0 million.  Pursuant to the “ <i>Second Tranche Commitment Notice</i> ” from IFC dated 18 January 2018, the total loan quantum was amended to an amount of up to US\$11.5 million in which the amount under the second tranche was amended to be US\$3.0 million, to be disbursed in up to two disbursements. The first disbursement of the second tranche is agreed to be equal to or less than US\$2.2 million and the second disbursement of the second tranche is agreed to be equal to or less than US\$0.8 million.
“Land”	:	The land as stated in the section “ <b>Part III. Issuer Information – Description of Business – Properties, Plant and Equipment</b> ” which is leased by the Group for the purpose of operating the Business.
“Latest Practicable Date”	:	31 March 2020, being the latest practicable date of this Disclosure Document
“MB”	:	Myanmar Ballooning Co., Ltd, a subsidiary of the Group with Company Registration Number: 117525775
“Oriental Ballooning Service”	:	As defined in the section “ <b>Part III. Issuer Information – Description of Business – Nature of Business</b> ”
“Pledged Shares”	:	As defined in the section “ <b>Part III. Issuer Information – Description of Business – Material Contracts</b> ”

“Previous Offering”	:	The offering of 2,000,000 Shares for subscription at the offering price of 5,000 Kyats for each Share pursuant to the prospectus dated 18 July 2018 (as amended by the Supplementary Document dated 20 August 2018) in which 497,598 Shares were successfully subscribed for by 596 investors in Myanmar at an offering price of 5,000 Kyats for each Share
“REVPAR”	:	Revenue per available room
“SECM”	:	Securities and Exchange Commission of Myanmar
“Securities Exchange Law”	:	The Securities Exchange Law 2013 (as amended and supplemented from time to time)
“Shareholders”	:	Registered holders of Shares
“Shares”	:	Ordinary shares in the capital of our Company
“UIG”	:	United International Group Limited, a subsidiary of the Group with Company Registration Number: 122153797
“YSX”	:	Yangon Stock Exchange
<b>Currencies, Units and Others</b>		
“Kyats” or “Ks”	:	The lawful currency of the Republic of the Union of Myanmar
“per cent.” or “%”	:	Per centum or percentage
“US\$”	:	The lawful currency of the United States of America

#### **1.4. DISCLAIMER**

**You should read the entire Disclosure Document carefully and we strongly caution you not to rely on any information contained in press articles or other media relating to us and/or the Listing.**

There has been press coverage regarding us and the Listing in certain news publications in Myanmar which included certain financial information, profit forecasts, operational projections, valuations, and other information about us (“**Information**”). We would emphasise to potential investors that we do not accept responsibility for the accuracy or completeness of the Information and that the Information was not sourced from or authorised by us. We do not make any representation as to the appropriateness, accuracy, completeness or reliability of any of the Information and the underlying assumptions. To the extent that any of the Information is inconsistent with, or conflicts with, the information contained in this Disclosure Document, we disclaim it. In this regard, potential investors are cautioned to make their investment decisions on the basis of the information contained in this Disclosure Document only and should not rely on any other information.

## 1.5. SELECTED FINANCIAL DATA

<b>Financial Summary</b>	<b>Financial Year ended 31 March 2018 (12 months)</b>	<b>Financial Year ended 31 March 2019 (12 months)</b>
(Millions of Kyat)	<b>FY2017-2018</b>	<b>FY2018-2019</b>
<b><u>Balance Sheet</u></b>		
Current Assets	5,200	13,121
Non-Current Assets	49,213	45,578
<b>Total Assets</b>	<b>54,414</b>	<b>58,699</b>
Current Liabilities	2,675	4,198
Non-Current Liabilities	17,324	18,593
<b>Total Liabilities</b>	<b>20,000</b>	<b>22,791</b>
<b>Total Equity</b>	<b>34,414</b>	<b>35,909</b>
<b><u>Profit &amp; Loss Statement</u></b>		
<b>Total Revenue</b>	<b>8,419</b>	<b>9,046</b>
Room/ Ballooning	6,365	7,001
Food and Beverage	1,572	1,597
Others	483	448
<b>Cost of Sales</b>	<b>3,392</b>	<b>2,921</b>
<b>Gross Profit</b>	<b>5,028</b>	<b>6,125</b>
<b>Other Income</b>	<b>31,210</b>	<b>31,312</b>
<b>Other Expenses</b>	<b>2,904</b>	<b>2,772</b>
<b>EBITDA</b>	<b>33,334</b>	<b>34,664</b>
<b>EBIT</b>	<b>31,645</b>	<b>33,313</b>
Interest Expense	226	936
<b>Total Comprehensive Income (Loss) for the Year</b>	<b>33,169</b>	<b>32,185</b>

Note: Figures in the table are rounded to the nearest million.

Our Company was only incorporated on 27 June 2017 and therefore, for FY2017-2018 (i.e. the financial year ended 31 March 2018), we are only able to present our financial data in the form of unaudited reviewed pro forma consolidated financials as reviewed by the Auditor (Please refer to the section “**Part VI. Financial Information**” for further information). The unaudited reviewed pro forma consolidated financials for FY2017-2018 is included for the purpose of providing a consistent disclosure based on regular financial reporting periods of 12 months and for the purpose of showing how our financial condition and results of operations would have looked if our Company had been incorporated as of 1 April 2017 and if our Company had been consolidated with our Group companies upon our incorporation. It has been prepared purely for illustrative purposes only and is not necessarily indicative of the consolidated financial position or the results of operations in future periods. For FY2019, we have included the audited consolidated financials in the “**Part VI. Financial Information**”. However, it should be read with a particular caution given that FY2019 covers only a 6 months period from 1 April 2019 to 30 September 2019, which also coincidentally sits during a low season period for our Business. Pursuant to Letter No. 4(1)/USa-2/PaTaKha/2019 (5229) dated 15 May 2019 issued by the Internal Revenue Department under the Ministry of Planning and Finance, the financial year of all Myanmar companies has changed to 30 September with effect from 1 October 2019.

## **PART II. INFORMATION ON THE LISTING**

### **2.1. CURRENT SHARE CAPITAL**

The Company was incorporated on 27 June 2017 in Myanmar under the Companies Act 1914 (which has since been repealed and replaced by the Companies Law) as a public limited company under the name of Amata Holding Public Company Limited and prior to the Listing, 10,497,598 Shares was issued and allotted.

**Set out below is a table on the number and amount of Shares issued in the two years immediately preceding the date of the Disclosure Document.**

<b>Date</b>	<b>Shareholder</b>	<b>Number of Shares</b>	<b>Amount of Shares (Kyats)</b>	<b>Consideration (Kyats)</b>
01.11.2018	596 investors through the Previous Offering	497,598	2,487,990,000	2,487,990,000
<b>TOTAL</b>		<b>497,598</b>	<b>2,487,990,000</b>	<b>2,487,990,000</b>

### **2.2. DETAILS OF FINANCIAL ADVISER**

Name	:	Myanmar Securities Exchange Centre Co., Ltd
Registered Address	:	21-25, Sule Pagoda Road 1st Floor of MEB (Yangon Region Office) Yangon, Myanmar
Company Registration Number	:	155173742
MIC Permit Number	:	174/96
Securities Licence Number	:	002
Telephone Number	:	+95 – 1 – 378647, 387031
Fax Number	:	+95 – 1 – 387032
Website	:	<a href="http://www.msecmyanmar.com">http://www.msecmyanmar.com</a>

### **2.3. DELIVERY OF SECURITIES**

As the Shares will be listed on the Yangon Stock Exchange, save for the Pledged Shares, there will be no physical share certificates post Listing and the Shareholders will have the number of shares as reflected in the Company's Register of Members as at the date of Listing, credited to their securities account no later than 8:00 on the date of Listing. However, Shareholders who hold Pledged Shares will continue to hold their Shares in scrip form and their shareholding will be reflected in the YSX Special Account. For the avoidance of doubt, Shareholders who hold Pledged Shares will not be able to open securities accounts with any of the securities companies in Myanmar until the security over the Pledged Shares have been discharged and the share certificates representing such Pledged Shares are physically presented to the securities companies for verification. For further information, please see ***“Part III. Issuer Information – Description of Business – Material Contracts – IFC Credit Facility”***.

### **2.4. LISTING**

The Company has applied for the Shares to be listed on the Yangon Stock Exchange. The Company expects the Shares to be listed and traded on the Yangon Stock Exchange in approximately a month after the approval. No Shares are being offered for subscription or sale pursuant to this Disclosure Document. The Board of Directors shall ensure that the Company complies with all the requirements and rules of the Yangon Stock Exchange.



After the Listing, it is currently expected that Shareholders and investors will be able to utilise the YSX to trade in our Shares, but there is no assurance that there will be an active market for trading in our Shares. Please see further the section on “*Part VIII. The Myanmar Securities Market*” for more information.

## **2.5. ESTIMATED EXPENSES OF THE LISTING**

The aggregate expenses payable by us in connection with the Listing are estimated to amount to approximately 266,000,000 Kyats, the breakdown of which is set out below:

	<b>Kyat</b>
Professional Fees	245,000,000
Miscellaneous expenses	8,000,000
Printing and advertising costs	13,000,000
<b>Total estimated expenses</b>	<b>266,000,000</b>

## **2.6. CAPITALIZATION**

As of the Latest Practicable Date, the capitalization of the Company is as follows:

	<b>As at the Latest Practicable Date</b>
Share Capital (No of Ordinary shares)	10,497,598 shares
Total Share Capital (Kyats)	3,487,990,000
Total short-term Indebtedness	1,342,456,643
Total long-term Indebtedness	18,592,592,954
<b>Total indebtedness (A)</b>	<b>19,935,049,597</b>
Share Capital	3,487,990,000
Retained Earnings	30,978,867,418
Exchange Translation Reserve	-2,619,637
Non Controlling Interest	1,444,360,884
<b>Total Equity (B)</b>	<b>35,908,598,665</b>
<b>Capitalization (A+B)</b>	<b>55,843,648,262</b>

The above table sets out our capitalization as of the Latest Practicable Date. It has been derived from our audited balance sheet as of 31 March 2019. Other than as described above, there has been no material change to our capitalization since 31 March 2019. The information in the above table should be read together with the financial statements and related notes included elsewhere in this Disclosure Document.

## **2.7. RISK FACTORS**

*An investment in our Shares involves significant risks and is suitable only for those persons who understand the risks highlighted in this Disclosure Document. You should consider carefully each of the following risks described in this section and all of the other information set out in this Disclosure Document before deciding to invest in our Shares. These are not the only risks we face. Some risks are not yet known to us and there may be others which we currently believe are not material but may subsequently turn out to be so. If any of these risks develops into actual events, our financial position, results, cash flow, business operations and prospects and any investment*

*in our Shares could be, directly or indirectly, materially and adversely affected. In the event that this occurs, the trading price of our Shares could fluctuate or decline and you may lose all or part of your investment in our Shares.*

*This Disclosure Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described in this section and elsewhere in this Disclosure Document. You should also consider the warning regarding forward-looking statements in the section “**Part I. Listing Summary - Forward-Looking Statements**” of this Disclosure Document.*

*Before deciding to invest in our Shares, you should seek professional advice from your advisers about your particular circumstances.*

## **RISKS RELATED TO OUR BUSINESS AND OPERATIONS**

**The hospitality industry is cyclical and macroeconomic and other factors beyond our control can adversely affect and reduce demand for our hospitality products and services within our Business.**

The hospitality industry is cyclical with room rates and occupancy levels falling back in a downturn. New hotel supply exacerbates this trend with hotel completions picking up just as a recession takes hold. The hotel sector is cyclical with room demand driven by underlying economic conditions. The key metric followed by the industry is revenue per available room (“**REVPAR**”) which is driven by occupancy and room rates. The periods during which our properties experience higher revenues vary from property to property, depending principally upon location, seasonality of that period and the customer base served. We generally expect our revenues to be lower in the low season from May to September than in the peak season from October to April. In addition, the hospitality industry is cyclical and demand generally follows, on a lagged basis, the general economy. The seasonality and cyclicity of our industry may contribute to fluctuations in our results of operations and financial condition.

Macroeconomics and other factors beyond our control can reduce demand for hospitality products and services, including demand for rooms at properties that we manage, own and develop. These factors include:

- changes and volatility in general economic conditions, including the severity and duration of any downturn in the global economy and financial markets;
- civil conflict, terrorist activities or threats and heightened travel security measures instituted in response to these events;
- outbreaks of pandemic or contagious diseases, such as the Middles East Respiratory Syndrome, H5N1 and H7N9, the avian influenza, the Zika Virus, or the Covid-19;
- natural disasters, such as earthquakes, tsunamis, tornados, hurricanes and floods;
- changes in the desirability of particular locations or travel patterns of customers;
- low consumer confidence;
- depressed real estate and rental prices;

- the financial condition of the airline, automotive and other transportation-related industries and its impact on travel;
- decreased airline capacities and routes;
- travel-related accidents;
- oil prices and travel costs;
- statements, actions or interventions by governmental officials related to travel activities and the resulting negative public perception of such travel and activities;
- domestic and international political and geo-political conditions; and
- organised labour activities, which could cause a diversion of business from hotels involved in labour negotiations and loss of group business.

These factors can adversely affect, and from time to time have adversely affected, individual properties, particular regions or our Business as a whole. Any one or more of these factors could limit or reduce the demand, or the rates our properties are able to charge for rooms or services which could adversely affect our Business, results of operations and financial condition.

**If the Covid-19 pandemic and the global economic downturn continues or worsens, our revenues and profitability could decline further.**

Due to the global outbreak of the Covid-19 pandemic, the global economy is faced with a sudden and unprecedented economic downturn which has resulted in large numbers of unemployment and restrictions on traffic, movement and operation of business in general. It is anticipated that such restrictions will remain in place for a sustained period of time, with the relaxation of such measures being dependent on the Covid-19 situation globally and also on the search for a proven vaccine and medication for Covid-19. The Covid-19 situation is likely to lead to a global recession and substantial reduction in discretionary spending (including for travel) especially in the short term.

In this regard, our Group has had to comply with such restrictions and our hotel operations in Hpa-An, Inle and Bagan were closed from the end of March and the hotel operations in Ngapali were closed from the end of April. Even though such hotel closure had substantially affected our revenue for the period of the closure, it has not on an annual basis caused a substantial impact yet, given that this period of closure coincides with the low season. However, if the period of closure is extended further, it will have a substantial adverse impact on our revenue and consequently our profitability.

Consumer demand for our products and services is closely linked to the performance of the general economy and is sensitive to business and personal discretionary spending levels. Declines in consumer demand due to adverse general economic conditions, risks affecting or reducing travel patterns, lower consumer confidence or adverse political conditions can lower the revenues and profitability of our properties. As a result, changes in consumer demand and general business cycles may subject our revenues to significant volatility.

Accordingly, the current Covid-19 pandemic and global economic downturn has led to a significant decline in demand for hospitality products and services, lower occupancy levels (and zero occupancy during the period of closure as mandated by the Myanmar government) and significantly reduced room rates, all of which may lower our revenues and negatively affect our profitability.

To tackle the Covid-19 pandemic and global economic downturn, we have in the short term adopted a cost savings plan in which utilities costs and operations costs are kept at a minimum for optimum operational efficiency. Further, only essential staff are retained for on-site operations and other staff have adopted a work-from-home arrangement where possible, on a temporary reduced salary structure, thereby reducing the Group's salary costs. In preparation for the re-opening of the various hotels and resorts in the Group's portfolio, personal protection equipment and sanitization tools have been procured. Social distancing measures will also be employed in compliance with the Ministry Health and Sports measures on Covid-19. Given the decline in hotel travel bookings from foreigners, the Group is now focusing on the domestic travel segment in a bid to increase bookings, to cope with the Covid-19 pandemic slow down. The management is currently in discussion on promotion and marketing plans in this regard.

We anticipate that recovery of demand for hospitality products and services will lag an improvement in health and economic conditions. We cannot predict how severe or prolonged the Covid-19 pandemic and global economic downturn will be. Furthermore, the current Covid-19 pandemic and global economic conditions have significantly impacted consumer confidence and behaviour and, as a result, we cannot assure you that we will be able to increase room rates and REVPAR. For the period that restrictions are in place on foreigners entering the country and the imposition of facility and home quarantine for anyone entering the country, it will undoubtedly reduce tourist travel and the occupancy rates at our properties, which will in turn lower our revenues and negatively affect our profitability. An extended period of such economic weakness would likely have a further adverse impact on our revenues and negatively affect our profitability.

**We may not be able to successfully develop new resorts, budget hotels, spas, serviced residences and/ or additional tourism related activities.**

We are developing and intend to develop new resorts, budget hotels, spas, serviced residences and/or additional tourism related activities in the future. Our operation of resorts, budget hotels, spas, serviced residences and/or additional tourism related activities in new locations are expected to be in geographic regions where we have limited operating experience, and our acquisition of land and/or existing hotel properties could present operating, marketing, financial and legal challenges that are different from those that we currently encounter in our existing locations. There can be no assurance that we will succeed in implementing our strategy of expanding into new geographic markets to become more accessible to our key customer segments. If we are unsuccessful in doing so, we may be unable to expand our operations and further increase our revenues and profits. (See “*Part III. Issuer Information — Strengths / Strategies - Strategy— Increase our geographical presence by expanding our resort and hotel operations into new strategic locations*”)

Our ability to expand our existing business and operations and pursue new growth opportunities successfully will depend on factors such as our ability to:

- identify suitable acquisition and expansion opportunities;
- negotiate purchases of vacant land and/or existing hotel or resort properties as well as the construction;
- refurbishment of resorts, budget hotels, spas and serviced residences on satisfactory terms;
- obtain the necessary financing on competitive terms;
- obtain the requisite regulatory and/or governmental approvals; and
- integrate new properties into our existing operations.

**We are subject to the business, financial and operating risks inherent to the hospitality industry, any of which could reduce our profits and limit our opportunities for growth.**

Our Business is subject to a number of business, financial and operating risks inherent to the hospitality industry, including:

- changes in the supply and demand for hotel services (including rooms, food and beverage, and other products and services);
- significant competition from multiple hospitality providers in Myanmar;
- increases in cost due to inflation that may not be fully offset by price and fee increases in our Business;
- change in governmental regulations on the classification of land-use and introduction of new zoning laws;
- changes in taxes and governmental regulations that influence or set wages, prices, interest rates or construction and maintenance procedures and costs;
- the costs and administrative burdens associated with complying with applicable laws and regulations;
- the costs of desirability of complying with local practices and customs;
- the availability and cost of capital necessary for us and potential hotel owners to fund investments, capital expenditures and service debt obligations;
- delays in or cancellations of planned or future development projects;
- foreign exchange rate fluctuations;
- changes in operating costs, including, but not limited to, energy, food, workers' compensation, benefits, insurance and unanticipated costs resulting from force majeure events;
- shortages of labour or labour disruptions;
- shortages of desirable locations for development;
- relationships with our hospitality venture partners; and
- the ability of third party internet travel intermediaries to attract and retain customers.

Any of these factors could limit or reduce the prices we charge for our hospitality products or services including the rates our properties charge for rooms. These factors can also increase our costs or affect our ability to develop new properties or maintain and operate our existing properties. As a result, any of these factors can reduce our profits and limit our opportunities for growth.

**Our business is subject to government rules and requirements, which may adversely affect our operations.**

We are subject to various national and local government regulations, including those relating to the environment, the operation of resorts and hotels, preparation and sale of food and beverages, general building and zoning requirements, occupational health and safety requirements and foreign exchange regulations. Our spa treatment products are also subject to local health regulations in the locations in which we operate. We are also subject to laws governing our relationship with our employees, including minimum wage, overtime, working conditions and work permit requirements. Also, the success of our strategy to develop new properties and/or expand our existing properties may be dependent upon our obtaining necessary building permits or zoning variances from local authorities. Compliance with these laws and regulations can increase costs and reduce revenues and profits of our resorts, hotels and spas or otherwise adversely affect our operations. (See “*Part IX. Summary Of Material Myanmar Laws And Regulations*”)

**Our ability to continue our business is dependent on obtaining and/or maintaining approvals from the relevant Governmental Authority, which may be revoked in the event we are found to be in non-compliance with Applicable Laws.**

Our ability to develop, manage and operate our businesses successfully will depend on, *inter alia*, our ability to obtain, renew and/or maintain the necessary approvals, licenses and/or permits required for such businesses from the Governmental Authority.

*Amata Garden Resort (Bagan)*

We have not obtained the Hotel Business License for Amata Garden Resort (Bagan) but we have already submitted the application documents to the Ministry of Hotels and Tourism for their consideration and the District Management Committee of the Nyaung Oo District had also provided its letter of no objection to the Ministry of Hotels and Tourism with regards to Amata Garden Resort (Bagan)’s application for a Hotel Business License on 13 March 2020. However, due to the recent completion of the re-zoning exercise conducted by the government on the land on which Amata Garden Resort (Bagan) is operating on, we understand from our verbal correspondence with the Ministry of Hotels and Tourism that the relevant Hotel Business License for Amata Garden Resort (Bagan) will be considered and processed now. We anticipate that we would most likely be able to obtain this license by the end of 2020 or the next financial year. As of the Latest Practicable Date, we are not aware of any material issues which would affect the aforementioned timeline in obtaining the license. In addition, as of the Latest Practicable Date, the Company has not received any notification or instruction from the relevant government authorities on the failure to obtain such Hotel Business License and no enforcement action or enforcement notification in respect of such non-compliance has been taken or issued by the relevant government authorities.

The Group has also not obtained an Excise License to serve alcoholic liquor in Amata Garden Resort (Bagan) but it is currently in the process of application. Due to the Covid-19 situation, there has been a delay in this application process but it is anticipated that we will obtain the Excise License by the next financial year. As of the Latest Practicable Date, the Company has not received any notification or instruction from the relevant government authorities on the failure to obtain such Excise License and no enforcement action or enforcement notification in respect of such non-compliance has been taken or issued by the relevant government authorities.

Further, we understand that on 6 July 2019, Bagan was officially inscribed as a World Heritage Site by UNESCO. In this regard, hotels being classified within the monument zone in Bagan by the Ministry of Religious Affairs and Culture and the Department of Archaeology, National Museum and Library may need to be relocated. As of the Latest Practicable Date, the Company has not received any notification or instruction from the Ministry of Religious Affairs and Culture and the Department of Archaeology, National Museum and Library that its hotels

in Bagan have been classified as hotels being affected by the relocation plans or being classified as being within the monument zone.

In addition, Section 13 of the Protection and Preservation of Cultural Heritage Regions Law provides that a person desirous of carrying out the construction, extending, renovating a hotel, motel, guest house, lodging house or industrial building or extending the boundary of its enclosure, shall abide by the provisions of other existing laws and also apply to the Department of Archaeology (now known as the Department of Archaeology, National Museum and Library) in accordance with stipulations to obtain prior permission. The Group had not obtained the written prior permission but the Group had verbally informed the Department of Archaeology, National Museum and Library about the construction and operation of Amata Garden Resort (Bagan) which was duly acknowledged and not objected to. Based on the verbal correspondence, we note that in practice, the Department of Archaeology, National Museum and Library does not issue such written prior permission. For prudence, we will also formally be writing in to the Department of Archaeology, National Museum and Library regarding the construction and operation of Amata Garden Resort (Bagan) by the end of 2020. As of the Latest Practicable Date, the Company has not received any notification or instruction from the relevant government authorities on the failure to obtain such prior permission and no enforcement action or enforcement notification in respect of such non-compliance has been taken or issued by the relevant government authorities.

#### Amata Garden Resort (Inle Lake)

The Hotel Business License for Amata Garden Resort (Inle Lake) expired on 17 December 2018 but we have already submitted the renewal application to the Ministry of Hotels and Tourism and are currently in the process of clarifying with the Ministry of Hotels and Tourism on property tax clearance with respect to the funds used for the construction of new rooms at this property. We had not previously encountered any issues with property tax clearance for the license renewal process. Once that is clarified, it is anticipated that we would be able to obtain the renewed Hotel Business License for Amata Garden Resort (Inle Lake) by the next financial year. As of the Latest Practicable Date, we are not aware of any material issues which would affect the aforementioned timeline in obtaining the renewed license. In addition, as of the Latest Practicable Date, the Company has not received any notification or instruction from the relevant government authorities on the failure to obtain such renewed Hotel Business License and no enforcement action or enforcement notification in respect of such non-compliance has been taken or issued by the relevant government authorities.

#### Amata Resort (Ngapali Beach)

The Hotel Business License for Amata Resort (Ngapali Beach) expired on 18 March 2020 and we are currently in the process of renewing the Hotel Business License with the Ministry of Hotels and Tourism. Due to the Covid-19 situation, we are experiencing a delay in the renewal process but it is anticipated that we would be able to obtain the renewed Hotel Business License by the next financial year. The Group has also not encountered any issues previously on the renewal of the Hotel Business License for Amata Resort (Ngapali Beach). In addition, as of the Latest Practicable Date, the Company has not received any notification or instruction from the relevant government authorities on the failure to obtain such renewed Hotel Business License and no enforcement action or enforcement notification in respect of such non-compliance has been taken or issued by the relevant government authorities.

#### “My Bagan Residence”

The Group has obtained the required Hotel Business License to operate the hotel business at “My Bagan Residence” but it is in the process of notifying and obtaining the approval from the Ministry of Hotels and Tourism for the increase in the number of rooms than that specifically allowed under the current Hotel Business License, which we anticipate to be obtained by the next financial year

The Group has not obtained an Excise License to serve alcoholic liquor in “*My Bagan Residence*” but it is currently in the process of application. Due to the Covid-19 situation, there has been a delay in this application process but it is anticipated that we will obtain the Excise License by the next financial year. As of the Latest Practicable Date, the Company has not received any notification or instruction from the relevant government authorities on the failure to obtain such Excise License and no enforcement action or enforcement notification in respect of such non-compliance has been taken or issued by the relevant government authorities.

“*My Hpa An Residence*” by Amata

The Group has not obtained an Excise License to serve alcoholic liquor in “*My Hpa An Residence*” or the City Development Business License for Restaurant Business but these are currently in the process of application. Due to the Covid-19 situation, there has been a delay in this application process but it is anticipated that we will obtain the Excise License and the City Development Business License for Restaurant Business by the next financial year. As of the Latest Practicable Date, the Company has not received any notification or instruction from the relevant government authorities on the failure to obtain such Excise License and no enforcement action or enforcement notification in respect of such non-compliance has been taken or issued by the relevant government authorities.

An individual who operates a tour operating business, hotel business, guest-house business or other tourism-related services without a licence issued under the Myanmar Tourism Law 2018 will on conviction, be punished with imprisonment for a term not exceeding one year or to a fine not exceeding twenty million kyats or both.

There is no certainty or assurance that we will be able to renew our existing licenses on the same terms or obtain any new licenses or approvals that are imposed under new laws, rules or regulations. In such event, we may have to cease to operate part or all of the relevant business, which will have a material adverse impact on our business, financial performance and/or financial position.

There is also no certainty or assurance that our hotels in Bagan will not be classified as hotels being affected by the relocation plans or be classified as being within the monument zone. In such event, we may have to cease to operate part or all of the relevant business, which will have a material adverse impact on our business, financial performance and/or financial position.

Historical non-compliance with keeping of statutory records and other corporate records, filings as well as certain procedural requirements

Some of the statutory records like the forms and documents filed with DICA on MyCo, the electronic registry system, have not been properly kept together with the Group’s registers and indexes and there were also delays in making certain filings to the government authorities (for example, the periodic reports to be submitted) which are in breach of Myanmar laws (“**Past Corporate Records Breaches**”). The Group is in the process of rectifying these Past Corporate Records Breaches and measures have been put in place to mitigate the recurrence of such Past Corporate Records Breaches. The rectification process is anticipated to be completed by the next financial year. In due course, we will also appoint a Compliance Officer within the Group who will report to the Board and Audit Committee, to oversee compliance requirements under Myanmar laws and regulations in relation to the Business. As of the Latest Practicable Date, the Company has not received any notification or instruction from the relevant government authorities on such non-compliance and no enforcement action or enforcement notification in respect of such non-compliance has been taken or issued by the relevant government authorities.



In the event that we are found to be in non-compliance with the terms of our licenses, permits and approvals by the Governmental Authority or any Applicable Laws, in addition to possible fines, monetary penalties or other administrative penalties, our licenses, permits and approvals may be cancelled, revoked or suspended.

**We do not own or lease some of the land plots which our Hotel Service operates certain hotels on.**

There are certain land plots currently being utilised by the Group for the Hotel Service which are not owned or leased by the Group.

On the land plot at Survey No.5/54, O.SS.66 Tanmalauk-Gwin, Tawpon Village, Hpa-An Township, Hpa-An District, Kayin State, which “*My Hpa An Residence*” is situated on, UIG does not as of the Latest Practicable Date own or lease this land. The Form 15 for the land on which “*My Hpa An Residence*” is situated on is in the name of Awinka Holding Company Limited. In the meantime, the intention is for the land to be sub-leased to UIG but such sub-leasing will require approval from the Union Government and the Group is currently in the process of applying for such approval which is anticipated to be obtained by the end of the next financial year.

On the land plot at Survey No. 54, 64A, 58A, 59A, 59B, 59/259, 60, 61, 151, 152, 154, 155A, Block No. 207, Mya Pyin Gwin, Mya Pyin Village-Tract, Ngapali Township, Thandwe District, Rakhine State, AIC has the right to use this land plot but the Group does not pay AIC for the use of this land plot. AIC is not a subsidiary of the Group but it is wholly owned by U Win Aung and Daw Nay Myat Thu Aung (who are also Shareholders and Directors of the Company). In addition, AIC, U Win Aung and Daw Nay Myat Thu Aung (given their shareholding in AIC), intend to provide an undertaking to the Company (once consent from Myawaddy Bank is obtained) to allow the Group to use the below land located at Survey No. 54, 64A, 58A, 59A, 59B, 59/259, 60, 61, 151, 152, 154, 155A, Block No. 207, Mya Pyin Gwin, Mya Pyin Village-Tract, Ngapali Township, Thandwe District, Rakhine State for Amata Resort (Ngapali Beach) on a rent free basis, for as long as U Win Aung and Daw Nay Myat Thu Aung remain the majority shareholders of AIC.

The below table sets out the location of this land plot and which hotel is currently situated on it.

Location	Approximate Area	Use of Property	Remarks
Survey No. 54, 64A, 58A, 59A, 59B, 59/259, 60, 61, 151, 152, 154, 155A, Block No. 207, Mya Pyin Gwin, Mya Pyin Village-Tract Ngapali Township, Thandwe District, Rakhine State (1)	3.79 Acres	Amata Resort (Ngapali Beach)	AIC has the right to use this land (AIC is stated to be land owner on the Form 105 and Form 106 dated 16 January 2017)

Note: (1) There is a typographical error in the Deed of Outright dated 21 October 2014 from U Win Aung to AIC, granting AIC the right to use the land. The block number is inaccurately stated as “217” instead of “207”. We are currently in the process of rectifying this typographical error and we anticipate that we would most likely be able to rectify this error by the end of 2021.

There is a risk that the Group may not be able to continue to operate on this land or that the Group can continue to operate on this land without any further payment. However, given that AIC is wholly owned by U Win Aung and Daw Nay Myat Thu Aung (who are also Shareholders and Directors of the Company) and the undertaking to be provided by AIC, U Win Aung and Daw Nay Myat Thu Aung to the Company to allow the Group to use the

above land located at Survey No. 54, 64A, 58A, 59A, 59B, 59/259, 60, 61, 151, 152, 154, 155A, Block No. 207, Mya Pyin Gwin, Mya Pyin Village-Tract, Ngapali Township, Thandwe District, Rakhine State for Amata Resort (Ngapali Beach) on a rent free basis for as long as U Win Aung and Daw Nay Myat Thu Aung remain the majority shareholders of AIC, the Board is of the view that it will be able to continue using this land plot on a similar basis for as long as U Win Aung and Daw Nay Myat Thu Aung remain the majority shareholders of AIC. Similarly, given the shareholding in AIC and the fact that the land authority in Myanmar has not raised any objections to this arrangement from the start of operations until the Latest Practicable Date, the Board is of the view that it will be able to continue using this land plot on a similar basis.

Further, the above mentioned land is also a part of the lands subject to an equitable mortgage in favour of Myawaddy Bank as security for a loan from Myawaddy Bank to AIC of 8.5 billion Kyats. In the event AIC triggers an event of default under the loan agreement with Myawaddy Bank and Myawaddy Bank seeks to enforce such equitable mortgage, there may be a risk that the Group may not be able to continue to operate on this land. As of the Latest Practicable Date, the shareholders and directors of AIC are not aware of any instances or of any information which causes them to believe that an event of default under the loan agreement with Myawaddy Bank may be triggered or of any enforcement actions being taken by Myawaddy Bank against AIC.

**We may be subject to actual and threatened litigation and other regulatory proceedings.**

We may become involved in lawsuits and regulatory actions relating to our Business. Defending private actions can be costly and time consuming. If a judgment were to be rendered against us, we might be exposed to substantial financial liabilities. In addition to private actions, governmental and quasi-governmental agencies could bring a variety of actions against us. Other than the financial costs of defending these actions, governmental or quasi-governmental agencies may impose penalties for failure to comply with laws, rules or regulations.

**We may be exposed to unknown or unforeseen environmental liabilities.**

We are subject to various national and local environmental laws, ordinances and regulations relating to the environment which may impose or create significant potential environmental liabilities. Although we are not currently aware of any material environmental claims pending or threatened against us or any of our properties, no assurance can be given that a material environmental claim will not be asserted against us, and ultimately result in liability for us. The cost of defending against, and ultimately paying or settling, claims of liability or of remediating a contaminated property could have a material adverse effect on our results of operations.

**We may fail to promote or guard the value of our brands.**

We intend to continue to develop and increase the value of the “*Amata*” and upcoming “*Awinka*” brands. We believe brand awareness, image and loyalty are critical to our ability to achieve and maintain high average occupancy and average room rates, and to support the larger number of resorts, budget hotels, and spas we intend to operate and manage. If we fail to provide the service levels, the facilities and the experience promised by our marketing programs, then the value of our brands could be diminished, which would have a material adverse effect on our business, financial condition, profitability and results of operations. Our success will also depend on our awareness of and our ability to prevent third parties from using our brands without our consent. Issues relating to intellectual property rights can be complicated particularly in Myanmar and there is no assurance that disputes will not arise or that any disputes will be resolved in our favour. Currently, as of the Latest Practicable Date, there is no system of registration of trademarks or statutory title to a trademark. Yet, it is possible for a proprietor to register his ownership of the trademark with the Office of Registrar of Deeds and Assurances, and the proprietor can claim ownership of the trademark from the date of registration. Such registration is neither statutory nor conclusive proof of the proprietorship of the trademark. However, it can be presented as prima facie and circumstantial evidence in favour of the true proprietor in a criminal or civil law suit against an infringer. Such

registration will also constitute good evidence of ownership and first use and would be helpful in establishing ownership for purposes of registration once a proper trademark registration regime is affected. Consequently, actions for infringements can be pursued under the Penal Code, the Specific Relief Act and the Merchandise Marks Act, depending upon the cause of action. That being said, a new Trademark Law was passed in 2019 and it established the framework for a comprehensive trademark registration and protection system but as of the Latest Practicable Date, it has not come into force yet.

**Our success depends, in large part, upon our management team and skilled personnel and our ability to attract and retain such persons. Further, we do not have “key person” insurance policies.**

We must attract, train and retain qualified employees to execute our business strategy. As a service-oriented company, our future success depends largely on our ability to hire, train and retain appropriately qualified employees with appropriate language skills and cultural sensitivity to pursue our resort, hotel and spa management, customer service and sales and marketing activities. Skilled personnel in these areas, especially for certain remote locations where we have operations have on occasion been in short supply, and any shortages in the future may increase competition for such personnel and hence the staff turnover and/or employment costs incurred by us. Any inability to hire, train and retain a sufficient number of qualified employees could materially adversely affect our business. (See “*Part III. Issuer Information — Conditions of Employees*”)

Our Group’s performance and success in carrying out its principal business activities depends largely on our ability to nurture and retain the continued service of our management team and skilled personnel.

The loss of any key member of our Board or management team without timely and suitable replacement, may have a material adverse effect on our Business, operations, financial performance, financial condition and prospects.

We do not have “key person” insurance policies to cover for the loss of our senior management. Furthermore, there is strong competition to attract and retain experienced professionals and if we are unable to continue to retain and attract key personnel in the future, it could further exacerbate this material adverse effect on our Business, operations, financial performance, financial condition and prospects.

**We are reliant on key members of our senior management team.**

Our success depends largely on the skills, experience and performance of key members of our senior management team, especially our Chairman, U Win Aung. U Win Aung and his family are the majority shareholders of the Group, which acts as an incentive to secure the continuing commitment of U Win Aung to our Group. (See “*Part IV. Information on the Issuer’s Management, Shareholders and Shares — Board of Directors and Directors*” for further details.) However, there is no assurance that the other key members of our senior management team will remain within the employ of our Group. If we were to lose one or more of these key employees, our ability to set and implement successfully our strategy could be materially adversely affected. We generally do not maintain “key person” insurance policies on our employees. Our future success also depends on the continued service of our key operating, marketing, design and administrative personnel. Further, such losses could be negatively perceived in the capital markets, which could reduce the value of our Shares.

**The business and operations of the Group may be subject to intense competition.**

The rapid liberalisation of the Myanmar economy will likely lead to more local and foreign investors engaging in businesses similar to our Business in strategic and/or choice locations in various parts of Myanmar. These hotels and ballooning activities will be in competition with the Business and operations of the Group and may attract potential customers and guests away from the hotels and/or ballooning activities of the Group. The Group's Business and operations may in turn be materially and adversely affected if we are unable to compete successfully.

We face competition for individual guests and group reservations. We compete for these customers based primarily on brand name recognition and reputation, as well as location, room rates, property size and availability of rooms, quality of the accommodations, customer satisfaction and amenities. Our competitors may have greater financial and marketing resources and more efficient technology platforms, which could allow them to improve their properties and expand and improve their properties and expand and improve their marketing efforts in ways that could affect our ability to compete for guests effectively.

**We are exposed to the risks resulting from significant investments in owned and leased real estate, which could increase our costs, reduce our profits and limit our ability to respond to market conditions.**

We own or lease a substantial amount of real property. Real estate ownership and leasing is subject to various risks including:

- governmental regulations relating to real estate ownership or operations, including tax, environmental, zoning and eminent domain laws;
- changes in market conditions or the area in which real estate is located losing value;
- the ongoing need for capital improvements and expenditures to maintain or upgrade properties;
- periodic total or partial closures due to renovations and facility improvements;
- fluctuations in real estate values or potential impairments in the value of our assets; and
- the relative illiquidity of real estate compared to some other assets.

The negative impact on profitability and cash flow declines in revenues is more pronounced in owned properties because we, as the owner bear the risk of their high fixed-cost structure. Further, during times of economic distress, declining demand and declining earnings often result in declining asset values and we may not be able to sell properties on favourable terms or at all. Accordingly, we may not be able to adjust our owned property portfolio promptly in response to changes in economic or other conditions.

**Any deterioration in the quality or reputation of our brands could have an adverse impact on our reputation, Business, financial condition or results of operations.**

Our brands and our reputation are among our most important assets. Our ability to attract and retain guests depends in part, on the public recognition of our brands and their associated reputation. Such dependence makes our Business susceptible to risk regarding brand obsolescence and to reputational damage. If our brands become obsolete or are viewed as unfashionable or lacking in consistency and quality, we may be unable to attract guests.

In addition, there are many factors which can negatively affect the reputation of any individual brand, or the overall brand of our Group. Changes in ownership or management practices, the occurrence of accidents or

injuries, natural disasters, crime, individual guest notoriety, or similar events can have a substantial negative impact on our reputation, create adverse publicity and cause a loss of consumer confidence in our Business. Because of the expanse of our Business and hotel locations, events occurring in one location could have a resulting negative impact on the reputation and operations of otherwise successful individual locations. In addition, the considerable expansion in the use of social media over recent years has compounded the potential scope of the negative publicity that could be generated by such incidents. We could also face legal claims related to these events, along with adverse publicity resulting from such litigation. If the perceived quality of our brands declines, or if our reputation is damaged, our Business, financial condition or results of operations could be adversely affected.

**New brands or services that we launch in the future may not be as successful as we anticipate which could have a material adverse effect on our business, financial condition or results of operations.**

We cannot assure you that any other brands introduced by the Group will be accepted by customers, that we will recover the costs we incurred in developing the brands, or that the brands, products or services will be successful. If newly branded hotel products and services are not as successful as we anticipate, it could have a material adverse effect on our Business, financial condition or results of operations.

**Our expansion plans will place additional demands on our management and key in-house operating divisions.**

Rapid growth in our resort, budget hotel, spa and property sales operations will continue to place additional demands on our management team, our centralised marketing team, our in-house design and project management divisions and our financial reporting and information systems. See “*Part III. Issuer Information – Strengths / Strategies - Strategy - Focus on growing our business through selective resort and hotel investment*”. There can be no assurance that our expansion plans can be implemented successfully or that we will be able to recruit and retain sufficient numbers of high quality management and staff to service the additional resorts, hotels, spas and property sales operations.

**A fire, accident or other calamity at one of our resorts could adversely affect us.**

We currently operate only a limited number of hotels and resorts. A fire or other calamity resulting in significant damage to any of these resorts could have a material adverse effect on our business, financial conditions, profitability or results of operations. The consequences of fire, accidents or calamities could be severe and they could have a material adverse effect on our business, financial conditions, profitability and results of operations. We cannot determine when such an event will occur or the effect that it will have on the hospitality and leisure industry in areas in which our hotels and resorts are located. Such unexpected events, although partially covered by our insurance policies, may materially and adversely affect the Group’s operations and may result in insolvency.

**Insurance coverage for the Group may not be adequate.**

The Group faces the risk of loss or damage to the Group’s assets due to fire, theft and natural disasters, such as floods. These events may lead to disruption or cessation in the Group’s operations, thereby adversely affecting the Group’s Business operations, financial performance and financial condition. Whilst the Group’s insurance policies will cover some losses in respect of damage to the Group’s assets, they may not be sufficient to cover all of the Group’s potential losses. In the event such loss exceeds the insurance coverage or is not covered by the insurance policies taken up by the Group, the Group’s financial performance and financial condition may be adversely affected.

**Operating expenses of the Group may increase in the future and the Group may not be able to pass on such increases to the Group's customers.**

Operating expenses, including expenses for utilities, labour, building materials and insurance are not fixed and may increase in the future. Unless specifically provided for in an agreement, there is no assurance that the Group will be able to pass these increases on to the Group's customers and guests. Any increases that cannot be passed on to the Group's customers may materially and adversely affect the Group's cash flow and operating results.

**The Business and operations of the Group are dependent on the availability of public utilities and services.**

Public utilities, especially those that provide water and electricity, are essential for the smooth operation of the Group's Business and operations. The delayed delivery or any material reduction or prolonged interruption of these services may materially and adversely affect the Business and operations of the Group. The Group's operating costs may also increase as a result of having to implement remedial measures, such as using back-up generators. Such back-up generators may in any event not be sufficient to supply electricity for the operation of the facilities and may result in the facilities being unable to carry out normal operations.

**Fluctuations in exchange rates may adversely affect our reported financial results.**

Our room rates are typically quoted in US\$ but payments are sometimes made in Kyats at the then applicable exchange rate. Most of our contracts with our wholesale distributors are denominated in US\$, although certain contracts are denominated in Euros, Thai Baht or some other currency. A substantial portion of our revenue, including payments from customers is denominated in US\$ but payable in Kyats. The majority of our expenses are denominated in Kyats. As a result, we are exposed to depreciation of the US dollar or the Euro against Kyats. In addition, our financial statements are presented in Kyats. Changes in the value of local currencies, especially Kyats, against the US\$ can cause fluctuations in our results of operations and could have a material adverse effect on our reported financial results. While we try to minimise risk by quoting most of our room rates in US\$, we may not always be able to change our room rates in a timely manner to account for the fluctuations in the value of the US\$. Our financial statements are impacted by foreign exchange fluctuations through both:

- translation risk, which is the risk that our financial statements for a particular period or as of a certain date depend on the prevailing exchange rates of the currencies discussed above against the Kyat; and
- transaction risk, which is the risk that the currencies of our costs and liabilities fluctuate in relation to the currencies of our revenue and assets.

With respect to translation risk, even though the fluctuations of currencies against the Kyat can be substantial and therefore significantly impact comparisons with prior periods, the translation impact is a reporting consideration and does not affect the underlying results of operations, as transaction risk does.

**We may be affected by the outbreak of communicable diseases.**

There has in the past been occasion of outbreak of various communicable diseases such as the Middle East Respiratory Syndrome or virulent diseases like influenza such as H5N1 and H7N9, the avian influenza, the Zika Virus, or the Covid 19 in South-east Asia, which had resulted in economic and social uncertainties. There is no assurance that Myanmar will not be affected significantly in future if such an outbreak were to occur. The outbreak of communicable diseases in Myanmar, if uncontrolled, could adversely affect the attractiveness of the Business to potential customers.

**The terms of our IFC Credit Facility places standard restrictions on us, and creating default risks in the event of non-compliance with the terms of the IFC Credit Facility.**

The terms of our IFC Credit Facility contain covenants that place standard restrictions on us. Failure to comply with these covenants could result in an event of default that, if not waived or cured, if applicable, could result in the acceleration of all or a substantial portion of our outstanding debt under the IFC Credit Facility.

In addition, the Group's ability to make payments on its indebtedness and to fund planned capital expenditures will depend on the Group's ability to generate cash in the future. To a certain extent, this is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If the Group is unable to generate sufficient cash flow to service its debt and meet other commitments, the Group may need to restructure or refinance all or a portion of its debt, sell material assets or operations or raise additional debt or equity capital. However, the Group may not be able to affect any of these actions on a timely basis, on commercially reasonable terms or at all, and these actions may not be sufficient to meet the Group's capital requirements. In addition, the terms of the Group's existing or future debt arrangements may restrict the Group from effecting any of these alternatives. As of the Latest Practicable Date, United International Group Limited, the borrower under the IFC Credit Facility has drawn down on the first tranche of the loan amounting to US\$8.5 million on 21 April 2017. Of the second tranche, reduced to US\$3.0 million pursuant to the "*Second Tranche Commitment Notice*" from IFC dated 18 January 2018, the first disbursement of US\$2.2 million has been drawn down on 2 February 2018 and the remainder of US\$0.8 million was cancelled per agreement between the parties.

**Future fund raising may cause a dilution in your shareholding or place restrictions on our operations.**

In the future, we may be required to raise additional funding to meet capital or operational expenditure requirements, to increase our shareholding in subsidiaries and/or associated companies. Such funding, if raised through the issuance of equity securities, may cause a reduction in the percentage ownership of our existing shareholders at that particular point in time. Alternatively, if such funding requirements are met by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to pursue our growth plans;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditure, working capital requirements and other general corporate purposes; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

**We may be unable to obtain future financing on favorable terms, or at all, to fund our operations, expected capital expenditure and working capital requirements.**

We may be unable to obtain future financing on favorable terms, or at all, to fund our operations, anticipated capital expenditure and working capital requirements. We incur indebtedness in connection with the construction of new resorts and hotels as well as in connection with developing tourism related activities such as the Oriental Ballooning Service. We may have difficulty finding foreign and local lenders who will provide sufficient financing for our planned new resorts and hotels in the future. In addition, lenders may be unwilling to accept security interests in the property being developed as collateral for the loan due to the illiquidity of the relevant property. If we are unable to raise such financing on favorable terms, or at all, we may not be able to fund our operations sufficiently or we may be unable to carry out our planned expansion, all of which could have a material adverse effect on our business, financial condition, profitability, results of operations and ability to implement our growth strategy.

**RISKS RELATED TO MYANMAR**

**We may be affected by political, security, economic and social situations in Myanmar.**

The economy of Myanmar (including its financial sector and its accounting system) is still developing. In addition, companies may have to deal with inadequate telecommunications, transportation and other infrastructure, and shortage of utilities and other essential services, which will affect the ease and cost of doing business in Myanmar. There is no certainty that political, economic and social reforms of the current Myanmar government will continue or be successful, and there is no certainty that the business and investment environment in Myanmar will continue to improve or be sustainable. Ethnic and sectarian tensions may possibly hamper investor confidence, and the growth and stability of the economy. Any unfavourable changes in the political, economic and social conditions of Myanmar, and the existence of conditions impacting upon safety and security, may also adversely affect the attractiveness of the Business to potential customers.

**The Myanmar legal system is still maturing and the interpretation and application of Myanmar laws and regulations involve uncertainty.**

Our operations in Myanmar will be subject to the laws and regulations promulgated by the Myanmar legislature, and notifications and guidelines from various government authorities and bodies.

There have recently been significant changes to Myanmar laws and regulations which have modernised and strengthened Myanmar's legal framework, and our Directors believe such changes are likely to continue. However, the Myanmar Government is still in the process of developing its legal system to meet the needs of investors and to encourage foreign investment. As the Myanmar economy is undergoing development at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances. Specifically, whilst such changes to the laws and regulations have brought about improvement to Myanmar's legal and regulatory regime, the laws and regulations may not be comprehensive and adequately address all concerns, may conflict with each other, and may sometimes be ambiguous and subject to different interpretations.

Further, the laws and regulations of Myanmar may be supplemented or otherwise modified by unofficial or internal guidelines and practices which exist but which are not documented or which are not generally available to the public or uniformly applied. Such guidelines and practices may not have been ruled upon by the courts or enacted by legislative bodies and may be subject to change without notice or adequate notice. There are also limited precedents on the interpretation, implementation or enforcement of Myanmar laws and regulations. This may create further uncertainty over the interpretation and application of Myanmar laws and regulations.



While Myanmar adopts a mixed legal system of common law, civil law and customary law, governmental policies play an overriding role in the implementation of the laws. Furthermore, the application and administration of Myanmar laws and regulations may be subject to a certain degree of discretionary determination by the authorities and may differ in implementation across various regional governments and government authorities and bodies.

In any event, the resolution of commercial and investment disputes by domestic tribunals, either through the courts or arbitration proceedings, is at present, limited. The experience of Myanmar courts with respect to commercial disputes is significantly limited, although arbitration is available under the Arbitration Law 2016. There are limited local experts with the knowhow needed to preside over such commercial disputes.

The uncertainties in the Myanmar legal system and the interpretation and application of Myanmar laws and regulations may adversely affect the attractiveness of the Business and in turn adversely affect the Group's Business, results of operations, liquidity and financial position.

**We may be affected by sanctions imposed on Myanmar.**

We may be affected by sanctions imposed on Myanmar. Some (but not all) of these sanctions imposed on Myanmar have been either lifted or temporarily suspended. It is uncertain whether the suspension of the relevant sanctions will be renewed. It is also uncertain whether these sanctions will ultimately be lifted, or if additional sanctions will be imposed. These continuing sanctions, the non-renewal of any suspension of these sanctions or the imposition of additional sanctions may hamper the economic growth of Myanmar, and may adversely affect the attractiveness of hotels and tourism activities to potential customers and in turn adversely affect the Group's business, results of operations, liquidity and financial position.

**Sources of public and private financing for Myanmar projects continue to be weak.**

While legislation has allowed licensed domestic banks to deal with foreign currency and to extend foreign currency loans to Myanmar companies, the existence of project financing and other financing arrangements within Myanmar is limited and may continue to be limited. Financing can be sought from local banks but the cost of obtaining funds from local banks are high. There is also the possibility of obtaining an offshore loan but this is subject to the requirement of obtaining approval from the Central Bank of Myanmar. With the limited funding options and the restrictions imposed from each respective source of financing for the Group, there is no guarantee the Group will be able to secure financing sufficient for its future expansion plans.

**Difficulties in obtaining updated public information and statistics in Myanmar.**

Under the current business environment in Myanmar, it may be difficult to obtain up-to-date information and statistics on other businesses in Myanmar. As such it may be difficult to gauge our performance, which may lead to inefficient pricing of the Shares due to incomplete market information. Further, inaccurate information may make it difficult for us to access the prospects and potential of any business opportunities available to us from time to time and may consequently adversely affect our business decisions, which could in turn materially and adversely affect our financial condition and results of operations.

## **RISKS RELATED TO THE LISTING**

### **Substantial future sale of Shares could adversely affect the market price of our Shares.**

Any future sale or availability of our Shares can have a downward pressure on our Share price. The sale of a significant amount of Shares after the Listing, or the perception that such sale may occur, could materially and adversely affect the market price of our Shares.

### **Our Share price may be volatile.**

The market price of our Shares may fluctuate significantly and rapidly as a result of, among other things, the factors mentioned below:

- differences between our actual financial and operating results and those expected by investors and analysts;
- perceived prospects for our Business and operations;
- changes in our operating results;
- changes in securities analysts' estimates of our financial performance and recommendations;
- changes in market valuation of similar companies;
- our involvement in litigation;
- additions or departures of key personnel; and
- changes in general economic and stock market conditions.

### **Negative publicity, including those relating to any of our Directors or Executive Officers, may adversely affect our Share Price.**

Any negative publicity or announcement relating to any of our Directors or Executive Officers may adversely affect the performance of our Shares, whether or not this is justifiable. Such negative publicity or announcement may include involvement in insolvency proceedings, legal disputes, and failed attempts in takeovers and joint ventures.

### **We may not be able to pay dividends to our Shareholders.**

The Company's ability to pay dividends and make other distributions may depend on the Company's earnings and cash flows and are subject to laws and regulations in Myanmar and any restrictive loan covenants applicable to the Company. In the event of the Company's liquidation, there may not be sufficient assets for us to recoup our investment.

## **PART III. ISSUER INFORMATION**

### **3.1. OUTLINE OF THE ISSUER**

#### **3.1.1. HISTORY AND BACKGROUND OF THE ISSUER**

Our Company was incorporated on 27 June 2017 in Myanmar under the Companies Act 1914 (which has since been repealed and replaced by the Companies Law) as a public limited company under the name of Amata Holding Public Company Limited. In 1993, the Group started operations with the incorporation of United International Group Limited which was primarily focused on the management and operations of resorts and restaurants under the “Amata” brand.

Amata Resort (Ngapali Beach) was the first resort under the “Amata” brand and it began operations in 2003. Thereafter the Group expanded in 2011 and “My Bagan Residence” started operations in Bagan. Leveraging on the success of its first two resorts, the Group set up Amata Garden Resort in Inle Lake in 2013. The Group decided to diversify its business and expanded into the business of operating hot air balloons under the Oriental Ballooning Service in 2013 through Myanmar Ballooning Co., Ltd. In 2016, an agreement was signed with IFC in which IFC agreed to extend and UIG agreed to borrow, a convertible loan of up to US\$13.5 million (in two tranches) in support of the Group’s plans to expand in Bagan and Inle. (Further information on this can be found at “**Part III. Issuer Information – Description of Business - Material Contracts**”) As of the Latest Practicable Date, United International Group Limited, the borrower under the IFC Credit Facility has drawn down on the first tranche of the loan amounting to US\$8.5 million on 21 April 2017. Of the second tranche, reduced to US\$3.0 million pursuant to the “*Second Tranche Commitment Notice*” from IFC dated 18 January 2018, the first disbursement of US\$2.2 million has been drawn down on 2 February 2018 and the remainder of US\$0.8 million was cancelled. To leverage off the success of “My Bagan Residence” in Bagan, Amata Garden Resort (Bagan), was set up and opened its doors to guests in November 2017. In FY 2017-2018, we have expanded Amata Garden Resort (Inle Lake) by constructing 20 additional villas. 122 rooms were added in October 2017 for Amata Garden Resort (Bagan) and 93 rooms were added in October 2018 for Amata Garden Resort (Inle Lake). Further, the latest addition to our hotel and resort portfolio, “My Hpa An Residence” first opened its doors to guests in October 2019. In addition to the expansion of our hotel portfolio and room capacity, efforts were also made to streamline and simplify our Group’s business operations by centralizing our core business functions under the Company. On 1 April 2018, UIG purchased the assets, liabilities, existing projects and right to operate the hotel business of Amata Garden Resort (Inle Lake) from AIC. Thereafter, the Company had acquired 99.99% of the total issued share capital of UIG and 51.0% of the total issued share capital of MB on 1 August 2018. Correspondingly, both UIG and MB became subsidiaries of the Company. With the formation of this Group structure on 1 August 2018, our financials would thus be prepared on a consolidated basis and would be more meaningful for all the stakeholders, and among others, for investors.

We are a leading manager and developer of mid to premium resorts, hotels and spas in Myanmar. We manage and have the right to operate the land plots on which these resorts and hotels operate on. Our resorts each typically have between 50 and 200 rooms and command room rates at the mid to premium range of each property’s particular market. We offer our customers a multi-faceted travel and leisure experience which we deliver through our 5 resorts and hotels, each integrated with spas, fine dining and bistro. The travel experience is also complemented by our Oriental Ballooning Service which offers serene panoramic balloon rides through 15 balloons in 6 cities in Myanmar. As of the Latest Practicable Date, the aggregate number of rooms at our 5 resorts and hotels is 453 and this will be further increased by an additional 10 rooms at “My Hpa An Residence” by October 2020 and another 60 rooms at Amata Garden Resort (Bagan) by the end of 2021.

## **Awards and Accolades**

Since Amata Resort (Ngapali Beach) was launched in 2001, our resorts, hotels and spas have been voted as being among the best in Myanmar by readers of leading travel consumer and trade publications in Myanmar and by the world's largest travel sites, including TripAdvisor. We have also won a broad spectrum of awards and claimed prestigious top spots for our brands and hospitality services. The list includes:

2009

- Amata Resort (Ngapali Beach) received the “ASEAN Green Hotel Award” by Myanmar Hotelier Association

2010

- Amata Resort (Ngapali Beach) served as guests of honour to “The World Residence”, the first anchored residence cruise liner to Ngapali Beach with over 80 passengers

2011

- The Group was recognised as the “Best Service Provider” by Myanmar Voyages
- Amata Resort (Ngapali Beach) received compliments from the Young President Organization for the 3 nights in which over 300 young international business presidents and their family members was staying at Amata Resort

2014

- Amata Resort (Ngapali Beach) was recognised as the “Travellers’ Choice” in 2014 by TripAdvisor
- Oriental Ballooning was voted as the No. 1 activity in Mandalay and Bagan by TripAdvisor

2015

- Amata Resort was awarded Hall of Fame Five Time (2011~2015) Winner of Certificate of Excellence by TripAdvisor

2016

- Amata Resort (Ngapali Beach) was recognised as the “Travellers’ Choice” in 2014 by TripAdvisor
- Amata Resort (Ngapali Beach) and Amata Garden Resort (Inle Lake) were the winners of the Certificate of Excellence 2016 by TripAdvisor

2017

- Amata Resort (Ngapali Beach) and Amata Garden Resort (Inle Lake), Amata Garden Resort (Bagan) and “*My Bagan Residence*” have been rated 4 out of 5 stars on TripAdvisor

2018

- “*My Bagan Residence*” was recognised as the “Travellers’ Choice” in 2018 by TripAdvisor
- Amata Resort (Ngapali Beach), Amata Garden Resort (Inle Lake) and “*My Bagan Residence*” were the winners of the Certificate of Excellence 2018 by TripAdvisor

2019

- Amata Resort (Ngapali Beach), Amata Garden Resort (Inle Lake), Amata Garden Resort (Bagan) and “*My Bagan Residence*” were the winners of the Certificate of Excellence 2019 by TripAdvisor

## **Brands**

Our Business is centred around our award-winning brand in Myanmar, “Amata”. We are currently discussing and implementing plans to facilitate the Group’s expansion into the budget business hotel segment of the hospitality sector through our new brand “Awinka” in the near future. The different target customer audience for the “Amata” and “Awinka” brands allows us to expand our customer base without brand dilution and cannibalization. See “**Part III. Issuer Information – Strengths / Strategies - Strategy - Focus on growing our business through selective resort and hotel investment**”.

## **Business Associates**

The strength of our brands also enables us to attract quality business associates such as major travel agencies in Myanmar and international online booking websites. (Further information on this can be found at “**Part III. Issuer Information – Description of Business - Material Contracts**”) These partnerships help expand awareness of our brands and increase our customer reach through our partners’ customer data bases.

## **Environmental Conservation**

We believe that our commitment to protecting the environment by following and operating within the terms and conditions of the EIA (Environmental Impact Assessment), IEE (Initial Environmental Examination) and EMP (Environment Management Plan) and our emphasis on corporate social responsibility also enhances the image and reputation of our brands. We had conducted the relevant surveys in this regard and are in the process of applying for the Environmental Compliance Certificate (“ECC”) which we anticipate to procure in the near future. As of the Latest Practicable Date, we had already submitted the Initial Environmental Examination Report for Amata Garden Resort (Bagan) and Amata Garden Resort (Inle Lake) to the Environmental Conservation Department of the Ministry of Natural Resources and Environmental Conservation for its review. For Amata Garden Resort (Bagan), we have received a Letter No. EIA/-1/7(710/2020) dated 20 March 2020 from the Ministry of Natural Resources and Environmental Conservation which sets out the Ministry’s recommendations on the Initial Environmental Examination Report and we are currently working with our external technical consultant to finalise the revised Initial Environmental Examination Report which will be submitted to the Environmental Conservation Department of the Ministry of Natural Resources and Environmental Conservation for its review before the end of 2020. For Amata Garden Resort (Inle Lake), we have received a letter no. (Forest) 3(2)/16 (Kha) (2261/2018) dated 28 June 2018 from the Ministry of Natural Resources and Environmental Conservation which sets out the Ministry’s recommendations on the Initial Environmental Examination Report and we have on 30 April 2020 submitted a letter to the Ministry of Natural Resources and Environmental Conservation requesting for an ECC and in this regard, anticipate to receive the ECC by the end of 2020 or the next financial year. Further, we are currently in the process of finalising the Initial Environmental Examination Report for Amata Resort (Ngapali Beach) which is intended to be submitted by the end of this calendar year and for “My Hpa An Residence” and “My Bagan Residence”, we are of the view that no EIA is required to be conducted.

In practice however, there are many other Myanmar companies who are also in the process of applying for the ECC and the Ministry of Natural Resources and Environmental Conservation is currently in the process of reviewing these applications. (Further information on this can be found at “**Part IX. Summary of Material Myanmar Laws and Regulations – Environmental Conservation Law 2012 and Environmental Conservation Rules 2014**”)

### **Material Capital Expenditures and Divestitures**

There has been no divestiture by our Company and its subsidiaries since establishment. Our capital expenditure with respect to the construction of hotels in the following respective financial periods consisted primarily of investments in the construction of Amata Garden Resorts in Inle Lake and Bagan as well as the purchase of construction materials, furnishings, fittings and equipment. Prior to securing the IFC Credit Facility and the funds raised from the Previous Offering, all the capital expenditure was funded by cash from operations.

Historical Capital Expenditure (Kyats million)	
Financial Year ended 31 March 2018 (12 months)	Financial Year ended 31 March 2019 (12 months)
17,773	11,172

Note: Figures in the table are rounded to the nearest million.

Apart from the Awinka branded hotels, we also continuously study opportunities to expand our Amata branded hotels across Myanmar by utilizing cash from operations. The Board is currently exploring opportunities to open Amata branded hotels in the Myeik island region but there are no concrete plans as of the Latest Practicable Date for the Group to undertake such expansion. It should be noted that our plans depend on numerous factors, including changes in economic, political or other conditions in the locations where we propose to make investments, or events which have a material adverse effect on the tourism and the hospitality and leisure industry in these locations, among other factors. No assurance can be given that any of these projects will be completed in the expected timeframe or within the estimated budget.

Further information on our Company is set out below for your convenient reference.

Website: <http://www.amataholding.com>  
Phone Number: +95 – 9 – 899 044 077, +95 – 9 – 899 044 088, +95 – 9 – 899 044 099  
Registered office: No. 10, Inya Yeik Tha Street, Kaba Aye Pagoda Road, Mayangone Township, Yangon, Myanmar

### **3.1.2. STRENGTHS / STRATEGIES**

#### **Competitive Strengths**

We believe that we can capitalize on our following competitive strengths:

- ***We are a leading manager and developer of quality resorts, hotels and spas in Myanmar***

We are a leading operator of quality resorts, hotels and spas in Myanmar, with 5 resorts and hotels that we operate and manage. In the preceding financial years, we have made significant efforts to grow our business by entering into a convertible loan agreement with IFC. (See “**Part III. Issuer Information – Strengths / Strategies - Strategy - Focus on growing our business through selective resort and hotel investment**”.) The resorts, hotels and spas that we manage have won numerous awards and accolades since the first resort, Amata Resort (Ngapali Beach), was launched in 2001. We have pioneered concepts that have become signature features of many of our resorts and hotels, such as the traditional Myanmar cultural settings that showcase teak, bamboo, cane rattan and lacquerware furnishings. Moreover, a substantial number of our guest rooms comprise bungalows and villas, providing spacious boutique style accommodation. Such spacious accommodation allows us to quickly adapt and react to any “social

distancing” requirements that either the government authorities may require us to adopt or customers expect hotels to adopt for health and reasons to deal with the Covid-19 pandemic. Such measures could also carry on post the Covid-19 pandemic and thus our spacious accommodation is also another competitive strength we have over our competitors. We believe that our strength as a manager and developer is principally derived from our integrated business model, including an in-house design and project management team as well as a centralized global marketing team. Our integrated capabilities enable us to preserve brand integrity, create innovative product offerings with quicker time to market and preserve our premium positioning in the regional markets in which we operate and the quality of our resorts, hotels, spas and the services we offer.

- ***We own the award-winning “Amata” brand and are developing the new “Awinka” brand which will drive our growth strategy***

The key brand that we currently own, “Amata”, has received many awards and accolades. The Amata Resort (Ngapali Beach) was awarded the “ASEAN Green Hotel Award” by ASEAN Hotel Award Society and Myanmar Hotelier Association in 2009. TripAdvisor has consistently recognized “Amata” branded hotels as being “Travelers’ Choice Winner”, “Certificate of Excellence”, and “Hall of Fame Winner for Certificate of Excellence” since 2014. Our strong brand recognition allows us to command prices at the mid to premium range of the market for the resorts, hotels and spas that we operate. All the “Amata” branded hotels are located in the popular tourist destinations in Myanmar and are marketed as symbols of Myanmar hospitality because of their unique positioning as an integrated resort with a full range of amenities. Through the strength of our brand, we are also able to expand our product offerings more quickly. Moving forward, we plan to establish a sister brand, “Awinka”, to focus on the budget business hotel segment. Our differentiated brand strategy allows us to target different customer markets and drive growth in our Business while also avoiding brand dilution and cannibalization. The strength of the “Amata” brand also improves our negotiating position with potential business associates, suppliers and customers, including travel and tour agencies.

- ***Our major Shareholders own the majority of the lands on which we operate our Hotel Service***

The majority of the lands on which we operate our Hotel Service on are either owned by our major Shareholder, U Win Aung or AIC, a company which is wholly owned by U Win Aung and Daw Nay Myat Thu Aung, who are both Shareholders and Directors of the Company. Please see below section titled “***Properties, Plant and Equipment***” and “***Related Party Transactions***” for further information on these lands. Since these lands are owned by either our major Shareholder or AIC, the Group is able to rent and operate on these lands on commercially favourable terms and the risk of not being able to renew these leases is limited. The Board is of the view that it will be able to continue using these land plots on a similar basis and that there is stability and continuity in these land leases. As such, this reduces the operating costs incurred and thus ultimately increases the profitability of the Hotel Service.

- ***Our complementary product offerings and integrated business model enhance our resilience***

The resilience of our business model is sustained by our strong brand; each product line targets distinct market segments and consequently expands our overall customer base. Our complementary product offerings, ranging from resorts, hotels, spas, and tourism activities such as our Oriental Ballooning Service, enable us to offer a multi-faceted travel and leisure experience and give rise to cross-selling opportunities. We believe that we were able to reduce the adverse impact of external events such as global financial crisis, worldwide trade tension, or terrorist attacks in Europe etc. and regional happenings such as ethnic wars, migrant crisis, etc. because our resorts, hotels and spas are located across different regions within Myanmar and have a geographically diverse customer base. Our integrated capabilities

(including in-house design, project management and centralized marketing) enable us to create innovative product offerings, reduce the time needed to launch new product offerings and manage our costs effectively. When events affect one or more of our markets, we utilize multiple sales channels through our centralized global marketing approach to target unaffected and/or less affected customer markets. For example, the outbreak of conflicts in Rakhine since 2012 has not significantly affected our financial performance as a result of this multiple sales channels through our centralized global marketing approach to target unaffected and/or less affected customer markets.

▪ ***We have successfully expanded our operational capacities for the resorts and hotels we manage***

We have made continuous investments to further enhance the operational capacities for the resorts and hotels we manage and the operational capacities for our 5 resorts and hotels have doubled in the past few years. Amongst others, we have expanded Amata Garden Resort (Inle Lake) by constructing 20 additional villas, added 122 rooms in October 2017 for Amata Garden Resort (Bagan), added 93 rooms in October 2018 for Amata Garden Resort (Inle Lake) and added “My Hpa An Residence” to our portfolio of hotels and resorts in October 2019; adding an additional 20 villas. These new additions to our portfolio of rooms across our 5 resorts and hotels are all in pristine condition and provide us a competitive edge over the other hotels in the areas that we operate in given that customers would be more attracted to rooms that are in newer condition. As at the Latest Practicable Date, we have successfully increased our room capacity to 453 rooms.

▪ ***We have a strong financial track record***

Our financial position, in terms of our balance sheet, profitability, operating margins and cash flows, allows us to develop and expand our product offerings, to introduce new product lines, such as “Awinka”, and the flexibility to capitalize on future opportunities when they arise. We generally operate in low cost environments and are able to charge a premium for the quality goods and services we provide, thereby enabling us to achieve strong operating margins, especially for our resort in Ngapali Beach and our hot-air ballooning business. The Company’s consolidated revenues grew 7.4 per cent. from Kyats 8,419,461,018 for the year ended March 31, 2018 to Kyats 9,046,036,546 for the year ended March 31, 2019 despite difficult industry conditions stemming from some unrest occurring in Rakhine. Gross profits also grew 21.8 per cent. over the same period.

Since the start of operations over two decades ago, the subsidiaries have generally been experiencing increasing revenues and this is as illustrated below on a standalone basis for each Business segment.

Amata Resort (Ngapali Beach)	
Total Revenue (Kyats)	
FY2017-2018	FY2018-2019
2,620,262,318	2,381,386,656

“My Bagan Residence”	
Total Revenue (Kyats)	
FY2017-2018	FY2018-2019
699,126,171	473,834,414

Amata Garden Resort (Inle Lake)
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Total Revenue (Kyats)	
FY2017-2018	FY2018-2019
1,353,750,728	1,470,485,311

Amata Garden Resort (Bagan)	
Total Revenue (Kyats)	
FY2017-2018	FY2018-2019
532,681,695	1,613,470,171

Hot Air Balloon Business	
Total Revenue (Kyats)	
FY2017-2018	FY2018-2019
3,380,470,213	4,125,540,426

“My Hpa An Residence”	
Total Revenue (Kyats)	
FY2017-2018	FY2018-2019
_(1)	_(1)

Note: (1) Please note that “My Hpa An Residence” only opened in October 2019.

▪ ***We have a proven and experienced management team***

We have an experienced and qualified management team with a successful track record in managing our businesses. Most of the core members of our senior management team have been instrumental in our development since the inception of the “Amata” brand in 2001. The team has successfully grown our business through brand building initiatives, strategic alliances and effective crisis management through difficult operating conditions for the industry over the last nineteen years. We are led by our founder, Chairman, U Win Aung, who has more than 20 years of experience in the hospitality and leisure industry. U Win Aung is supported by an experienced management team (For further information, please see “***Part IV. Information On The Issuer’s Management, Shareholders And Shares – Managing Directors, Managers and Managing Agents***”) with extensive knowledge and experience in the sector. We believe our senior management team possesses the appropriate mix of multi-disciplinary skills and capabilities, particularly in areas of product innovation, branding, resort and hotel design and construction, as well as hotel operations.

▪ ***We have a growing loyal customer base***

The Group’s first priority is serving its customers. By continually adapting to customer preferences and providing its customers with superior experiences, the Group has improved its overall customer satisfaction ratings and this is clearly reflected in the generally increasing revenues year on year and also from the various awards the Group has received over the years which is a testament of the superior quality of the service provided by the Group to its guests.

## **Strategy**

Our principal strategic objective is to build upon the “Amata” and “Awinka” brands, to create a diversified group of quality resorts and hotels in strategic locations throughout Myanmar, complemented by our spa and Oriental Ballooning Service, while achieving strong profitability and operating margins and maintaining our strong balance sheet position. In particular, we seek to:

- ***Focus on growing our business through selective resort and hotel investment***

We intend to grow our Business by increasing the number of resorts and hotels that we manage. In the next three years, we plan to open at least 4 “Awinka” branded hotels, all of which we will manage and own. We believe that our strong operating track record in managing our resorts and hotels, the strength of our brands, in-house design and innovation and our centralized sales and marketing and distribution networks will help attract owners of resorts and hotels. For an “Awinka” branded hotel in a location at which we are familiar with the market conditions and operating environment, we would typically expect to acquire, at a minimum, a majority ownership interest in order to strengthen our position as the manager of that resort or hotel as well as to enhance returns. In certain locations, we intend to focus on signing management agreements with a reputable hotel operator, which we believe would enhance our management fee income, increase awareness of our brands at a faster pace and expand our revenue base without incurring significant incremental capital expenditure. We expect to increase our revenues from the spa and food and beverage operations by expanding into new locations through leases, management agreements and strategic alliances. In addition to the “Awinka” branded hotels, we completed another “Amata” branded hotel in the Bagan region in FY 2017-2018, expanded Amata Garden Resort (Inle Lake) by constructing 20 additional villas, added 122 rooms in October 2017 for Amata Garden Resort (Bagan) and added 93 rooms in October 2018 for Amata Garden Resort (Inle Lake). The latest addition to our hotel and resort portfolio, “My Hpa An Residence” first opened its doors to guests in October 2019; adding an additional 20 villas. The Board is currently exploring opportunities to open Amata branded hotels in the Myeik island region.

- ***Increase our geographical presence by expanding our resort and hotel operations into new strategic locations***

We intend to develop our domestic presence to grow our resorts and hotels business and diversify our revenue base. Through strategic expansion into low-cost locations close to our key customer markets, we intend to increase accessibility to our existing international customers as well as reach out to affluent local customers and business travellers within these operating cities. Our ability to command stable room rates will be a key consideration in our geographic expansion. We believe that strategic geographical expansion will reduce our exposure to seasonal and cyclical fluctuations in our business by having more diversified geographic and customer bases and will also permit us to take advantage of cross-marketing opportunities. We typically target an internal rate of return in excess of 20.0 per cent. on our equity investment in resort and hotel projects. By venturing outside the popular tourist destinations in Myanmar, we aim to further tap into the local business and corporate travel customer segments in selected locations.

- ***Continue to target upcoming markets through our differentiated brand strategy***

We will continue to capitalize on the strong recognition of our award-winning brand “Amata”, to capture the premium segment of domestic as well as international customer markets. We believe our product offerings are associated with Myanmar culture, traditions and luxury. Average room rates for Amata Resort (Ngapali Beach) typically range between US\$70.0 to US\$100.0 per room night in the low season (May to September) and US\$90.0 to US\$180.0 per room night in the high season (October to April). For

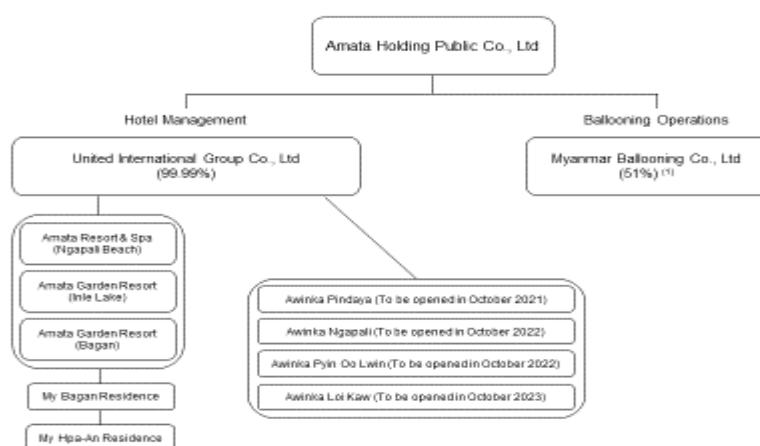
Amata Garden Resort (Inle Lake and Bagan), the average room rates are usually between US\$65.0 to US\$110.0 for the high season and US\$50.0 to US\$60.0 in the low season. For “My Bagan Residence”, the average room rates are usually between US\$65.0 to US\$80.0 for the high season and US\$35.0 to US\$60.0 in the low season. For “My Hpa An Residence”, the average room rates are usually between US\$70.0 to US\$80.0 for high season and US\$45.0 to US\$50.0 in the low season. In this regard, the room rates are reviewed by management on a yearly basis to ensure a competitive rate is offered to customers. Our planned product line under the “Awinka” brand will offer a refreshing and contemporary ambience and targets a younger customer market than the “Amata” brand, focusing on standardization, consistency and reliability. To attract this distinct niche customer segment of travellers looking for convenience of business travel, cultural tourism and soft adventure. We believe we have the first-mover advantage in providing affordable rooms to this market segment. The expected room rates for “Awinka” branded hotels will range between US\$35.0 to US\$55.0 per room night. We also believe we will be able to cross-sell our existing product offerings to customers of our new product lines and encourage our existing customers to experience our new product offerings.

▪ ***Expand and upgrade our existing resorts to achieve increasing returns to scale***

Expanding and upgrading our existing resorts is a cost-efficient way to increase our revenue base and enhance profitability. Building new rooms or villas at our existing resorts allows us to provide our guests with new product offerings while expanding our revenue base, generally without incurring significant incremental construction or operating costs. In FY 2017-2018, we have expanded Amata Garden Resort (Inle Lake) by constructing 20 additional villas, 122 rooms were added in October 2017 for Amata Garden Resort (Bagan) and 93 rooms were added in October 2018 for Amata Garden Resort (Inle Lake). The latest addition to our hotel and resort portfolio, “My Hpa An Residence” first opened its doors to guests in October 2019; adding an additional 20 villas.

### 3.1.3. ORGANISATIONAL STRUCTURE OF THE ISSUER AND ITS GROUP

Our principal subsidiaries and associated companies are involved in the business segments as set forth below:



Note: (1) Please also note that U Win Aung owns 30.0% of the shares in Myanmar Ballooning Co. Ltd, in his personal capacity.

### 3.1.4. OUTLINE OF PARENT, SUBSIDIARIES AND ASSOCIATED COMPANIES

Please see table below for further information on the Company's subsidiaries.

No.	Name of subsidiary	Country of incorporation or residence	Principal place of business	Principal activities	Proportion of ownership interests
1.	United International Group Limited	Myanmar	Myanmar	Hotel management	99.99%
2.	Myanmar Ballooning Co., Ltd. <sup>(1)</sup>	Myanmar	Myanmar	Hot air balloon operator	51.00%

Note: (1) Please also note that U Win Aung owns 30.0% of the shares in Myanmar Ballooning Co. Ltd, in his personal capacity.

In addition, United International Group Limited was incorporated on 7 May 1993 and Myanmar Ballooning Co., Ltd. was incorporated on 26 April 2013. The history of these subsidiaries is as set out above under the section titled “*Issuer Information - History and Background of the Issuer*”

### 3.1.5. CONDITIONS OF EMPLOYEES

As at the Latest Practicable Date, apart from the Executive Officers, our Company has a total of 725 employees who undertake functions which range from general administrative matters, finance, sales and reservation, engineering, human resource, construction and operations. As at 31 March 2018, our Company had a total of 724 employees, as at 31 March 2019, our Company had a total of 674 employees and as at 30 September 2019, our Company had a total of 641 employees. In addition, there is no relationship between the management of the Group and labour unions.

Breakdown of persons employed by main category of activity

Main category of activity	Number of Employees
General administrative matters	25
Finance	62
Sales and Reservation	17
Engineering	47
Human Resource	8
Construction	29
Operations	537
<b>TOTAL</b>	<b>725</b>

(As at the Latest Practicable Date)

Breakdown of persons employed by geographic location

Geographic location	Number of Employees
Yangon	110
Inle	165
Ngapali	161
Bagan	249
Hpa An	31
Mandalay	9
<b>TOTAL</b>	<b>725</b>

(As at the Latest Practicable Date)

Professional qualifications of employees

Professional qualifications	Number of Employees
University Degree	245
High School	391
Middle School	81
Primary School	8
<b>TOTAL</b>	<b>725</b>

(As at the Latest Practicable Date)

Age of Employees

Age of Employees (Years)	Number of Employees
18-28	354
29-40	258
41-65	113
<b>TOTAL</b>	<b>725</b>

(As at the Latest Practicable Date)

### **3.2. DESCRIPTION OF BUSINESS**

#### **3.2.1. NATURE OF BUSINESS**

We have two principal business activities under our Business:

- Operating hotels in the mid to premium market segments of the hospitality sector in Myanmar through the following resorts and hotels:
  - Amata Resort (Ngapali Beach) <sup>(1)</sup>
  - “My Bagan Residence” by Amata
  - Amata Garden Resort (Inle Lake) <sup>(2)</sup>
  - Amata Garden Resort (Bagan) <sup>(3)</sup>
  - “My Hpa An Residence” by Amata

(Collectively, the “Hotel Service”)

**Note:**

- The Hotel Business License for Amata Resort (Ngapali Beach) expired on 18 March 2020 and we are currently in the process of renewing the Hotel Business License with the Ministry of Hotels and Tourism. Due to the Covid-19 situation, we are experiencing a delay in the renewal process but it is anticipated that we obtain the renewed Hotel Business License by the next financial year. The Group has also not encountered any issues previously on the renewal of the Hotel Business License for Amata Resort (Ngapali Beach).
- The Hotel Business License for Amata Garden Resort (Inle Lake) expired on 17 December 2018 but we have already submitted the renewal application to the Ministry of Hotels and Tourism and are currently in the process of clarifying with the Ministry of Hotels and Tourism on property tax clearance with respect to the funds used for the construction of new rooms at this property. We had not previously encountered any issues with property tax clearance for the license renewal process. Once that is clarified, it is anticipated that we would be able to obtain the renewed Hotel Business License for Amata Garden Resort (Inle Lake) by the next financial year. As of the Latest Practicable Date, we are not aware of any material issues which would affect the aforementioned timeline in obtaining the renewed license.
- We have not obtained the Hotel Business License for Amata Garden Resort (Bagan) but we have already submitted the application documents to the Ministry of Hotels and Tourism for their consideration and the District Management Committee of the Nyaung Oo District had also provided its letter of no objection to the Ministry of Hotels and Tourism with regards to Amata Garden Resort (Bagan)’s application for a Hotel Business License on 13 March 2020. However, due to the recent completion of the re-zoning

exercise conducted by the government on the land on which Amata Garden Resort (Bagan) is operating on, we understand from our verbal correspondence with the Ministry of Hotels and Tourism that the relevant Hotel Business License for Amata Garden Resort (Bagan) will be considered and processed now. We anticipate that we would most likely be able to obtain this license by the end of 2020 or the next financial year. As of the Latest Practicable Date, we are not aware of any material issues which would affect the aforementioned timeline in obtaining the license.

## 2) Operating a private chartered and premium hot air balloon service in Bagan, Mandalay, Inle Lake, Ngapali Beach, Hpa An and Pindaya (the “**Oriental Ballooning Service**”)

Our integrated business model comprises a hotel management division, an in-house design and project management division, as well as a centralised marketing team. These in-house capabilities enable us to preserve brand integrity, create innovative product offerings with quicker time to market and maintain the quality of the resorts, hotels and spas that we manage and the services we offer. We believe that these capabilities and the geographic diversity of our customers and our product offerings increase the resilience of our business model.

As mentioned earlier, our Business is seasonal in nature and bookings for our hot air balloons are available only during specific periods and the booking period for the 2019-2020 season is as follows:

Bagan	1 October 2019 – 10 April 2020
Mandalay	16 November 2019 – 29 February 2020
Inle region	1 November 2019 – 31 March 2020
Ngapali	14 November 2019 – 31 March 2020

For the Hotel Service, it is also seasonal in nature and further details of the seasonality are as described below for each of the different hotel properties.

For purposes of our Business, we do not source raw materials such as crude oil and/or metals.

As of the Latest Practicable Date, save for the licenses and permits as highlighted as not having been obtained yet by the Group at “**Part II. Information on the Listing - Risk Factors - Our ability to continue our business is dependent on obtaining and/or maintaining approvals from the relevant Governmental Authority, which may be revoked in the event we are found to be in non-compliance with Applicable Laws**”, the Group holds the relevant Hotel Business Licenses to operate the various hotels under the Hotel Service, the Tourist Transport Business License to operate the Oriental Ballooning Service and the relevant business licenses to operate the various restaurants and/or shops under the Hotel Service, which are the material licenses and permits required for it to operate the Business. Please also refer to the section on “**Part IX. Summary of Material Myanmar Laws and Regulations**” for further information on the material licenses required to operate the Business.

### 3.2.2. OUTLINE OF EACH BUSINESS SEGMENT

#### *Amata Resort (Ngapali Beach)*

Amata Resort (Ngapali Beach) is located at 207, Mya Pyin Village, Thandwe Township, Rakhine State, Myanmar and covers an area of 6.34 acres. Stretching along the shoreline of Ngapali Beach, one of Myanmar’s premier beaches and the second largest beach in South-East Asia, Amata Resort (Ngapali Beach) is currently one of the biggest resorts at Ngapali Beach and captures 12.6% market share<sup>1</sup> of the mid to premium market segment of the hotels located at Ngapali Beach. With its acres of tropical greenland, Amata Resort (Ngapali Beach) is designed to capture the languid beauty of a traditional Asian setting with facilities catered to both the business and leisure

<sup>1</sup> “market share” is calculated based on the number of rooms at Ngapali Beach. According to Collier’s 2017 Property Market Report – Ngapali Beach Hotels & Resorts, there are 17 mid-tier to upscale hotels, collectively representing 720 rooms in Ngapali Beach.

traveller. Guests are accommodated in 90 teak, bamboo, cane and rattan cabanas and bungalows. The room types range from luxurious “Grand Cabana Seaview” (multi-tiered bungalow), “Cabana Cottage” (two-storey beach bungalow) to fully-furnished “Deluxe” and “Superior” rooms. The price per night ranges from US\$70.0 to US\$100.0 during the low season from May to September and from US\$90.0 to US\$180.0 during the peak season from October to April. The gastronomical needs of the guests are well taken care of by the “Dwaryawaddy” restaurant and the “Kissapanadi” lounge both of which offer a relaxing environment to enjoy Burmese traditional food. Spa services are also provided to guests in a spa building with private rooms providing a wide range of treatments and therapies and massage techniques in both traditional specialized international styles. A sense of calm and well-being endures throughout the guests’ stay at the resort.

The town that Amata Resort (Ngapali Beach) is located in is Thandwe, a township and a major seaport located in the Rakhine state, the westernmost part of Myanmar. The district has a rough land area of 9,800 km<sup>2</sup> and five administrative wards. The main industry in the township is agriculture with majority of the land cultivated as rice plantations. Thandwe has a tropical monsoon climate with very warm temperature throughout the year. Winter dry season lasts from November to February, while summer wet season lasts from March to May. Torrential rain falls from June to October and the arrivals to the area and local settlements are heavily impacted by the monsoon season. Located 7 kilometres away from Thandwe city area, Ngapali Beach is the most prominent tourist destination in the township. Prime beachfront is located towards the south side of the stretch of Ngapali Beach, which is endowed with white sandy beaches and clear water.

#### *Amata Garden Resort (Bagan)*

Located 9.7 km from Nyaung-U Airport, and tucked snugly amidst 5.9 acres of beautifully landscaped gardens, Amata Garden Resort (Bagan) offers easy access to the famous Bagan temples, which are one of Myanmar’s main leisure attractions. The Resort has 122 elegantly designed Deluxe Rooms and offers a complete range of amenities to ensure the comforts of the modern world in an ancient land. Situated at both the top and the ground floor of the hotel, all private and spacious deluxe rooms offer a private balcony with an outdoor garden view. The Nibbana Spa provides services ranging from wellness massages to complete body therapies, embracing an authentic Myanmar traditional experience with contemporary flair. All day dining is available at the full-serviced restaurant, serving Continental, Asian and an array of Myanmar home-styled delicacies. At the pool-side bar with al-fresco seating, simple yet delectable menu with light bites, wines, liqueurs, cocktails, other beverages can be experienced while relaxing by the pool after a long day of sightseeing. The price per night ranges from US\$50.0 to US\$60.0 during the low season from May to September and from US\$65.0 to US\$110.0 during the peak season from October to April. As part of our expansion plans, the Board is considering adding another 60 rooms at Amata Garden Resort (Bagan) by the end of 2021.

#### *“My Bagan Residence” by Amata*

“My Bagan Residence” by Amata is located at No. 25, Block No.1, Yinminpaik (West), Thiripyitsayar Village, Nyaung U Township, Mandalay Division and covers an area of 0.918 acres. “My Bagan Residence” by Amata was established together with “Amata Boutique House, Bagan” which is a one-stop establishment in Bagan providing dining, shopping and spa services. “My Bagan Residence” by Amata is a 32 room hotel set in a garden compound with the ambience of a private home. The price per night ranges from US\$35.0 to US\$60.0 during the low season from May to September and from US\$65.0 to US\$80.0 during the peak season from October to April with room types ranging from Residence Superior, Residence Deluxe to Residence Premium. Together with Amata Garden Resort (Bagan), the Company’s portfolio accounts for 5.1% market share<sup>2</sup> of all available hotel rooms in Bagan Region.

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<sup>2</sup> “market share” is calculated based on the number of rooms in the Bagan region. According to Ministry of Hotel and Tourism Statistics 2018 report, there are 85 registered hotels with 3,019 rooms in Bagan Region

The facilities at “*Amata Boutique House, Bagan*” include fine dining at the “Irrawaddy”, bistro at “The Roasted Bean”, drinks and cocktails at “The City Bar”, spa and relaxation at “Blossom Spa” and shopping for gifts and souvenirs at “My Bagan”. Guests at the “Irrawaddy” fine dining restaurant are able to select from cuisines ranging from European, Chinese, Thai and Myanmar. In the evenings, guests would also be able to enjoy a dining experience in the garden coupled with our nightly cultural shows staged in front of rows of ancient spot-lit Bagan temples. The show includes the art of colourful marionettes, the graceful Bagan-era dances and the traditional Burmese orchestra playing Myanmar music without notes on gilded instruments. “The Roasted Bean” serves a wide variety of coffees including internationally renowned brands and local home-grown freshly roasted beans. On offer are also freshly baked pastries, pies, tart and cream cakes from our bakery as well as our delicious range of homemade ice creams and fresh fruit cocktails. The “City Bar” is a bar offering a wide selection of drinks of international premier labels and a variety of wines. Our bartenders prepare signature cocktails such as the “Irrawaddy Princess”, the “Oasis of Bagan”, “Toddy Tree”, and the “Four Warriors and Gladiator” which honours the Four Knights of 11th century Bagan. “Nibbana Spa” is a spa providing a range of services including traditional herbal and fruit rubs, organically scented oil massages, and aromatic facial treatments. There is also a Jacuzzi which guests can utilise.

The souvenir shop “My Bagan” carries a wide range of local handcrafted products such as jewellery, lacquer wares, wood carvings, basketry, silver and bronze figurines and boxes made from bamboo and palm leaf and Buddha images, hand woven cottons and silks and also musical instruments. These products are produced by orphanages and organisations working with the handicapped or under-privileged.

#### *Amata Garden Resort (Inle Lake)*

Amata Garden Resort (Inle Lake) is located at Inn Gyin Gone Village, Inle Lake, Nyaung Shwe Township, Shan State, Myanmar and covers an area of 17.48 acres. It is in Inle Lake, a freshwater highland in Shan State, which is the second largest lake in Myanmar and one of the major tourist attractions in Myanmar. Amata Garden Resort (Inle Lake) is located on the eastern bank of Inle Lake and is surrounded by the Shan hills.

Amata Garden Resort (Inle Lake) is easily accessible by air and it is one and a half hour’s drive from Heho Airport. Guests can also get to Amata Garden Resort (Inle Lake) via a 50 minute boat ride from Nyaung Shwe boat jetty. It is a 50 minutes’ drive from Heho airport to the Nyaung Shwe boat jetty.

Nyaung Shwe is the principal town of Nyaung Shwe Township of Taunggyi District in the Shan State of Myanmar. It is the tourist hub for visiting Inle Lake and is populated with small guest houses and bustling village life. The town serves as a main transport point for the numerous long boats carrying tourists into the lake. The town is located a few kilometres north through a river channel. Inle Lake is the second largest freshwater lake in Myanmar with an estimated lake area of 116 km<sup>2</sup>. The lake features floating villages which houses native lake dwellers and local handicraft shops. The most prominent pagoda in the area is the floating pagoda Phaung Daw Oo which attracts many locals during the festive season. While known as a leisure destination, there are limited tourism facilities available. The climate in Inle Lake can be described as monsoonal, with pleasant weather all year round but cold at night from December to February. Wet season lasts from May to October when heavy rain falls affect travel conditions and the lake can be unsuitable for tourist activities.

Amata Garden Resort (Inle Lake) currently has 189 rooms and accounts for about 5.8% market share<sup>3</sup> of all available hotel rooms located at Inle Lake.

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<sup>3</sup> “market share” is calculated based on the number of rooms at Inle Lake According to Myanmar Tourism Statistics 2017 report by Ministry of Hotel and Tourism, there are 102 registered hotels representing 3258 rooms in Nyaung Shwe



Amata Garden Resort (Inle Lake) is the only high-rise hotel with a 3-storey hotel offering 93 Royal Deluxe rooms, 60 Deluxe rooms, 14 Superior rooms and 2 Deluxe Suite rooms and 20 luxury “Amata” Villas with a restaurant, a bar, swimming pool with pool bar and a spa centre. Guest rooms feature, private balconies, individual air-conditioning, a working desk, coffee/tea facilities, satellite TV, mini bar, in-room safe, room service, laundry service, bath room with hot & cold shower, and nightly turndown service. The price per night ranges from US\$50.0 to US\$60.0 during the low season from May to September and from US\$65.0 to US\$110.0 during the peak season from October to April.

#### *“My Hpa-An Residence” by Amata*

“My Hpa-An Residence” by Amata is located at No. 5/6 Tawpon Village, Hpa-An Township, Kayin State, Myanmar. It is located at the base of the Zwe Ka Bin mountain and it is a popular destination for many city dwellers to escape the city life and spend a weekend with activities ranging from trekking along the natural caves, walking around the forest, hiking up the Zwe Ka Bin mountain or to explore the nearby town.

“My Hpa-An Residence” is in an exclusive location with limited airport connectivity. Most travellers opt to travel from Yangon and the trip takes about 6 hours by car or bus.

There are currently 20 villas, and we plan to add another 10 villas there by the next financial year. Private balconies are available in each of these villas which offer unparalleled panoramic views of the Zwe Ka Bin mountain and the surrounding forest. Our resort styled accommodations are a boutique translation of a traditional lodge and are adorned with wood panelling and afford exclusive privacy for each villa.

There is also a restaurant on the property that offers Asian cuisine ranging from Chinese, Thai and Myanmar dishes which are prepared with our unique ingredients lovingly prepared by our chefs.

#### *Hot air balloon service in Bagan, Mandalay, Inle Lake and Ngapali Beach*

The Group’s hot air balloon service is operated by Myanmar Ballooning Co. Ltd. and is one of the four hot air ballooning operators in Myanmar. Myanmar Ballooning Co. Ltd. operates 15 balloons of varying capacities which can carry up to 12 passengers. These balloons are built by Cameron Balloons Ltd. in the United Kingdom, the world’s largest hot air balloon manufacturer. Our pilots and technicians are European professionals who are qualified and registered in the United Kingdom.

The hot air balloon service operated by Myanmar Ballooning Co. Ltd. is a private charter service which includes pickup from the guests’ hotel. Light, pre-flight breakfast is provided to guests whilst the balloons are inflated and complimentary bottled water for each guest is provided in the basket of each hot air balloon. A safety briefing will be provided by the pilot prior to take-off by guests in our hot air balloons which have different carrying capacities and can carry 4, 6, 8 and 12 passengers. The prices for our hot air balloon differ from region to region and they range from US\$155.0 to US\$387.0 per person.

#### *New “Awinka” Brand*

We are currently discussing and implementing plans to grow the concept of a budget business hotel chain in Myanmar that would allow us to extend our reach to the growing number business travellers in the country through our new “Awinka” brand. These “Awinka” branded hotels will be set up in mid or smaller-sized cities or tourist destinations across Myanmar to cater to the budget leisure travellers as well as to the business travellers. See “**Part III. Issuer Information – Strengths / Strategies - Strategy - Focus on growing our business through selective resort and hotel investment**”.

### 3.2.3. SALES AND MARKETING

In terms of market positioning and brand building, we position ourselves as a premium hotel and tourism service provider in the Myanmar market. We aim to provide high quality hotel accommodation with unique hospitality service, as well as leisure and recreational experiences to our customers, while maintaining sustainable environmental and social practices. Currently our customers are mainly sophisticated explorers who are seeking new experiences and exposure to different cultures. Our target customer segment consists of middle to high income multi-generational travellers who value cultural heritage, sustainability and products and activities that showcase unique traditions. Our Group is well placed to capture the demand for the aforementioned travel experience in Myanmar.

As our hotels are situated in close proximity to major tourist attractions, it provides for various cross-selling opportunities. For example, guests at our hotels will receive promotional materials for our ballooning business as well as information about our sister hotels. This helps us to retain customers and maximize revenues throughout all businesses. In addition, we plan to adopt an integrated technology platform by the next calendar year that will enable us to seamlessly manage client relationships across our Group.

The majority of our hotel reservations are made through the major travel agencies in Myanmar and international online booking websites. There are different payment terms for each of our major travel agencies and international online booking websites. For the major travel agencies, we do allow for credit terms of up to a month but in most cases, we insist on full payment of hotel reservations 2 weeks before the guest's arrival. For the international online booking websites, payment is typically settled on a monthly basis. (Further information on the contracts with the major travel agencies in Myanmar can be found at "**Part III. Issuer Information – Description of Business - Material Contracts**")

The marketing activities of the Group are mainly conducted through word of mouth and guests' reviews on online travel sites, including TripAdvisor.

We also maintain a high standard of customer service to serve the needs and expectations of our clients. To ensure this high standard of customer service is maintained and is consistent throughout the Group, we carry out systematic training of our sales and marketing staff. Measures have also been put in place to garner feedback from our guests in the course of their trip or stay at our hotels to ensure their expectations are being met. If our guests bring up any issues from this feedback process, the appropriate steps or actions will be taken to address and mitigate any such issues. This feedback process entails either a questionnaire which guests can fill up or informal conversations with a member of the local management team at the various hotels.

### 3.2.4. COMPETITION

Due to the global outbreak of the Covid-19 pandemic, the global economy is faced with a sudden and unprecedented economic downturn which has resulted in large numbers of unemployment and restrictions on traffic, movement and operation of business in general. It is anticipated that such restrictions will remain in place for a sustained period of time, with the relaxation of such measures being dependent on the Covid-19 situation globally and also on the search for a proved vaccine and medication for Covid-19. The Covid-19 situation is likely to lead to a global recession and substantial reduction in discretionary spending (including for travel) especially in the short term. However, from the mid and long term perspective, the continuing liberalisation of the Myanmar economy and political transition into a democratic government will likely to lead to more local and foreign investors establishing hotel and resorts in strategic locations in various parts of Myanmar. At present, hotel and tourism sector in Myanmar is fragmented and there is no single dominant player that is solely operating and dedicated to conducting business in the sector.

In the hotel business, the companies face competition from domestic as well as international hoteliers. Some of the competitors may have more experience in undertaking hotel development or may be better placed to acquire land for new property development or more adept in managing and operating hotel assets. Most of the foreign hoteliers that have come in (or have announced they will) are in the form of franchise agreement and/or management contracts, including, but not limited to, Shangri-La, Kempinski, Pan Pacific, Novotel, Hilton, Best Western, Dusit International, Melia, Ibis, Belmond, Park Royal, Wyndham, Rosewood, Pullman, Peninsula, Okura, Centara, Lotte, Sedona, Chatrium, Savoy, The Strand etc. As at the Latest Practicable Date, most of these hoteliers operate only in Yangon, Nay Pyi Taw and/or Mandalay, not necessarily overlapping with our operational area; however, if they begin operation in the same area with ours, the competition is likely to further intensify.

The table below illustrates local hotel groups that operate in the similar locations and target customer segment that have more than 3 hotels under their portfolio.<sup>4</sup> While there is emerging competition, the Group still enjoys a first-mover advantage with its track record of operations, and proven management. With the opportunity to establish itself as a high quality accommodation and develop its brand name before any other major competitors set up operations in the same area, it is a strategic advantage that the Group enjoys. By securing prime locations that are unique, we are also able to attract tourists intending to explore and visit the surrounding area and attractions. Our many awards are testament to our impeccable service and achievement over the years.

<b>Company</b>	<b>Location</b>	<b>Hotel Class</b>
Amata	Bagan, Ngapali, Inle, and Hpa An	4 star (Amata) 3 star (Awinka)
Htoo Hospitality	Yangon, Putao, Bagan, Inle, Nay Pyi Taw, Ngapali, Ngwe Saung, Popa, Myeik, Patheingyi and Pyin Oo Lwin	3, 4, and 5 stars
KMA Hotels Group	Bagan, Taungoo, Nay Pyi Taw, Inle, Bago, Than Daung and Shwe Pyi	3 and 4 stars
Amazing Hotels Group	Ngapali, Bagan, Chaung Tha, Mandalay, Nyaung Shwe, Inle, Taungoo and Kyaing Tong	3 and 4 stars
Memories Group	Yangon, Mergui Archipelago, Mawlamyaing, Loikaw, and Hpa-an	3, 4 and 5 stars
Max Hotel Group	Yangon, Ngwe Saung, Inle, and Nay Pyi Taw	3, 4 and 5 stars

As mentioned earlier, we will also be expanding into a new “Awinka” branded hotel concept which will be set up in mid or smaller-sized cities or tourist destinations across Myanmar to cater to the budget leisure travellers as well as to the business travellers. There is a significant lack of boutique hospitality facilities in these cities and as such, we are not expecting immediate or significant direct competition when entering this new business segment as local knowledge is required to operate in these areas and it is also challenging for incoming players to source land in these areas.

On the Oriental Ballooning Service provided by MB, one of our subsidiaries, there are currently three other hot-air balloon operators in the Bagan region (“Balloon over Bagan” by Memories Group Ltd, “STT Ballooning” by Shin Than Thu Public Company Limited, and “Golden Eagle Ballooning” by Golden Express Tours Ltd) and another hot-air balloon operator in the Inle Lake region (“Balloon over Inle” by Memories Group Ltd)

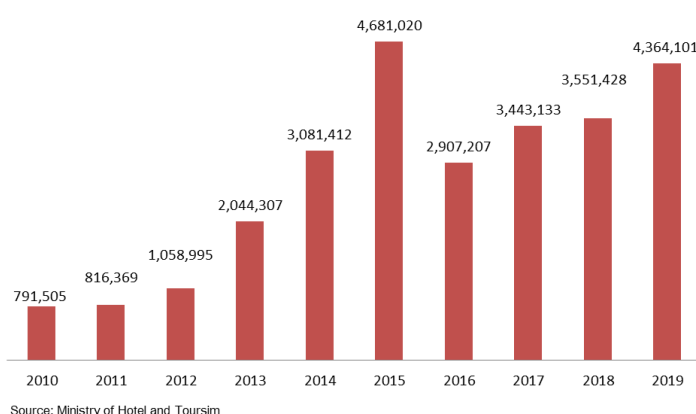
We are the sole hot-air balloon operator in Mandalay and Ngapali. There is however a significant entry barrier to new hot-air balloon operator business in Myanmar as the hot-air balloon operation business requires various licenses and permits that are subject to the regulatory oversight of various governmental departments and

<sup>4</sup> Based on information contained in the respective hotel company website as at the Latest Practicable Date.

ministries. For example, there is a restriction on the numbers of balloons in operation in Bagan at any one time. As at the Latest Practicable Date, the local authorities have authorised a maximum of 31 balloons operating in Bagan at any one time.

In summary, the hospitality and leisure sector is highly competitive; however, it also experiences a high rate of growth which makes it conducive for investment and expansion. According to Ministry of Hotels and Tourism, annual number of international visitors to Myanmar in the past 10 years is indicated as the below chart.

Number of International Visitors to Myanmar



Top 10 increase in Int'l tourist arrivals (2019)

1 Myanmar	40.2%
2 Puerto Rico	31.2%
3 Iran	27.9%
4 Uzbekistan	27.3%
5 Montenegro	21.4%
6 Egypt	21.1%
7 Vietnam	16.2%
8 Philippines	15.1%
9 Maldives	14.9%
10 Bahamas	14.6%

(Source: UNWTO)

In addition, according to United Nations World Tourism Organization (UNWTO), international tourist arrivals (defined as “overnight visitors”) worldwide grew 4% in 2019 to 1,500 million and Myanmar was named as the fastest-growing travel destination of the year in tourism (see the above table). Due to the spread of Covid-19, the recent upward momentum in 2019 gets inevitably slowed, and recovery would be gradual in the short term. However, from the mid to long term perspective, we believe Myanmar’s potential as one of the top growing tourist destinations, is enormous. In fact, an internationally well-recognized business magazine, Forbes, cites Myanmar as one of the “Rising Stars in Travel” to become major tourist destinations in a post-Covid world (**source:** Forbes.com (uploaded on 31st May 2020)). We believe we have the capability to leverage off the anticipated growth in the global travel industry once the Covid-19 pandemic has been curtailed and our Board is of the view that we can remain to be effectively competitive in the sector. For details, see “**Part III. Issuer Information - Management’s Discussion and Analysis**” as well.

### 3.2.5. MATERIAL CONTRACTS

Date	Parties	General Nature of Contract	Salient Terms and Conditions	Amount of Consideration
22 October 2016  (Please also see the section below titled “IFC Credit Facility” for more information)	United International Group Limited, U Win Aung, Daw Nay Myat Thu Aung, and IFC	Convertible Facility Agreement for a loan up to eleven million five hundred thousand US Dollars (\$11,500,000) (separated into	UIG has agreed to several covenants in the IFC Credit Facility (e.g. allowing IFC access to the business premises of the UIG, compliance with environmental requirements, annual monitoring requirements, holding the required insurances, other	Loan for an amount up to eleven million five hundred thousand US Dollars (\$11,500,000) (separated into two tranches). Repayment to be

Date	Parties	General Nature of Contract	Salient Terms and Conditions	Amount of Consideration
		<p>two tranches) to provide UIG with funding to construct the New Amata Inle Resort and the New Amata Bagan Resort. Amata.</p>	<p>monitoring and reporting requirements, and application of the proceeds of the loan).</p> <p>Amongst others, UIG also covenants to IFC that it will enter into land lease agreements with AIC in relation to the (i) Inle Conservation Land (when the relevant authorisations by the Ministry of Natural Resources and Environmental Conservation and the Myanmar Investment Commission have been issued), (ii) Ngapali Agricultural Land (after its conversion to allow such land to be used for another purpose), and (iii) the Ngapali Mortgaged Land (when the existing mortgage irrevocably and unconditionally released and discharged).</p> <p>UIG also covenants to IFC that it shall not, inter alia, otherwise than permitted under the IFC Credit Facility, declare or pay any restricted payments; incur any expenditure for fixed or other non-current assets; incur further financial debt; provide guarantees; create any liens; enter in any transactions; enter into sale and leaseback plans; undertake a merger, consolidation or reorganisation; dispose or sell a substantial part of the assets; or engage in any sanctionable practices.</p> <p>IFC has on 19 June 2018 as per UIG's request in connection with the Previous Offering which involves amongst others, a</p>	<p>made based on milestones in the Convertible Facility Agreement with fixed and variable interest on the loan amount</p>

Date	Parties	General Nature of Contract	Salient Terms and Conditions	Amount of Consideration
			restructuring of UIG to be a subsidiary of the Company, agreed to waive UIG's compliance with certain provisions of the IFC Credit Facility, including the covenant not to undertake a merger, consolidation or reorganisation, conditional upon all legal documents being amended as required and the new share pledges being entered and perfected by the earlier of (i) 3 months following the date of waiver on 19 June 2018 and (ii) the Previous Offering.	
4 April 2020	EPG Travels & Tour Co., Ltd. and Myanmar Ballooning Co., Ltd.	Contract Rate Agreement for the Oriental Ballooning Service	Sets out the contract rates (rates for year 2020 to 2021) for the Oriental Ballooning Service which the Group is offering to EPG Travels & Tour Co., Ltd. and the terms and conditions relating thereto (which includes the private charter and premium service, reservation and confirmation policy, cancellation and no show policy and payment terms).	N/A (Payments are made as and when EPG Travels & Tour Co., Ltd. makes a reservation request)
27 June 2020 April 2019	E-asia Travel Co., Ltd. and Myanmar Ballooning Co., Ltd.	Contract Rate Agreement for the Oriental Ballooning Service	Sets out the contract rates (rates for year 2020 to 2021) for the Oriental Ballooning Service which the Group is offering to E-asia Travel Co., Ltd. and the terms and conditions relating thereto (which includes the private charter and premium service, reservation and confirmation policy,	N/A (Payments are made as and when E-asia Travel Co., Ltd. makes a reservation request)

<b>Date</b>	<b>Parties</b>	<b>General Nature of Contract</b>	<b>Salient Terms and Conditions</b>	<b>Amount of Consideration</b>
			cancellation and no show policy and payment terms).	
4 April 2020	EXO Travel Myanmar Co., Ltd. and Myanmar Ballooning Co., Ltd.	Contract Rate Agreement for the Oriental Ballooning Service	Sets out the contract rates (rates for year 2020 to 2021) for the Oriental Ballooning Service which the Group is offering to EXO Travel Myanmar Co., Ltd. and the terms and conditions relating thereto (which includes the private charter and premium service, reservation and confirmation policy, cancellation and no show policy and payment terms).	N/A (Payments are made as and when EXO Travel Myanmar Co., Ltd. makes a reservation request)
9 April 2020	Tour Mandalay Co., Ltd. and Myanmar Ballooning Co., Ltd.	Contract Rate Agreement for the Oriental Ballooning Service	Sets out the contract rates (rates for year 2020 to 2021) for the Oriental Ballooning Service which the Group is offering to Tour Mandalay Co., Ltd. and the terms and conditions relating thereto (which includes the private charter and premium service, reservation and confirmation policy, cancellation and no show policy and payment terms).	N/A (Payments are made as and when Tour Mandalay Co., Ltd. makes a reservation request)
7 February 2020	E-asia Travel Co., Ltd. and United International Group Limited	Contract Rate Agreement for the hotel services	Sets out the contract rates (rates for year 2020 to 2021) for the hotel services which the Group is offering to E-asia Travel Co., Ltd. and the terms and conditions relating thereto (which includes the reservation and confirmation policy, complimentary policy,	N/A (Payments are made as and when E-asia Travel Co., Ltd. makes a reservation request)

<b>Date</b>	<b>Parties</b>	<b>General Nature of Contract</b>	<b>Salient Terms and Conditions</b>	<b>Amount of Consideration</b>
			cancellation and no show policy, and payment terms).	
20 March 2020	EPG Travels & Tour Co., Ltd. and United International Group Limited	Contract Rate Agreement for the hotel services	Sets out the contract rates (rates for year 2020 to 2021) for the hotel services which the Group is offering to EPG Travels & Tour Co., Ltd. and the terms and conditions relating thereto (which includes the reservation and confirmation policy, complimentary policy, cancellation and no show policy, and payment terms).	N/A (Payments are made as and when EPG Travels & Tour Co., Ltd. makes a reservation request)
4 February 2020	EXO Travel Myanmar Co., Ltd. and United International Group Limited	Contract Rate Agreement for the hotel services	Sets out the contract rates (rates for year 2020 to 2021) for the hotel services which the Group is offering to EXO Travel Myanmar Co., Ltd. and the terms and conditions relating thereto (which includes the reservation and confirmation policy, complimentary policy, cancellation and no show policy, and payment terms).	N/A (Payments are made as and when EXO Travel Myanmar Co., Ltd. makes a reservation request)
16 March 2020	Tour Mandalay Co., Ltd. and United International Group Limited	Contract Rate Agreement for the hotel services	Sets out the contract rates (rates for year 2020 to 2021) for the hotel services which the Group is offering to Tour Mandalay Co., Ltd. and the terms and conditions relating thereto (which includes the reservation and confirmation policy, complimentary policy, cancellation and no show policy, and payment terms).	N/A (Payments are made as and when Tour Mandalay Co., Ltd. makes a reservation request)



<b>Date</b>	<b>Parties</b>	<b>General Nature of Contract</b>	<b>Salient Terms and Conditions</b>	<b>Amount of Consideration</b>
4 April 2020	Myanmar Voyages International Tourism Company Limited and Myanmar Ballooning Co., Ltd.	Contract Rate Agreement for the Oriental Ballooning Service	Sets out the contract rates (rates for year 2020 to 2021) for the Oriental Ballooning Service which the Group is offering to Myanmar Voyages International Tourism Company Limited and the terms and conditions relating thereto (which includes the private charter and premium service, reservation and confirmation policy, cancellation and no show policy and payment terms).	N/A (Payments are made as and when Myanmar Voyages International Tourism Company Limited makes a reservation request)
4 April 2020	Myanmar Voyages International Tourism Company Limited and United International Group Limited	Contract Rate Agreement for the hotel services	Sets out the contract rates (rates for year 2020 to 2021) for the hotel services which the Group is offering to Myanmar Voyages International Tourism Company Limited and the terms and conditions relating thereto (which includes the reservation and confirmation policy, complimentary policy, cancellation and no show policy, and payment terms).	N/A (Payments are made as and when Myanmar Voyages International Tourism Company Limited makes a reservation request)
21 February 2020	Myanmar Kipling Tour Limited and United International Group Limited	Contract Rate Agreement for the hotel services	Sets out the contract rates (rates for year 2020 to 2021) for the hotel services which the Group is offering to Myanmar Kipling Tour Limited and the terms and conditions relating thereto (which includes the reservation and confirmation policy, complimentary policy, cancellation and no show	N/A (Payments are made as and when Myanmar Kipling Tour Limited makes a reservation request)

Date	Parties	General Nature of Contract	Salient Terms and Conditions	Amount of Consideration
			policy, and payment terms).	
4 April 2020	Myanmar Kipling Tour Limited and Myanmar Ballooning Co., Ltd.	Contract Rate Agreement for the Oriental Ballooning Service	Sets out the contract rates (rates for year 2020 to 2021) for the Oriental Ballooning Service which the Group is offering to Myanmar Kipling Tour Limited and the terms and conditions relating thereto (which includes the private charter and premium service, reservation and confirmation policy, cancellation and no show policy and payment terms).	N/A (Payments are made as and when Myanmar Kipling Tour Limited makes a reservation request)

#### IFC Credit Facility

The IFC Credit Facility granted to UIG comprises an amount of up to US\$11.5 million with the first tranche of US\$8.5 million and the second tranche of up to US\$3.0 million. UIG has drawn down on the first tranche of the IFC Credit Facility amounting to US\$8.5 million on 21 April 2017. Of the second tranche, reduced to US\$3.0 million pursuant to the “*Second Tranche Commitment Notice*” from IFC dated 18 January 2018, the first disbursement of US\$2.2 million has been drawn down on 2 February 2018 and the remainder of US\$0.8 million was cancelled.

On the interest payable under the IFC Credit Facility, it depends on whether UIG has opted for either a fixed rate disbursement or a variable rate disbursement when requesting for a drawdown under the IFC Credit Facility from IFC.

In the case of a fixed rate disbursement, UIG will in the disbursement limit order notice to IFC, set out the highest acceptable fixed base interest rate that UIG is willing to pay. Thereafter, IFC will use reasonable efforts to determine a fixed base interest rate payable based on the amortization schedule of that drawdown under the IFC Credit Facility, which does not exceed the highest acceptable fixed base interest rate set by UIG. If however the IFC is not able set a fixed base interest rate that does not exceed the highest acceptable fixed base interest rate set by UIG, IFC will inform UIG of the same and UIG will be entitled to deliver one or more subsequent drawdown notice, each specifying an alternative fixed base interest rate.

In the case of a variable rate disbursement, the variable interest rate payable shall be the sum of (i) 6.5% per annum, plus (ii) 1.0% per annum for any interest period beginning at any time after UIG’s EBITDA in any financial year, determined by reference to the financial statements for that financial year, exceeds US\$2.5 million, plus (iii) LIBOR.

In the case of the first tranche of the IFC Credit Facility amounting to US\$8.5 million, UIG had requested for a variable rate disbursement and the interest payable would be as set out in the preceding paragraph. In the case of the second tranche of the IFC Credit Facility amounting to US\$2.2 million, UIG had requested for a variable rate disbursement and the interest payable would be as set out in the preceding paragraph.

Initially, the conditions relating to the repayment of the loan under the IFC Credit Facility are such that UIG shall repay each of the first tranche and second tranche, in addition to either the fixed base interest rate or variable rate interest rate (as the case may be) on the following interest payment dates and in the following respective amounts:

<b>Interest Payment Date</b>	<b>Principal Amount due for the First Tranche (US\$)</b>	<b>Principal Amount due for the Second Tranche (US\$)</b>	<b>Maximum Principal Amount Due (US\$)</b>
December 15, 2019	255,000	180,000	435,000
June 15, 2020	255,000	180,000	435,000
December 15, 2020	425,000	180,000	605,000
June 15, 2021	425,000	180,000	605,000
December 15, 2021	637,500	180,000	817,500
June 15, 2022	637,500	180,000	817,500
December 15, 2022	637,500	180,000	817,500
June 15, 2023	637,500	195,000	832,500
December 15, 2023	637,500	195,000	832,500
June 15, 2024	637,500	225,000	862,500
December 15, 2024	637,500	225,000	862,500
June 15, 2025	637,500	225,000	862,500
December 15, 2025	637,500	225,000	862,500
June 15, 2026	637,500	225,000	862,500
December 15, 2026	765,000	225,000	990,000
<b>Total</b>	<b>8,500,000</b>	<b>3,000,000</b>	<b>11,500,000</b>

IFC has on 20 February 2020 as per UIG's request to reschedule two principal payments of the loan due on December 15, 2019 and June 15, 2020, entered into a Deed of Amendment to the IFC Credit Facility, with UIG, U Win Aung and Daw Nay Myat Thu Aung, to amend the conditions relating to the repayment of the loan under the IFC Credit Facility such that UIG shall repay each of the first tranche and second tranche, in addition to either the fixed base interest rate or variable rate interest rate (as the case may be) on the following interest payment dates and in the following respective amounts:

<b>Interest Payment Date</b>	<b>Amount of principal due for both Tranches before rescheduling</b>	<b>Amount of principal due for both Tranches after rescheduling</b>
Dec 15, 2019	387,000	0
Jun 15, 2020	387,000	0
Dec 15, 2020	557,000	387,000
Jun 15, 2021	557,000	387,000
Dec 15, 2021	769,500	557,000

Jun 15, 2022	769,500	557,000
Dec 15, 2022	769,500	769,500
Jun 15, 2023	780,500	769,500
Dec 15, 2023	780,500	769,500
Jun 15, 2024	802,500	780,500
Dec 15, 2024	802,500	780,500
Jun 15, 2025	802,500	802,500
Dec 15, 2025	802,500	802,500
Jun 15, 2026	802,500	1,668,750
Dec 15, 2026	930,000	1,668,750
<b>Total</b>	<b>10,700,000</b>	<b>10,700,000</b>

Both U Win Aung and Daw Nay Myat Thu Aung (“**Sponsors**”), as Sponsors under the IFC Credit Facility had also agreed to provide IFC with certain undertakings (“**Sponsors Undertakings**”) in consideration of IFC agreeing to reschedule two principal payments of the loan due on December 15, 2019 and June 15, 2020. The Sponsors Undertaking include, *inter alia*, the following:

- The Sponsors undertake that they shall use best efforts to raise funds before December 1, 2020, by way of sale of certain assets of the Sponsors, and/or infusion of new equity by the Sponsors into UIG, with the sale or subscription proceeds to be used to finance the prepayment of the loan by UIG in accordance with the terms of the Deed of Amendment;
- The Sponsors undertake that they will ensure that all steps are taken as required under applicable law to ensure that all security over the assets of UIG and the Sponsors that secures the liabilities due to IFC under the IFC Credit Facility is maintained and perfected.

In addition, under the IFC Credit Facility, IFC is granted a conversion option (“**CO**”) in which IFC is entitled to convert all or part of an amount equal to any part of the loan, up to an aggregate of US\$2.0 million (the “**Conversion Amount**”), into either shares of UIG or any corporate entity (the “**Parent Entity**”) controlled by U Win Aung and Daw Nay Myat Thu Aung from time to time that holds over 50% of the shares of UIG (such corporate entity also includes the Company) (the “**Conversion Shares**”), during a period commencing on the date of occurrence of a Liquidity Event (as defined below) and terminating on the date falling 90 days after such date. Liquidity Event means each of the following events: (i) more than 10% of the issued share capital of UIG or Parent Entity is first owned by persons other than U Win Aung and Daw Nay Myat Thu Aung or their affiliates, including, without limitation, following any trade sale or initial public offering of the shares of UIG (ii) any trade sale or public offering of the shares of UIG thereafter.

The number of Conversion Shares (“**Y**”) issued to IFC shall comprise such percentage of Shares (“**X**”) in the Company (after taking into account the Shares to be issued to IFC), as is equal to the following,

where “**X**” = (Conversion Amount x 100) / (summation of Conversion Valuation and Conversion Amount)

where “Conversion Valuation” is the investment valuation of UIG multiplied by the relevant discount rate which is zero point eight (0.8) if the relevant liquidity event occurs within 3 years after the date of the first tranche disbursement (i.e. 21 April 2017) and zero point seven (0.7) if the relevant liquidity event occurs at any time thereafter

$$X = (Y \times 100) / (\text{summation of } Y \text{ and the total number of Shares in the Company prior to the date of the conversion notice issued in exercise of the CO})$$

On the covenants provided by UIG to IFC, we would like to highlight certain financial ratios which UIG is subject to. After taking into account the amount of any disbursements under the IFC Credit Facility to UIG and any other financial debt incurred by UIG and of any amounts of tangible net worth paid into UIG after the date of the latest financial statement of UIG delivered to IFC pursuant to the IFC Credit Facility, maintain at the following times the following ratios:

- (i) at all times, a prospective debt service coverage ratio of not less than one (1.0);
- (ii) at all times, an adjusted tangible net worth (being the summation of the tangible net worth of UIG and financial debt incurred under any loan agreement between either U Win Aung or Daw Nay Myat Thu Aung and UIG) of not less than US\$5.0 million; and
- (iii) at all times after the project completion date of the project consisting of the construction of the remaining 55 rooms of the new Amata Inle Resort and the remaining 72 rooms of the new Amata Bagan Resort, and all associated facilities, a financial debt to EBITDA ratio of not more than five (5.0).

In addition, UIG shall not incur or maintain any financial debt other than:

- (i) the loan under the IFC Credit Facility;
- (ii) financial debt incurred under any (A) loan agreement between either U Win Aung or Daw Nay Myat Thu Aung and UIG or (B) loan agreement between an affiliate of either U Win Aung or Daw Nay Myat Thu Aung and UIG, provided such financial debt is at all times subordinated to the loan under the IFC Credit Facility pursuant to the subordination deed of the IFC Credit Facility; and
- (iii) financial debt of UIG incurred for working capital purposes up to an aggregate outstanding amount not exceeding US\$250,000 at any time.

The Board is of the view that the covenants under the IFC Credit Facility do not adversely affect the Group’s financial condition.

Initially, to secure the obligations and liabilities of UIG under the IFC Credit Facility, the Group had provided certain security to IFC which included the following:

- (i) an exclusive fixed and floating charge entered into by Kanbawza Bank Limited, as onshore security agent and chargee, and UIG as chargor, in which (A) UIG charges and hypothecates by way of a first fixed charge in favour of Kanbawza Bank Limited (as onshore security agent on behalf of IFC), all of the rights which UIG has in fixed assets including any land leases, investments, key contracts, bank accounts, intellectual property, insurance, book debts, uncalled capital, engines, machinery, apparatus, tools, motor trucks, lorries and cars, furniture and other stocks and goods of UIG (including stock-in-trade and inventory), whether in possession or in transit or in process of manufacture and (B) UIG charges by way of first floating charge, all of UIG’s undertakings and all its present and future assets other than the assets as set out above at (A);

- (ii) an exclusive charge by way of share pledge entered into among Kanbawza Bank Limited, as onshore security agent and pledgee, U Win Aung and Daw Nay Myat Thu Aung, as pledgor (as at the Latest Practicable Date, U Win Aung and Daw Nay Myat Thu Aung own 100% of the shares in UIG), in which U Win Aung and Daw Nay Myat Thu Aung (A) pledges and charges to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) on first priority charge basis all of its shares in UIG both present and future and pledges the share certificates representing the shares they hold in UIG and (B) pledges, charges and agrees to pledge and charge to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) all shares, allotments, rights, or moneys accruing or offered by way of redemption, bonus, preference, option, dividend or other distribution or otherwise paid or payable or accruing as at or after the date hereof and all other rights, title, interests, benefits, advantages, voting rights or consensual rights offered or arising as at or after the date of the share pledge, in respect of all or any of the shares held by U Win Aung and Daw Nay Myat Thu Aung in UIG;
- (iii) an exclusive charge by way of share pledge entered into among Kanbawza Bank Limited, as onshore security agent and pledgee, U Win Aung and Daw Nay Myat Thu Aung, as pledgor (as at the Latest Practicable Date, U Win Aung and Daw Nay Myat Thu Aung own 100% of the shares in AIC), in which U Win Aung and Daw Nay Myat Thu Aung (A) pledges and charges to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) on first priority charge basis all of its shares in AIC both present and future and pledges the share certificates representing the shares they hold in AIC and (B) pledges, charges and agrees to pledge and charge to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) all shares, allotments, rights, or moneys accruing or offered by way of redemption, bonus, preference, option, dividend or other distribution or otherwise paid or payable or accruing as at or after the date hereof and all other rights, title, interests, benefits, advantages, voting rights or consensual rights offered or arising as at or after the date of the share pledge, in respect of all or any of the shares held by U Win Aung and Daw Nay Myat Thu Aung in AIC;
- (iv) an exclusive charge by way of share pledge entered into among Kanbawza Bank Limited, as onshore security agent and pledgee, U Win Aung as pledgor (as at the Latest Practicable Date, U Win Aung owns 51% of the shares in Myanmar Ballooning Co., Ltd.), in which U Win Aung (A) pledges and charges to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) on first priority charge basis all of its shares in Myanmar Ballooning Co., Ltd. (which amount to 51% of the shares in Myanmar Ballooning Co., Ltd.) both present and future and pledges the share certificates representing the shares he holds in Myanmar Ballooning Co., Ltd. and (B) pledges, charges and agrees to pledge and charge to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) all shares, allotments, rights, or moneys accruing or offered by way of redemption, bonus, preference, option, dividend or other distribution or otherwise paid or payable or accruing as at or after the date hereof and all other rights, title, interests, benefits, advantages, voting rights or consensual rights offered or arising as at or after the date of the share pledge, in respect of all or any of the shares held by U Win Aung in Myanmar Ballooning Co., Ltd.;
- (v) an exclusive first ranking equitable mortgage by way of deposit of title deeds (“**Title Deeds**”) over certain land plots (please refer to the section on “**Part III. Issuer Information – Properties, Plant and Equipment**” for more information on the land plots which are subject to the equitable mortgage) in which the Title Deeds are constructively delivered to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) who shall receive, hold and retain the Title Deeds in order to secure the due repayment and all obligations and liabilities of UIG under the IFC Credit Facility.

IFC has on 19 June 2018 as per UIG’s request in connection with the Previous Offering which involves amongst others, a restructuring of UIG to be a subsidiary of the Company, agreed to waive UIG’s compliance with certain provisions of the IFC Credit Facility, including the release and discharge of the share pledges as listed above at

paragraph (ii) and (iv) (the “**Previous Share Pledges**”), conditional upon all legal documents being amended as required and the new share pledges being entered and perfected by the earlier of (i) 3 months following the date of waiver on 19 June 2018 and (ii) the Previous Offering. Pursuant to the waiver granted by the IFC on 19 June 2018, the new share pledges provided by the Group are as follows:

- (i) an exclusive charge by way of share pledge entered into among Kanbawza Bank Limited, as onshore security agent and pledgee, the Company and U Win Aung, as pledgor (as at the date of the Disclosure Document, the Company and U Win Aung own 100% of the shares in UIG), in which the Company and U Win Aung (A) pledges and charges to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) on first priority charge basis all of its shares in UIG both present and future and pledges the share certificates representing the shares they hold in UIG and (B) pledges, charges and agrees to pledge and charge to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) all shares, allotments, rights, or moneys accruing or offered by way of redemption, bonus, preference, option, dividend or other distribution or otherwise paid or payable or accruing as at or after the date hereof and all other rights, title, interests, benefits, advantages, voting rights or consensual rights offered or arising as at or after the date of the share pledge, in respect of all or any of the shares held by the Company and U Win Aung in UIG;
- (ii) an exclusive charge by way of share pledge entered into among Kanbawza Bank Limited, as onshore security agent and pledgee, the Company as pledgor (as at the date of the Disclosure Document, the Company owns 51% of the shares in Myanmar Ballooning Co., Ltd.), in which the Company (A) pledges and charges to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) on first priority charge basis all of its shares in Myanmar Ballooning Co., Ltd. (which amount to 51% of the shares in Myanmar Ballooning Co., Ltd.) both present and future and pledges the share certificates representing the shares it holds in Myanmar Ballooning Co., Ltd. and (B) pledges, charges and agrees to pledge and charge to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) all shares, allotments, rights, or moneys accruing or offered by way of redemption, bonus, preference, option, dividend or other distribution or otherwise paid or payable or accruing as at or after the date hereof and all other rights, title, interests, benefits, advantages, voting rights or consensual rights offered or arising as at or after the date of the share pledge, in respect of all or any of the shares held by the Company in Myanmar Ballooning Co., Ltd.;
- (iii) an exclusive charge by way of share pledge entered into among Kanbawza Bank Limited, as onshore security agent and pledgee, AIC, U Win Aung and Daw Nay Myat Thu Aung, as pledgor (as at the date of the Disclosure Document, AIC, U Win Aung and Daw Nay Myat Thu Aung own 83.1% of the shares in the Company), in which AIC, U Win Aung and Daw Nay Myat Thu Aung (A) pledges and charges to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) on first priority charge basis all of its shares in the Company (“**Pledged Shares**”) both present and future and pledges the share certificates representing the shares they hold in the Company and (B) pledges, charges and agrees to pledge and charge to Kanbawza Bank Limited (as onshore security agent on behalf of IFC) all shares, allotments, rights, or moneys accruing or offered by way of redemption, bonus, preference, option, dividend or other distribution or otherwise paid or payable or accruing as at or after the date hereof and all other rights, title, interests, benefits, advantages, voting rights or consensual rights offered or arising as at or after the date of the share pledge, in respect of all or any of the shares held by AIC, U Win Aung and Daw Nay Myat Thu Aung in the Company, which shall represent 60% or more of the share capital of the Company at, and at all times after the Previous Offering.

The above share pledges are to be created no later than 3 months after the release of the Previous Share Pledges and in any case, prior to the Previous Offering. Failure to perfect the above share pledges will constitute an event of default under the IFC Credit Facility.

### 3.2.6. PROPERTIES, PLANT AND EQUIPMENT

The below table sets out the various material properties which the Group either has leased or has the right to use, in relation to the Business, as at the Latest Practicable Date.

Location	Lease Term	Approximate Area	Use of Property	Lessor	Lessee
Plot No. 1, Holding No. 25, Yin Minn Paik (West) New Bagan Town, Thiripyissaya Ward, Nyaung-Oo Township, Nyaung-Oo District, Mandalay Region	15 years from 27 February 2017	0.918 Acres	"My Bagan Residence" by Amata	U Win Aung <sup>1, 15</sup>	UIG <sup>12</sup>
Holding No. 153, 161 and 162/1, Block No. 207, Mya Pyin Gwin, Mya Pyin Village-Tract, Ngapali Township, Thandwe District, Rakhine State	15 years from 17 February 2017	0.22 Acres (0.05+0.05+0.12)	Amata Resort (Ngapali Beach)	AIC <sup>2, 15</sup>	UIG <sup>12</sup>
Holding No. 158/1 and 159/2, Block No. 207, Mya Pyin Gwin, Mya Pyin Village-Tract, Ngapali Township, Thandwe District, Rakhine State	15 years from 17 February 2017	0.11 Acres (0.02 + 0.09)	Amata Resort (Ngapali Beach)	AIC <sup>3, 15</sup>	UIG <sup>12</sup>
Survey No. 155/251, Block No. 207, Mya Pyin Gwin, Mya Pyin Village-Tract, Ngapali Township, Thandwe District, Rakhine	15 years from 17 February 2017	0.04 Acres	Amata Resort (Ngapali Beach)	AIC <sup>4, 15</sup>	UIG <sup>12</sup>
Survey No. 146/252, Block No. 207, Mya Pyin Gwin, Mya Pyin Village-Trac, Ngapali Township, Thandwe District, Rakhine	15 years from 17 February 2017	0.05 Acres	Amata Resort (Ngapali Beach)	AIC <sup>5, 15</sup>	UIG <sup>12</sup>
Survey No. 157/249, Block No. 207, Mya Pyin Gwin, Mya Pyin Village-Trac, Ngapali Township, Thandwe District, Rakhine	15 years from 17 February 2017	0.08 Acres	Amata Resort (Ngapali Beach)	AIC <sup>6, 15</sup>	UIG <sup>12</sup>
Survey No. 61/254, Block No. 207, Mya	15 years from 17	0.15 Acres	Amata Resort	AIC <sup>7, 15</sup>	UIG <sup>12</sup>



Pyin Gwin, Mya Pyin Village-Trac, Ngapali Township, Thandwe District, Rakhine	February 2017		(Ngapali Beach)		
Survey No. 154/253, Block No. 207, Mya Pyin Gwin, Mya Pyin Village-Trac, Ngapali Township, Thandwe District, Rakhine	15 years from 17 February 2017	0.26 Acres	Amata Resort (Ngapali Beach)	AIC <sup>8, 15</sup>	UIG <sup>12</sup>
Survey No.156/250, Block No. 207, Mya Pyin Gwin, Mya Pyin Village-Trac, Ngapali Township, Thandwe District, Rakhine	15 years from 17 February 2017	0.57 Acres	Amata Resort (Ngapali Beach)	AIC <sup>9, 15</sup>	UIG <sup>12</sup>
Plot No. 9, Survey No.97, Thamotdarit Quarter, Bagan, Nyaung Oo District, Mandalay Division	15 years from 27 February 2017	0.161 Acres	Amata Garden Resort (Bagan)	U Win Aung <sup>10, 15</sup>	UIG <sup>12</sup>
Rakhine State, Thandwe District, Ngapali Town, Mya Pyin Village-Tract, Lot No – in block No.207/Mya Pyin Field, Holding No. 216/217, Holding No. 156, 157/2, Holding No. 62/1, Holding No. 53/1.	15 years from 29 September 2017	1.07 Acres	Amata Resort (Ngapali Beach)	U Win Aung <sup>11, 15</sup>	UIG
17.48 acres at west of Nyaung Shwe, Nant Pan Vehicle Road, Tha-Leh-Oo Village, Inle Lake Wildlife Sanctuary	50 years (with option for two extensions of 10 years each) from 21 November 2014	17.48 Acres	Amata Garden Resort (Inle Lake)	Forestry Department, Ministry of Environmental Conservation and Forestry	UIG
Plot No.1544, Survey No.7/7, Thahtay Kan, New Bagan, Nyaung Oo District, Mandalay Division	27 February 2017 to 9 October 2027	1.55 Acres	Amata Garden Resort (Bagan)	U Win Aung <sup>13</sup>	UIG
Plot No.1544, Survey No.7/6, Thahtay Kan, New Bagan, Nyaung Oo District, Mandalay Division	27 February 2017 to 9 October 2027	5.00 Acres	Amata Garden Resort (Bagan)	U Win Aung <sup>14</sup>	UIG

**Note:**

1. U Win Aung has a lease of town land from the Union Government for 30 years from 27 March 2007
2. AIC is stated to be land owner on the Form 105 and Form 106 dated 16 January 2017
3. AIC is stated to be land owner on the Form 105 and Form 106 dated 16 January 2017
4. AIC has a lease of town land from the Union Government for 30 years from 28 March 2016
5. AIC has a lease of town land from the Union Government for 30 years from 28 March 2016
6. AIC has a lease of town land from the Union Government for 30 years from 1 August 2016
7. AIC has a lease of town land from the Union Government for 30 years from 28 March 2016
8. AIC has a lease of town land from the Union Government for 30 years from 28 March 2016
9. AIC has a lease of town land from the Union Government for 30 years from 1 August 2016
10. U Win Aung has a lease of town land from the Union Government for 30 years from 2 April 2012
11. U Win Aung (AIC) has a right to use these lands from the Rakhine Regional Government (Form 15(a))
12. These land plots are subject to an exclusive charge by way of equitable mortgage by deposit of title deed, along with all rights, title, benefits, interests over the fixed assets and other fixed assets associated with land and building, in favour of IFC, to secure the obligations and liabilities of UIG under the IFC Credit Facility
13. U Win Aung has a lease of land from the Union Government for 10 years from 10 October 2017
14. U Win Aung has a lease of land from the Union Government for 10 years from 10 October 2017
15. The lessor for these lands are either U Win Aung or AIC (who in aggregate hold 79.26% of the Shares of the Company). Given the shareholding of U Win Aung and AIC in the Company, the Board is of the view that it will be able to continue using these land plots on a similar basis and/or to extend the leases on similar commercial terms (subject to any adjustment in rental amount as agreed between the parties), after the current sub-lease term has expired, for as long as U Win Aung and AIC continue to have a leasehold interest from the government for these land plots. In addition, given that these leases have been entered into on normal commercial terms at market rates, the Board is of the view that it will be able to continue to lease these land plots from U Win Aung and AIC on a similar basis (subject to any adjustment in rental amount as agreed between the parties), even if U Win Aung or AIC for any reason whatsoever may not hold Shares in the Company.

**3.2.7. RESEARCH AND DEVELOPMENT**

We do not currently undertake and for the last two financial years have not undertaken any significant research and development activities.

**3.3. MANAGEMENT'S DISCUSSION AND ANALYSIS**

*The following discussion and analysis should be read in conjunction with our audited and/or reviewed pro-forma financial statements as at and for the years ended 31 March 2018 and 2019, and for the year ended 30 September 2019 and related notes thereto in "Part VI. Financial Information". Our Company was only incorporated on 27 June 2017 and therefore, for FY2017-2018 (i.e. the financial year ended 31 March 2018), we are only able to present our financial data in the form of unaudited reviewed pro forma consolidated financials as reviewed by the Auditor. The unaudited reviewed pro forma consolidated financials for FY2017-2018 is included for the purpose of providing a consistent disclosure based on regular financial reporting periods of 12 months and for the purpose of showing how our financial condition and results of operations would have looked if our Company had been incorporated as of 1 April 2017 and if our Company had been consolidated with our Group companies upon our incorporation. It has been prepared purely for illustrative purposes only and is not necessarily indicative of the consolidated financial position or the results of operations in future periods. For FY2019, we have included the audited consolidated financials in "Part VI. Financial Information". However, it should be read with a*

particular caution given that FY2019 covers only a 6 months period from 1 April 2019 to 30 September 2019, which also coincidentally sits during a low season period for our business.

### 3.3.1. Operating Results

Our Company's operating performance for the years ended 31 March 2018 and 2019 are shown below.

(Millions of Kyat)	Financial Year ended 31 March 2018 (12 months)	Financial Year ended 31 March 2019 (12 months)
<b>Operating Revenue</b>		
Room Sales	3,151	2,968
Passenger Income (Balloon)	3,214	4,033
Food and Beverage	1,572	1,597
Others	483	447
<b>Total</b>	<b>8,419</b>	<b>9,046</b>
<b>Cost of Sales</b>		
Room and Balloon	2,299	2,010
Food and Beverage	1,031	828
Others	62	84
<b>Total</b>	<b>3,392</b>	<b>2,921</b>
<b>Gross Profit</b>	<b>5,028</b>	<b>6,125</b>
<b>Other Income</b>	<b>31,210</b>	<b>31,312</b>
<b>Other Expense</b>	<b>2,904</b>	<b>2,772</b>
<b>EBITDA</b>	<b>33,334</b>	<b>34,664</b>
<b>EBIT</b>	<b>31,645</b>	<b>33,313</b>
<b>Interest Expense</b>	<b>226</b>	<b>936</b>
<b>Profit before Tax</b>	<b>31,419</b>	<b>32,377</b>
<b>Total Comprehensive Income (Loss) for the Year</b>	<b>33,169</b>	<b>32,185</b>

Note: Figures in the table are rounded to the nearest million.

The Company's principal business activity is the management and operations of resort hotel and hot air ballooning business. Specifically, the revenue of our Company is derived from revenues generated from our subsidiaries, UIG which we own 99.99% and MB which we have 51.0% interest. The revenues can be broken down into revenue from hotel and ballooning operations and revenue from food and beverage (F&B) and Others (including spa operations, guest laundry, souvenir etc.). Based on the aforesaid illustrative assumption for 12 month period comparison, for the year ended March 31, between FY2017-2018 and FY2018-2019, the total operating revenue increased 7.4%. This is mainly contributed from a 10% increase in hotels and hot air ballooning operations. On the other hand, the cost associated with these revenues decreased 13.9% and gross profit rose 21.8% in the same period. Other Income in FY2018-2019 is attributable to a Gain from Bargain Purchase on our acquisition of the subsidiaries (i.e. UIG and MB). Other Expenses, which include Sales and Marketing, Administrative and General expenses, decreased 4.5% for the year ended March 31 between FY2017-2018 and FY2018-2019. The Interest Expense is associated with the IFC Credit Facility which was first drawn down in FY 2017-2018. EBITDA increased 4.0% for FY2018-2019, compared to the same period for FY2017-2018. The Total Comprehensive Income reduced 3.0% for FY2018-2019, compared to the same period for FY2017-2018. For further details, please refer to "**Part VI. Financial Information**". Based on such operating result, our Board is of the view that the Company's revenue stream has steadily expanded in parallel with its capacity increase for the Business (i.e. the Hotel Service and Oriental Ballooning Service) and that the Company has effectively managed the level of

expenses that is commensurate with the increased capacity. The Interest Expense is attributable to the IFC Credit Facility and the funds under the IFC Credit Facility was utilized for the expansion of the Hotel Service. Whilst further expansion plans are being carefully studied, we will remain cautious and strive to strike a managed balance between our growth strategy and its associated cost and profitability.

### 3.3.2. Financial Condition

#### *Non-current Assets*

Our Company's major non-current assets comprise of properties and equipment for hotel and hot air ballooning services. The 7.4% decrease in non-current asset is primarily attributable to the larger amounts of accumulated depreciation on our properties and equipment.

(Millions of Kyat)	Financial Year ended 31 March 2018 (12 months)	Financial Year ended 31 March 2019 (12 months)
Non-current Assets	49,213	45,578

Note: Figures in the table are rounded to the nearest million.

#### *Current Assets*

Our Current Assets comprise of inventory, account receivables, prepayment and advance, amount due from related party, and cash and cash equivalents. The inventory refers to our hotel, rooms, F&B and spa related goods such as cleaning supplies, massage oil, staff uniforms, guest supplies, stationery, etc. Prepayment and advances include insurance, advertising, and deposits paid to third party service providers. Amount due from related party is mostly attributable to receivables from our Managing Director, U Win Aung. Cash and cash equivalents consist of cash-in-hand and deposits with various banks in Kyats, USD and Euro. There has been a 152.3% increase in our Current Assets from FY2017-2018 to FY2018-2019.

(Millions of Kyat)	Financial Year ended 31 March 2018 (12 months)	Financial Year ended 31 March 2019 (12 months)
Current Assets	5,200	13,121

Note: Figures in the table are rounded to the nearest million.

As described, the increase in our Current Asset is primarily attributable to the amounts due from related party. Such amounts relate mainly to the hotel property construction or renovation works, which were specifically commissioned to the said related party. For the avoidance of doubt, the amounts due are to account for the construction or renovation works to be delivered to the respective hotel properties.

Our Board is of the view that such transactions play a key part of our property management and capacity increase in the Hotel Service (i.e. the hotel business).

#### *Current Liabilities*

Our Company's major Current Liabilities include the current portion of our long-term borrowings, accrued expenses, tax payable, provision and deposit, and Other Liabilities, which consist of commission and other

miscellaneous items. There was a 56.9% increase in Current Liabilities from FY2017-2018 to FY2018-2019 and this is mainly due to an increase in the current portion of our long-term borrowings.

(Millions of Kyat)	Financial Year ended 31 March 2018 (12 months)	Financial Year ended 31 March 2019 (12 months)
Current Liabilities	2,675	4,198

Note: Figures in the table are rounded to the nearest million.

The long-term borrowings referred to is attributable to the IFC Credit Facility and we have utilized the funds under the IFC Credit Facility to increase our room capacity for Amata Garden Resort (Bagan) and Amata Garden Resort (Inle Lake). Our Board is of the view that the Company has kept a well-managed balance between our growth strategy and financial stability both in the short and long term perspective.

#### *Non-Current Liabilities*

Our Non-Current Liabilities comprise of long-term borrowings, other non-current liabilities and finance lease obligations. As at the Latest Practicable Date, we have outstanding long-term borrowings of 14,823,640,000 million Kyats under the IFC Credit Facility.

(Millions of Kyat)	Financial Year ended 31 March 2018 (12 months)	Financial Year ended 31 March 2019 (12 months)
Non-Current Liabilities	17,324	18,593

Note: Figures in the table are rounded to the nearest million.

Our Board is of the view that the Company's annual cash flows from the Business will be sufficient to service the annual amortized interest charges on the credit facility. In addition, under the IFC Credit Facility, IFC is granted a CO in which IFC is entitled to convert all or part of an amount equal to any part of the loan, up to an aggregate of US\$2.0 million, into either shares of UIG or the Company, which upon exercise of the CO, could potentially reduce long term financial indebtedness of the Company. For more information, please refer to "**Part III. Issuer Information – IFC Credit Facility**".

#### *Total equity*

Our total equity consists of share capital, retained earnings, exchange translation reserve and non-controlling interest. In the Previous Offering, 497,598 Shares were subscribed by 596 investors in Myanmar at an offering price of 5,000 Kyats for each Share, and all the Shares were fully paid up. Consequently, our Share Capital increased by 2,487,990,000 Kyats. Our Retained Earning also increased primarily due to our acquisition of the subsidiaries, i.e., UIG and MB. For further details of the acquisition, please refer to "**Part VI. Financial Information**".

As a result, for FY2017-2018 and FY2018-2019, our total equity had increased by 4.3%.

(Millions of Kyat)	Financial Year ended 31 March 2018 (12 months)	Financial Year ended 31 March 2019 (12 months)
Total equity	34,414	35,909

Note: Figures in the table are rounded to the nearest million.

Our Board is of the view that the Company's capital base has become more robust and stable to adequately support not only its daily businesses but also its expansion strategy.

### 3.3.3. Liquidity and Capital Resources

The following table shows the key ratios indicating that the financial liquidity of our Company.

	Financial Year ended 31 March 2018 (12 months)	Financial Year ended 31 March 2019 (12 months)
Current Ratio	1.94	3.13
Debt to Equity Ratio	0.58	0.63
Debt to Asset Ratio	0.37	0.39

Our Company's growth and expansion have been financed through internal sources consisting of yearly profits and retained earnings from our subsidiaries' businesses as well as external sources mainly from shareholders' equity and debt. As at the Latest Practicable Date, to the best of our knowledge, the Board is of the opinion that we have adequate liquidity and capital resources for our business requirements both in short and long term.

### 3.4. CASH FLOW FORECAST

The following table sets forth selected items from our cash flow statements. Please refer to the section "**Part VI. Financial Information**" for detailed cash flow statement.

(Millions of Kyat)	Financial Year ended 31 March 2018 (12 months)	Financial Year ended 31 March 2019 (12 months)
Cash provided by (used in) operating activities	2,991	(1,641)
Cash provided by (used in) investing activities	(17,769)	(1,214)
Cash provided by (used in) financing activities	15,295	3,486
Net increase / (decrease) in cash and cash equivalents	517	631
Cash and cash equivalents at beginning of financial year	1,127	613
Cash and cash equivalents at end of financial year	1,643	1,245

Note: Figures in the table are rounded to the nearest million.

Based on the aforesaid illustrative assumption for the 12 month period comparison, cash provided by operating activities in FY2017-2018 shows an increase of 2,991 million Kyats, while FY2018-2019 showed a decrease of 1,641 million Kyats. Changes in working capital, depreciation and interest expense are the main contributors for our cash provided by operating activities in both fiscal periods. Other than the changes in working capital, the biggest change in FY2018-2019 is an increase in amount due from related party. Cash used in investing activities

is primarily affected by our subsidiary, UIG, as a result of the increase in hotel capacity and/or construction. Cash provided by financing activities is due to the drawdown of the IFC Credit Facility. For more information, please refer to “**Part III. Issuer Information – IFC Credit Facility**”. For further analysis on our cash flow forecast, please refer to the following section.

### **Forecast on Cash Flow and Operating Environments**

Our management analyses significant factors, including unusual or infrequent events or developments, materially affecting our results of operations and cash flow as following.

## **GENERAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND CASH FLOW**

### **Economic Conditions**

Our results of operations and cash flow are subject to the general economic conditions both in Myanmar and globally. Above all else, we are currently witnessing the world economy deteriorating with unprecedented magnitude and rapidity by a single unknown virus. It remains unclear potentially how long, how broadly and how severely the spread of Covid-19 will continue to adversely affect the general economic conditions both in Myanmar and globally. Taking the outlook for the Myanmar economy only, which majorly impacts our domestic customers, there are number of uncertainties. For example, amongst others, the current unrest in western Rakhine state and its future implication to the Myanmar economy remains unclear. The future trend of foreign direct investment to Myanmar might not be as strong as it was in the preceding years. The outcome of the General Election, expected to be held late in 2020, and its economic implication also remains to be seen as at the Latest Practicable Date. Similarly, the outlook for the global economy, which majorly impacts our international customers, is uncertain. For example, amongst others, the outlook for the trade negotiations among the great powers, in particular, between the United States of America and China, and its implication to the global economy, could remain uncertain. Countries related to the European Union might face unpredictable economic fluctuation due to the Britain’s departure from the European Union. Our Board cautiously and continuously monitors these factors and their potential impact on our results of operation and cash flows, along with other factors. For more information, see “**Part II. Information on the Listing - Risk Factors**” as well.

At the same time, however, our Board is of the view that, as a general long term trend, the domestic and global demand for the hospitality and leisure sector will continue to expand, even though the spread of Covid-19 is likely to slow the momentum of such expansion. In particular, we believe that solid and further economic growth of Asia over the mid and long term, including Myanmar, and consequent steady increase of middle class population with more disposable income and spending power, will have the huge potential to lead to a significant increase in demand for the leisure and travel with more health safety. As described in “**Part III. Issuer Information**”, a substantial number of our guest rooms comprise bungalows and villas, providing spacious boutique style accommodation. Such spacious accommodation allow us to quickly adapt and react to any “social distancing” requirements that either the government authorities may require us to adopt or customers expect hotels to adopt for health and reasons to deal with the Covid-19 pandemic. Such measures could also carry on post the Covid-19 pandemic and thus our spacious accommodation is also another competitive strength we have over our competitors. Consequently, we are in the view that outlook for our results of operations and cash flow will be reasonably positive.

### **Government Regulations**

Our businesses are subject to government regulations and require licences and permits. Changes in government regulations may affect the performance of our businesses, our financial operations and our results of operations.

For details, see “*Part II. Information on the Listing - Risk Factors*” and “*Part IX. Summary of Material Myanmar Laws and Regulation*”.

## **ADDITIONAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND CASH FLOW**

The primary factors that have historically affected, and will continue to affect our results of operations and cash flow include:

- Growth of numbers in hotel guest, guest room and hotel location;
- Growth of numbers in hot air balloon passenger, balloon unit and operational location;
- Competition.

### **Growth of numbers in hotel guest, guest room and hotel location**

As described above, UIG is effectively wholly-owned subsidiary of the Company, and as one of major resort hotel operators in Myanmar, it is our key operating income stream. Room Sales represented 32.8% of our total Operating Income, for example, in FY2018–2019. In order to improve our results of operation, it is critical to increase the number of hotel guest, guest room and hotel location. In this regard, our Board views the expansion of this business segment as the primary focus for the Company. In the recent years, we expanded Amata Garden Resort (Inle Lake) by constructing 20 additional villas (November 2016) and 93 additional rooms (October 2018) and we completed additional 122 rooms in Amata Garden Resort (Bagan) (October 2017). Furthermore, in October 2019, we opened “*My Hpa-An Residence*” under the “Amata” brand in Hpa-An with 20 villas, and we plan to add another 10 villas there by the next financial year. In addition, we have plans to open additional “Amata” branded hotels in the Myeik (Mergui) Archipelago area. With regards to the “Awinka” brand, our Board is continually and carefully studying the opportunities and timing to launch it, and it is anticipated to be launched in 2021 in four or five locations in Myanmar with expected capacity of around 50 rooms respectively. See “*Part III. Issuer Information – Strengths / Strategies - Strategy - Focus on growing our business through selective resort and hotel investment*” as well.

Through the successful expansion of our hotel capacities and increase in guest volumes, and by making the most of the scale of economies, our Board is of the view that we can further improve our results of operation and cash flow along with our key operational indicators such as REVPAR.

### **Growth of numbers in hot air balloon passenger, balloon unit and operational location**

MB is a subsidiary of the Company, and as one of only four hot air ballooning operators in Myanmar, it is another key operating income stream for the Company. Passenger Income represented 44.6% of our total Operating Income, for example, in FY2018–2019. In order to improve our results of operation, it is essential to increase the number of hot air balloon passengers, balloon units and operation locations. In this regard, our Board views the expansion of this business segment as another focus for the Company. In 2019, MB purchased an additional 3 balloons built by Cameron Balloons Ltd., the world’s largest hot air balloon manufacturer, bringing us to a total of 15 balloons. Currently, its service is provided mostly in Bagan, Mandalay, Inle Lake, and Ngapali. Amongst them, passenger volumes in Bagan is the largest and our Board is of the view that the number of passenger will grow along with increase in tourist in Myanmar, as Bagan is the prime destination for both domestic and international tourists, as is symbolized by the fact that UNESCO inscribed Bagan as a World Heritage Site in July 2019. In addition, we are carefully studying opportunities to expand MB’s commercial operation in Hpa-An and Pindaya.

Similarly with our resort hotel operation, by making the most of effective expansion and consequent synergies of our Group, the Board is of the view that we can improve our results of operation and cash flow through our hot air ballooning service.



## **Competition**

The hospitality and leisure sector is highly competitive, with various small (but targeting high-end customers) to medium sized and large established players, including internationally well-recognized foreign players. We believe that we are able to compete effectively against our competitors because of our acknowledged reputation established over nearly two decades as a reliable services provider, the consistent quality of our services as well as our good relationships with our stakeholders, among others, with major travel agencies. Moreover, as a general rule of thumb, the more competitive the sector is, the higher the quality of service the customer will enjoy. In the long run, it will make traveling and the hospitality and leisure sector in Myanmar even more attractive. Our Board is of the view that, by successfully competing in the sector, we can further improve our results of operation and cash flow. For details, see “*Part III. Issuer Information - Description of Business - Competition*” as well.

## **PART IV. INFORMATION ON THE ISSUER'S MANAGEMENT, SHAREHOLDERS AND SHARES**

### **4.1 BOARD OF DIRECTORS AND DIRECTORS**

Our Board of Directors is entrusted with the responsibility for our overall management and direction. Our Board will as frequently as required review and monitor the Company's financial position and operations.

The following table set outs information regarding our Directors, all of whom are Myanmar citizens:

<b>Name</b>	<b>Date of Birth / Gender / Nationality</b>	<b>Biography and position and assignment in the issuer (Education and material concurrent positions at other corporations, etc.)</b>	<b>Term of office</b>	<b>Share Ownership<sup>(1)</sup></b>
U Win Aung <sup>(2)</sup>	16 September 1966 Male Myanmar National	See write-up below	Appointed on 22 August 2017	4,360,000
Daw Nay Myat Thu Aung	2 September 1972 Female Myanmar National	See write-up below	Appointed on 22 August 2017	400,000
Daw Nilar Win	6 May 1971 Female Myanmar National	See write-up below	Appointed on 22 August 2017	400,200
Daw Than Than Aung	26 October 1945 Female Myanmar National	See write-up below	Appointed on 22 August 2017	400,000
Daw Khin Su Su Han	4 October 1971 Female Myanmar National	See write-up below	Appointed on 22 August 2017	400,000
U Kyaw Paing	13 June 1949 Male Myanmar National	See write-up below	Appointed on 01 September 2018	-
Daw Theta Aye	23 March 1982 Female Myanmar National	See write-up below	Appointed on 01 September 2018	-

Note: (1) We have only included direct share ownership and have excluded the indirect shareholding of U Win Aung and Daw Nay Myat Thu Aung via Amata International Company Limited.

(2) U Win Aung is also the representative director on behalf of Amata International Co., Ltd..

None of the Directors has at any time during the last three years,

- (i) had an application or a petition under any bankruptcy laws filed against him / her or against a company of which he / she was then a director, managing director, managing agent;
- (ii) ever been convicted of any offence that is punishable with imprisonment or is the subject of any pending criminal proceedings for such purpose;
- (iii) ever been disqualified from acting as a director, managing director, manager or managing agent; or
- (iv) ever been concerned with the management or conduct of the affairs of any company that has been investigated for a breach of any Applicable Law or regulatory requirement.

## **4.2 MANAGING DIRECTORS, MANAGERS AND MANAGING AGENTS**

Our Executive Officers are responsible for our day-to-day management and operations. The following table sets out information regarding our Executive Officers.

<b>Name</b>	<b>Date of Birth / Gender / Nationality</b>	<b>Biography and position and assignment in the issuer (Education and material concurrent positions at other corporations, etc.)</b>	<b>Term of office</b>	<b>Share Ownership</b>
U Nyunt Win Tun (Chief Financial Officer)	31 October 1962 Male Myanmar National	See write-up below	Appointed on 1 January 2017	40,000
Daw Lwin Lwin Pyone (Group Operations Manager)	15 February 1965 Female Myanmar National	See write-up below	Appointed on 23 October 2003	100
Daw Thida (Financial Controller)	28 November 1970 Female Myanmar National	See write-up below	Appointed on 1 November 2009	Nil
Daw Khine Wint Phyu (Director of Sales and Marketing)	8 October 1975 Female Myanmar National	See write-up below	Appointed on 5 March 2018	Nil
Daw Nilar Win (Director of Administration)	6 May 1971 Female Myanmar National	See write-up below	Appointed on 1 January 2000	400,200
U Zaw Win Hlaing (Group Human Resource Manager)	18 May 1976 Male Myanmar National	See write-up below	Appointed on 20 June 2017	Nil
U Saw Tin Htut (Group F&B Manager)	16 December 1972 Male Myanmar National	See write-up below	Appointed on 1 April 2019	Nil
Daw Hsu Lin Naing (Assistant Chief Financial Officer)	19 March 1993 Female Myanmar National	See write-up below	Appointed on 1 April 2018	100

None of the Executive Officers has at any time during the last three years,

- (i) had an application or a petition under any bankruptcy laws filed against him / her or against a company of which he / she was then a director, managing director, managing agent;
- (ii) ever been convicted of any offence that is punishable with imprisonment or is the subject of any pending criminal proceedings for such purpose;
- (iii) ever been disqualified from acting as a director, managing director, manager or managing agent; or

- (iv) ever been concerned with the management or conduct of the affairs of any company that has been investigated for a breach of any Applicable Law or regulatory requirement.

#### **4.3 MATERIAL BACKGROUND INFORMATION**

##### ***Board of Directors***

##### **U Win Aung**

U Win Aung is the founder and Chairman of the Group since 2000 and holds a BBA (International Marketing) from the City University of New York in 1993. Concurrently, U Win Aung is also the Managing Director in the Group, Chief Executive Officer of Amata International Co., Ltd., and the Managing Director of The Utility Plastic Industry Co., Ltd. (which operates the first injection moulding factor in Myanmar). U Win Aung was previously Managing Director of United Home Center Co., Ltd. (manufactures and distributes indoor and outdoor furniture) from 1996 to 2012 and the Managing Director of United International Group (one of the pioneer companies that started the wood industry in Myanmar) from 1993 to 2000.

U Win Aung also holds the following memberships in these associations.

<b>Association</b>	<b>Position</b>
Myanmar Gift and Souvenir Association	Chairman
Myanmar Tourism Federation	Executive Committee Member
Myanmar Hotelier Association	Executive Committee Member

##### **Daw Nay Myat Thu Aung**

Daw Nay Myat Thu Aung is a director in the Group since 2000 and holds a Bachelor of Science, Bsc. Mathematics from the University of Yangon in 1995. She was formerly the Administrator at the Green Cross Specialist Centre from 1998 to 2000. Her job as an Administrator entails the planning, directing and evaluating of all medical activities within the facility. This stint as an Administrator has helped her to gain the required experience to run the various operations of the Business.

##### **Daw Nilar Win**

Daw Nilar Win is a director in the Group since 2000 and holds a Bachelor of Science, Bsc. Physics from the University of Yangon in 1994. Daw Nilar Win is currently holding the position of Director of Administration and was previously a director in United Home Centre Co., Ltd. from 1993 to 2012. She has managed various departments within the Group and also has had experience with import and export activities, sales, material management, productions and other operating functions.

##### **Daw Than Than Aung**

Daw Than Than Aung was appointed as a Director of the Company on 22 August 2017 and was previously a senior assistant teacher from 1972 to 1988. Daw Than Than Aung holds a Bachelors of Education in English from the Teachers' Training College (Yangon).

##### **Daw Khin Su Su Han**

Daw Khin Su Su Han was appointed as a Director of the Company on 22 August 2017 and holds a Bachelor of Science (Honours) in Zoology from the University of Yangon in 1996. She also obtained a Master of Science in

Zoology from the University of Yangon in 2000. In 2012, she obtained a Degree of Master in Public Administration from the Yangon Institute of Economics. She was an executive assistant with Nilar Yoma Trading Company Limited, an oil and gas trading company since 2000.

### **U Kyaw Paing**

U Kyaw Paing is currently serving as the Chief Executive Officer of Myanmar Construction and Development Public Co., Ltd., and Vice Chairman of the Myanmar Construction Entrepreneurs Association. Previously he was the Managing Director of Serge Pun & Associates (Myanmar) Limited and First Myanmar Investment Company Limited, after joining the group in 1991, taking care of financial services division. He also served as the Chairman of Yoma Bank Ltd until 2014. Since 1974, he has practised law and has in-depth knowledge of Myanmar Corporate and Financial Law. He received his Bachelor of Arts (Law) in 1973 from the University of Yangon, Myanmar and a Bachelor of Law in 1974.

### **Daw Theta Aye**

Daw Theta Aye has over 10 years of experience in the financial services sector, covering both debt and equity capital markets and corporate advisory as well as investment management. She is currently the acting CEO of Mother Finance Co., Ltd., the first digital lending mobile application platform in Myanmar, serving over 60,000 clients. Her previous work experience included: Deputy Managing Director at KBZ Group, Director at KBZSC Securities (Myanmar), Director at Temasek Holdings backed Dymon Asia Private Equity Southeast Asia Fund in Singapore; Deal Structuring and Portfolio Manager of LNG assets at Shell Eastern Petroleum in Singapore; and Engagement Manager at AT Kearney, and Associate Director at Standard Chartered Bank (Singapore) corporate advisory team where she completed initial public offerings, follow-on fundraising and M&A transactions valued in excess of US\$7.0 billion. She completed her undergraduate and graduate education in the University of Oxford (UK) and Massachusetts Institute of Technology (USA).

### *Term of office*

Our Directors do not currently have a fixed term of office. In accordance with our Constitution, at every annual general meeting of our Company, one-third of our Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to one-third) is required to retire from office by rotation.

Our Directors who are required to retire by rotation in each year shall be those who have been longest in office since their last re-election, but as between persons who became Directors on the same date, those to retire (unless they otherwise agree amongst themselves) shall be determined by lot.

A retiring Director is eligible for re-election.

### ***Executive Officers***

### **U Nyunt Win Tun**

U Nyunt Win Tun is currently the Chief Financial Officer and joined the Group in July 2014 as Financial Controller of United International Co., Ltd. but left in October 2015 to take on the role as Financial Controller in the Htoo Group of Companies before re-joining the Group in January 2017 as Chief Financial Officer. U Nyunt Win Tun holds a Bachelor of Science in Physics from the Yangon University of Distance Education in 1986. In 2011, U Nyunt Win Tun attended and completed training on Internal Audit and Risk Management and Financial Management from M.A.T. Professional Training & Services. In 2007, U Nyunt Win Tun attended a seminar and workshop on “Train-the-Trainer” from the Stamford-City Business Institute in 2007. Prior to that, U Nyunt Win

Tun also attended courses in English from the British Council in 2000 and the Renaissance Inya Lake Hotel in 2001 and 2002.

U Nyunt Win Tun has over 30 years of experience in the hotel and tourism industry in a finance role, taking on various positions like Clerk, Cost Accountant, Cost Controller, Chief Accountant, Financial Controller, General Manager and finally as Chief Financial Officer. U Nyunt Win Tun has worked for various reputable hotel chains in Myanmar ranging from New World Inya Lake Hotel, Dusit Inya Lake Resort, Inya Lake Hotel (under the management of Marriott Group) and the Htoo Group of Companies (Hotel Business Unit) prior to him joining the Group.

#### **Daw Lwin Lwin Pyone**

Daw Lwin Lwin Pyone is currently the Group Operations Manager and joined the Group in 23 October 2003 as an Executive Housekeeper. Daw Lwin Lwin Pyone rose through the ranks and was promoted to Rooms Division Manager in October 2006, Operations Manager in October 2010 and thereafter in October 2013, to Group Operations Manager. Daw Lwin Lwin Pyone holds a Bachelor of Economics in Statistics from the Yangon Institute of Economics in 1988.

Daw Lwin Lwin Pyone has over 20 years in the hotel and tourism industry, taking on various roles ranging from coordinator, floor supervisor and as operations manager. Prior to joining the Group, Daw Lwin Lwin Pyone had worked for Ramada Hotel and Popa Mountain Resort.

#### **Daw Thida**

Daw Thida is currently the Group Financial Controller and joined the Group in November 2009 as the Assistant Financial Controller and was promoted to the role of Financial Controller in October 2017. She was recently promoted to the position of Group Financial Controller on 1 October 2017. Daw Thida holds a Bachelor of Commerce from the Yangon Institute of Economics in 1997 and was certified as a Certified Public Accountant from the Myanmar Accountancy Council in 2002.

Daw Thida has over 15 years of experience in the hotel and tourism industry in a finance role, taking on various roles ranging from Assistant Accountant, Chief Accountant, Assistant Financial Controller and finally as Financial Controller. Prior to joining the Group, Daw Thida had worked for M.G.M Hotel, Pansea Hotel and Ngapali Beach Hotel.

#### **Daw Khine Wint Phyu**

Daw Khine Wint Phyu is currently the Director of Sales and Marketing and joined the Group in March 2018. Daw Khine Wint Phyu holds a Bachelor of Science from the University of Yangon in 2002 and a Master of Business Administration from the Yangon Institute of Economics in 2007. Daw Khine Wint Phyu has had extensive experience in the hospitality industry and has taken on various sales positions across various leading hotels in Yangon since 2006.

### **Daw Nilar Win**

Daw Nilar Win is a director in the Group since 2000 and holds a Bachelor of Science, Bsc. Physics from the University of Yangon in 1994. Daw Nilar Win is currently holding the position of Director of Administration and was previously a director in United Home Centre Co., Ltd. from 1993 to 2012. She has managed various departments within the Group and also has had experience with import and export activities, sales, material management, productions and other operating functions.

### **U Zaw Win Hlaing**

U Zaw Win Hlaing is currently the Group Human Resource Manager and joined the Group in June 2017. U Zaw Win Hlaing holds a Master of Business Administration from the Yangon University of Economics in 2015 and a Bachelor of Arts from the Yangon University of Distance Education in 2004. U Zaw Win Hlaing has had extensive experience in the hospitality industry and also in the human resource sector having taken on various positions in other leading Myanmar hotels and executive apartments since 1996. These positions included facility controller, assistant housekeeping manager, assistant human resource manager, human resource manager and general manager.

### **U Saw Tin Htut**

U Saw Tin Htut is currently the Group F&B Manager and joined the Group in April 2019. U Saw Tin Htut holds a Single Subject Diploma in Hospitality Management from the Institute of Commercial Management (Bournemouth, England) in 2018. U Saw Tin Htut has had extensive experience in the hospitality industry and has taken on various positions across various leading hotels in Myanmar and Qatar since 1996. These positions included being the F&B Supervisor, F&B Manager, Operations Manager, Director of F&B, Resident Manager and finally General Manager before joining the Group.

### **Daw Hsu Lin Naing**

Daw Hsu Lin Naing is currently the Assistant Chief Financial Officer and joined the Group in May 2014. Daw Hsu Lin Naing holds a Level 3 Diploma in Computerised Accounting from the London Chamber of Commerce and Industry International Qualification from EDI in 2011, Bachelor of Arts in English from Dagon University in 2013, and the ACCA Diploma in Accounting and Business from the Association of Chartered Certified Accountants in August 2017.

## **4.4 REMUNERATION AND BENEFITS IN KIND**

The aggregate amount of remuneration and benefits in kind paid for each of the two most recent completed financial years, and estimated aggregate amount of remuneration and benefits in kind paid and to be paid for the whole of the current financial year to directors, managing directors, managers and managing agents of the Company is as following;

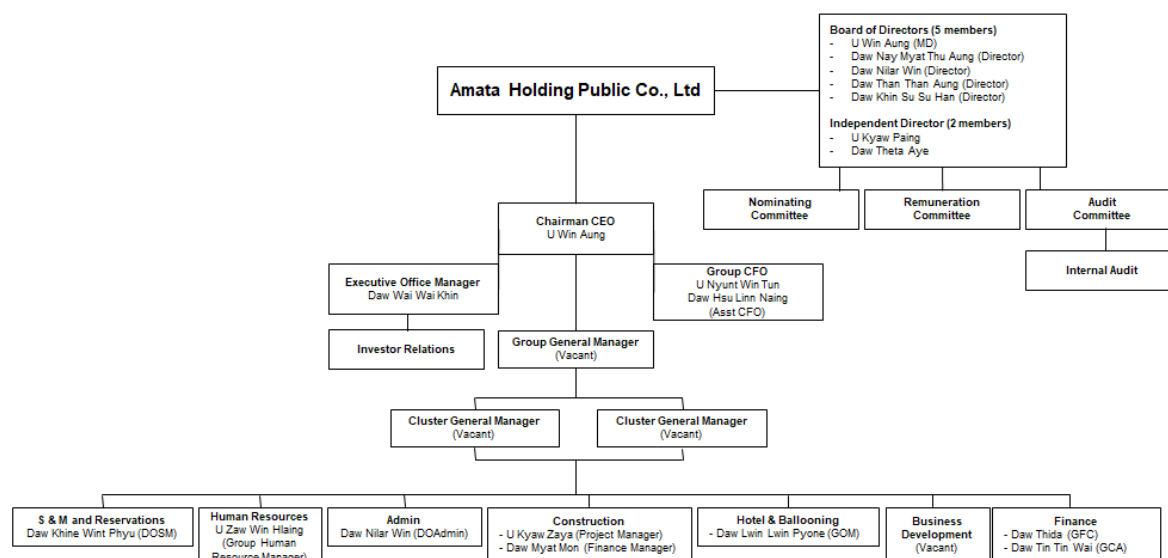
Board of Directors		
	FY2017-2018	FY2018-2019
Aggregate remuneration and benefits in kind	128,429,414 Kyats	209,102,405 Kyats

Executive Officers		
	FY2017-2018	FY2018-2019

Aggregate remuneration and benefits in kind	717,921,000 Kyats	790,631,000 Kyats
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#### 4.5 MANAGEMENT REPORTING STRUCTURE



#### 4.6 CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and the maintenance of high standards of accountability to adopt corporate governance practices which are generally consistent with prevailing international principles, to the extent reasonably practicable taking into account local conditions in Myanmar.

We intend for the Board to have 3 independent Directors with a view to introducing a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and major shareholders of our Company. Our Board feels that this is important, and as at the Latest Practicable Date, our Board has appointed U Kyaw Paing and Daw Theta Aye as independent Directors and the Board is still in the course of identifying suitable candidates for appointment of the third independent director.

Our Board has established three (3) committees: (a) the Audit Committee; (b) the Nominating Committee; and (c) the Remuneration Committee.

##### *Audit Committee*

The Audit Committee comprises Daw Nay Myat Thu Aung, Daw Nilar Win, Daw Khin Su Su Han and Daw Theta Aye. The Chairman of the Audit Committee is Daw Theta Aye, who is an independent Director.

The Audit Committee will assist our Board in discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the management creates and maintains an effective control environment in our Company.

The Audit Committee will provide a channel of communication between the Board, management and the external auditors on matters relating to audit.



The Audit Committee shall meet periodically to perform the following functions:

- (i) review the audit plans of the external auditors and our internal auditors (if any), including the results of the review and evaluation of our system of internal controls by our external auditors and internal auditors (if any);
- (ii) review the annual financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with applicable financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to our Company for approval;
- (iii) review the periodic financial statements comprising the profit and loss statements and the balance sheets and such other information required by law, before submission to our Company for approval;
- (iv) review and discuss with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Company's operating results or financial position and our management's response;
- (v) review the co-operation given by our management to our external auditors;
- (vi) consider the appointment and re-appointment of the external auditors;
- (vii) review and approve related party transactions pursuant to the RPT Procedures;
- (viii) review any potential conflicts of interests;
- (ix) review the procedures by which employees of our Company may, in confidence, report to the Chairman of the Audit Committee possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;
- (x) undertake such other reviews and projects as may be requested by our Board, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and
- (xi) undertake generally such other functions and duties as may be required by law.

Pursuant to the abovementioned duties relating to the Company's audit function, the Audit Committee has the authority to make decisions independently from the Board. In light of due review of the abovementioned functions, the committee assumes authority to assess appropriateness and properness of the Company's financial and accounting records for approval by a General Meeting of Shareholders and the Board of Directors.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Myanmar law, rule or regulation which has or is likely to have a material impact on our Company's operating results and/or financial position. Each member of the Audit Committee shall abstain from voting on any resolutions in respect of matters in which he is interested.

The meetings of the Audit Committee are convened as and when deemed necessary by the Chairman of the Audit Committee. Resolutions of an Audit Committee meeting shall be decided by a simple majority of votes. In case of an equality of votes, the Chairman shall vote a second or casting vote.

#### *Nominating Committee*

The Nominating Committee comprises U Win Aung, Daw Nay Myat Thu Aung, Daw Than Than Aung and U Kyaw Paing. The Chairman of the Nominating Committee is U Kyaw Paing, who is an independent Director.

The Nominating Committee is responsible for (a) re-nomination of our Directors having regard to a Director's contribution and performance, (b) determining annually whether or not a Director is independent, and (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

The Nominating Committee has the authority to make decisions independently from the Board on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term Shareholders' value. The Board intends to implement a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee is required to abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the Nominating Committee in respect of the assessment of his performance or re-nomination as Director.

The Nominating Committee assumes the authority to make proposals relating to the nomination and re-nomination of members of the Board of Directors for approval at a General Meeting of Shareholders.

Resolutions of a Nominating Committee meeting shall be decided by a simple majority of votes. In case of an equality of votes, the Chairman shall vote a second or casting vote.

#### *Remuneration Committee*

The Remuneration Committee comprises U Win Aung, Daw Nilar Win, Daw Nay Myat Thu Aung and U Kyaw Paing. The Chairman of the Remuneration Committee is U Kyaw Paing, who is an independent Director.

The Remuneration Committee is responsible for recommending to our Board a framework of remuneration for our Directors and Executive Officers, and determining specific remuneration packages for each Director and Executive Officer. The recommendations of our Remuneration Committee are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee is required to abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the Remuneration Committee in respect of his remuneration package.

Resolutions of a Remuneration Committee meeting shall be decided by a simple majority of votes. In case of an equality of votes, the Chairman shall vote a second or casting vote.

#### *Internal Audit*

The internal auditor is in charge of the internal control function of our Company and it reports directly to the Audit Committee. The internal auditor must independently audit our Company according to his or her professional code of ethics. The internal auditor must report to the Board and the Audit Committee on its findings with explanation and suggestion on a monthly basis.

Internal auditing should be done based on the varying level of risks. The internal auditor must identify the risks and thereafter to define the level of risks such as high, moderate and low. The internal auditors must give priority to cases which are of high risks.

#### **4.7 SHAREHOLDERS**

Our Company (Registration No. 100456125) was incorporated in Myanmar on 27 June 2017 under the Companies Act 1914 (which has since been repealed and replaced by the Companies Law) as a public limited company under the name of Amata Holding Public Company Limited.

As at the Latest Practicable Date, the total issued and paid-up capital of our Company is 3,487,990,000 Kyats divided into 10,497,598 Shares.

As of the Latest Practicable Date, we set out in the table below the top 10 Shareholders of the Company.

<b>No.</b>	<b>Name</b>	<b>NRC Number and Nationality</b>	<b>Address</b>	<b>Number of Shares</b>	<b>Percentage of Outstanding Shares</b>
1.	U Win Aung <sup>(1)</sup>	12/PaZaTa (Naing) 028732 Myanmar	No. 7A Kan Yeik Thar Street (10) Ward Mayangone Township, Yangon	4,360,000	41.53
2.	Amata International Company Limited <sup>(1)</sup>	3797/2012-13 Myanmar	No. 7A Kan Yeik Thar Street (10) Ward Mayangone Township, Yangon	3,960,000	37.72
3.	Daw Nay Myat Thu Aung <sup>(1)</sup>	12/DaGaNa (Naing) 026700 Myanmar	No. 7A Kan Yeik Thar Street (10) Ward Mayangone Township, Yangon	400,000	3.81
4.	Daw Ni Lar Win	12/MaGaTa (Naing) 057286 Myanmar	No. 483/485 No.5 Quarter Lower Pazuntaung Road, Pazuntaung Township, Yangon	400,200	3.81
5.	Daw Than Than Aung	9/MaHtaLa (Naing) 079031 Myanmar	No. 23 Shwe Ou Daung Street, Insein Myothit (Ga) Ward, Bayintnaung, Insein Township, Yangon	400,000	3.81
6.	Daw Khin Su Su Han	12/BaTaHta (Naing) 009929 Myanmar	No. 111-B Hnin Si Chan Street, Aung San Insein Township, Yangon	400,000	3.81
7.	U Naing Aung Lin	5/MaKaNa(Naing)002684 Myanmar	No. 135, A3, Than Lwin St. 10Qtr, Kamayut Township	100,000	0.95
8.	Daw Thiri Khaing or Gillian Johnstone	9/MaYaMa (Naing) 033055 Myanmar	No.2 U Hla Tun Lwin Road, Aung Mingalar Quarter, Thalin Township, Yangon	40,000	0.38

9.	U Nyunt Win Tun	12/TaGaKa (Naing) 022645 Myanmar	No. 558 Maga 10 <sup>th</sup> Street 12 Block, South Okalarpa Township, Yangon	40,000	0.38
10.	Daw Maw Maw Win	12/PaZaTa(N)030757	No.7(A)Kan Yeik Thar Street,Mayangone Township, Yangon	30,000	0.29

Note: (1) As part of the covenants provided under the IFC Credit Facility, IFC's consent is required for the restructuring of United International Group Limited and Myanmar Ballooning Co., Ltd. under the Group and in this regard, IFC has requested and AIC, U Win Aung and Daw Nay Myat Thu Aung have agreed that the Shares held by them will be subject to a share pledge. Please refer to the section on "**Part III. Issuer Information – IFC Credit Facility**".

In addition, the Company only has one class of Shares, being ordinary Shares. The Shares held by these top 10 Shareholders are not entitled to any different voting rights from the Shares.

#### **4.8 DIVIDENDS, DIVIDEND POLICY**

Statements contained in this sub-section "**Dividends**" that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecasted and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. See the section "**Part I. Listing Summary — Forward-looking statements**".

Our Company was incorporated on 27 June 2017 in Myanmar under the Companies Act 1914 (which has since been repealed and replaced by the Companies Law) as a public limited company under the name of Amata Holding Public Company Limited and dividends of 50 Kyats per Share was declared to Shareholders on 13 December 2019.

For the past three financial years, the Group has not paid out any dividends save for three occasions in 2016 where Myanmar Ballooning Co., Ltd. paid out dividends totalling US\$900,000 and the aforementioned dividends of 50 Kyats per Share was declared to Shareholders on 13 December 2019.

Subject to the Companies Law, our Company may, from time to time with the approval of the Shareholders in general meeting, declare dividends to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by our Board. Our Company will pay dividends, if any, only if the requirements under Section 107 of the Companies Law are met. Section 107 of the Companies Law provides that a company may not pay a dividend unless (i) the company will, immediately after the payment of the dividend, satisfy the solvency test; (ii) the making of the dividend is fair and reasonable to the company's shareholders as a whole; and (iii) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

Our Board has the discretion to recommend the payment of dividends. Moving forward, the Company is in the process of adopting a dividend policy for the benefit of Shareholders but there are no concrete plans as of the Latest Practicable Date.

We will pay cash dividends, if any, in Kyats.

Please see the section “**Part X. Taxation**” for information relating to taxes payable on dividends.

#### **4.9 DESCRIPTION OF THE ISSUER’S SHARES**

Set out below is a table on the number and amount of shares issued in the two years immediately preceding the date of the Disclosure Document.

<b>Date</b>	<b>Shareholder</b>	<b>Number of Shares</b>	<b>Amount of Shares (Kyats)</b>	<b>Consideration (Kyats)</b>
01.11.2018	596 investors through the Previous Offering	497,598	2,487,990,000	2,487,990,000
<b>TOTAL</b>		<b>497,598</b>	<b>2,487,990,000</b>	<b>2,487,990,000</b>

##### *Capital Structure*

As at the Latest Practicable Date, the total issued and paid-up capital of our Company is 3,487,990,000 Kyats divided into 10,497,598 Shares.

Set forth below are extracts from the Company’s Constitution. The extracts below are not the complete Constitution, a copy of each is available for inspection at the registered office of the Company. Capitalised terms used in the extracts below have the meaning given to such terms in the Constitution, as applicable.

##### **Constitution**

##### **Liability of the Shareholders**

The liability of the members is limited.

##### *Provisions relating to the appointment, qualification and removal of Directors*

- Clause 103. Subject to the Law, each Director will hold office until they are removed under this Constitution or automatically cease to be a Director in accordance with the Law.
- Clause 104. A Director is required to hold at least 60,000 Shares in the Company to be qualified to hold the office of Director.
- Clause 105. Directors may be appointed or removed by Ordinary Resolution or by notice in writing to the Company signed by or on behalf of all Members.
- Clause 106. The Directors also have power at any time to appoint any other person as a Director either to fill a casual vacancy or as an addition to the Board provided that the total number of Directors must not at any time exceed the maximum number for the time being fixed by or under this Constitution (if any). The person so appointed shall be subject to the approval of the members at the next general meeting of the Company held after their appointment, which must be called within six months of the appointment.
- Clause 112. At every Annual General Meeting of the Company, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office by rotation, provided always that all Directors shall retire from

office at least once in every 3 years. A retiring Director shall retain office until the close of the Meeting at which he retires.

- Clause 113. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by the chair.
- Clause 114. A retiring Director shall be eligible for re-election.
- Clause 115. The company at a general meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.
- Clause 116. If at any meeting at which an election of Directors ought to take place the places of the vacating Directors are not filled up, the meeting shall stand adjourned till the same day in the next week at the same time and place and, if at the adjourned meeting the places of vacating Directors are not filled up, the vacating Directors or such of them as have not had their places filled up shall be deemed to have been re-elected at the adjourned meeting.

*Provisions relating to appointment of Chairman and Committees*

- Clause 73. The chair of the Directors will be entitled to take the chair at every general meeting, and may from time to time appoint any other Director to be the Chairman of such meeting. If there is no such chair of the Directors, or if at any meeting he is not present within 30 minutes after the time appointed for holding the meeting or is not willing to take the chair, or have not appointed any other Director to be Chairman of such meeting, the Directors present at the meeting may choose a chair of the meeting. If the Directors do not choose a chair of the meeting, the Members present must choose one of the Directors to be chair, and if no Director is present or willing to take the chair, the Members must choose one of the Members (or their proxy, attorney or corporate representative) to be chair.
- Clause 74. The chair of a general meeting may, in the case of a conflict of interest or otherwise in their discretion, appoint someone else (who need not be a Director) to chair one or more items of business or resolutions at the meeting. While acting as chair the appointee may exercise all of the chair's powers and discretions conferred by this Constitution or the Law. The chair resumes the chair after the appointment concludes.
- Clause 133. The Directors may delegate any of the powers, authorities and discretions exercisable by them under this Constitution and the Law to a committee of Directors, a single Director, an employee of the Company or any other person, and may revoke, vary or suspend that delegation, on any terms they determine.

*Provisions relating to the voting rights of the Shareholders*

- Clause 81. Each proposed resolution at a general meeting will be determined by a show of hands unless, before a vote is taken or before or immediately after the declaration of the result of the vote on a show of hands, a poll is demanded as provided by the Law.
- Clause 84. Subject to this Constitution and the rights or restrictions on voting on any class of Shares:
- (a) on a show of hands every Member present has one vote; and

(b) on a poll every Member present has one vote for each fully paid Share held by that Member.

Clause 85. A person entitled to cast more than one vote on a poll need not use all their votes or cast all the votes they use in the same way.

Clause 86. A Member who is entitled to vote on a proposed resolution at a general meeting may appoint a person as that Member's proxy to attend the meeting and vote on that Member's behalf.

Clause 87. A proxy may demand or join in demanding a poll.

Clause 91. A Member may not, at any general meeting, vote any Share they hold if any amounts are due and payable to the Company at the time of the meeting on, for or in respect of the Share. This does not restrict the Member from voting any other Shares which they hold.

Clause 92. Subject to Clause 93, a joint holder of Shares entitled to vote on a proposed resolution at a general meeting may vote all of the Shares in respect of which they are joint holder on that resolution.

Clause 93. If more than one joint holder of Shares is present at any general meeting and tenders a vote on a proposed resolution, only the vote of the joint holder whose name appears first on the Register will be counted.

Clause 94. If a person entitled to a Share because of the transmission of the Share to them by operation of law gives the Company, at least 48 hours before the time notified for a general meeting (or a postponed or adjourned meeting), evidence of the entitlement as the Directors may require, that person may exercise the rights in respect of the Share (including voting the Share) at the meeting as if that person were registered as the holder of the Share.

Clause 95. A person may only object to whether a purported voter is entitled to vote or a vote by any person present and entitled (or claiming to be entitled) to vote should be admitted or rejected, at the meeting at which the purported voter wishes to vote or the vote objected to is given or tendered. The objection must be determined by the chair of the general meeting, whose decision is final and binding. A vote not disallowed as a result is valid and effective for all purposes.

Clause 97. An instrument appointing a proxy must be in writing and signed by the appointor and include the Member's name and address, the Company's name, the proxy's name and the meetings at which the proxy may be used (which may be all meetings). A proxy need not be a member of the Company.

Clause 98. An appointment of proxy may be a standing one.

Clause 99. An instrument appointing a proxy and the power of attorney (if any) under which it is signed must be received by the Company at least 48 hours before the time for holding the general meeting to which the proxy relates and may be:

(a) delivered to the Office;

(b) sent by fax to the Office or to any other fax number specified in the notice of the meeting for that purpose;

- (c) sent by email or other means to an electronic address specified in the notice of the meeting for that purpose; or
- (d) otherwise received by any other means specified in the notice of meeting, notified by the Company from time to time or otherwise permissible under the Law.

Clause 100. Subject to the Law, the decision of the chair of a general meeting or, in the chair's absence, the Directors' decision as to the validity of an instrument appointing a proxy or the power of attorney (if any) under which it is signed is final and binding.

*Provisions relating to the issuance, classification and usage of shares*

Section 9. Subject to the Law, the Company may:

- (a) allot and issue Shares to any persons, on any terms and at those times as the Directors determine;
- (b) grant an option over the issue of any Shares to any persons, on any terms and during any time as the Directors determine; and
- (c) Without limiting Clause 9(a), allot and issue Shares with any preferential, deferred or special rights or with any restrictions (whether in regard to dividends or other distributions, voting or otherwise) as the Directors determine.

Section 10. Subject to the Law, and without limiting Clause 9, the Company may allot and issue preference Shares on any terms the Directors determine including preference Shares which are or which at the option of the Company or holder or both may be, liable to be redeemed or converted into ordinary Shares.

*Provisions relating to share certificates*

Section 15. If the Company is required by the Law or the rules of any stock exchange to issue a certificate for any Shares, the certificate must be issued in accordance with, and must include all information required by, the Law. For the avoidance of doubt, the certificate for any shares, if required, may be issued in accordance with the rules and regulations prescribed by a corresponding stock exchange in which shares of the Company are traded.

Section 20. Subject to the relevant rules and regulations, in the event that the Company's shares are listed on a stock exchange and no share certificates are required to be issued to Members, the Company shall not be required to issue such share certificates and all rights associated with the shares shall be managed electronically by the relevant stock exchange, securities depository or securities companies. The title to such shares ("**Scriptless Shares**") held through any securities companies need not be evidenced by a share certificate and may be transferred without producing a share certificate.

*Provisions relating to changes in capital*

Clause 56. The Company may alter its capital in any manner permitted by the Law. Subject to the Law, the Directors may do anything required to give effect to any resolution which alters the Company's share capital.

*Provisions relating to transfer and transmission of shares in our Company*



- Clause 47. Subject to this Constitution, the Law and the rules of any relevant stock exchange, a Member may transfer any Shares by a transfer document duly stamped and delivered to the Company. The transfer document must:
- (a) be in writing in the usual or common form or in any other form as the Directors may determine or agree to accept;
  - (b) include all information required by the Law, including a declaration by the transferor or transferee (or both of them) as to whether as a result of the transfer an overseas corporation or other foreign person (or combination of them) will acquire or cease to have an ownership interest in the Company's shares;
  - (c) be signed by or on behalf of the transferor and transferee or as otherwise permitted by the Law; and
  - (d) be accompanied by the certificate (if required by Law and if such certificate has been issued) for the Shares to be transferred and any other evidence the Directors may require to prove the title of the transferor to or their right to transfer the Shares,
- provided, however that, for shares listed and traded on a duly constituted stock exchange, the transfer of any share in the Company shall be in the usual or common form prescribed by the relevant stock exchange or by any depository or clearing organisation designated by stock exchange.
- Clause 48. Subject to Clause 49, the Company must register each transfer of Shares which complies with Clause 47 and must do so without charge. For shares listed and traded on duly constituted stock exchange, the transfer of any share on the Company shall be in accordance with the rules and regulations prescribed by the corresponding stock exchange, including any terms and conditions imposed by any depository or clearing organisation designated by stock exchange.
- Clause 49. Subject to the Law, the Directors may refuse to register any transfer of Shares if, within 21 days of receipt of the application for transfer and other documents required by this chapter 7, the Board passes a resolution to this effect setting out the reason for refusing the transfer and the Company then sends to the transferee and the transferor notice of this refusal, including the reasons for such refusal, within a further 7 days of passing the resolution.
- Clause 52. If a Member dies and the Member:
- (a) was a joint holder of any Shares, any surviving joint holders are the only persons the Company will recognize as having any title to or interest in those Shares; or
  - (b) was the sole holder of any Shares, the legal personal representatives of the deceased Member are the only persons the Company will recognize as having any title to or interest in those Shares.
- Clause 53. Nothing in Clause 52 releases the estate of a deceased Member from any liability for any amount unpaid on, or otherwise owing to the Company for or in respect of a Share, whether that Share was held by the deceased solely or jointly with one or more other persons.
- Clause 54. Any person becoming entitled to a share in consequence of the death or insolvency of a member shall have the right either to be register as a member in respect of the share or, to make such transfer of the share as the deceased or insolvent person could have made. In either case, the Directors shall have the right to decline or suspend registration as they would have had in the

case of a transfer of the share by the deceased or insolvent person before the death or insolvency, and may require the submission of sufficient evidence of the death or insolvency.

- Clause 55. A person becoming entitled to a Share as provided in Clause 54 shall be entitled to the same rights as the registered holder, except that the unregistered holder shall not be entitled to exercise any right in relation to the meetings of the Company until transfer is duly registered.

*Provisions relating to dividends and reserve*

- Clause 155. The Directors may determine that a dividend (including an interim dividend) is payable and may fix the amount, timing and method of payment of the dividend.
- Clause 156. Subject to this Constitution, the Law and the rights and restrictions attached to or imposed on any class of Shares, dividends are to be apportioned and paid among the Members in proportion to the number of Shares held by them.
- Clause 157. Subject to all applicable laws, the Directors may determine that any dividend or other distribution be paid wholly or partly by the distribution of specific property or assets, including paid up shares, debentures or other securities of the Company or any other company, trust or entity.
- Clause 158. Each Member agrees and consents to the distribution to them of any property or assets under Clause 157, including shares, debentures or other securities of the Company or any other company, trust or entity.
- Clause 159. All matters concerning dividends or other distributions including valuations of property and assets will be determined by the Directors, and in particular the Directors may:
- (a) settle any difficulty, dispute or matter regarding any dividend or other distribution;
  - (b) fix the value for distribution of the specific property or assets or any part of that property or those assets;
  - (c) determine that cash payments will be made to, or at the direction of, any Member on the basis of the value so fixed; and
  - (d) vest any specific property or assets in trustees on trust for any Member.
- Clause 160. The Company is not required to pay any interest in respect of any dividend or other distribution.
- Clause 161. The Company may retain the dividends or other distributions payable in respect of a Share to which any person is entitled because of the transmission of the Share to them by operation of law until that person or a nominated transferee is registered as the holder of the Share.
- Clause 162. The Company may deduct from any dividends or other distributions payable to a Member all amounts presently due from the Member to the Company on account of calls or otherwise.
- Clause 163. The Company may pay any dividend, other distribution or other amounts payable in respect of any Share by any method of payment the Directors determine.
- Clause 164. All dividends or other sums which are payable in respect of shares, and unclaimed after having been declared or become payable, may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

- Clause 165. Before declaring or determining any dividends, the Directors may set aside out of the profits of the Company any sums they think proper as reserves to be applied to meet contingencies, to equalise dividends, to pay special dividends, to repair, improve or maintain any property of the Company, or for any other purpose the Directors in their absolute discretion consider to be in the interest of the Company. Pending that application, the reserves may, at the discretion of the Directors, be used in the business of the Company or be invested in any investments the Directors determine (including the purchase of Shares). The Directors may deal with and vary these investments and dispose of all or any part for the benefit of the Company and may divide the reserves into special reserves as they determine.
- Clause 166. (a) By way of a resolution of the Board, the Company may capitalise any sum standing to the credit of the Company's reserve accounts or any sum standing to the credit of profit and loss account. This can occur by appropriating such sum standing to the Members in the proportions in which such sum would have been divisible amongst them, had the same been applied or been applicable in paying dividends. The respective proportion shall apply to each Member, either toward the payment of unpaid shares, if any, or in paying up in full unissued shares or debentures of the Company, or partly in one way and partly in the other. In the case of paying up unissued shares, such shares or debentures to be allotted and credited as fully paid up to and amongst such Members in the aforesaid proportion.
- (b) The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalization under Clause 166 (a), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorize any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

*Provisions relating to the right of Shareholders to inspect the books and other documents of the Company*

- Clause 152. The Directors must cause financial and other records to be kept as required by any applicable law and this Constitution.
- Clause 171. Subject to the Law, the Directors may determine to what extent the documents and records of the Company will be open to inspection by any person and any reasonable fees payable. This chapter 28 does not limit the rights of a Member, Director or former Director under applicable Law or any agreement with the Company.

## **PART V. RELATED PARTY TRANSACTIONS**

### **5.1 MATERIAL TRANSACTIONS WITH RELATED PARTIES**

As our Company is a public company with minority Shareholders and is intending to be listed on the YSX, our Directors have voluntarily decided to disclose the below for good corporate governance.

As of 30 September 2020, the transactions with related parties are as follows.

Name or company name of related party	Attributes of related party	Voting right ratio	Outline of trade with related party	Contents of trading, terms and conditions, policy to determine terms and conditions	Trading amount (MMK)	Item	Balance at the end of FY (MMK)
U Win Aung	Shareholder and director (Chairman) of the Company; director of UIG; and shareholder and director of MB	41.53% of the Company; 30% of MB (Note: The 30% of MB held by U Win Aung will be transferred to the Company by listing or shortly after listing)	Payment of amount to be made to related party (U Win Aung) by UIG at the end of previous FY (as at 1 October 2019)	Outstanding payables	1,447,285,987	Amount due from related parties (Current assets)	1,584,888,680
			UIG advanced funds to U Win Aung for hotel construction and expansion.	Fund provision (Note 1) Construction or renovation works delivered to the respective hotel properties (Note 1)	5,005,826,699 2,088,854,723		
			UIG purchased land and building from U Win Aung	Accrual of unpaid amount (Note 3)	1,517,861,972		
			UIG leased hotel land and building from U Win Aung	Payment of rental fee Accrual of unpaid rental fee (Note 4)	251,778,675 66,000,000		
			MB provided loan to U Win Aung for investment in hotel assets	Repayment of loan (Note 2)	110,144,195	Amount due from related parties (Current assets)	771,735,278
U Khin Zaw	Shareholder of MB	19% of MB	MB provided loan to U Khin Zaw for his business	Repayment of loan (Note 5)	314,302,870	Amount due from related parties (Current assets)	183,596,113

Awinka Holding Company Limited	Controlled 100% by U Win Aung, who is a shareholder and director of the Company, and his spouse Daw Nay Myat Thu Aung	—	MB provided loan to Awinka for its business	Loan provision (Note 6)	48,669,902	Amount due from related parties (Current assets)	133,630,545
AIC	Controlled 100% by U Win Aung, who is a shareholder and director of the Company, and his spouse Daw Nay Myat Thu Aung	37.72% of the Company	Payment of amount to be made to related party (AIC) by UIG at the end of previous FY (as at 1 October 2019)	Outstanding payables	16,446,009	Amount due to related parties (Current Liabilities)	32,996,912
			UIG made erroneous payment to AIC	Erroneous payment of rental fee	12,107,981		
			UIG leased hotel land and building from AIC	Accrual of unpaid rental fee (Note 7)	18,000,000		
			UIG made erroneous payment to AIC	Erroneous payment of income tax by UIG on behalf of AIC  Erroneous accounting of the transfer of funds in the bank account for Amata Garden Resort (Inle Lake) to UIG as part of the purchase of the hotel business	27,104,893		
			UIG purchased the assets, liabilities, existing projects and right to operate the hotel business of Amata Garden Resort (Inle Lake) from AIC	Gradual write off of payable with respect to land and building purchased in the past (Note 8)	1,000,000,000	Other non-current liabilities	2,000,000,000

(Note 1) Regarding the fund provision to U Win Aung for hotel construction and expansion under the construction agreement, the entire works are to be completed within a period of two years.

(Note 2) Regarding the loan provision to U Win Aung, no interest rate was set, and no conditions of repayment such as the repayment period were provided for therein. The Company had not secured any collateral for this loan.

- (Note 3) Regarding the purchase of land and building from U Win Aung, the price was set as per the book value of those properties. The repayment period was not determined therein.
- (Note 4) Regarding the rental of land and building from U Win Aung, the rental fee was set based on prevailing market prices for similar transactions in the vicinity of the relevant property. UIG has not periodically paid the rental fee as the payment period has not been determined and the amount corresponding to the unpaid rental fee has been recorded as a payable.
- (Note 5) Regarding the loan provision to U Khin Zaw, no interest rate was set, and no conditions of repayment such as the repayment period were provided for therein. The Company had not secured any collateral for this loan. This transaction is to be terminated and the loan fully repaid within one year after the listing date.
- (Note 6) Regarding the loan provision to Awinka Holding Company Limited, no interest rate was set, and no conditions of repayment such as the repayment period were provided for therein. The Company had not secured any collateral for this loan. This transaction is to be terminated and the loan fully repaid within one year after the listing date.
- (Note 7) Regarding the rental of land and building from AIC, the rental fee was set based on prevailing market prices for similar transactions in the vicinity of the relevant property. UIG has not periodically paid the rental fee as the payment period has not been determined and the amount corresponding to the unpaid rental fee has been recorded as a payable.
- (Note 8) On 1 April 2018, UIG purchased the assets, liabilities, existing projects and right to operate the hotel business of Amata Garden Resort (Inle Lake) from AIC. The valuation of such assets, liabilities, existing projects and right to operate the hotel business was based on a valuation conducted by an internationally well-recognized third-party valuer for real estate property in hospitality business and was set as per the book value of those properties at a value of 3,000,000,000 Kyats. The schedule for the gradual write off of payable has not been fixed but is anticipated to be totally written off within the next 5 years. As of 30 September 2020, 1,000,000,000 Kyats has been written off.

In our audited consolidated financial statements for FY2018-2019, 10,190,766,639 Kyats of receivable from related party and 36,000,000 Kyats of payable to related party was recorded. Please see table below for further details.

Please also note that in addition to the 36,000,000 Kyats payable to related party as disclosed in the financial statements for FY2018-2019, there was also a payable of 3,000,000,000 Kyats to AIC with respect to the internal restructuring. For further details, please refer to “*Part VI. Financial Information*”.

No.	Name	Position	Receivable from related party (Kyat)	Description
1.	U Win Aung	Shareholder, Director of the Company and director of UIG	6,081,022,914	<p>This involves transactions between U Win Aung and UIG.</p> <p>Funds were used for the construction and expansion of the hotels in the Hotel Service where U Win Aung had utilised the UIG’s funds to pay the construction company first. This has been reflected as a receivable to account for the construction or renovation works to be delivered to the respective hotel properties. (<b>Note:</b> The funds were used for Amata Garden Resort (Inle), My Hpa An Residence and Amata Resort (Ngapali Beach). As of 30 September 2020, U Win Aung had handed over to UIG, the constructions works to be effected at (i) Amata Garden Resort (Inle) (ii) My Hpa An Residence and (iii) Amata Resort (Ngapali Beach).)</p> <p>Further, to clarify, the 6,081,022,914 Kyats is the net receivable due from U Win Aung to UIG, having already accounted for the following payables made from UIG to U Win Aung:</p> <ul style="list-style-type: none"> <li>• Rent payable under a land and building agreement between U Win Aung (as lessor) and United International Group Limited (as lessee) dated 27 February 2017 over the following land plot, Plot No. 1, Holding No. 25, Yin Minn Paik (West) New Bagan Town, Thiripyissaya Ward, Nyaung-Oo District, Mandalay Region</li> <li>• Rent payable under a land and building agreement between U Win Aung (as lessor) and United International Group Limited (as lessee) dated 27 February 2017 over the</li> </ul>

				<p>following land plots, (i) Plot No. 9, Survey No.97, Thamotdarit Quarter, Bagan, Nyaung Oo District, Mandalay Division (ii) Plot No.1544, Survey No.7/7, Thahtay Kan, New Bagan, Nyaung Oo District, Mandalay Division (iii) Plot No.1544, Survey No.7/6, Thahtay Kan, New Bagan, Nyaung Oo District, Mandalay Division</p> <ul style="list-style-type: none"> <li>Rent payable under a land and building agreement between U Win Aung (as lessor) and United International Group Limited (as lessee) dated 29 September 2017 over the following land plot, Holding No.216/217, Holding No.156, Holding No.157/2, Holding No.62/1, Holding No.53/1, Lot No. in block No-207/ Mya Pyin Field, Mya Pyin Village-Tract, Ngapali Town, Thandwe District, Rakkhine State</li> </ul>
2.	U Win Aung	Shareholder and director of MB	271,842,776	Loan from MB to its shareholders.
3.	U Khin Zaw	Shareholder and director of MB	421,689,097	Loan from MB to its shareholders.
4.	U Aung Naing	Shareholder and director of MB	296,550,809	<p>Loan from MB to its shareholders.</p> <p>(Note: This has since been repaid on 31 May 2019.)</p>
5.	Awinka Holding Company Limited	An entity controlled by U Win Aung who is a Shareholder and Director of the Company and the shareholder and director of MB	22,786,236	Loan between Awinka Holding Company Limited and Myanmar Ballooning Company Limited.
6.	U Win Aung	Shareholder and Director of the Company	3,096,392,125	<p>This involves transactions between U Win Aung and the Company.</p> <p>Funds were used for future hotel expansion plans in Myeik where U Win Aung had utilised the Company's funds to pay the construction company first. This has been reflected as a receivable to account for the construction or renovation works to be delivered to the Group for its expansion plans.</p>



7.	-	-	483,104	This was recognised as being a related party transaction in the financial statement but it is actually an internal company transaction (i.e. within UIG's different departments and hotels) to account for the cash in transit incurred in the purchase of goods.
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No.	Name	Position	Payable to related party (Kyat)	Description
1.	AIC	Shareholder of Company	36,000,000 <b>(18,000,000 per year)</b>	Rent payable under a land and building agreement between Amata International Co., Ltd. (as lessor) and United International Group Limited (as lessee) dated 17 February 2017 over the following land plot, Holding No.156/250, Holding No.146/252, Holding No.157/249, Holding No.158/1, Holding No. 159/2, Holding No.161, Holding No. 162/1, Holding No. 153, Holding No.154/253, Holding No.155/251, Holding No.61/254, Lot No. in block No-207/ Mya Pyin Field, Mya Pyin Village-Tract, Ngapali Town, Thandwe District, Rakkhine State.

In our unaudited reviewed pro forma consolidated financials for FY2017-2018, 2,759,607,273 Kyats of receivable from related party and 828,887,320 Kyats of payable to related party was recorded. Please see table below for further details.

No.	Name	Position	Receivable from related party (Kyat)	Description
1.	U Win Aung	Shareholder, Director of the Company and director of UIG	1,215,975,937	This involves transactions between U Win Aung and UIG.  Funds were used for the construction and expansion of the hotels in the Hotel Service where U Win Aung had utilised the Groups' funds to pay the construction company first. This has been reflected as a receivable to account for the construction or renovation works to be delivered to the respective hotel properties.
2.	U Win Aung	Shareholder and director of MB	107,187,392	Loan from MB to its shareholders.

3.	U Khin Zaw	Shareholder and director of MB	273,391,933	Loan from MB to its shareholders.
4.	U Aung Naing	Shareholder and director of MB	162,526,711	Loan from MB to its shareholders.
5.	Awinka Holding Company Limited	An entity controlled by U Win Aung who is a Shareholder and Director of the Company and the shareholder and director of MB	525,300	Loan between Awinka Holding Company Limited and MB.
6.	U Win Aung	Shareholder and Director of the Company	1,000,000,000	This involves transactions between U Win Aung and the Company.  Funds were used for future hotel expansion plans in Hpa-An where U Win Aung had utilised the Group's funds to pay the construction company first. This has been reflected as a receivable to account for the construction or renovation works to be delivered to the respective hotel properties.

No.	Name	Position	Payable to related party (Kyat)	Description
1.	U Win Aung	Shareholder, Director of the Company and director of UIG	73,888,320	Temporary loan between United International Group and U Win Aung (as lender).
2.	U Win Aung	Shareholder and Director of the Company	255,000,000	Consideration for share purchase as part of the Group internal restructuring.
3.	U Win Aung	Shareholder and Director of the Company	299,999,000	Consideration for share purchase as part of the Group internal restructuring.
4.	Daw Nay Myat Thu Aung	Shareholder and Director of the Company	200,000,000	Consideration for share purchase as part of the Group internal restructuring.

The abovementioned transactions were reached on a willing buyer willing seller basis and were based on market rates.

As at the Latest Practicable Date, save as disclosed above, the Board is not aware of any other Related Party Transactions.

## **RPT Procedures**

Our Directors acknowledge the need for the interests of minority Shareholders to be safeguarded. In view of the foregoing, during the Previous Offering, our Directors had voluntarily adopted the RPT Procedures with a view to ensuring that Related Party Transactions are on normal commercial terms and are transacted on an arm's length basis on terms and prices not more favourable to the related party than if they were transacted with a third party and are not prejudicial to the interests of our Company and our minority Shareholders. Our Directors may from time to time revise the RPT Procedures in such manner as may be considered appropriate by our Board. In this regard, the Board had on 29 June 2020 revised the RPT Procedures.

### *Definitions*

For the purpose of the RPT Procedures, unless the context otherwise requires:

**“associate”** means:

- (a) specifically, in relation to a company, means:
  - (i) a director or secretary of the company;
  - (ii) a related body corporate;
  - (iii) a director or secretary of a related body corporate; and
  - (iv) a person who controls the company, or who is controlled by the company; and
- (b) generally, in relation to a person (including a company), means:
  - (i) a person in concert with whom the person is acting, or proposes to act in relation to the relevant matter;
  - (ii) a person with whom the person is, or proposes to become, associated, whether formally or informally, in any other way in relation to the relevant matter; and
  - (iii) a prescribed person in relation to the relevant matter,
- (c) does not in any case include someone who may otherwise be considered an associate under paragraphs (a) or (b) merely because they:
  - (i) give advice to the person, or act on the person's behalf, in the proper performance of the functions attaching to a professional capacity or a business relationship; or
  - (ii) have been appointed to as a proxy or representative of a person at a meeting of members, or of a class of members, of a company.

**“related body corporate”** of a body corporate (which includes a company) means:

- (a) a holding company of the body corporate;
- (b) a subsidiary of the body corporate; or
- (c) a subsidiary of a holding company of the body corporate;

**“related party”** means:

- (a) in relation to a body corporate, a person which controls the body corporate; and
- (b) in relation to a person (including a body corporate):
  - (i) an associate of the person (other than a related body corporate of the person);
  - (ii) a spouse, parent or child of an associate of the person; and
  - (iii) a body corporate controlled by any of the persons referred to in sub-sections (a) or (b)(i) and (ii) above.

**“control”** means, in relation to a company, the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;

**“Related Party Transaction”** means a transaction with a related party.

#### *General Procedures*

The following procedures will be implemented by our Group in relation to Related Party Transactions:

- (a) when purchasing any products or procuring any services from a related party, two (2) additional quotations from non-related parties will be obtained as a comparison to ensure that our Group’s interests and minority Shareholders’ interests are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two (2) additional quotations from non-related parties. Pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be considered in determining the most competitive price or fee;
- (b) when selling any products or supplying services to a related party, the price or fee and terms of two (2) other successful transactions of a similar nature with non-related parties will be used as comparison to ensure that the interests of our Group and minority Shareholders are not disadvantaged. The price or fee for the sale of products or the supply of services shall not be lower than the lowest price or fee of the two (2) other successful transactions with non-related parties;
- (c) when renting immovable properties from or to a related party, appropriate steps will be taken to ensure that such rent is matched with prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rates of similar properties in terms of size, suitability for purpose and location, based on the results of the relevant inquiries; and
- (d) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from a related party, the Related Party Transaction will be approved the Board in accordance with Section 187 of the Companies Law or by Shareholders in accordance with Section 188 of the Companies Law. In determining the transaction price payable to the related party for such products and/or service, factors such as, but not limited to, quantity, requirements and specifications will be taken into account.

#### *Review and Approval Procedures*

- (a) All Related Party Transactions entered into by our Group will be approved by the Board in accordance with Section 187 of the Companies Law or by Shareholders in accordance with Section 188 of the Companies Law.
- (b) Our Audit Committee will review all Related Party Transactions, if any, on a quarterly basis to ensure that they are made on terms that are no worse than arm’s length from the perspective of the company. In accordance with the procedures outlined above, our Audit Committee will take into account all relevant non-quantitative factors.

- (c) We shall prepare all the relevant information to assist our Audit Committee in its review and will keep a register of interests in accordance with Section 189 of the Companies Law, recording all Related Party Transactions. The basis for entry into the transactions, including the quotations and other evidence obtained to support such basis, shall also be recorded in the register.
- (d) Directors who vote in favour of authorising an Related Party Transaction must sign a certificate stating that, in their opinion, the entering into of the Related Party Transaction is in the best interest of the company, is reasonable in the circumstances, and is on terms that are no worse than arm's length from the perspective of the company, and the grounds for that opinion.
- (e) For all Related Party Transactions, if a member of our Audit Committee has an interest in a transaction or is a nominee for the time being of the relevant related party, he shall abstain from participating in the review process of the Audit Committee in relation to that transaction.

### *Disclosure*

We will disclose in our annual report the aggregate value of Related Party Transactions entered into during the financial year under review. The aggregate value of the Related Party Transactions entered into with the same related party (as determined reasonably by our Board) will also be disclosed.

## **5.2 OTHER CONFLICTS OF INTERESTS**

Except in very limited circumstances specified under the Companies Law, there is no legal or regulatory framework in Myanmar dealing with potential conflict of interests or requiring disclosure of potential conflict of interests in the context of the Listing.

As our Company is a public company with minority Shareholders, our Directors have voluntarily decided to disclose the below for good corporate governance.

U Win Aung and Daw Nay Myat Thu Aung are Directors and Shareholders of the Company and they are also directors and shareholders of Amata International Co. Ltd, a company incorporated in Myanmar which is wholly owned by U Win Aung and Daw Nay Myat Thu Aung. Amata International Co. Ltd. is also in the hotel business but the Board is of the view that there is no potential conflict of interests as Amata International Co. Ltd. is not in the business of operating and managing hotels but it is a property holding company.

U Win Aung is Director and Shareholder of the Company and he also owns a river cruise business which includes river cruises around the Ayeryarwaddy River and Chin Twin River and also overnight stays in the cabins of the ship. Even though this river cruise business also has overnight stays in the cabins, the Board is of the view that there is no potential conflict of interest as the river cruise business is targeting a different segment of the hotel accommodation market and it provides a more nature-oriented travel experience which is different from the Group's Business.

To mitigate risks from Related Party Transactions as well as current and potential conflicts of interest, our Company relies on the safeguards provided under the Companies Law, specifically Division 18, which requires every director who has an express or implied interest in any transaction entered into by or on behalf of the company, to disclose the nature of their interests at the meeting of the directors when the transaction arises or at the first meeting of the directors after the relevant conflict of interest arises; this will prohibit interested directors from voting on any contract or arrangement they are interested in and the presence of such interested directors will not be counted for purposes of quorum at the time of the vote.

## **PART VI. FINANCIAL INFORMATION**

### **6.1 FINANCIAL STATEMENTS**

Our Company was only incorporated on 27 June 2017 and therefore, for FY2017-2018 (i.e. the financial year ended 31 March 2018), we are only able to present our financial data in the form of unaudited reviewed pro forma consolidated financials as reviewed by the Auditor. The unaudited reviewed pro forma consolidated financials for FY2017-2018 is included for the purpose of providing a consistent disclosure based on regular financial reporting periods of 12 months and for the purpose of showing how our financial condition and results of operations would have looked if our Company had been incorporated as of 1 April 2017 and if our Company had been consolidated with our Group companies upon our incorporation. It has been prepared purely for illustrative purposes only and is not necessarily indicative of the consolidated financial position or the results of operations in future periods.

For FY2019, we have included the audited consolidated financials in this “***Part VI. Financial Information***”. However, it should be read with a particular caution given that FY2019 covers only a 6 months period from 1 April 2019 to 30 September 2019, which also coincidentally sits during a low season period for our Business. Pursuant to Letter No. 4(1)/USa-2/PaTaKha/2019 (5229) dated 15 May 2019 issued by the Internal Revenue Department under the Ministry of Planning and Finance, the financial year of all Myanmar companies has changed to 30 September with effect from 1 October 2019.

### **6.2 AUDITOR’S REPORT**

As mentioned, for FY2017-2018 (i.e. the financial year ended 31 March 2018), we are only able to present our financial data in the form of unaudited reviewed pro forma consolidated financials as reviewed by the Auditor.

For FY2018-2019 and FY2019, the Auditor’s Report is as attached in the below financials.

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**

**REVIEW REPORT ON PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED 31 MARCH 2018***

**KHIN SU HTAY & ASSOCIATES LIMITED**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**

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***PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS***  
***FOR THE YEAR ENDED 31 MARCH 2018***

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**INDEPENDENT REVIEW REPORT**  
**OF**  
**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

We have reviewed the pro-forma consolidated financial statements of **Amata Holding Public Company Limited and Its Subsidiaries ("the Group")**, which comprise the pro-forma consolidated statement of financial position of the Group as at 31 March 2018, the pro-forma consolidated statement of profit or loss and other comprehensive income, the pro-forma consolidated statement of changes in equity and the pro-forma consolidated statement of cash flows of the Group for the year ended 31 March 2018 and a summary of significant accounting policies and other explanatory notes. A review consists primarily of applying analytical procedures to management's financial data and making inquiries of the Management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the pro-forma consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Myanmar Financial Reporting Standards ("MFRS") and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on the pro-forma consolidated financial statements based on our review. We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2400, *Engagements to Review Financial Statements*. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of the pro-forma consolidated financial statements in accordance with ISRE 2400 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the pro-forma consolidated financial statements as a whole may be materially misstated.

We believe that the evidence we obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

The procedures performed in a review engagement are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these pro-forma consolidated financial statements.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying pro-forma consolidated financial statements are not presented fairly, in all material respects in accordance with Myanmar Financial Reporting Standards (MFRS).



Than Tint

CPA (PA-103)

Managing Director

**Khin Su Htay & Associates Limited**

Yangon,

Date: **24 JUN 2020**

# AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)

## PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	31-Mar-18 MMK
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	4	49,002,519,794
Intangible assets	5	210,945,287
<b>Total Non-Current Assets</b>		<b>49,213,465,081</b>
<b>Current Assets</b>		
Inventories	6	156,277,020
Accounts receivable	7	144,713,877
Deposit, prepayment and advance	8	496,550,478
Amount due from related party	9	2,759,607,273
Cash and cash equivalents	10	1,643,326,402
<b>Total Current Assets</b>		<b>5,200,475,050</b>
<b>Total Assets</b>		<b>54,413,940,131</b>
<b>Equity and Liabilities</b>		
Share capital	11	1,000,000,000
Retained earnings	12	30,579,888,333
Exchange translation reserve	13	1,732,603,434
Non Controlling Interest	14	1,101,746,130
<b>Total Equity</b>		<b>34,414,237,897</b>
<b>Current Liabilities</b>		
Accounts payable	15	252,239,607
Tax payable	16	315,930,656
Accrued expenses	17	557,889,618
Deposit received	18	426,329,016
Other liabilities	19	293,981,363
Amount due to Related Party	20	828,887,320
<b>Total Current Liabilities</b>		<b>2,675,257,580</b>
<b>Non - Current Liabilities</b>		
Long-term borrowings	21	14,295,200,000
Other non-current liabilities	22	3,029,244,654
<b>Total Non-Current Liabilities</b>		<b>17,324,444,654</b>
<b>Total Equity and Liabilities</b>		<b>54,413,940,131</b>

Authenticated by:



U Win Aung  
Managing Director  
Amata Holding Public Company Limited  
Date : **23 JUN 2020**




Daw Nay Myat Thu Aung  
Director  
Amata Holding Public Company Limited  
Date : **23 JUN 2020**

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)  
**PRO-FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	31-Mar-18 MMK
<b>Revenue</b>		
Room / Ballooning	23	6,364,561,036
Food and beverage	24	1,571,804,295
Guest laundry and spa	25	156,705,278
Other operating	26	326,390,409
		<b>8,419,461,018</b>
<b>Cost of Sales</b>		
Room / Ballooning	27	2,299,096,948
Food and beverage	28	1,030,755,692
Guest laundry and spa	29	57,228,708
Other operating	30	4,769,313
		<b>3,391,850,661</b>
<b>Gross Profit</b>		<b>5,027,610,357</b>
<b>Other Income</b>		
Bargain purchase	31	31,209,806,142
<b>Other Expenses</b>		
Sales and marketing	32	325,620,715
Administration and general	33	1,584,846,865
Property operating and maintenance	34	518,526,884
Utility cost	35	289,264,479
Property tax		1,798,500
Lease rental		171,289,167
Bad debt		2,065,969
Written-off		43,773,936
Exchange (gain) or loss		(33,670,492)
		<b>2,903,516,023</b>
<b>EBITDA</b>		<b>33,333,900,476</b>
Depreciation - PPE	4	1,620,596,476
Amortization intangible assets	5	45,462,910
Amortization - pre opening expenses		23,092,816
<b>EBIT</b>		<b>31,644,748,274</b>
Interest expense		225,748,976
<b>Profit Before Tax</b>		<b>31,418,999,298</b>
Commercial tax adjustment		5,292,292
Income tax adjustment		(21,930,165)
Gain/(Loss) on disposal		3,197,640
<b>Profit for the Year</b>		<b>31,405,559,065</b>
<b>Other Comprehensive Income</b>		
Foreign exchange translation differences		1,763,677,832
<b>Total Comprehensive Income for the Year</b>		<b>33,169,236,897</b>
<b>Profit Attributable to :</b>		
Equity holder of the Company		30,579,888,333
Non-controlling Interest		825,670,732
		<b>31,405,559,065</b>
<b>Total Comprehensive Income Attributable to :</b>		
Equity holder of the Company		32,312,491,768
Non-controlling Interest		856,745,129
		<b>33,169,236,897</b>
<b>Earning per share</b>		<b>3,231</b>
<b>Basic (MMK)</b>		

Authenticated by:

U Win Aung  
Managing Director  
Amata Holding Public Company Limited  
Date : 23 JUN 2020



Daw Nay Myat Thu Aung  
Director  
Amata Holding Public Company Limited  
Date : 23 JUN 2020



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)

**PRO-FORMA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	SHARE CAPITAL	RETAINED EARNINGS	EXCHANGE RESERVE	Total	NCI	MMK TOTAL EQUITY
As at 01 April 2017	-	-	-	-	-	-
Issued share capital	1,000,000,000	-	-	1,000,000,000	-	1,000,000,000
Acquisition	-	-	-	-	245,001,000	245,001,000
Profit for the year	-	30,579,888,333	-	30,579,888,333	825,670,732	31,405,559,065
Other comprehensive income	-	-	1,732,603,434	1,732,603,434	31,074,398	1,763,677,832
As at 31 March 2018	1,000,000,000	30,579,888,333	1,732,603,434	33,312,491,767	1,101,746,130	34,414,237,897

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)

**PRO-FORMA CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2018**

	31-Mar-18
	MMK
<b>Cash Flows from Operating Activities</b>	
Profit before taxation and extraordinary items	31,418,999,298
<b>Adjustments for:</b>	
Depreciation	1,620,596,476
Transfer of property, plant and equipment	17,702,683
Amortization	45,462,910
Intangible assets adjustments	(24,343,954)
Prior year adjustments	(2,340,166)
Interest expense	225,748,976
Written off	43,773,936
Exchange adjustments	(825,855,503)
Bargain purchase	(31,209,806,142)
<b>Operating profit before changes in working capital</b>	<b>1,309,938,514</b>
<b>Changes in working capital:</b>	
Increase in inventory	(22,249,895)
Increase in trade and other receivables	(441,413,933)
Decrease in amount due from related party	766,265,934
Decrease in trade and other payables	(233,608,139)
Increase in amount due to related party	73,889,977
Increase in exchange reserve	1,763,677,886
Cash flow from operating activities	<b>3,216,500,344</b>
Interest paid	(225,748,976)
<b>Net cash flow from operating activities</b>	<b>A 2,990,751,368</b>
<b>Cash Flows from Investing Activities</b>	
Purchase of property, plant & equipment	(17,630,492,141)
Purchase of intangible assets	(142,870,257)
Proceeds from sale of property, plant & equipment	4,200,000
<b>Net cash used in investing activities</b>	<b>B (17,769,162,398)</b>
<b>Cash Flows from Financing Activity</b>	
Proceeds from issuance of share capital	1,000,000,000
Long-term borrowings	14,295,200,000
<b>Net cash proceeded in financing activity</b>	<b>C 15,295,200,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A+B+C) 516,788,970</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>1,126,537,431</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,643,326,402</b>

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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

**1. General Information**

**Amata Holding Public Company Limited** is domiciled and incorporated in the Republic of the Union of Myanmar with its registered office at No.10, Inya Yeik Thar Street, Mayangone Township Yangon, Myanmar under Company Registration No.1563/2017-2018 dated 27 June 2017. These pro-forma consolidated financial statements are prepared as if **Amata Holding Public Company Limited** is domiciled and incorporated on 01 April 2017.

The principal activities of the Company are Hospitality, Restaurants and Ballooning Services.

The Company acquired 99.99% share of United International Group Limited (UIG) and 51% share of Myanmar Ballooning Company Limited (MB) on 01 August 2018. These pro-forma consolidated financial statements are prepared as if these transactions occurred on 01 April 2017.

Incorporated in 1993, United International Group Limited mainly involves in resorts and restaurant management under UIG (Amata Brand) which operates value segments of the hospitality market through the following;

- (i) Amata Resort and Spa – Ngapali
- (ii) Amata Garden Resort - Inle
- (iii) Amata Garden Resort – Bagan
- (iv) My Bagan Residence by Amata

Incorporated in 2013, Myanmar Ballooning Company Limited mainly operates in hot air ballooning and operates under Oriental Ballooning brand. Oriental Ballooning brand flights over the pagodas of Bagan, the city of Mandalay, stunning Inle Lake and Ngapali Beach in Myanmar.

**2. Basis of Preparation of the financial statements**

**(a) Statement of Compliance**

The pro-forma consolidated financial statements are prepared in compliance with Myanmar Financial Reporting Standards (“MFRS”).

**(b) Basis of Measurement**

The pro-forma consolidated financial statements have been prepared on the historical cost basis.

**(c) Use of Estimates and Judgements**

The preparation of the pro-forma consolidated financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no accounting estimates and judgement made by the management that has significant effect on the pro-forma consolidated financial statements.

**(d) Basis of Consolidation**

***(a) Subsidiaries***

**Consolidation**

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. Subsidiaries are pro-forma consolidated from the date on which control is transferred to the Group. They are pro-forma consolidated from the date on which control ceases.

In preparing the pro-forma consolidated financial statements, transactions, balances and recognized gains on transactions between group entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non- controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the pro-forma consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this the results in the non-controlling interests having a deficit balance.

***(b) Associated companies***

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50 %. Investments in associated companies are accounted for in the pro-forma consolidated financial statements using the equity method of accounting less impairment losses.

***(c) Equity method of accounting***

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognized in profit or loss and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. These post- acquisition movements and distributions



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**FOR THE YEAR ENDED 31 MARCH 2018**

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received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognize further losses, unless it has obligations to make or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

***(d) Investment in associate***

Investment in associated is initially recognized at the transaction price (including transaction costs) under the equity method of accounting and carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from and investee reduces the carrying amount of the investment.

**3. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in the pro-forma consolidated financial statements.

**(a) Foreign Currency Translation**

The Company maintains its accounting records in Myanmar Kyats. The pro-forma consolidated financial statements are presented in Myanmar Kyats (MMK), which is functional and presentation currency of the Company.

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

All assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

Foreign exchange differences arising on translation are recognized in statement of comprehensive income.

**(b) Cash and Cash Equivalents**

Cash and Cash equivalents in the statements of financial position comprise cash in hand and cash at bank balances.

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**(c) Trade and other accounts receivables**

Trade and other accounts receivables are stated at the invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment historical and future expectations of customer payments. Bad debts are written off when incurred.

**(d) Inventory**

Inventory is measured at the lower of cost and net realised value.

Cost is calculated using the first in first out principle, and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realised value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(e) Property, Plant and Equipment**

***Owned assets***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses expect for building that are presented at revalued value.

Costs include expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets include the cost of materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs, Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for us separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net in profit or loss.

***Revalued assets***

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognized in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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previous decrease in value recognized in profit or loss in respect of the same asset. A decrease in value is recognized in profit or loss to the extent it exceeds an increase previously recognized in other comprehensive income for the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

***Subsequent costs***

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day –to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

***Depreciation***

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost.

Depreciation is charged to profit or loss on a straight – line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

-Building	45 years
-Balloon (12 units)	7 years
-Plant and machinery	5 years
-Furniture and fixtures	5 years
-Office equipment	3 years
-Vehicle	5 years
-Operating equipment	3 years

Depreciation method, useful lives and residual values are reviewed at each financial year- end and adjusted if appropriate. Useful life of building depends on the land lease agreement.

**(f) Intangible Assets**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight –line basis from the date the asset is available for use and over its estimated useful lives of 3 years.

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**(g) Goodwill**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

**(h) Leases**

An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

***Finance lease:*** A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

***Operating lease:*** A lease other than a finance lease.

***As a lessee***

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in profit or loss on a straight-line basis over the lease term.

**(i) Trade and other payables**

Trade and other accounts payable are stated at cost.

**(j) Share Capital**

***Ordinary shares***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.



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**(k) Revenue**

Revenue excludes commercial taxes and is arrived at after deduction of trade discounts.

***Revenue from hotel operations***

Hotel revenue from room, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered.

**(l) Lease payments**

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

***Determining whether an arrangement contains a lease***

At inception of an arrangement, the Company determines whether such arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Company's incremental borrowing rate.

**(m) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognized in the statement of income except to the extent that they relate to a business combination, or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill and the initial

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recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis on their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(n) Impairment of financial assets**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or the Company of financial assets is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("a loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the Company of financial assets that can be reliably estimated.

**(o) Related parties**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the

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party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

<b>Name of individuals</b>	<b>Nature of relationship</b>
United International Group Limited	Subsidiary
Myanmar Ballooning Company Limited	Subsidiary
Amata International Company Limited	Related to Subsidiary
Awinka Holding Company Limited	Related to Subsidiary
U Win Aung	Managing Director
Daw Nay Myat Thu Aung	Director
U Khin Zaw	Director of MB
U Aung Naing	Director of MB

The pricing policies for particular types of transactions are explained future below:

<b>Transaction</b>	<b>Pricing policies</b>
Land lease	Contractually agreed prices

Significant transactions for the period from 01 April 2017 to 31 March 2018 with related parties were as follows;

	<b>31 Mar 2018</b>
	<b>MMK</b>
Receivable from related party	2,759,607,273
Payable to related party	(828,887,320)

**Significant agreement with related party**

The Company entered into lease agreements with a related party to lease land for the following terms:

Land Lease – Ngapali Beach	15 years
Land Lease – Amata Garden Resort – Bagan	15 years
Land Lease – My Bagan Residence by Amata	15 years
Land Lease – Amata Garden Resort Inle Lake	50 years

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**4. Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost less accumulated depreciation. Details are shown as below:

	Building	Office Equipment	Plant & Machinery	Furniture & Fixture	Data Processing Equipment	Motor Vehicles	Construction in Progress	Balloon (12 units)	Boat & Bicycle	Others	Operation Equipment	Total (MMK)
<i>Costs</i>												
At 1 April 2017	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	27,651,000,008	125,624,165	643,041,331	793,950,513	136,825,253	524,196,147	3,030,164,452	1,547,408,430	86,902,623	37,386,939	462,094,212	35,038,594,073
Ex-Adjustment	3,744,999,992	(11,528,514)	69,905,829	13,320,916	(18,169,530)	7,687,332	(2,944,641,953)	45,824,878	2,951,469	17,795,547	12,094,798	940,240,763
Additions	1,392,480,698	164,235,127	385,823,032	877,750,779	56,595,493	135,615,000	13,881,715,338	223,243,142	28,609,835	31,381,872	453,041,825	17,630,492,141
Written Off	-	(10,873,900)	(46,760,721)	(91,136,437)	(11,219,190)	(1,019,000)	-	-	(12,120,000)	(7,700,332)	(105,676,114)	(286,505,693)
Disposal	-	-	(6,817,732)	-	-	-	-	-	(2,616,333)	-	-	(9,434,065)
Transfer	-	-	(16,315,280)	(2,842,819)	(2,909,000)	-	-	-	-	(1,994,500)	(12,193,431)	(36,255,030)
<b>At 31 March 2018</b>	<b>32,788,480,698</b>	<b>267,456,877</b>	<b>1,028,876,459</b>	<b>1,591,042,952</b>	<b>161,123,026</b>	<b>666,479,479</b>	<b>13,967,237,837</b>	<b>1,816,476,450</b>	<b>103,727,595</b>	<b>76,869,526</b>	<b>809,361,290</b>	<b>53,277,132,189</b>
<i>Accumulated Dep:</i>												
At 1 April 2017	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	614,466,669	81,584,721	411,187,586	414,832,808	61,311,725	265,254,003	-	549,688,338	74,135,056	22,089,997	303,697,266	2,798,248,169
Prior Year Adjustment	-	992,062	103,200	1,403,067	4,999,971	3,600,000	-	-	-	-	-	11,098,299
Ex-Adjustment	83,222,228	(8,369,222)	61,163,468	(3,161,340)	893,394	4,282,748	-	(32,363,284)	1,643,442	14,413,055	9,769,670	131,494,159
Dep: For the year	737,947,927	30,474,734	158,160,316	177,897,499	27,422,440	111,179,825	-	253,722,858	10,881,123	11,720,369	101,189,386	1,620,596,476
Write-off	-	(10,749,912)	(39,623,170)	(79,594,485)	(10,659,868)	(220,783)	-	-	(12,120,000)	(6,926,095)	(82,837,444)	(242,731,757)
Disposal	-	-	(5,811,238)	-	-	-	-	-	(2,620,467)	-	-	(8,431,705)
Transfer	-	-	(10,438,858)	(496,640)	(665,613)	-	-	-	-	(1,298,250)	(5,652,986)	(18,552,347)
Ex-Adjustments	(10,344,707)	(148,717)	(727,553)	(1,014,637)	(173,234)	(553,668)	-	(3,544,737)	(39,044)	(1,199)	(561,401)	(17,108,898)
<b>At 31 March 2018</b>	<b>1,425,292,116</b>	<b>93,783,664</b>	<b>574,013,751</b>	<b>509,866,272</b>	<b>83,128,814</b>	<b>383,542,124</b>	<b>-</b>	<b>767,503,175</b>	<b>71,880,110</b>	<b>39,997,877</b>	<b>325,604,490</b>	<b>4,274,612,395</b>
<b>Net Book Value</b>												
<b>At 31 March 2018</b>	<b>31,363,188,582</b>	<b>173,673,213</b>	<b>454,862,708</b>	<b>1,081,176,680</b>	<b>77,994,212</b>	<b>282,937,354</b>	<b>13,967,237,837</b>	<b>1,048,973,275</b>	<b>31,847,485</b>	<b>36,871,648</b>	<b>483,756,800</b>	<b>49,002,519,794</b>



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**5. Intangible Assets**

Intangible Assets are stated at cost less accumulated amortisation. Details are shown as below:

	<b>Cumulative Amortization 31-Mar-18 MMK</b>	<b>Intangible Assets 31-Mar-18 MMK</b>	<b>Total 31-Mar-18 MMK</b>
<i>Cost</i>			
<b>At 01 April 2017</b>		-	
Acquisition of subsidiary	23,460,440	101,948,187	125,408,627
Transfer from PP&E	-	6,027,000	6,027,000
Adjustment	-	27,552,297	27,552,297
Additions	-	142,870,257	142,870,257
<b>At 31 Mar 2018</b>	<b>23,460,440</b>	<b>278,397,741</b>	<b>301,858,181</b>
<i>Accumulated Amortization</i>			
<b>At 01 April 2017</b>	-	-	-
Acquisition of subsidiary	16,905,458	25,336,183	42,241,641
Prior Year Adjustment	-	167,400	167,400
Adjustment	-	3,321,566	3,321,566
Amortization for the year	6,554,982	38,907,928	45,462,910
Exchange Adjustment	-	(280,623)	(280,623)
<b>At 31 Mar 2018</b>	<b>23,460,440</b>	<b>67,452,454</b>	<b>90,912,894</b>
<i>Net Book Value</i>			
<b>At 31 Mar 2018</b>	-	<b>210,945,287</b>	<b>210,945,287</b>

**6. Inventories**

Details are shown as below:

	<b>31-Mar-18 MMK</b>
Food	20,449,356
Beverage	16,876,301
Cleaning Supplies	1,997,693
Guest Supplies	11,992,047
Massage Oil	1,229,794
Souvenir Stock	34,344,441
Printing Supplies	11,297,266
Diesel	4,008,926
Gas	6,796,800
H.K Guest Supplies	3,886,462
Operation Utensil	244,561

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Mini Bar	3,247,661
Chemical	1,913,601
Waiving	2,106,995
Operation - Kitchen Food	8,529,803
Operation - Beverage (Bar)	7,259,907
Head Office - Store	19,451,906
Staff Uniform	643,500
<b>Total</b>	<b>156,277,020</b>

**7. Accounts Receivable**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Restaurant - City Ledger	594,654
AR - Guest Ledger	9,800,709
AR - City Ledger	134,318,514
<b>Total</b>	<b>144,713,877</b>

**8. Deposit, Prepayment and Advance**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Deposit	92,765,416
Prepayment - Insurance	32,216,258
- Others	191,094,674
- Advertising	8,772,000
- Prepaid Rental	18,850,000
Advance - Staff	3,014,400
- Tax	6,437,962
Pre-Opening Expenses	143,399,768
<b>Total</b>	<b>496,550,478</b>

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**9. Amount due from Related Party**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Amount Due from Director	1,759,081,973
Current AC - Awinka	525,300
Current AC - Awinka Project	1,000,000,000
<b>Total</b>	<b><u>2,759,607,273</u></b>

**10. Cash and Cash Equivalents**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Cash in Hand	476,007,448
Cash at Bank	1,167,318,954
<b>Total</b>	<b><u>1,643,326,402</u></b>

**11. Share Capital**

	<b>31-Mar-18</b>
	<b>MMK</b>
<i>Issued, Subscribed and Fully paid-up</i>	
10,000,000 shares of Ks 100 each	1,000,000,000
<b>Total</b>	<b><u>1,000,000,000</u></b>

**12. Retained Earning**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Holding Retained Earning	(9,307,290)
UIG's Post-Acquisition	(313,605,229)
MB's Post-Acquisition	264,516,695
<b>Bargain Purchase</b>	
UIG's Post-Acquisition	30,043,491,161
MB's Post-Acquisition	594,789,996
	<b><u>30,579,885,333</u></b>

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**13. Exchange Translation Reserve**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Holding Exchange Reserve	9,310
UIG's post acquisition	1,700,254,923
MB's post acquisition	32,339,201
	<u><b>1,732,603,434</b></u>

**14. Non-Controlling Interest**

Details are shown as below:

			<b>31-Mar-18</b>
	<b>UIG</b>	<b>MB</b>	<b>Total</b>
	<b>MMK</b>	<b>MMK</b>	<b>MMK</b>
FV of NCI at Acquisition date	1,000	245,000,000	245,001,000
Post-acquisition - Profit / (Loss)	(627)	254,146,374	254,145,747
- Other Comprehensive Income	3,401	31,070,997	31,074,398
- Bargain Purchase	60,087	571,464,898	571,524,985
	<u><b>63,860</b></u>	<u><b>1,101,682,269</b></u>	<u><b>1,101,746,130</b></u>

**15. Accounts Payable**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Account Payable - Hotel	48,141,370
Account Payable - Head Office	201,800,505
Account Payable - Souvenir	2,297,732
<b>Total</b>	<u><b>252,239,607</b></u>

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**16. Tax Payable**

It comprises the followings:

	<b>31-Mar-18</b>
	<b>MMK</b>
Commercial Tax	315,930,656
Corporate Income Tax	-
<b>Total</b>	<b><u>315,930,656</u></b>

**(i) Commercial Tax**

Details are shown as below:

	<b>MMK</b>
Opening Balance	321,312,108
Provision for the Year	315,930,656
Cash Paid during the Year	(316,019,816)
Over Provision	<u>(5,292,292)</u>
<b>Closing Balance</b>	<b><u>315,930,656</u></b>

**(ii) Corporate Income Tax**

Details are shown as below:

	<b>MMK</b>
Opening Balance	153,565,630
Under Provision	21,930,165
Cash Paid during the Year	<u>(175,495,795)</u>
<b>Closing Balance</b>	<b><u>-</u></b>

**17. Accrued Expenses**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Salaries & Wages	70,285,384
Social Security	2,912,000
Electricity	26,038,875
Telephone & Internet	4,849,110
Diesel	3,461,390
Others	378,823,546
Employee Income Tax	19,400
Service Money	38,586,298



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Audit Fee	13,360,000
DCA Flight Movement Charges	1,675,800
Royalty Fees	4,005,000
NCDC	10,625,000
Commission	3,247,815
<b>Total</b>	<b><u>557,889,618</u></b>

**18. Deposit Received**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Guest	50,123,113
Others	341,004,949
Agents (Float)	35,200,954
<b>Total</b>	<b><u>426,329,016</u></b>

**19. Other Liabilities**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Commission	5,000,408
Operation Lease	89,700,049
Others	199,279,250
Current Account - Inle	1,656
<b>Total</b>	<b><u>293,981,363</u></b>

**20. Amount Due to Related Party**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Amount due to Director	828,887,320
<b>Total</b>	<b><u>828,887,320</u></b>

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**21. Long-Term Borrowings**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Long-Term Borrowings(USD 10.7 million)	14,295,200,000
<b>Total</b>	<b><u>14,295,200,000</u></b>

On 22 October 2016, its subsidiary – United International Group Limited entered into a loan facilities agreement with International Finance Corporation (IFC) for principal amount of USD 10.7 million with interest rate (Variable Interest Rate – sum of the Relevant Spread and LIBOR) and is repayable as per agreement.

**22. Other Non-Current Liabilities**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Hire Purchase Car	29,244,654
Amata International Company Ltd.	3,000,000,000
<b>Total</b>	<b><u>3,029,244,654</u></b>

MMK 3,000,000,000 represents the payable to Amata International Co., Ltd (AIC) by United International Group Limited for the acquisition of Amata Garden Resort - Inle operated under Amata International Co., Ltd (AIC) with its book value (carrying value) MMK 3,000,000,000 on 01 April 2017.

The date of acquisition is the assumption of management for the preparation of pro-forma consolidated financial statements although actual acquisition was taken place on 01 August 2018.

**23. Operating Income – Room/Ballooning**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Room Sales	3,150,920,930
Passenger Income	3,165,839,642
Other Income	47,800,464
<b>Total</b>	<b><u>6,364,561,036</u></b>

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**24. Operating Income – Food & Beverage**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Food Sales	1,114,846,656
Beverage Sales	453,473,812
Others	3,483,827
<b>Total</b>	<b>1,571,804,295</b>

**25. Operating Income – Guest Laundry & Spa**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Guest Laundry	19,230,675
SPA & Souvenir	137,474,603
<b>Total</b>	<b>156,705,278</b>

**26. Operating Income – Other Operating**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Revenue - Others	15,197,790
Revenue - Boat	8,005,590
Revenue - Mini Golf	777,662
Revenue - Mini Bar	7,452,745
Revenue - Bicycle	217,166
Others Income	294,734,105
Gain on Disposal	5,351
<b>Total</b>	<b>326,390,409</b>



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**27. Operating Expenditure – Room/Ballooning**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
<b>Payroll &amp; Related Expenses</b>	
Salaries & Wages	1,243,309,099
Employee Benefits	79,355,180
<b>Total Salaries &amp; Related Expenses</b>	<u>1,322,664,279</u>
<b>Other Expenses</b>	
Cost of sales - Balloon Gas	156,410,000
Cost of sales - Other	1,722,360
Pilot Team Expenses	141,891,790
Compensation Fees	550,000
Catering Charges	61,562,248
Drinking Water	447,875
Bank Charges	1,839,222
Entertainment	5,560,980
Insurance	71,137,500
Staff Activity	4,973,900
Present & Donation	9,678,506
Maintain General	48,868,016
Spoilage & Loss	19,200
Test Flying Charges	2,679,850
Medical Expense	117,600
China, Glass & Silverware	459,627
Cleaning Supplies	22,395,485
Guest Supplies	72,571,854
Data Processing Expenses	1,570,525
Printing & Stationery	8,433,196
Laundry	15,583,602
Linen	8,366,240
Uniform	13,248,165
Flowers & Decoration	12,489,619
Postage, Telephone, e-mail	51,496,872
Luggage Charges	358,918
Staff Transportation	3,134,129
Motor Vehicle Expenses	43,042,544
Travelling for room Department	13,913,803
Pest Control	10,575,865

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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License & Tax	18,249,948
Complimentary / Entertainment	13,003,899
Room Commission	117,450,411
Transportation & Labor	12,623,005
Operation Utensils	18,510,132
Reservation Expenses	2,384,800
Music & Royalties	8,304,364
Miscellaneous	806,619
<b>Total Other Expenses</b>	<b>976,432,669</b>
<b>Total room/ballooning expenses</b>	<b>2,299,096,948</b>

**28. Operating Expenditure – Food & Beverage**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
<b>Cost of Sales</b>	
Food Cost	388,752,665
Beverage Cost	113,772,302
<b>Total Cost of Sales</b>	<b>502,524,967</b>
<b>Payroll &amp; Related Expenses</b>	
Salaries & Wages	311,525,406
Employee Benefits	44,169,684
<b>Total Payroll &amp; Related Expenses</b>	<b>355,695,090</b>
<b>Other Expenses</b>	
China, Glass & Silverware	967,949
Cleaning Supplies	12,035,390
Guest Supplies	16,057,726
Data Processing Expenses.	811,446
Printing & Stationery	4,657,509
Linen	1,112,400
Uniform	2,923,021
Flowers & Decoration	2,720,627
Postage, Telephone, e-mail	768,250
Transportation & Labor	26,215,922
Staff Transportation	2,734,852
Travelling for F&B Dept	2,944,280
Gas & Charcoal	12,109,814
License & Tax	3,680,200

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

Complimentary / Entertainment	12,700,813
Operation Utensils	11,381,527
Kitchen Utensils	5,924,605
Spoilage & Loss	1,497,337
Music & Royalties	31,627,254
Kitchen Fuel	18,723,742
Miscellaneous	940,971
<b>Total Other Expenses</b>	<b>172,535,635</b>
<b>Total food and beverage expenses</b>	<b>1,030,755,692</b>

**29. Operating Expenditure – Guest Laundry & Spa**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
<b>Payroll &amp; Related Expenses</b>	
Guest Laundry	5,554,238
SPA & Souvenir cost	24,435,824
<b>Total payroll and related expenses</b>	<b>29,990,062</b>
<b>Other Expenses</b>	
SPA & Souvenir cost	20,496,155
Guest Laundry	6,742,491
<b>Total other expenses</b>	<b>27,238,646</b>
<b>Total guest laundry and spa cost</b>	<b>57,228,708</b>

**30. Operating Expenditure – Other Operating**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
<b>Cost of Sales</b>	
Mini Bar	2,300,035
Boat Expenses	1,867,153
Bicycle Expense	224,550
Golf Expense	359,075
Others	18,500
<b>Total other operating cost</b>	<b>4,769,313</b>

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**31. Gain from Bargain Purchase**

Management of the Company assumed that Amata Holding Public Company Limited has acquired United International Group Limited and Myanmar Ballooning Company Limited at 01 April 2017. Proportions of ownership are 99.9998% in United International Group Ltd and 51% in Myanmar Ballooning Company Ltd.

The net assets recognized in the calculation of goodwill on acquisition based on carrying value at the date of acquisition (01 April 2017).

The carrying value of the net assets at acquisition was as follows;

	<b>UIG</b>	<b>MB</b>
	<b>MMK</b>	<b>MMK</b>
Ordinary share capital	500,000,000	500,000,000
Advance Capital	636,326,859	-
Revaluation Reserves	18,602,682,440	-
Retained Earnings	4,303,686,854	1,112,877,884
Prior year adjustment	3,199,408	-
Exchange Translation Reserve	6,497,655,687	53,377,010
<b>Total Net Assets</b>	<b>30,543,551,248</b>	<b>1,666,254,894</b>

**Goodwill**

The Group uses the full goodwill method on the calculation of goodwill as at assumed acquisition date. Details are shown as below:

	<b>UIG</b>	<b>OB</b>	<b>Total</b>
	<b>MMK</b>	<b>MMK</b>	
Purchase consideration	499,999,000	255,000,000	754,999,000
NCI	1,000	245,000,000	245,001,000
	500,000,000	500,000,000	1,000,000,000
Total Net Asset	(30,543,551,248)	(1,666,254,894)	(32,209,806,142)
<b>Gain on Bargain Purchase</b>	<b>(30,043,551,248)</b>	<b>(1,166,254,894)</b>	<b>(31,209,806,142)</b>

Gain from bargain purchase occurred as a result of the following reasons;

**(i) Fair Value of Consideration**

Purchase consideration does not represent fair value of consideration at acquisition date. Purchase consideration for each share is nominal value of United International Group Limited (MMK 1,000 per 1 share) and Myanmar Ballooning Company Limited (MMK 100,000 per 1 share). Total purchase consideration amount MMK 499,999,000 and MMK 255,000,000 are nominal value of 99.9998% of UIG and 51% of MB respectively.

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**(ii) Calculation of Goodwill**

In the calculation of goodwill, recognized net assets were based on carrying value at the date of acquisition. Fair value exercises had not been made at the date of acquisition.

**32. Sales & Marketing**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
<b>Payroll &amp; Related Expenses</b>	
Salaries & Wages	189,320,057
Employee Benefits	1,866,736
<b>Total Payroll &amp; Related Expenses</b>	<u>191,186,793</u>
<b>Other Expenses</b>	
Printing & Stationery	2,143,198
Data Processing	28,658
Uniform	104,200
Postage , Telephone ,E-mail	2,070,459
Marketing Promotion	60,132,453
Advertising	59,907,707
Entertainment	1,582,442
Travelling	3,936,815
Miscellaneous	4,527,990
<b>Total other expenses</b>	<u>134,433,922</u>
<b>Total sales and marketing expenses</b>	<u><b>325,620,715</b></u>

**33. Administration & General**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
<b>Payroll &amp; Related Expenses</b>	
Salaries & Wages	426,994,313
Employee Benefits	58,666,367
<b>Total Payroll &amp; Related Expenses</b>	<u>485,660,680</u>
<b>Other Expenses</b>	
DCA Flight Movement Charges	4,951,800
NYDC 5% Tax	64,900,000
HT Royalty Fee	75,780,240



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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Maintain General	784,250
Operating Utensil	3,000
Professional Audit fees	2,710,000
Data Processing Expense	3,846,553
Printing Supplies	27,370
Printing & Stationery	10,098,552
Linen	61,300
Uniform	3,045,463
Postage, Telephone, e-mail	5,510,499
Transportation & Labour	18,567,468
Staff Transportation	4,393,628
Drinking Water	41,900
Motor Vehicle Expenses	6,196,588
Cleaning & Garbage Expenses	8,286,182
Audit Fees	10,840,000
Legal & Consultant Fees	133,390,144
Bank Charges	27,408,702
Manpower Development	715,225
Cash (Overage)/Shortage	(33,620)
Entertainment	14,387,675
Travelling	20,626,764
Licenses & Tax	58,277,996
Insurance	38,190,630
Staff Activity	16,328,930
Security Supplies	2,783,537
Present & Donation	44,113,720
Yangon Expenses Allocation	518,353,041
Medical Expenses	1,016,881
Staff Canteen Expenses	1,164,400
Miscellaneous	2,417,367
<b>Total other expenses</b>	<b>1,099,186,185</b>
<b>Total administration and general expenses</b>	<b>1,584,846,865</b>

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**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**34. Property Operating and Maintenance**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
<b>Payroll &amp; Related Expenses</b>	
Salaries & Wages	104,420,699
Employee Benefits	15,821,409
<b>Total Payroll &amp; Related Expenses</b>	<u>120,242,108</u>
<b>Other Expenses</b>	
Engineering Supplies	18,592,934
Printing & Stationery	204,292
Laundry	354,250
Uniform	305,200
Postage, Telephone, e-mail	2,487,391
Transport & Labbour	18,416,705
Staff Transportation	762,927
Maintenance	208,808,633
Travelling for Eng Department	2,329,520
Painting & Renovation	81,214,744
Kitchen Equipment	3,573,867
Land Scaping	22,975,937
Swimming Pool	7,217,159
Light Bulb	26,785,845
Sound System	109,900
Plumbing & Heating	282,071
Sewage & Rubbish Removal	3,202,700
Miscellaneous	660,701
<b>Total Other Expenses</b>	<u>398,284,776</u>
<b>Total Property Operating &amp; Maintenance Expenses</b>	<u><b>518,526,884</b></u>

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**35. Utility Cost**

Details are shown as below:

	<b>31-Mar-18</b>
	<b>MMK</b>
Water	6,051,669
Diesel, Petrol	65,480,543
Electricity	217,653,555
Engine Oil	78,712
<b>Total utility cost</b>	<b>289,264,479</b>

**36. Financial risk management**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follow:

***Foreign exchange risk***

The Company may have foreign exchange loss for the translation of foreign exchange transactions, assets or liabilities which are denominated in foreign currencies.

***Interest rate risk***

The Company does not have any interest bearing assets or liabilities. Hence, the Company does not have any exposure to interest rate risk.

***Liquidity and cash flow risks***

The Company monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cash flow.

***Operational risk***

Operational risk, which is inherent in all business activities, is the potential for financial loss, and business instability arising from failures in internal controls, operational process or the systems that support them.

The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Company and to be consistent with the prudent management required of an organization.

It is recognized that such risks can never be entirely eliminated and that the cost of controls in minimizing these risks may outweigh the potential benefits. Accordingly, the Company continues to invest in risk management and mitigation such as business continuity management and incident management. In reinforcement of the implementation of the Company's risk strategy, independent checks on risk issues are undertaken by the internal audit function.



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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***Legal risk***

Legal risk is the risk that the business activities of the Company have with unintended or unexpected legal consequences. It includes risk arising from:

- Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- Actual or potential violations of law or regulation which may attract a civil or criminal fine or penalty;
- Failure to protect the Company's property; and
- The possibility of civil claims (including acts or other events which may lead to litigation or other disputes).

The Company identifies and manages legal risk through effective use of its internal and external legal advisers.

***Tax risk***

Tax risk is the risk of loss or increased charges associated with changes in, or errors in the interpretation of, taxation rates or law.

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**

**REGISTRATION No. 100456125**

**CONSOLIDATED FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED 31 MARCH 2019***

**KHIN SU HTAY & ASSOCIATES LIMITED**

**CERTIFIED PUBLIC ACCOUNTANTS**

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**

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***CONSOLIDATED FINANCIAL STATEMENTS***  
***FOR THE YEAR ENDED 31 MARCH 2019***

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**STATEMENT BY DIRECTORS**  
**OF**  
**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**

**FOR THE YEAR ENDED 31 MARCH 2019**

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial statements, comprising the consolidated statement of financial position as at 31 March 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2019, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with Myanmar Financial Reporting Standards (MFRS) and the provisions of Myanmar Companies Law 2017 ("the Law") and for such internal controls as the directors determine are necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Under the Myanmar Companies Law 2017 ("the Law"), the directors are required to prepare the consolidated financial statements for each year that give a true and fair view of the state of affairs of the Company as at the end of financial year and of the operating results of the Company for that year. It also requires the directors to ensure the Company keeps proper accounting records according to Section 258 and 261 of Myanmar Companies Law 2017 ("the Law") that disclose with reasonable accuracy of the consolidated financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern for the next twelve months from the date of this Statement.

The Board of Directors has, on the date of this Statement, authorised these financial statements for issue.

On behalf of the Board of Directors.

U Win Aung  
Managing Director

Amata Holding Public Company Limited

Date: 09 DEC 2019

Daw Nay Myat Thu Aung  
Director

Amata Holding Public Company Limited

Date: 09 DEC 2019



# **KHIN SU HTAY & ASSOCIATES LIMITED**

**Certified Public Accountants**

**(Company Registration Number: 100124548)**

**# C1/005, Ground Floor, Hninnsi Street, Yuzana Highway Complex,**

**Narnat Taw Road, Kamayut Township, Yangon, Myanmar**

**Email: [thantint@ytp.com.mm](mailto:thantint@ytp.com.mm), [thantint@kshal.com](mailto:thantint@kshal.com)**

**Tel: 09-799657902**

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

**OF**

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**

**FOR THE YEAR ENDED 31 MARCH 2019**

### **Opinion**

We have audited the consolidated financial statements of **Amata Holding Public Company Limited** ("the Company") and **Its Subsidiaries** ("the Group"), which comprise the consolidated statement of financial position of the Group as at 31 March 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2019 and a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements of the Group are properly drawn up in accordance with Myanmar Financial Reporting Standards (MFRS) and the provisions of Myanmar Companies Law 2017 ("the Law"), so as to give a true and fair view of the state of affairs of the Group as at 31 March 2019 and of the results, changes in equity and cash flows of the Group for year ended 31 March 2019.

The accounting and other records required to be kept by the Group have been properly kept.

### **Basis for opinion**

Based on our audit, we conducted our audit in accordance with International Standards on Auditing (ISAs). 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Myanmar, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Myanmar Financial Reporting Standards (MFRS) and the provisions of Myanmar Companies Law 2017 ("the Law") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



# **KHIN SU HTAY & ASSOCIATES LIMITED**

**Certified Public Accountants**

**(Company Registration Number: 100124548)**

**# C1/005, Ground Floor, Hninnsi Street, Yuzana Highway Complex,**

**Narnat Taw Road, Kamayut Township, Yangon, Myanmar**

**Email: [thantint@ytp.com.mm](mailto:thantint@ytp.com.mm), [thantint@kshal.com](mailto:thantint@kshal.com)**

**Tel: 09-799657902**

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## **Auditor's responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 International Standards on Auditing (ISAs) 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements or, if such disclosures are inadequate, 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 consolidated financial statements, including the disclosures, and whether consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



# **KHIN SU HTAY & ASSOCIATES LIMITED**

**Certified Public Accountants**

**(Company Registration Number: 100124548)**

**# C1/005, Ground Floor, Hninnsi Street, Yuzana Highway Complex,**

**Narnat Taw Road, Kamayut Township, Yangon, Myanmar**

**Email: thantint@ytp.com.mm, thantint@kshal.com**

**Tel: 09-799657902**

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Company 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control.

We also provide those charged with governance 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.

## **Report on other legal and regulatory requirements**

Further to our opinion we report as follows:

- (a) The proper books of account have been kept by the Company in accordance with the provisions of the Section 258 of the Law.
- (b) In accordance with the provisions of Section 280 (b) (i) and (ii) the Law:
  - we have obtained all the information and explanations we have required; and
  - the financial statements are drawn up in conformity with the provisions of the Law.



Than Tint

CPA (PA-103)

**Managing Director**

**Khin Su Htay & Associates Limited**

Yangon,


Date: 09 DEC 2019



**AMATA HOLDING PUBLIC COMPANY LIMITED**  
(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019**

		<b>Group</b>	<b>Company</b>
		<b>31-Mar-19</b>	<b>31-Mar-18</b>
		<b>MMK</b>	<b>MMK</b>
<b>Assets</b>	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	4	44,697,878,406	-
Intangible assets	5	209,455,177	-
Right of used assets	6	671,009,716	-
<b>Total non-current Assets</b>		<b>45,578,343,299</b>	<b>-</b>
<b>Current assets</b>			
Inventories	7	158,658,485	-
Accounts receivable	8	275,365,793	-
Prepayments and advance	9	455,241,453	-
Amount due from related party	10	10,190,766,639	1,000,000,000
Cash and cash equivalents	11	2,041,111,770	-
<b>Total current assets</b>		<b>13,121,144,140</b>	<b>1,000,000,000</b>
<b>Total assets</b>		<b>58,699,487,439</b>	<b>1,000,000,000</b>
<b>Equity and liabilities</b>			
Share capital	12	3,487,990,000	1,000,000,000
Retained earnings	13	30,978,867,418	(9,307,290)
Exchange translation reserve	14	(2,619,637)	9,310
Non Controlling Interest	15	1,444,360,884	-
<b>Total equity</b>		<b>35,908,598,665</b>	<b>990,702,020</b>
<b>Current liabilities</b>			
Accounts payable	16	162,951,895	-
Tax payable	17	441,527,896	-
Accrued expenses	18	955,126,305	-
Provision and deposit	19	262,445,837	-
Other liabilities	20	201,532,219	-
Amount due to Related Party	21	36,000,000	9,297,980
Cash and cash equivalent	11	796,255,025	-
Long-term borrowings	22	1,311,960,000	-
Finance lease obligation	23	30,496,643	-
<b>Total Current liabilities</b>		<b>4,198,295,820</b>	<b>9,297,980</b>
<b>Non - current liabilities</b>			
Other non-current liabilities	24	3,000,000,000	-
Long-term borrowings	22	14,823,640,000	-
Finance lease obligation	23	768,952,954	-
<b>Total Non-current liabilities</b>		<b>18,592,592,954</b>	<b>-</b>
<b>Total equity and liabilities</b>		<b>58,699,487,439</b>	<b>1,000,000,000</b>

Authenticated by:

  
U Win Aung  
Managing Director  
Amata Holding Public Company Limited  
Date : 09 DEC 2019



  
Daw Nay Myat Thu Aung  
Director  
Amata Holding Public Company Limited  
Date : 09 DEC 2019



**AMATA HOLDING PUBLIC COMPANY LIMITED**  
(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Group 01-Apr-18 to 31-Mar-19 MMK	Company 27-Jun-17 to 31-Mar-18 MMK
<b>Revenue</b>			
Room / Ballooning	25	7,001,171,950	-
Food and beverage	26	1,597,368,806	-
Guest laundry and spa	27	168,605,492	-
Other operating	28	278,890,298	-
		<b>9,046,036,546</b>	-
<b>Cost of sales</b>			
Room / Ballooning	29	2,009,580,804	-
Food and beverage	30	828,025,469	-
Guest laundry and spa	31	78,432,206	-
Other operating	32	5,206,227	-
		<b>2,921,244,706</b>	-
		<b>6,124,791,840</b>	-
<b>Gross profit</b>			
<b>Other Income</b>			
Bargain Purchase	33	31,311,871,211	-
<b>Other expenses</b>			
Sales and marketing	34	300,149,096	-
Administration and general	35	1,737,212,530	9,307,290
Property operating and maintenance	36	357,637,206	-
Utility cost	37	279,754,944	-
Property tax		799,250	-
Lease rental		105,917,000	-
Written-off		5,426,872	-
Exchange (gain) or loss		(14,681,525)	-
		<b>2,772,215,373</b>	<b>9,307,290</b>
		<b>34,664,447,678</b>	<b>(9,307,290)</b>
<b>EBITDA</b>			
Depreciation - PPE	4	1,274,547,762	-
Amortization intangible assets	5	30,022,091	-
Amortization - pre opening expenses		39,532,239	-
Depreciation - Right of used assets	6	7,710,362	-
<b>EBIT</b>		<b>33,312,635,224</b>	<b>(9,307,290)</b>
Interest Expense		935,714,382	-
<b>Profit/(Loss) before tax</b>		<b>32,376,920,842</b>	<b>(9,307,290)</b>
Over provision for commercial tax		17,947,899	-
Income tax expenses		(214,874,953)	-
Gain on disposal		11,330,520	-
Capital gain tax		(1,071,517)	-
<b>Profit/(Loss) for the year/period</b>		<b>32,190,252,791</b>	<b>(9,307,290)</b>
<b>Other comprehensive income</b>			
Foreign exchange translation differences		(5,347,145)	9,310
<b>Total comprehensive income/(loss) for the year/period</b>		<b>32,184,905,646</b>	<b>(9,297,980)</b>
<b>Profit Attributable to :</b>			
Equity holder of the Company		30,988,174,709	-
Non-controlling Interest		1,202,078,082	-
		<b>32,190,252,791</b>	-
<b>Total Comprehensive Income Attributable to :</b>			
Equity holder of the Company		(2,628,947)	-
Non-controlling Interest		(2,718,198)	-
		<b>(5,347,145)</b>	-
<b>Earning per share</b>		<b>2,952</b>	-
<b>Basic (MMK)</b>			

Authenticated by:

U Win Aung  
Managing Director  
Amata Holding Public Company Limited  
Date : 09 DEC 2019



*(Signature)*

Daw Nay Myat Thu Aung  
Director  
Amata Holding Public Company Limited  
Date : 09 DEC 2019

**AMATA HOLDING PUBLIC COMPANY LIMITED**  
(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	SHARE CAPITAL MMK	RETAINED EARNINGS MMK	EXCHANGE RESERVE MMK	Total	NCI MMK	TOTAL EQUITY MMK
<b>As at 27 June 2017</b>						
Issued Share Capital	1,000,000,000	-	-	1,000,000,000	-	1,000,000,000
Profit for the period	-	(9,307,290)	-	(9,307,290)	-	(9,307,290)
Exchange Reserve for the period	-	-	9,310	9,310	-	9,310
<b>As at 31 March 2018</b>	<b>1,000,000,000</b>	<b>(9,307,290)</b>	<b>9,310</b>	<b>990,702,020</b>	<b>-</b>	<b>990,702,020</b>
<b>As at 1 April 2018</b>						
Issued Share Capital	1,000,000,000	(9,307,290)	9,310	990,702,020	-	990,702,020
Acquisition	2,487,990,000	-	-	2,487,990,000	-	2,487,990,000
Profit for the year	-	-	-	-	245,001,000	245,001,000
Other Comprehensive Income	-	30,988,174,708	-	30,988,174,708	1,202,078,082	32,190,252,790
	-	-	(2,628,947)	(2,628,947)	(2,718,198)	(5,347,145)
<b>As at 31 March 2019</b>	<b>3,487,990,000</b>	<b>30,978,867,418</b>	<b>(2,619,637)</b>	<b>34,464,237,781</b>	<b>1,444,360,884</b>	<b>35,908,598,665</b>

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*



**AMATA HOLDING PUBLIC COMPANY LIMITED**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**STATEMENT OF CONSOLIDATED CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	01-Apr-18 to 31-Mar-19 MMK	27-Jun-17 to 31-Mar-18 MMK
<b>Cash flows from operating activities</b>		
Loss before taxation and extraordinary items	32,376,920,842	(9,307,290)
<b>Adjustments for:</b>		
Depreciation	1,282,258,125	-
Transfer of Property, Plant and Equipment	43,327,328	-
Amortization	30,022,091	-
Prior year adjustments	17,963,045	-
Interest Expense	935,714,382	-
Written off - Non-Current Assets	5,426,872	-
Commercial Tax	17,947,900	-
Exchange Adjustments	499,014	9,310
Bargain Purchase	(31,311,871,211)	-
<b>Operating Profit before changes in working capital</b>	<b>3,398,208,388</b>	<b>(9,297,980)</b>
<b>Changes in working capital:</b>		
(Increase) in Inventory	(30,381,001)	-
(Increase) in Trade and Other Receivables	(286,318,200)	-
(Increase) in Amount due from Related Party	(4,146,373,631)	(1,000,000,000)
Increase in Trade and Other Payables	308,565,010	-
(Decrease)/Increase in Amount due to Related Party	(9,297,980)	9,297,980
(Decrease) in Exchange Reserve	(5,547,342)	-
 Cash used in operating activities	 <b>(771,144,756)</b>	 <b>(1,000,000,000)</b>
Interest Paid	(869,875,773)	-
<b>Net cash used in operating activities</b>	<b>A (1,641,020,529)</b>	<b>(1,000,000,000)</b>
 <b>Cash flows from investing activities</b>		
Purchase of Property, Plant & Equipment	(1,181,368,499)	-
Purchase of Intangible Assets	(44,452,865)	-
Proceeds from Sale of Property, Plant & Equipment	12,130,180	-
<b>Net cash used in investing activities</b>	<b>B (1,213,691,184)</b>	<b>-</b>
 <b>Cash flows from financing activity</b>		
Proceeds from issue of share capital	2,487,990,000	1,000,000,000
Exchange Translation of Long-term Borrowing	1,101,801,183	-
Finance Lease Obligation	(103,673,668)	-
<b>Net cash used/proceeded in financing activity</b>	<b>C 3,486,117,515</b>	<b>1,000,000,000</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(A+B+C) 631,405,802</b>	<b>-</b>
<b>Cash and Cash Equivalents at the beginning of the year/period</b>	<b>613,450,943</b>	<b>-</b>
<b>Cash and Cash Equivalents at the end of the year/period</b>	<b>1,244,856,745</b>	<b>-</b>



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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

**1. General Information**

**Amata Holding Public Company Limited** is domiciled and incorporated in the Republic of the Union of Myanmar with its registered office at No.10, Inya Yeik Thar Street, Mayangone Township Yangon, Myanmar under Company Registration No. 100456125 (former Registration No.1563/2017-2018) dated 27 June 2017.

The principal activities of the Company are Hospitality, Restaurants and Ballooning Services.

The Company acquired 99.99% share of United International Group Limited (UIG) and 51% share of Myanmar Ballooning Company Limited (MB) on 01 August 2018.

Incorporated in 1993, United International Group Limited mainly involves in resorts and restaurant management under UIG (Amata Brand) which operates value segments of the hospitality market through the following;

- (i) Amata Resort and Spa – Ngapali
- (ii) Amata Garden Resort - Inle
- (iii) Amata Garden Resort – Bagan
- (iv) My Bagan Residence by Amata

Incorporated in 2013, Myanmar Ballooning Company Limited mainly operates in hot air ballooning and operates under Oriental Ballooning brand. Oriental Ballooning brand flights over the pagodas of Bagan, the city of Mandalay, stunning Inle Lake and Ngapali Beach in Myanmar (Burma).

**2. Basis of Preparation of the financial statements**

**(a) Statement of Compliance**

The consolidated financial statements are prepared in compliance with Myanmar Financial Reporting Standards (“MFRS”) and the provision of Myanmar Companies Law 2017 (“the Law”).

**(b) Basis of Measurement**

The consolidated financial statements have been prepared on the historical cost basis.

**(c) Use of Estimates and Judgements**

The preparation of the consolidated financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no accounting estimates and judgement made by the management that has significant effect on the consolidated financial statements.

**(d) Basis of Consolidation**

***(a) Subsidiaries***

**Consolidation**

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and recognized gains on transactions between group entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non- controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which 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 statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this the results in the non-controlling interests having a deficit balance.

***(b) Associated companies***

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50 %. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

***(c) Equity method of accounting***

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognized in profit or loss and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. These post- acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognize further losses,



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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unless it has obligations to make or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

***(d) Investment in associate***

Investment in associate is initially recognized at the transaction price (including transaction costs) under the equity method of accounting and carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from and investee reduces the carrying amount of the investment.

**3. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

**(a) Foreign Currency Translation**

The Company maintains its accounting records in Myanmar Kyats. The consolidated financial statements are presented in Myanmar Kyats (MMK), which is functional and presentation currency of the Company.

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

All assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

Foreign exchange differences arising on translation are recognized in statement of comprehensive income.

**(b) Cash and Cash Equivalents**

Cash and Cash equivalents in the statements of financial position comprise cash in hand and cash at bank balances.

**(c) Trade and other accounts receivables**

Trade and other accounts receivables are stated at the invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment historical and future expectations of customer payments. Bad debts are written off when incurred.



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
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**FOR THE YEAR ENDED 31 MARCH 2019**

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**(d) Inventory**

Inventory is measured at the lower of cost and net realised value.

Cost is calculated using the first in first out principle, and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realised value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(e) Property, Plant and Equipment**

***Owned assets***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses expect for building that are presented at revalued value.

Costs include expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets include the cost of materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for us separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net in profit or loss.

***Revalued assets***

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognized in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognized in profit or loss in respect of the same asset. A decrease in value is recognized in profit or loss to the extent it exceeds an increase previously recognized in other comprehensive income for the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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***Subsequent costs***

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day –to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

***Depreciation***

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost.

Depreciation is charged to profit or loss on a straight – line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

-Building	60, 58, 56, 49,20 years
-Balloon (12 units)	7 years
-Plant and machinery	5 years
-Furniture and fixtures	5 years
-Office equipment	3 years
-Vehicle	5 years
-Operating equipment	3 years

Depreciation method, useful lives and residual values are reviewed at each financial year- end and adjusted if appropriate. Useful life of building depends on the land lease agreement.

**(f) Intangible Assets**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight –line basis from the date the asset is available for use and over its estimated useful lives of 3 years.

**(g) Goodwill**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**(h) Leases**

An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

**Finance lease:** A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

**Operating lease:** A lease other than a finance lease.

**As a lessee**

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in profit or loss on a straight-line basis over the lease term.

**(i) Trade and other payables**

Trade and other accounts payable are stated at cost.

**(j) Share Capital**

**Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

**(k) Revenue**

Revenue excludes commercial taxes and is arrived at after deduction of trade discounts.

**Revenue from hotel operations**

Hotel revenue from room, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered.



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**(l) Lease payments**

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

***Determining whether an arrangement contains a lease***

At inception of an arrangement, the Company determines whether such arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Company's incremental borrowing rate.

**(m) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognized in the statement of income except to the extent that they relate to a business combination, or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis on their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(n) Impairment of financial assets**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or the Company of financial assets is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("a loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the Company of financial assets that can be reliably estimated.

**(o) Related parties**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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Relationships with related parties were as follows:

<b>Name of individuals</b>	<b>Nature of relationship</b>
United International Group Limited	Subsidiary
Myanmar Ballooning Company Limited	Subsidiary
Amata International Company Limited	Related of Subsidiary
Awinka Holding Company Limited	Related of Subsidiary
U Win Aung	Managing Director
U Khin Zaw	Director of MB
U Aung Naing	Director of MB

The pricing policies for particular types of transactions are explained future below:

<b>Transaction</b>	<b>Pricing policies</b>
Land lease	Contractually agreed prices

Significant transactions for the year ended 31 March 2019 with related parties were as follows;

	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
	<b>MMK</b>	<b>MMK</b>
Receivable from related party	10,190,766,639	1,000,000,000
Payable to related party	(3,036,000,000)	-

**Significant agreement with related party**

The Company entered into lease agreements with a related party to lease land for the following terms:

Land Lease – Ngapali Beach	15 years
Land Lease – Amata Garden Resort – Bagan	15 years
Land Lease – My Bagan Residence by Amata	15 years
Land Lease – Amata Garden Resort Inle Lake	50 years



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**4. Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost less accumulated depreciation. Details are shown as below:

Costs	Building	Office Equipment	Plant & Machinery	Furniture & Fixture	Data Processing Equipment	Motor Vehicles	Construction in Progress	Balloon (12 units)	Boat & Bicycle	Others	Operation Equipment	Total (MMK)
At 01 Apr 2018	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of Sub	41,543,778,764	268,470,135	1,030,481,285	1,713,111,533	161,358,509	659,479,857	1,430,787,604	1,816,476,453	103,726,950	80,552,431	802,509,233	49,610,732,753
Additions	10,344,997	42,513,138	170,064,878	276,064,178	119,395,338	118,225,318	179,694,092	-	8,424,000	26,397,988	304,015,433	1,255,139,361
Written Off	-	(6,454,105)	(18,365,645)	(17,490,707)	(5,597,173)	(900,000)	-	-	-	(3,080,550)	(29,288,773)	(81,176,954)
Disposal	-	(657,000)	-	-	-	(13,696,664)	-	-	(738,243)	-	-	(15,091,907)
Transfer to Hotel	-	(5,060,484)	(4,664,689)	(4,193,170)	-	-	2,380,850	-	-	(1,378,160)	(39,009,121)	(51,924,744)
<b>At 31 March 2019</b>	<b>41,554,123,762</b>	<b>298,811,684</b>	<b>1,177,515,828</b>	<b>1,967,491,834</b>	<b>275,156,674</b>	<b>763,108,511</b>	<b>1,612,862,546</b>	<b>1,816,476,453</b>	<b>111,412,706</b>	<b>102,491,709</b>	<b>1,038,226,771</b>	<b>50,717,678,478</b>
<b>Accumulated Dep:</b>												
At 01 Apr 2018	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of Sub	1,661,098,175	115,148,972	610,851,843	585,321,660	94,971,049	414,064,982	-	858,326,997	76,390,507	45,449,932	382,267,969	4,843,892,085
Dep: For the year	471,797,617	48,363,288	90,726,668	184,408,680	35,466,907	72,986,837	-	190,020,443	9,164,928	14,360,649	157,251,746	1,274,547,763
Write-off	-	(6,441,851)	(17,587,371)	(16,399,127)	(5,346,328)	(899,030)	-	-	-	(2,420,667)	(26,655,709)	(75,750,082)
Disposal	-	(547,500)	-	-	-	(13,011,831)	-	-	(732,917)	-	-	(14,292,247)
Transfer	-	(632,690)	(2,775,560)	(418,376)	-	-	-	-	-	(110,220)	(4,660,600)	(8,597,446)
<b>At 31 March 2019</b>	<b>2,132,895,792</b>	<b>155,890,220</b>	<b>681,215,580</b>	<b>752,912,837</b>	<b>125,091,628</b>	<b>473,140,958</b>	<b>-</b>	<b>1,048,347,441</b>	<b>84,822,518</b>	<b>57,279,694</b>	<b>508,203,406</b>	<b>6,019,800,072</b>

**Net Book Value**

At 31 March 2019	39,421,227,970	142,921,464	496,300,249	1,214,578,998	150,065,046	289,967,553	1,612,862,546	768,129,012	26,590,188	45,212,015	530,023,366	44,697,878,406
At 01 Apr 2018	-	-	-	-	-	-	-	-	-	-	-	-

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**5. Intangible Assets**

Intangible Assets are stated at cost less accumulated amortisation. Details are shown as below:

	31-Mar-19 MMK	31-Mar-18 MMK
<i>Cost</i>		
At 01 Apr 2018	-	-
Acquisition of subsidiary	278,397,741	-
Additions	44,452,865	-
At 31 Mar 2019	<u>322,850,606</u>	-
<i>Accumulated Amortization</i>		
At 01 Apr 2018	-	-
Acquisition of subsidiary	83,373,338	-
Amortization for the year	30,022,091	-
At 31 Mar 2019	<u>113,395,429</u>	-
<i>Net Book Value</i>		
At 31 Mar 2019	<u>209,455,177</u>	-
At 01 Apr 2018	<u>-</u>	-

**6. Right of Used Assets**

Details are shown as below:

	31-Mar-19 MMK	31-Mar-18 MMK
<i>Cost</i>		
At 01 Apr 2018	-	-
Acquisition of subsidiary	645,518,688	-
Additions	36,946,612	-
At 31 Mar 2019	<u>682,465,300</u>	-
<i>Accumulated Depreciation</i>		
At 01 Apr 2018	-	-
Acquisition of subsidiary	3,745,221	-
Depreciation for the year	7,710,362	-
At 31 Mar 2019	<u>11,455,584</u>	-
<i>Net Book Value</i>		
At 31 Mar 2019	<u>671,009,716</u>	-
At 01 Apr 2018	<u>-</u>	-



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The useful life of right of used assets and building was not agreed with lease contract.  
Details are shown as below:

	Lease period as per contract	Useful Life
Land Lease – Amata Resort & Spa-Ngapali	15 years	58 Years
Land Lease – Amata Garden Resort – Bagan	15 years	60 Years
Land Lease – My Bagan Residence by Amata	15 years	49 Years
Land Lease – Amata Garden Resort Inle Lake	50 years	56 Years

**7. Inventories**

Details are shown as below:

	31-Mar-19 MMK	31-Mar-18 MMK
Food	6,113,688	-
Beverage	8,336,043	-
Cleaning Supplies	2,249,378	-
Guest Supplies	10,531,314	-
Massage Oil	938,301	-
Souvenir Stock	35,916,201	-
Printing Supplies	10,756,525	-
Engineering Supplies	14,847,229	-
Diesel	4,799,250	-
Gas	6,244,495	-
H.K Guest Supplies	4,421,486	-
Operation Utensil	157,616	-
Mini Bar	2,483,256	-
Chemical	2,006,213	-
Operation - Kitchen Food	18,665,279	-
Operation - Beverage (Bar)	15,592,320	-
Stationery	207,817	-
Head Office – Store	13,771,473	-
Staff Uniform	620,600	-
<b>Total</b>	<b>158,658,485</b>	<b>-</b>

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**8. Accounts Receivable**

Details are shown as below:

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Restaurant - City Ledger	17,190,084	-
AR - Guest Ledger	17,243,588	-
AR - City Ledger	240,932,121	-
<b>Total</b>	<b>275,365,793</b>	<b>-</b>

**9. Prepayments and Advance**

Details are shown as below:

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Prepaid Insurance	27,149,669	-
Prepaid Others	117,619,424	-
Prepaid Advertising	4,981,350	-
Deposit Paid	115,263,322	-
Advance Others	7,987,422	-
Advance - Tax	10,962,836	-
Pre-Opening Expenses	171,277,429	-
<b>Total</b>	<b>455,241,453</b>	<b>-</b>

**10. Amount due from Related Party**

Details are shown as below:

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Current AC – YGN	482,681	-
Amount Due from Director	10,167,497,722	1,000,000,000
Current AC – Awinka	22,786,236	-
<b>Total</b>	<b>10,190,766,639</b>	<b>1,000,000,000</b>



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**11. Cash and Cash Equivalents**

Details are shown as below:

	31-Mar-19	31-Mar-18
	MMK	MMK
Cash in Hand	730,533,808	-
Cash at Bank	1,310,577,961	-
	<b>2,041,111,770</b>	-
Bank Overdraft	(796,255,025)	-
	<b>1,244,856,745</b>	-

Bank overdraft represents the short-term loan payable to United Amara Bank (UAB), Shwe Gone Daing Branch including loan interest payable and it is one year payable on demand.

**12. Share Capital**

**(a) Share Capital**

	31-Mar-19	31-Mar-18
	MMK	MMK
<i>Issued, Subscribed and Fully paid-up</i>		
10,000,000 shares of Ks 100 each	1,000,000,000	1,000,000,000
497,598 shares of Ks 5000 each	2,487,990,000	-
<b>Total</b>	<b>3,487,990,000</b>	<b>1,000,000,000</b>

On 01 Nov 2018, the Company issued 497,598 shares of MMK 5,000 were issued to public.

**(b) Dividend**

No Dividend has been proposed after the end of the reporting period.

**13. Retained Earning**

Details are shown as below:

	31-Mar-19	31-Mar-18
	MMK	MMK
Holding Retained Earning	(189,621,946)	(9,307,290)
UIG's Post-Acquisition	74,112,937	-
MB's Post-Acquisition	502,137,406	-
<b>Bargain Purchase</b>		
UIG's Post-Acquisition	29,843,296,212	-
MB's Post-Acquisition	748,942,809	-
	<b>30,978,867,418</b>	<b>(9,307,290)</b>

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**14. Exchange Translation Reserve**

Details are shown as below:

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Holding Exchange Reserve	508,323	9,310
UIG's post acquisition	(298,816)	-
MB's post acquisition	(2,829,144)	-
	<b>(2,619,637)</b>	<b>9,310</b>

**15. Non-Controlling Interest**

Details are shown as below:

	<b>UIG</b>	<b>OB</b>	<b>Total</b>
	<b>MMK</b>	<b>MMK</b>	<b>MMK</b>
FV of NCI at Acquisition date	1,000	245,000,000	245,001,000
Post acquisition-Profit or Loss	148	482,445,744	482,445,892
-Other Comprehensive Income	(1)	(2,718,197)	(2,718,198)
-Bargain Purchase	59,687	719,572,503	719,632,190
	<b>60,834</b>	<b>1,444,300,050</b>	<b>1,444,360,884</b>

**16. Accounts Payable**

Details are shown as below:

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Account Payable - Hotel	58,529,591	-
Account Payable - Head Office	103,286,464	-
Account Payable - Souvenir	1,135,841	-
<b>Total</b>	<b>162,951,895</b>	<b>-</b>

**17. Tax Payable**

It comprises the followings:

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Commercial Tax	224,819,759	-
Capital Gain Tax	1,833,184	-
Income Tax	214,874,953	-
<b>Total</b>	<b>441,527,896</b>	<b>-</b>



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**(i) Commercial Tax**

Details are shown as below:

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Commercial Tax	315,930,656	-
During the year - Provision	492,638,575	-
During the year - Tax Paid	(182,435,934)	-
Tax Paid for outstanding	(392,423,833)	-
Under/(Over) Provision	(18,038,768)	-
Exchange Difference	9,149,064	-
<b>Closing Balance</b>	<b>224,819,759</b>	<b>-</b>

**(ii) Capital Gain Tax**

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Provision for Capital Gain Tax	1,833,184	-
<b>Closing Balance</b>	<b>1,833,184</b>	<b>-</b>

**(iii) Income Tax**

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Opening Balance	-	-
During the year - Provision	214,874,953	-
<b>Closing Balance</b>	<b>214,874,953</b>	<b>-</b>

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**18. Accrued Expenses**

Details are shown as below:

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Salaries & Wages	66,076,911	-
Social Security	5,977,150	-
Electricity	27,991,475	-
Telephone & Internet	4,590,810	-
Diesel	3,875,810	-
Others	483,943,570	-
Employee Income Tax	395,176	-
Accrued - Service Money	128,147,774	-
Audit Fee	22,137,440	-
DCA Flight Movement Charges	4,599,000	-
Royalty Fees	145,668,340	-
NCDC	43,834,000	-
Commission	17,888,848	-
<b>Total</b>	<b>955,126,305</b>	<b>-</b>

**19. Provision and Deposit**

Details are shown as below:

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Deposit Received - Guest	186,145,188	-
Deposit Received - Others	66,909,981	-
Deposit Received - Agents (Float)	9,390,668	-
<b>Total</b>	<b>262,445,837</b>	<b>-</b>

**20. Other Liabilities**

Details are shown as below:

	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>MMK</b>	<b>MMK</b>
Commission	7,629,485	-
Service Money	12,135,000	-
Others	180,960,000	-
Staff Fund	807,734	-
<b>Total</b>	<b>201,532,219</b>	<b>-</b>

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**21. Amount Due to Related Party**

Details are shown as below:

	31-Mar-19	31-Mar-18
	MMK	MMK
Amata International Co., Ltd.	36,000,000	-
United International Group Ltd.	-	9,297,980
<b>Total</b>	<b>36,000,000</b>	<b>9,297,980</b>

**22. Long-Term Borrowings**

Details are shown as below:

	31-Mar-19	31-Mar-18
	MMK	MMK
Long-Term Borrowings (USD 10.7 million)		
Current Portion	1,311,960,000	-
Non-Current Portion	14,823,640,000	-
<b>Total</b>	<b>16,135,600,000</b>	<b>-</b>

On 22 October 2016, its subsidiary – United International Group Limited entered into a loan facilities agreement with International Finance Corporation (IFC) for principal amount of USD 10.7 million with interest rate (Variable Interest Rate – sum of the Relevant Spread and LIBOR) and is repayable as per agreement.

**23. Finance Lease Obligation**

Details are shown as below:

	31-Mar-19	31-Mar-18
	MMK	MMK
Current Liabilities	30,496,643	-
Non-Current Liabilities	768,952,954	-
<b>Total</b>	<b>799,449,597</b>	<b>-</b>

The future minimum lease payments are as follows;

	31-Mar-19	31-Mar-18
<u>Descriptions</u>	MMK	MMK
Within one year	130,342,608	-
Later than one year but within five years	553,370,899	-
Later than five years	4,592,859,120	-
<b>Total</b>	<b>5,276,572,627</b>	<b>-</b>



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Lease period and interest rate for finance lease obligation are as follows;

Description	Lessor	Lease Period	Interest Rate
Amata Resort & Spa-Ngapali	U Win Aung Amata International Co., Ltd.	58 Years	13%
Amata Garden Resort – Bagan	U Win Aung	60 years	13%
My Bagan Residence by Amata	U Win Aung	49 years	13%
Amata Garden Resort Inle Lake	Ministry of Environmental Conservation and Forestry	50 years	13%

Lease period in the calculation statement of finance lease obligation was not agreed with lease contract. Details are shown as below:

Description	Lease Period as per contract	Lease Period as per Calculation Statement
Land Lease – Amata Resort & Spa-Ngapali	15 years	58 Years
Land Lease – Amata Garden Resort – Bagan	15 years	60 Years
Land Lease – My Bagan Residence by Amata	15 years	49 Years
Land Lease – Amata Garden Resort Inle Lake	50 years	56 Years

#### **24. Other Non-current Liabilities**

Details are shown as below:

	31-Mar-19 MMK	31-Mar-18 MMK
Payable to Amata International Company	3,000,000,000	-
<b>Total</b>	<b>3,000,000,000</b>	<b>-</b>

It represents the payable to Amata International Co., Ltd (AIC) by United International Group Limited for the acquisition of Amata Garden Resort - Inle operated under Amata International Co., Ltd (AIC) with its book value (carrying value) MMK 3,000,000,000 on 01 April 2018.

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**25. Operating Income – Room/Ballooning**

Details are shown as below:

	01-Apr-18 to 31-Mar-19 MMK	27-Jun-17 to 31-Mar-18 MMK
Room Sales	2,968,108,142	-
Passenger Income	3,970,443,057	-
Other Income	62,620,751	-
<b>Total</b>	<b>7,001,171,950</b>	<b>-</b>

**26. Operating Income – Food & Beverage**

Details are shown as below:

	01-Apr-18 to 31-Mar-19 MMK	27-Jun-17 to 31-Mar-18 MMK
Food sales	1,178,855,077	-
Beverage sales	411,376,640	-
Others	7,137,088	-
<b>Total</b>	<b>1,597,368,806</b>	<b>-</b>

**27. Operating Income – Guest Laundry & Spa**

Details are shown as below:

	01-Apr-18 to 31-Mar-19 MMK	27-Jun-17 to 31-Mar-18 MMK
Guest Laundry	21,220,462	-
SPA & Souvenir	147,385,030	-
<b>Total</b>	<b>168,605,492</b>	<b>-</b>



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**28. Operating Income – Other Operating**

Details are shown as below:

	01-Apr-18 to 31-Mar-19 MMK	27-Jun-17 to 31-Mar-18 MMK
Revenue - Others	2,573,436	-
Revenue – Boat	3,296,815	-
Revenue - Mini Golf	(59,474)	-
Revenue - Mini Bar	7,242,261	-
Revenue - Bicycle	204,148	-
Others Income	265,383,112	-
Gain on Disposal	250,000	-
<b>Total</b>	<b>278,890,298</b>	<b>-</b>

**29. Operating Expenditure – Room/Ballooning**

Details are shown as below:

	01-Apr-18 to 31-Mar-19 MMK	27-Jun-17 to 31-Mar-18 MMK
<b>Payroll and related expenses</b>		
Salaries & Wages	1,021,283,956	-
Employee Benefits	64,542,270	-
<b>Total payroll and related expenses</b>	<b>1,085,826,225</b>	<b>-</b>
<b>Other expenses</b>		
Cost of sales - Balloon Gas	169,454,900	-
Cost of sales - Other	3,165,695	-
Pilot Team Expenses	139,619,478	-
Compensation Fees	1,294,700	-
Catering Charges	81,199,395	-
Bank Charges	517,630	-
Insurance	77,249,250	-
Staff Activity	88,500	-
Commission	77,829,218	-
Present & Donation	5,871,600	-
Maintain General	16,590,082	-
Operation Utensils	14,683,342	-
Test Flying Charges	4,927,510	-
Medical Expense	1,169,000	-
China, Glass & Silverware	635,576	-



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Cleaning Supplies	17,752,828	-
Guest Supplies	72,648,230	-
Data Processing Expenses	3,974,710	-
Printing & Stationery	9,117,341	-
Laundry	12,102,057	-
Linen	3,257,177	-
Uniform	10,103,780	-
Flowers & Decoration	5,346,732	-
Postage, Telephone, e-mail	40,429,893	-
Luggage Charges	(591,672)	-
Motor Vehicle Expenses	18,455,180	-
Travelling for room Department	12,147,078	-
Pest Control	11,755,318	-
License & Tax	12,916,812	-
Complimentary / Entertainment	23,886,690	-
Room Commission	57,301,170	-
Transportation & Labor	10,996,540	-
Operation Utensils	6,461,761	-
Reservation Expenses	93,600	-
Miscellaneous	1,303,475	-
<b>Total other expenses</b>	<b>923,754,579</b>	<b>-</b>
<b>Total room/ballooning expenses</b>	<b>2,009,580,804</b>	<b>-</b>

**30. Operating Expenditure – Food & Beverage**

Details are shown as below:

	<b>01-Apr-18 to 31-Mar-19 MMK</b>	<b>27-Jun-17 to 31-Mar-18 MMK</b>
<b>Cost of sales</b>		
Food Cost	322,744,819	-
Beverage Cost	92,343,141	-
<b>Total cost of sales</b>	<b>415,087,960</b>	<b>-</b>
<b>Payroll and related expenses</b>		
Salaries & Wages	242,734,805	-
Employee Benefits	48,470,258	-
<b>Total payroll and related expenses</b>	<b>291,205,063</b>	<b>-</b>
<b>Other expenses</b>		
China, Glass & Silverware	405,835	-
Cleaning Supplies	9,072,881	-
Guest Supplies	15,832,558	-

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Data Processing Expenses.	271,400	-
Printing & Stationery	4,616,516	-
Laundry	3,107,568	-
Linen	852,551	-
Uniform	1,822,721	-
Flowers & Decoration	12,063,409	-
Postage, Telephone, e-mail	690,500	-
Transportation & Labor	13,652,613	-
Travelling for F&B Department	2,027,990	-
License & Tax	2,941,500	-
Complimentary / Entertainment	4,974,514	-
Operation Utensils	9,775,993	-
Kitchen Utensils	2,516,091	-
Spoilage & Loss	949,747	-
Music & Royalties	6,319,100	-
Kitchen Fuel	29,294,290	-
Miscellaneous	544,668	-
<b>Total other expenses</b>	<b>121,732,445</b>	<b>-</b>
<b>Total food and beverage expenses</b>	<b>828,025,469</b>	<b>-</b>

**31. Operating Expenditure – Guest Laundry & Spa**

Details are shown as below:

	<b>01-Apr-18 to 31-Mar-19 MMK</b>	<b>27-Jun-17 to 31-Mar-18 MMK</b>
<b>Payroll &amp; Related Expenses</b>		
Guest Laundry	3,668,468	-
SPA & Souvenir cost	39,968,360	-
<b>Total payroll and related expenses</b>	<b>43,636,828</b>	<b>-</b>
<b>Other expenses</b>		
Guest Laundry	(582,923)	-
SPA & Souvenir cost	35,378,301	-
<b>Total other expenses</b>	<b>34,795,378</b>	<b>-</b>
<b>Total guest laundry and spa cost</b>	<b>78,432,206</b>	<b>-</b>



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**32. Operating Expenditure – Other Operating**

Details are shown as below:

	01-Apr-18 to 31-Mar-19 MMK	27-Jun-17 to 31-Mar-18 MMK
Mini Bar	1,445,676	-
Boat Expenses	1,055,265	-
Bicycle Expense	148,360	-
Golf Expense	365,240	-
Staff Related	2,046,209	-
Others	145,477	-
<b>Total other operating cost</b>	<b>5,206,227</b>	<b>-</b>

**33. Gain from Bargain Purchase**

Amata Holding Public Company Limited has acquired United International Group Limited and Myanmar Ballooning Company Limited at 1 August 2018. Proportions of ownership are 99.9998% in United International Group Ltd and 51% in Myanmar Ballooning Company Ltd.

The net assets recognized in the calculation of goodwill on acquisition were based on carrying value at the date of acquisition (01 August 2018).

The carrying value of the net assets at acquisition was as follows;

	UIG MMK	MB MMK
Ordinary share capital	500,000,000	500,000,000
Revaluation Reserves	18,602,682,440	-
Retained Earnings	2,869,178,958	131,979,256
Prior year adjustment	17,963,100	-
Exchange Translation Reserve	8,353,531,401	148,722,747
<b>Total Net Assets</b>	<b>30,343,355,899</b>	<b>1,968,515,312</b>

**Goodwill**

The Group uses the full goodwill method on the calculation of goodwill as at acquisition date. Details are shown as below:

	UIG MMK	OB MMK	Total
Purchase consideration	499,999,000	255,000,000	754,999,000
NCI	1,000	245,000,000	245,001,000
	500,000,000	500,000,000	1,000,000,000
Total Net Asset	(30,343,355,899)	(1,968,515,312)	(32,311,871,211)
<b>Gain on Bargain Purchase</b>	<b>(29,843,355,899)</b>	<b>(1,468,515,312)</b>	<b>(31,311,871,211)</b>

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**FOR THE YEAR ENDED 31 MARCH 2019**

Gain from bargain purchase occurred as a result of the following reasons;

**(i) Fair Value of Consideration**

Purchase consideration does not represent fair value of consideration at acquisition date. Purchase consideration for each share is nominal value of United International Group Limited (MMK 1,000 per 1 share) and Myanmar Ballooning Company Limited (MMK 100,000 per 1 share). Total purchase consideration amount MMK 499,999,000 and MMK 255,000,000 are nominal value of 99.9998% of UIG and 51% of MB respectively.

**(ii) Calculation of Goodwill**

In the calculation of goodwill, recognized net assets were based on carrying value at the date of acquisition. Fair value exercises had not been made at the date of acquisition.

**34. Sales & Marketing**

Details are shown as below:

	01-Apr-18 to 31-Mar-19 MMK	27-Jun-17 to 31-Mar-18 MMK
<b><u>Payroll and related expenses</u></b>		
Salaries & Wages	163,828,315	-
Employee Benefits	1,896,530	-
<b>Total payroll and related expenses</b>	<b>165,724,845</b>	<b>-</b>
<b><u>Other expenses</u></b>		
Printing & Stationery	4,668,748	-
Data Processing	197,438	-
Uniform	181,892	-
Postage , Telephone ,E-mail	1,587,730	-
Marketing Promotion	64,047,456	-
Advertising	57,008,732	-
Entertainment	2,007,594	-
Travelling	4,701,410	-
Miscellaneous	23,250	-
<b>Total other expenses</b>	<b>134,424,251</b>	<b>-</b>
<b>Total sales and marketing expenses</b>	<b>300,149,096</b>	<b>-</b>



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**FOR THE YEAR ENDED 31 MARCH 2019**

**35. Administration & General**

Details are shown as below:

	01-Apr-18 to 31-Mar-19 MMK	27-Jun-17 to 31-Mar-18 MMK
<b><u>Payroll and related expenses</u></b>		
Salaries & Wages	330,357,263	-
Employee Benefits	65,945,160	-
<b>Total payroll and related expenses</b>	<b>396,302,423</b>	<b>-</b>
<b><u>Other expenses</u></b>		
DCA Flight Movement Charges	10,042,200	-
NYDC 5% Tax	117,884,000	-
HT Royalty Fee	145,668,340	-
Data Processing Expense	1,330,185	-
Printing Supplies	240,528	-
Printing & Stationery	5,634,053	2,277,750
Laundry	25	-
Uniform	815,011	-
Postage, Telephone, e-mail	3,960,900	-
Transportation & Labour	4,705,792	-
Motor Vehicle Expenses	5,799,029	-
Cleaning & Garbage Expenses	5,061,656	-
Staff Meal	1,000	-
Audit Fees	19,604,000	-
Legal & Consultant Fees	298,831,389	6,584,700
Bad Debt	3,665,571	-
Bank Charges	24,226,075	-
Cash (Overage)/Shortage	3,048	-
Entertainment	7,864,668	183,890
Travelling	37,385,955	260,950
Licenses & Tax	54,722,780	-
Insurance	32,669,498	-
Staff Activity	3,493,811	-
Security Supplies	(205,609)	-
Present & Donation	15,792,626	-

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

Yangon Expenses Allocation	492,119,891	-
Medical Expenses	2,162,921	-
Staff Canteen Expenses	(19,400)	-
Miscellaneous	990,875	-
Launching Event Expenses	46,459,290	-
<b>Total other expenses</b>	<b>1,340,910,108</b>	<b>9,307,290</b>
<b>Total administration and general expenses</b>	<b>1,737,212,530</b>	<b>9,307,290</b>

**36. Property Operating and Maintenance**

Details are shown as below:

	<b>01-Apr-18 to 31-Mar-19 MMK</b>	<b>27-Jun-17 to 31-Mar-18 MMK</b>
<b><u>Payroll and related expenses</u></b>		
Salaries & Wages	101,494,647	-
Employee Benefits	14,702,514	-
<b>Total payroll and related expenses</b>	<b>116,197,161</b>	<b>-</b>
<b><u>Other expenses</u></b>		
Engineering Supplies	5,986,021	-
Printing & Stationery	300,425	-
Laundry	97	-
Uniform	292,774	-
Postage, Telephone, e-mail	611,012	-
Transportation & Labour	7,397,275	-
Maintenance	123,964,394	-
Travelling	2,426,654	-
Painting & Renovation	34,283,710	-
Kitchen Equipment	752,159	-
Landscaping	20,395,235	-
Swimming Pool	8,873,730	-
Light Bulb	24,519,010	-
Sound System	402,000	-
Plumbing & Heating	1,387,085	-
Sewage & Rubbish Removal	9,689,515	-
Miscellaneous	158,948	-
<b>Total other expenses</b>	<b>241,440,045</b>	<b>-</b>
<b>Total property operating and maintenance expenses</b>	<b>357,637,206</b>	<b>-</b>



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**37. Utility Cost**

Details are shown as below:

	01-Apr-18 to 31-Mar-19 MMK	27-Jun-17 to 31-Mar-18 MMK
Water	5,554,900	-
Diesel, Petrol	69,002,068	-
Electricity	205,225,967	-
Engine Oil	(27,991)	-
<b>Total utilities cost</b>	<b>279,754,944</b>	<b>-</b>

**38. Financial risk management**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follow:

***Foreign exchange risk***

The Company may have foreign exchange loss for the translation of foreign exchange transactions, assets or liabilities which are denominated in foreign currencies.

***Interest rate risk***

The Company does not have any interest bearing assets or liabilities. Hence, the Company does not have any exposure to interest rate risk.

***Liquidity and cash flow risks***

The Company monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cash flow.

***Operational risk***

Operational risk, which is inherent in all business activities, is the potential for financial loss, and business instability arising from failures in internal controls, operational process or the systems that support them.

The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Company and to be consistent with the prudent management required of an organization.

It is recognized that such risks can never be entirely eliminated and that the cost of controls in minimizing these risks may outweigh the potential benefits. Accordingly, the Company continues to invest in risk management and mitigation such as business continuity management and incident management. In reinforcement of the

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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implementation of the Company's risk strategy, independent checks on risk issues are undertaken by the internal audit function.

***Legal risk***

Legal risk is the risk that the business activities of the Company have with unintended or unexpected legal consequences. It includes risk arising from:

- Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- Actual or potential violations of law or regulation which may attract a civil or criminal fine or penalty;
- Failure to protect the Company's property; and
- The possibility of civil claims (including acts or other events which may lead to litigation or other disputes).

The Company identifies and manages legal risk through effective use of its internal and external legal advisers.

**39. Tax risk**

Tax risk is the risk of loss or increased charges associated with changes in, or errors in the interpretation of, taxation rates or law.

**40. Comparative Information**

Figures of the year ended 31 March 2018 for parent company (Amata Holding Public Company Limited) were shown in the financial statements to conform with the current year presentation.

**41. Authorisation of Financial Statements**

The consolidated financial statements for the year ended 31 March 2019 were authorized by the Board of Directors for issue.



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**(REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**

**REGISTRATION No. 100456125**

**CONSOLIDATED FINANCIAL STATEMENTS**

***FOR THE PERIOD FROM 01 APRIL 2019 TO 30 SEPTEMBER 2019***

**KHIN SU HTAY & ASSOCIATES LIMITED**

**CERTIFIED PUBLIC ACCOUNTANTS**

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**

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***CONSOLIDATED FINANCIAL STATEMENTS***  
***FOR THE PERIOD FROM 01 APRIL 2019 TO 30 SEPTEMBER 2019***

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**STATEMENT BY DIRECTORS**  
**OF**  
**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**FOR THE PERIOD FROM 01 APRIL 2019 TO 30 SEPTEMBER 2019**


The Company's directors are responsible for the preparation and fair presentation of the consolidated financial statements, comprising the consolidated statement of financial position as at 30 September 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the statement of cash flows for the period from 01 April 2019 to 30 September 2019, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and the provisions of Myanmar Companies Law 2017 ("the Law") and for such internal controls as the directors determine are necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Under the Myanmar Companies Law 2017 ("the Law"), the directors are required to prepare the consolidated financial statements for the period from 01 April 2019 to 30 September 2019 that give a true and fair view of the state of affairs of the Company as at the end of the accounting period and of the operating results of the Company for that period. It also requires the directors to ensure the Company keeps proper accounting records according to Section 258 and 261 of Myanmar Companies Law 2017 ("the Law") that disclose with reasonable accuracy of the consolidated financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.


The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern for the next twelve months from the date of this Statement.

The Board of Directors has, on the date of this Statement, authorised these financial statements for issue.

On behalf of the Board of Directors,

  
-----  
U Win Aung  
Managing Director  
Amata Holding Public Company Limited  
Date: 24 JUL 2020



  
-----  
Daw Nay Myat Thu Aung  
Director  
Amata Holding Public Company Limited  
Date: 24 JUL 2020



# **KHIN SU HTAY & ASSOCIATES LIMITED**

**Certified Public Accountants**

**(Company Registration Number: 100124548)**

**# C1/005, Ground Floor, Hninnsi Street, Yuzana Highway Complex,**

**Narnat Taw Road, Kamayut Township, Yangon, Myanmar**

**Email: thantint@ytp.com.mm, thantint@kshal.com**

**Tel: 09-799657902**

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

**OF**

### **AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**(REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**

**FOR THE PERIOD FROM 01 APRIL 2019 TO 30 SEPTEMBER 2019**

#### **Opinion**

We have audited the consolidated financial statements of **Amata Holding Public Company Limited** ("**the Company**") and its **Subsidiaries** ("**the Group**"), which comprise the consolidated statement of financial position of the Group as at 30 September 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the period from 01 April 2019 to 30 September 2019 and a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards (IFRS) and the provisions of Myanmar Companies Law 2017 ("**the Law**"), so as to give a true and fair view of the state of affairs of the Group as at 30 September 2019 and of the results, changes in equity and cash flows of the Group for the period from 01 April 2019 to 30 September 2019.

#### **Basis for opinion**

Based on our audit, we conducted our audit in accordance with International Standards on Auditing (ISAs). 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Myanmar, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the provisions of Myanmar Companies Law 2017 ("**the Law**") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



# **KHIN SU HTAY & ASSOCIATES LIMITED**

**Certified Public Accountants**

**(Company Registration Number: 100124548)**

**# C1/005, Ground Floor, Hninnsi Street, Yuzana Highway Complex,**

**Narnat Taw Road, Kamayut Township, Yangon, Myanmar**

**Email: [thantint@ytp.com.mm](mailto:thantint@ytp.com.mm), [thantint@kshal.com](mailto:thantint@kshal.com)**

**Tel: 09-799657902**

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## **Auditor's responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements or, if such disclosures are inadequate, 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 consolidated financial statements, including the disclosures, and whether consolidated 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 Company 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control.



# **KHIN SU HTAY & ASSOCIATES LIMITED**

**Certified Public Accountants**

**(Company Registration Number: 100124548)**

**# C1/005, Ground Floor, Hninnsi Street, Yuzana Highway Complex,  
Narnat Taw Road, Kamayut Township, Yangon, Myanmar**

**Email: thantint@ytp.com.mm, thantint@kshal.com**

**Tel: 09-799657902**

We also provide those charged with governance 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.

## **Report on other legal and regulatory requirements**

Further to our opinion we report as follows:

- (a) The proper books of account have been kept by the Company in accordance with the provisions of the Section 258 of the Law.
- (b) In accordance with the provisions of Section 280 (b) (i) and (ii) the Law:
  - we have obtained all the information and explanations we have required; and
  - the financial statements are drawn up in conformity with the provisions of the Law.



Than Tint  
CPA (PA-103)  
**Managing Director**  
**Khin Su Htay & Associates Limited**

Yangon,

Date: 24 JUL 2020

# AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

		30-Sep-19 MMK	31-Mar-19 MMK Restated*
<b>Assets</b>			
<b>Non-current assets</b>	<b>Notes</b>		
Property, plant and equipment	4	50,482,922,926	44,697,878,406
Intangible assets	5	177,691,273	209,455,177
Right of used assets	6	665,062,005	671,009,716
		<u>51,325,676,204</u>	<u>45,578,343,299</u>
<b>Current assets</b>			
Inventories	7	168,937,316	158,658,485
Accounts receivable	8	85,208,633	275,365,793
Prepayments and advance	9	815,709,257	444,278,616
Amount due from related parties	10	4,572,774,221	10,190,766,639
Advance Tax	11	36,986,220	10,962,836
Cash and cash equivalents	12	1,018,545,787	2,041,111,770
		<u>6,698,161,434</u>	<u>13,121,144,139</u>
<b>Total assets</b>		<u><u>58,023,837,638</u></u>	<u><u>58,699,487,438</u></u>
<b>Equity and liabilities</b>			
Share capital	13	3,487,990,000	3,487,990,000
Retained earnings		28,114,847,137	30,976,247,781
Non controlling interest		500,145,366	1,444,360,884
		<u>32,102,982,503</u>	<u>35,908,598,665</u>
<b>Current liabilities</b>			
Accounts payable	14	241,091,134	162,951,895
Tax payable	15	198,523,347	441,527,895
Accrued expenses	16	732,810,484	826,978,530
Provision and deposit	17	1,378,276,000	262,445,837
Other liabilities	18	337,022,528	329,679,994
Amount due to related parties	19	1,464,114,276	36,000,000
Proposed dividend	20	700,072,097	-
Cash and cash equivalent	12	799,688,267	796,255,025
Long-term borrowings	21	1,324,140,000	1,311,960,000
Finance lease obligation	22	27,963,585	30,496,643
		<u>7,203,701,718</u>	<u>4,198,295,819</u>
<b>Non - current liabilities</b>			
Long-term borrowings	21	14,961,260,000	14,823,640,000
Finance lease obligation	22	755,893,417	768,952,954
Other non-current liabilities	23	3,000,000,000	3,000,000,000
		<u>18,717,153,417</u>	<u>18,592,592,954</u>
<b>Total equity and liabilities</b>		<u><u>58,023,837,638</u></u>	<u><u>58,699,487,438</u></u>

\*See note 38

Authenticated by:

U Win Aung  
Managing Director  
Amata Holding Public Company Limited  
Date : 24 JUL 2020



Daw Nay Myat Thu Aung  
Director  
Amata Holding Public Company Limi  
Date : 24 JUL 2020



# AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 01 APRIL 2019 TO 30 SEPTEMBER 2019

		01-Apr-19 to 30-Sep-19 MMK	01-Apr-18 to 31-Mar-19 MMK Restated*
<b>Revenue</b>	<b>Notes</b>		
Room / Ballooning	24	834,587,459	7,001,171,950
Food and beverage	25	502,044,567	1,597,368,806
Guest laundry and spa	26	44,836,823	168,605,492
Other operating	27	16,611,497	277,421,507
		<u>1,398,080,346</u>	<u>9,044,567,755</u>
<b>Cost of sales</b>			
Room / Ballooning	28	484,916,624	2,009,580,804
Food and beverage	29	357,464,285	828,025,469
Guest laundry and spa	30	26,517,960	78,432,206
Other operating	31	2,445,287	5,206,227
		<u>871,344,156</u>	<u>2,921,244,706</u>
<b>Gross profit</b>		<u>526,736,190</u>	<u>6,123,323,049</u>
<b>Other Income</b>			
Bargain purchase	32	-	31,311,871,211
Interest income		752,978	1,218,791
<b>Other expenses</b>			
Sales and marketing	33	143,586,430	300,149,096
Administration and general	34	885,067,963	1,776,744,769
Property operating and maintenance	35	227,227,591	357,637,206
Utility cost	36	188,777,575	279,754,944
Property tax		-	799,250
Lease rental		26,330,000	105,917,000
Write-off		10,246	5,176,872
Exchange rate differential (realized)		(5,644,149)	(14,681,525)
		<u>1,465,355,656</u>	<u>2,811,497,612</u>
<b>EBITDA</b>		<u>(937,866,488)</u>	<u>34,624,915,439</u>
Depreciation	4,6	1,087,303,895	1,282,258,124
Amortization	5	51,639,122	30,022,091
<b>EBIT</b>		<u>(2,076,809,505)</u>	<u>33,312,635,224</u>
Interest Expense		863,089,099	935,714,382
<b>(Loss)/Profit before tax</b>		<u>(2,939,898,604)</u>	<u>32,376,920,842</u>
Over provision for commercial tax		-	17,947,899
Income tax expenses		-	(214,874,953)
(Loss)/Gain on disposal		(222,536)	11,330,520
Capital gain tax		-	(1,071,517)
Exchange rate differential (unrealized)		(155,281,513)	(5,347,145)
<b>(Loss)/Profit for the period/year</b>		<u>(3,095,402,653)</u>	<u>32,184,905,646</u>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period/year</b>		<u>(3,095,402,653)</u>	<u>32,184,905,646</u>

\*See note 38

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*

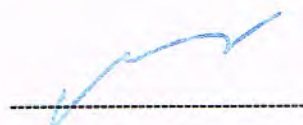


**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**(REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM 01 APRIL 2019 TO 30 SEPTEMBER 2019**

	01-Apr-19 to 30-Sep-19 MMK	01-Apr-18 to 31-Mar-19 MMK Restated*
<b>Profit Attributable to :</b>		
Equity holder of the Company	(2,850,851,574)	30,985,545,762
Non-controlling Interest	(244,551,079)	1,199,359,884
	(3,095,402,653)	32,184,905,646
<b>Total Comprehensive Income Attributable to :</b>		
Equity holder of the Company	(2,850,851,574)	30,985,545,762
Non-controlling Interest	(244,551,079)	1,199,359,884
	(3,095,402,653)	32,184,905,646
<b>Negative earning per share (Loss per share)/ Earning per share</b>	(272)	2,952
<b>Basic (MMK)</b>		

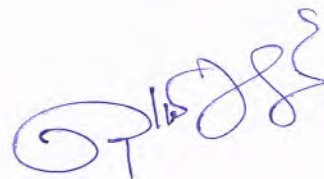
\*See note 38

*Authenticated by:*



U Win Aung  
Managing Director  
Amata Holding Public Company Limited

Date : 24 JUL 2020

Daw Nay Myat Thu Aung  
Director  
Amata Holding Public Company Limited

Date : 24 JUL 2020

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
(REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD FROM 01 APRIL 2019 TO 30 SEPTEMBER 2019**

	SHARE CAPITAL	RETAINED EARNINGS	EXCHANGE RESERVE	Total	NCI	TOTAL EQUITY
	MMK	MMK	MMK	MMK	MMK	MMK
<b>As at 01 April 2018</b>						
Issued Share Capital	1,000,000,000	(9,307,290)	9,310	990,702,020	-	990,702,020
Acquisition	2,487,990,000	-	-	2,487,990,000	-	2,487,990,000
Profit for the year	-	-	-	-	245,001,000	245,001,000
Other Comprehensive Income	-	30,988,174,708	-	30,988,174,708	1,202,078,082	32,190,252,790
		-	(2,628,947)	(2,628,947)	(2,718,198)	(5,347,145)
<b>As at 31 March 2019</b>	<b>3,487,990,000</b>	<b>30,978,867,418</b>	<b>(2,619,637)</b>	<b>34,464,237,781</b>	<b>1,444,360,884</b>	<b>35,908,598,665</b>
<b>As at 01 April 2019</b>						
Loss for the period	3,487,990,000	30,978,867,418	(2,619,637)	34,464,237,781	1,444,360,884	35,908,598,665
Proposed Dividend	-	(2,850,851,574)	-	(2,850,851,574)	(244,551,079)	(3,095,402,653)
Prior year adjustments	-	-	-	-	(700,072,097)	(700,072,097)
	-	(13,168,708)	2,619,637	(10,549,071)	407,658	(10,141,413)
<b>As at 30 September 2019</b>	<b>3,487,990,000</b>	<b>28,114,847,137</b>	<b>-</b>	<b>31,602,837,137</b>	<b>500,145,366</b>	<b>32,102,982,503</b>

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*



# AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 01 APRIL 2019 TO 30 SEPTEMBER 2019

	01-Apr-19 to 30-Sep-19 MMK	01-Apr-18 to 31-Mar-19 MMK
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation and extraordinary items	(3,095,180,117)	32,371,573,697
Adjustments for:		
Depreciation	1,087,303,895	1,282,258,125
Transfer of property, plant and equipment	3,878,034	43,327,328
Amortization	51,639,122	30,022,091
Prior year adjustments	(10,141,413)	17,963,045
Interest Expense	863,089,099	935,714,382
Write-off	10,246	5,426,872
Commercial tax	-	17,947,900
Exchange adjustments	-	298,817
Bargain purchase	-	(31,311,871,211)
<b>Operating Profit before changes in working capital</b>	<b>(1,099,401,134)</b>	<b>3,392,661,046</b>
Changes in working capital:		
Increase in inventory	(10,278,831)	(30,381,001)
Increase in trade and other receivables	(212,421,491)	(286,318,200)
Decrease/(Increase) in amount due from related parties	5,617,992,418	(4,146,373,631)
Increase in trade and other payables	974,139,342	308,565,010
Increase/(Decrease) in amount due to related parties	1,428,114,276	(9,297,980)
<b>Cash flow from/(used in) operating activities</b>	<b>6,698,144,580</b>	<b>(771,144,756)</b>
Interest paid	(812,040,199)	(869,875,773)
Tax paid	(110,000,000)	-
Tax refund	5,124,629	-
<b>Net cash provided by/(used in) operating activities</b>	<b>A 5,781,229,010</b>	<b>(1,641,020,529)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,866,288,097)	(1,181,368,499)
Purchase of intangible assets	(19,875,219)	(44,452,865)
Proceeds from sale of property, plant and equipment	220,000	12,130,180
Adjustments of property, plant and equipment	(4,443,424)	-
<b>Net cash used in investing activities</b>	<b>B (6,890,386,740)</b>	<b>(1,213,691,184)</b>
<b>Cash flows from financing activity</b>		
Proceeds from issuance of share capital	-	2,487,990,000
Exchange translation of long-term borrowing	149,800,000	1,101,801,183
Finance lease obligation	(66,641,495)	(103,673,668)
<b>Net cash provided by financing activity</b>	<b>C 83,158,505</b>	<b>3,486,117,515</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(A+B+C) (1,025,999,225)</b>	<b>631,405,802</b>
<b>Cash and cash equivalents at the beginning of the period/year</b>	<b>1,244,856,745</b>	<b>613,450,943</b>
<b>Cash and cash equivalents at the end of the period/year</b>	<b>218,857,520</b>	<b>1,244,856,745</b>

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
(REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 01 APRIL 2019 TO 30 SEPTEMBER 2019**

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

**1. General Information**

**Amata Holding Public Company Limited** is domiciled and incorporated in the Republic of the Union of Myanmar with its registered office at No.10, Inya Yeik Thar Street, Mayangone Township Yangon, Myanmar under Company Registration No. 100456125 (former Registration No.1563/2017-2018) dated 27 June 2017.

The principal activities of the Company are Hospitality, Restaurants and Ballooning Services.

The Company acquired 99.99% share of United International Group Limited (UIG) and 51% share of Myanmar Ballooning Company Limited (MB) on 01 August 2018.

Incorporated in 1993, United International Group Limited mainly involves in resorts and restaurant management under UIG (Amata Brand) which operates value segments of the hospitality market through the following;

- (i) Amata Resort and Spa – Ngapali
- (ii) Amata Garden Resort - Inle
- (iii) Amata Garden Resort – Bagan
- (iv) My Bagan Residence by Amata

Incorporated in 2013, Myanmar Ballooning Company Limited mainly operates in hot air ballooning and operates under Oriental Ballooning brand. Oriental Ballooning brand flights over the pagodas of Bagan, the city of Mandalay, stunning Inle Lake and Ngapali Beach in Myanmar (Burma).

**2. Basis of Preparation of the Financial Statements**

**(a) Statement of Compliance**

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (“IFRS”) and the provision of Myanmar Companies Law 2017 (“the Law”).

**(b) Basis of Measurement**

The consolidated financial statements have been prepared on the historical cost basis.

**(c) Use of Estimates and Judgements**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.



There are no accounting estimates and judgement made by the management that has significant effect on the consolidated financial statements.

**(d) Basis of Consolidation**

***(a) Subsidiaries***

**Consolidation**

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and recognized gains on transactions between group entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non- controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which 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 statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this the results in the non-controlling interests having a deficit balance.

***(b) Associated companies***

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50 %. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

***(c) Equity method of accounting***

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognized in profit or loss and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. These post- acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognize further losses, unless it has obligations to make or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies.



Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

*(d) Investment in associate*

Investment in associated is initially recognized at the transaction price (including transaction costs) under the equity method of accounting and carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from and investee reduces the carrying amount of the investment.

**3. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

**(a) Foreign Currency Translation**

The Company maintains its accounting records in Myanmar Kyats. The consolidated financial statements are presented in Myanmar Kyats (MMK), which is functional and presentation currency of the Company.

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

All assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

Foreign exchange differences arising on translation are recognized in statement of comprehensive income.

**(b) Cash and Cash Equivalents**

Cash and Cash equivalents in the statements of financial position comprise cash in hand and cash at bank balances.

**(c) Trade and Other Accounts Receivables**

Trade and other accounts receivables are stated at the invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment historical and future expectations of customer payments. Bad debts are written off when incurred.



**(d) Inventory**

Inventory is measured at the lower of cost and net realised value.

Cost is calculated using the first in first out principle, and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realised value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(e) Property, Plant and Equipment**

***Owned assets***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for building that are presented at revalued value.

Costs include expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets include the cost of materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net in profit or loss.

***Revalued assets***

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognized in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognized in profit or loss in respect of the same asset. A decrease in value is recognized in profit or loss to the extent it exceeds an increase previously recognized in other comprehensive income for the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

***Subsequent costs***

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**FOR THE PERIOD FROM 01 APRIL 2019 TO 30 SEPTEMBER 2019**

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cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day –to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

***Depreciation***

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost.

Depreciation is charged to profit or loss on a straight – line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

-Building	60, 58, 56, 49, 20 years
-Balloon (12 units)	7 years
-Plant and machinery	5 years
-Furniture and fixtures	5 years
-Office equipment	3 years
-Vehicle	5 years
-Operating equipment	3 years

Depreciation method, useful lives and residual values are reviewed at each financial year- end and adjusted if appropriate. Useful life of building depends on the land lease agreement.

**(f) Intangible Assets**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight –line basis from the date the asset is available for use and over its estimated useful lives of 3 years.

**(g) Goodwill**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

**(h) Leases**

An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

***Finance lease:*** A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

***Operating lease:*** A lease other than a finance lease.



*As a lessee*

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in profit or loss on a straight-line basis over the lease term.

**(i) Trade and Other Payables**

Trade and other accounts payable are stated at cost.

**(j) Share Capital**

*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

**(k) Revenue**

Revenue excludes commercial taxes and is arrived at after deduction of trade discounts.

*Revenue from hotel operations*

Hotel revenue from room, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered.

**(l) Lease Payments**

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Company determines whether such arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An



arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Company's incremental borrowing rate.

**(m) Income Tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognized in the statement of income except to the extent that they relate to a business combination, or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis on their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(n) Impairment of Financial Assets**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or the Company of financial assets is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("a loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the Company of financial assets that can be reliably estimated.

**(o) Related Parties**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

<b>Name of individuals</b>	<b>Nature of relationship</b>
United International Group Limited	Subsidiary
Myanmar Ballooning Company Limited	Subsidiary
Amata International Company Limited	Related of Subsidiary
Awinka Holding Company Limited	Related of Subsidiary
U Win Aung	Managing Director
U Khin Zaw	Director of MB
U Aung Naing	Director of MB

The pricing policies for particular types of transactions are explained future below:

<b>Transaction</b>	<b>Pricing policies</b>
Land lease	Contractually agreed prices

Significant transactions for the period from 01 April 2019 to 30 September 2019 with related parties were as follows;

	<b>30-Sep-19</b>	<b>31-Mar-19</b>
	<b>MMK</b>	<b>MMK</b>
Receivable from related party	4,572,774,221	10,190,766,639
Payable to related party	(4,464,114,276)	(3,036,000,000)

**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**Significant agreement with related party**

The Company entered into lease agreements with a related party to lease land for the following terms:

Land Lease – Ngapali Beach	15 years
Land Lease – Amata Garden Resort – Bagan	15 years
Land Lease – My Bagan Residence by Amata	15 years
Land Lease – Amata Garden Resort Inle Lake	50 years



**AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**4. Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost less accumulated depreciation. Details are shown as below:

<i>Costs</i>	Building	Office Equipment	Plant & Machinery	Furniture & Fixture	Data Processing Equipment	Motor Vehicles	Balloon (12 units)	Boat & Bicycle	Others	Operation Equipment	Construction in Progress	MMK Total
<b>At 01 Apr 2019</b>	41,554,123,762	298,811,684	1,177,515,828	1,967,491,834	275,156,674	763,108,511	1,816,476,453	111,412,706	102,491,709	1,038,226,771	1,612,862,546	50,717,678,478
Additions	6,284,842,787	355,000	38,037,000	20,297,100	6,677,457	-	-	-	2,158,696	18,960,700	494,959,357	6,866,288,097
Adjustment	-	-	-	-	-	-	-	-	-	7,267,827	-	7,267,827
Disposal	-	(489,000)	(599,000)	-	-	-	-	-	-	-	-	(1,088,000)
Write-off	-	-	-	-	-	-	-	-	-	(11,711)	-	(11,711)
Transfer	1,621,826,303	-	-	-	-	-	-	-	-	-	-	-
Transfer to Hotel (Pha-An)	-	-	-	(1,612,946)	(693,993)	-	-	-	-	(1,621,826,303)	-	-
<b>At 30 Sep 2019</b>	<b>49,460,792,851</b>	<b>298,677,684</b>	<b>1,214,953,828</b>	<b>1,984,207,627</b>	<b>281,140,138</b>	<b>763,108,511</b>	<b>1,816,476,453</b>	<b>111,412,706</b>	<b>104,650,405</b>	<b>1,056,262,006</b>	<b>485,995,600</b>	<b>57,577,677,810</b>

**Accumulated Dep:**

<b>At 01 Apr 2019</b>	2,132,895,792	155,890,220	681,215,580	752,912,837	125,091,628	473,140,958	1,048,347,441	84,822,518	57,279,694	508,203,406	-	6,019,800,072
Additions	424,641,693	38,681,226	74,774,977	157,501,690	38,561,467	60,406,695	129,748,318	7,000,817	11,561,461	138,477,840	-	1,081,356,183
Adjustment	-	-	-	-	-	-	-	-	-	2,824,403	-	2,824,403
Disposal	-	(325,997)	(319,467)	-	-	-	-	-	-	-	-	(645,464)
Write-off	-	-	-	-	-	-	-	-	-	(1,465)	-	(1,465)
Transfer to Hotel (Pha-An)	-	-	-	(194,833)	(231,321)	-	-	-	-	(868,863)	-	(1,295,018)
<b>At 30 Sep 2019</b>	<b>2,557,537,485</b>	<b>194,245,448</b>	<b>755,671,090</b>	<b>908,251,333</b>	<b>163,421,774</b>	<b>533,547,653</b>	<b>1,178,095,759</b>	<b>91,823,335</b>	<b>68,841,155</b>	<b>643,319,853</b>	<b>-</b>	<b>7,094,754,884</b>

**Net Book Value**

<b>At 30 Sep 2019</b>	46,903,255,366	104,432,236	459,282,738	1,075,956,294	117,718,364	229,560,858	638,380,694	19,589,371	35,809,250	412,942,153	485,995,600	50,482,922,926
<b>At 01 Apr 2019</b>	<b>39,421,227,970</b>	<b>142,921,464</b>	<b>496,300,248</b>	<b>1,214,578,997</b>	<b>150,065,046</b>	<b>289,967,553</b>	<b>768,129,012</b>	<b>26,590,188</b>	<b>45,212,015</b>	<b>530,023,366</b>	<b>1,612,862,546</b>	<b>44,697,878,406</b>

The Group did not performed physically count all of Property, Plant and Equipment at the end of the accounting period.

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**5. Intangible Assets**

Intangible Assets are stated at cost less accumulated amortisation. Details are shown as below:

	30-Sep-19 MMK
<i>Cost</i>	
At 01 April 2019	322,850,606
Addition	19,875,219
At 30 September 2019	<u>342,725,825</u>
<i>Accumulated Amortization</i>	
At 01 April 2019	113,395,429
Addition	51,639,122
At 30 September 2019	<u>165,034,551</u>
<i>Net Book Value</i>	
At 30 September 2019	<u>177,691,273</u>
At 31 March 2019	<u>209,455,177</u>

**6. Right of Used Assets**

Details are shown as below:

	30-Sep-19 MMK
<i>Cost</i>	
At 01 April 2019	682,465,300
Addition	-
At 30 September 2019	<u>682,465,300</u>
<i>Accumulated Amortization</i>	
At 01 April 2019	11,455,584
Addition	5,947,712
At 30 September 2019	<u>17,403,295</u>
<i>Net Book Value</i>	
At 30 September 2019	<u>665,062,005</u>
At 31 March 2019	<u>671,009,716</u>

The useful life of right of used assets and building was not agreed with lease contract. Details are shown as below:

	Lease period as per	Useful Life
Land Lease – Ngapali Beach	15 years	58 Years
Land Lease – Amata Garden Resort – Bagan	15 years	60 Years
Land Lease – My Bagan Residence by Amata	15 years	49 Years
Land Lease – Amata Garden Resort Inle Lake	50 years	56 Years



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**7. Inventories**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
Food	22,335,541	24,778,967
Beverage	22,182,580	26,411,619
Cleaning supplies	2,208,276	2,249,378
Guest supplies	5,643,041	10,531,314
Massage oil	714,691	938,301
Souvenir stock	28,463,861	35,916,201
Printing supplies	12,376,802	10,756,525
Engineering supplies	48,314,725	14,847,229
Diesel	5,154,805	4,799,250
Gas	7,567,750	6,244,495
H.K guest supplies	3,952,781	4,421,486
Operation utensil	151,954	157,616
Chemical	1,411,895	2,006,213
Stationery	219,470	207,817
Head office – store	7,746,496	13,771,473
Staff uniform	492,650	620,600
	<u>168,937,316</u>	<u>158,658,485</u>

**8. Accounts Receivable**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
Restaurant - City ledger	-	17,190,084
AR - Guest ledger	2,001,339	17,243,588
AR - City ledger	71,361,980	240,932,121
Hpa-An Hotel	11,845,314	-
	<u>85,208,633</u>	<u>275,365,793</u>



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**9. Prepayments and Advance**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
Prepayment – Insurance	4,360,119	27,149,669
- Others	146,310,294	117,619,424
- Advertising	10,210,488	4,981,350
- Rental	20,550,000	-
Deposit paid	419,229,043	115,263,322
Advance others	97,053,800	7,987,422
Pre-opening expenses	117,995,513	171,277,429
	<u>815,709,257</u>	<u>444,278,616</u>

**10. Amount due from Related Parties**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
Current AC – YGN	-	482,681
Amount Due from Director	4,487,813,577	10,167,497,722
Current AC – Awinka	84,960,644	22,786,236
	<u>4,572,774,221</u>	<u>10,190,766,639</u>

**11. Advance Tax**

It comprises the followings:

	30-Sep-19	31-Mar-19
	MMK	MMK
Corporate Income Tax	3,502,505	8,627,134
Commercial tax	33,483,715	2,335,703
	<u>36,986,220</u>	<u>10,962,836</u>

**(i) Corporate Income Tax**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
Opening balance as at 01 April	8,627,134	-
Cash paid during the year	-	8,627,134
Tax refund	(5,124,629)	-
Closing balance as at	<u>3,502,505</u>	<u>8,627,134</u>

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**(ii) Commercial Tax**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
Opening balance as at 01 April	2,335,703	-
Advance payment during the period	31,148,012	2,335,703
Closing balance as at	<u>33,483,715</u>	<u>2,335,703</u>

**12. Cash and Cash Equivalents**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
Cash in hand	873,172,024	730,533,808
Cash at bank	145,373,763	1,310,577,961
	<u>1,018,545,787</u>	<u>2,041,111,770</u>
Bank overdraft	(799,688,267)	(796,255,025)
	<u>218,857,520</u>	<u>1,244,856,745</u>

**13. Share Capital**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
<i>Issued, Subscribed and Fully paid up Capital</i>		
10,000,000 shares of Ks 100 each	1,000,000,000	1,000,000,000
497,598 shares of Ks 5000 each	2,487,990,000	2,487,990,000
	<u>3,487,990,000</u>	<u>3,487,990,000</u>

**14. Accounts Payable**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
Account payable	241,091,134	161,816,054
Account payable – Souvenir	-	1,135,841
	<u>241,091,134</u>	<u>162,951,895</u>



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**15. Tax Payable**

It comprises the followings:

	<b>30-Sep-19</b>	<b>31-Mar-19</b>
	<b>MMK</b>	<b>MMK</b>
Commercial tax	93,648,394	224,819,759
Capital gain tax	-	1,833,184
Corporate income tax	104,874,953	214,874,953
	<u><b>198,523,347</b></u>	<u><b>441,527,896</b></u>

**(i) Commercial Tax**

Details are shown as below:

	<b>30-Sep-19</b>	<b>31-Mar-19</b>
	<b>MMK</b>	<b>MMK</b>
Opening balance as at 01 April	224,819,759	315,930,656
Provision for the period/year	68,882,701	492,638,575
Over provision	-	(18,038,768)
Tax paid during the period/year	(200,083,183)	(574,859,767)
Exchange difference	29,117	9,149,064
Closing balance as at	<u><b>93,648,394</b></u>	<u><b>224,819,759</b></u>

**(ii) Capital Gain Tax**

Details are shown as below:

	<b>30-Sep-19</b>	<b>31-Mar-19</b>
	<b>MMK</b>	<b>MMK</b>
Opening balance as at 01 April	1,833,184	-
Provision of capital gain tax	-	1,833,184
Tax paid during the period	(1,833,184)	-
Closing balance as at	<u><b>-</b></u>	<u><b>1,833,184</b></u>

**(iii) Corporate Income Tax**

Details are shown as below:

	<b>30-Sep-19</b>	<b>31-Mar-19</b>
	<b>MMK</b>	<b>MMK</b>
Opening balance as at 01 April	214,874,953	-
Provision for the year	-	214,874,953
Tax paid during the period	(110,000,000)	-
Closing balance as at	<u><b>104,874,953</b></u>	<u><b>214,874,953</b></u>

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**16. Accrued Expenses**

Details are shown as below:

	<b>30-Sep-19</b>	<b>31-Mar-19</b>
	<b>MMK</b>	<b>MMK</b>
Salaries and wages	-	66,076,912
Social security	5,526,580	5,977,150
Electricity	26,687,845	27,991,475
Telephone and internet	3,968,790	4,590,810
Diesel	3,351,162	3,875,810
Others	472,616,333	483,943,570
Employee income tax	2,703,774	395,176
Audit fee	30,409,560	22,137,440
DCA flight movement charges	2,362,500	4,599,000
Royalty fees	150,425,440	145,668,340
NCDC	31,334,000	43,834,000
Advisory Fees	3,424,500	-
Commission	-	17,888,848
	<b>732,810,484</b>	<b>826,978,530</b>

**17. Provision and Deposit**

Details are shown as below:

	<b>30-Sep-19</b>	<b>31-Mar-19</b>
	<b>MMK</b>	<b>MMK</b>
Deposit received – Guest	760,367,513	186,145,188
- Others	136,224,868	66,909,981
- Agents (float)	481,683,619	9,390,668
	<b>1,378,276,000</b>	<b>262,445,837</b>

**18. Other Liabilities**

Details are shown as below:

	<b>30-Sep-19</b>	<b>31-Mar-19</b>
	<b>MMK</b>	<b>MMK</b>
Commission	438,899	7,629,485
Service money	182,974,369	140,282,775
Others	153,576,026	180,960,000
Staff fund	33,234	807,734
	<b>337,022,528</b>	<b>329,679,994</b>



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**19. Amount Due to Related Parties**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
Amata International Co., Ltd.	16,446,009	36,000,000
Amount due to Director	1,447,285,987	-
Current AC – YGN	382,280	-
	<u>1,464,114,276</u>	<u>36,000,000</u>

**20. Proposed Dividend**

Details are shown as below:

	Proposed Dividend	Equity holder	NCI
	MMK	MMK	MMK
United International Group	873,500,000	873,498,253	1,747
Myanmar Ballooning Co., Ltd.	1,428,715,000	728,644,650	700,070,350
	<u>2,302,215,000</u>	<u>1,602,142,903</u>	<u>700,072,097</u>

During the accounting period, the Subsidiary Companies (United International Group & Myanmar Ballooning Co., Ltd.) proposed dividend amount MMK 873,500,000 and MMK 1,428,715,000 in accordance with the resolution of the Special General Meeting held on 16 September 2019 and 17 September 2019.

**21. Long-Term Borrowings**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
<u>Long-term borrowings (USD 10.7 million)</u>		
Current portion	1,324,140,000	1,311,960,000
Non-current portion	14,961,260,000	14,823,640,000
	<u>16,285,400,000</u>	<u>16,135,600,000</u>

On 22 October 2016, its subsidiary – United International Group Limited entered into a loan facilities agreement with International Finance Corporation (IFC) for principal amount of USD 10.7 million with interest rate (Variable Interest Rate – sum of the Relevant Spread and LIBOR) and is repayable as per agreement.

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**22. Finance Lease Obligation**

Details are shown as below:

	30-Sep-19	31-Mar-19
<u>Descriptions</u>	MMK	MMK
Current liabilities	27,963,585	30,496,643
Non-current liabilities	755,893,417	768,952,954
	<b>783,857,002</b>	<b>799,449,597</b>

The future minimum lease payments are as follows;

	30-Sep-19	31-Mar-19
<u>Descriptions</u>	MMK	MMK
Within one year	119,712,322	130,342,608
Later than one year but within five years	515,902,177	553,370,899
Later than five years	4,218,000,000	4,592,859,120
	<b>4,853,614,499</b>	<b>5,276,572,627</b>

Lease period and interest rate for finance lease obligation are as follows;

Description	Lessor	Lease Period	Interest Rate
Ngapli Beach	U Win Aung Amata International Co., Ltd.	58 Years	13%
Amata Garden Resort – Bagan	U Win Aung	60 years	13%
My Bagan Residence by Amata	U Win Aung	49 years	13%
Amata Garden Resort Inle Lake	Ministry of Environmental Conservation and Forestry	50 years	13%

Lease period in the calculation statement of finance lease obligation was not agreed with lease contract. Details are shown as below:

Description	Lease Period as per contract	Lease Period as per Calculation Statement
Land Lease – Ngapali Beach	15 years	58 Years
Land Lease – Amata Garden Resort – Bagan	15 years	60 Years
Land Lease – My Bagan Residence by Amata	15 years	49 Years
Land Lease – Amata Garden Resort Inle Lake	50 years	56 Years



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**23. Other Non-current Liabilities**

Details are shown as below:

	30-Sep-19	31-Mar-19
	MMK	MMK
Payable to Amata International Company	3,000,000,000	3,000,000,000
	<u>3,000,000,000</u>	<u>3,000,000,000</u>

It represents the payable to Amata International Co., Ltd (AIC) by United International Group Limited for the acquisition of Amata Garden Resort - Inle operated under Amata International Co., Ltd (AIC) with its book value (carrying value) MMK 3,000,000,000 on 01 April 2018.

**24. Operating Income – Room/Ballooning**

Details are shown as below:

	01-Apr-19 to 30-Sep-19	01-Apr-18 to 31-Mar-19
	MMK	MMK
Room sales	713,740,024	2,968,108,142
Passenger income	119,739,877	3,970,443,057
Other income	1,107,558	62,620,751
<b>Total</b>	<u><b>834,587,459</b></u>	<u><b>7,001,171,950</b></u>

**25. Operating Income – Food and Beverage**

Details are shown as below:

	01-Apr-19 to 30-Sep-19	01-Apr-18 to 31-Mar-19
	MMK	MMK
Food sales	371,067,383	1,178,855,077
Beverage sales	121,378,196	411,376,640
Others	9,598,987	7,137,088
<b>Total</b>	<u><b>502,044,567</b></u>	<u><b>1,597,368,806</b></u>

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**26. Operating Income – Guest Laundry and Spa**

Details are shown as below:

	01-Apr-19 to 30-Sep-19 MMK	01-Apr-18 to 31-Mar-19 MMK
Guest laundry	3,544,085	21,220,462
SPA and souvenir	41,292,737	147,385,030
<b>Total</b>	<b>44,836,823</b>	<b>168,605,492</b>

**27. Operating Income – Other Operating**

Details are shown as below:

	01-Apr-19 to 30-Sep-19 MMK	01-Apr-18 to 31-Mar-19 MMK
Revenue – Others	405,972	2,573,436
- Boat	2,154,663	3,296,815
- Mini golf	-	(59,474)
- Mini bar	1,338,846	7,242,261
- Bicycle	52,703	204,148
Others operating income	12,659,313	264,164,321
<b>Total</b>	<b>16,611,497</b>	<b>277,421,507</b>

**28. Operating Expenditure – Room/Ballooning**

Details are shown as below:

	01-Apr-19 to 30-Sep-19 MMK	01-Apr-18 to 31-Mar-19 MMK
<b><u>Payroll and related expenses</u></b>		
Salaries and wages	255,502,507	1,021,283,956
Employee benefits	37,149,752	64,542,270
	<b>292,652,258</b>	<b>1,085,826,225</b>
<b><u>Other expenses</u></b>		
Cost of sales - balloon gas	4,500,500	169,454,900
Cost of sales – other	74,100	3,165,695
Pilot team expenses	17,611,295	139,619,478
Compensation fees	-	1,294,700
Catering charges	2,950,492	81,199,395
Bank charges	470,285	517,630
Insurance	-	77,249,250



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Staff activity	-	88,500
Commission	-	77,829,218
Present and donation	2,284,000	5,871,600
Maint general	8,121,850	16,590,082
Operation utensils	5,515,565	14,683,342
Test flying charges	-	4,927,510
Medical expense	-	1,169,000
China, glass and silverware	243,300	635,576
Cleaning supplies	7,050,200	17,752,828
Guest supplies	32,230,878	72,648,230
Data processing expenses	1,038,910	3,974,710
Printing and stationery	2,826,132	9,117,341
Laundry	7,343,790	12,102,057
Linen	2,325,699	3,257,177
Uniform	7,944,292	10,103,780
Flowers and decoration	3,521,700	5,346,732
Postage, telephone, e-mail	24,584,375	40,429,893
Luggage charges	-	(591,672)
Motor vehicle expenses	12,866,944	18,455,180
Travelling	2,957,634	12,147,078
Pest control	10,783,600	11,755,318
License and tax	7,928,979	12,916,812
Complimentary / entertainment	8,557,841	23,886,690
Commission	11,965,704	57,301,170
Transportation and labor	3,962,450	10,996,540
Operation utensils	2,450,000	6,461,761
Reservation expenses	-	93,600
Miscellaneous	153,850	1,303,475
	<b>192,264,366</b>	<b>923,754,579</b>
<b>Total</b>	<b>484,916,624</b>	<b>2,009,580,804</b>

**29. Operating Expenditure – Food and Beverage**

Details are shown as below:

	<b>01-Apr-19 to 30-Sep-19 MMK</b>	<b>01-Apr-18 to 31-Mar-19 MMK</b>
<b><u>Cost of sales</u></b>		
Food cost	125,348,377	322,744,819
Beverage cost	25,858,198	92,343,141
	<b>151,206,575</b>	<b>415,087,960</b>

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<b><u>Payroll and related expenses</u></b>		
Salaries and wages	142,964,103	242,734,805
Employee benefits	19,555,437	48,470,258
	<b>162,519,540</b>	<b>291,205,063</b>
<b><u>Other expenses</u></b>		
China, glass and silverware	87,930	405,835
Cleaning supplies	5,414,076	9,072,881
Guest supplies	4,018,756	15,832,558
Data processing expenses.	185,000	271,400
Printing and stationery	1,398,988	4,616,516
Laundry	1,455,537	3,107,568
Linen	4,800	852,551
Uniform	530,200	1,822,721
Flowers and decoration	3,320,140	12,063,409
Postage, telephone, e-mail	579,500	690,500
Transportation and Labor	5,114,404	13,652,613
Travelling for F&B Dept	2,648,525	2,027,990
License and tax	270,000	2,941,500
Complimentary / entertainment	929,298	4,974,514
Operation utensils	1,678,627	9,775,993
Kitchen utensils	2,336,799	2,516,091
Spoilage and loss	283,111	949,747
Music and royalties	2,140,000	6,319,100
Kitchen fuel	11,241,670	29,294,290
Miscellaneous	100,810	544,668
	<b>43,738,171</b>	<b>121,732,445</b>
<b>Total</b>	<b>357,464,285</b>	<b>828,025,469</b>

**30. Operating Expenditure – Guest Laundry and Spa**

Details are shown as below:

	<b>01-Apr-19 to 30-Sep-19 MMK</b>	<b>01-Apr-18 to 31-Mar-19 MMK</b>
<b><u>Payroll and Related Expenses</u></b>		
Guest laundry	-	3,668,468
SPA and souvenir cost	14,942,757	39,968,360
	<b>14,942,757</b>	<b>43,636,828</b>
<b><u>Other expenses</u></b>		
Guest laundry	85,900	(582,923)
SPA and souvenir cost	11,489,303	35,378,301
	<b>11,575,203</b>	<b>34,795,378</b>
<b>Total</b>	<b>26,517,960</b>	<b>78,432,206</b>



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**31. Operating Expenditure – Other Operating**

Details are shown as below:

	01-Apr-19 to 30-Sep-19 MMK	01-Apr-18 to 31-Mar-19 MMK
Mini bar	368,498	1,445,676
Boat expenses	779,400	1,055,265
Bicycle expense	59,100	148,360
Golf expense	-	365,240
Staff related	1,183,339	2,046,209
Others	54,950	145,477
<b>Total</b>	<b>2,445,287</b>	<b>5,206,227</b>

**32. Gain from Bargain Purchase**

Details are shown as below:

	01-Apr-19 to 30-Sep-19 MMK	01-Apr-18 to 31-Mar-19 MMK
United International Group	-	(29,843,355,899)
Myanmar Ballooning Co., Ltd.	-	(1,468,515,312)
<b>Total</b>	<b>-</b>	<b>(31,311,871,211)</b>

Gain from bargain purchase occurred as a result of the following reasons;

**(i) Fair Value of Consideration**

Purchase consideration does not represent fair value of consideration at acquisition date. Purchase consideration for each share is nominal value of United International Group Limited (MK 1,000 per 1 share) and Myanmar Ballooning Company Limited (MMK 100,000 per 1 share). Total purchase consideration amount MMK 499,999,000 and MMK 255,000,000 are nominal value of 99.9998% of UIG and 51% of MB respectively.

**(ii) Calculation of Goodwill**

In the calculation of goodwill, recognized net assets were based on carrying value at the date of acquisition. Fair value exercises had not been made at the date of acquisition.

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**33. Sales and Marketing**

Details are shown as below:

	01-Apr-19 to 30-Sep-19 MMK	01-Apr-18 to 31-Mar-19 MMK
<b><u>Payroll and related expenses</u></b>		
Salaries and wages	95,995,888	163,828,315
Employee benefits	4,636,800	1,896,530
	<b>100,632,688</b>	<b>165,724,845</b>
<b><u>Other expenses</u></b>		
Printing and stationery	1,018,900	4,668,748
Data processing	506,862	197,438
Uniform	489,400	181,892
Postage , telephone ,e-mail	1,167,140	1,587,730
Marketing promotion	15,316,785	64,047,456
Advertising	22,834,018	57,008,732
Entertainment	1,093,368	2,007,594
Travelling	486,750	4,701,410
Miscellaneous	40,520	23,250
	<b>42,953,742</b>	<b>134,424,251</b>
<b>Total</b>	<b>143,586,430</b>	<b>300,149,096</b>

**34. Administration and General**

Details are shown as below:

	01-Apr-19 to 30-Sep-19 MMK	01-Apr-18 to 31-Mar-19 MMK
<b><u>Payroll and related expenses</u></b>		
Salaries and wages	253,635,220	330,357,263
Employee benefits	39,236,260	65,945,160
	<b>292,871,480</b>	<b>396,302,423</b>
<b><u>Other expenses</u></b>		
DCA flight movement charges	252,000	10,042,200
NYDC 5% tax	-	117,884,000
HT royalty fee	4,757,100	145,668,340
Data processing expenses	880,371	1,330,185
Printing supplies	60,000	240,528
Printing and stationery	2,673,062	5,634,053
Laundry	36,809	25
Uniform	246,800	815,011
Postage, telephone, e-mail	2,995,950	3,960,900
Transportation and labour	1,460,800	4,705,792



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Motor vehicle expenses	4,037,716	5,799,029
Cleaning and garbage expenses	2,741,067	5,061,656
Staff	-	1,000
Audit fees	9,477,600	19,604,000
Legal and consultant fees	43,674,203	298,831,389
Bad debt	-	3,665,571
Bank charges	6,183,666	24,226,075
Cash (overage)/shortage	57,075	3,048
Entertainment	3,001,693	7,864,668
Travelling	32,767,251	37,385,955
Licenses and tax	3,980,200	54,722,780
Insurance	19,380,039	32,669,498
Staff activity	152,050	3,493,811
Security supplies	15,400	(205,609)
Present and donation	7,028,084	15,792,626
Yangon expenses allocation	400,634,576	492,119,891
Medical expenses	285,250	2,162,921
Staff canteen expenses	-	(19,400)
Miscellaneous	978,400	990,875
Launching event expenses	1,464,314	46,459,290
Inventory adjustment	185,120	-
Pre-opening Expenses	42,789,889	39,532,238
	<b>592,196,483</b>	<b>1,380,442,346</b>
<b>Total</b>	<b>885,067,963</b>	<b>1,776,744,769</b>

**35. Property Operating and Maintenance**

Details are shown as below:

	<b>01-Apr-19 to 30-Sep-19 MMK</b>	<b>01-Apr-18 to 31-Mar-19 MMK</b>
<b><u>Payroll and related expenses</u></b>		
Salaries and wages	72,220,817	101,494,647
Employee benefits	11,318,232	14,702,514
	<b>83,539,049</b>	<b>116,197,161</b>
<b><u>Other expenses</u></b>		
Engineering supplies	4,513,387	5,986,021
Printing and stationery	149,955	300,425
Laundry	-	97
Uniform	108,500	292,774
Postage, telephone, e-mail	440,000	611,012
Transportation and labour	5,524,600	7,397,275
Maintenance	52,299,738	123,964,394

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Travelling	1,755,759	2,426,654
Painting and renovation	26,791,978	34,283,710
Kitchen equipment	208,400	752,159
Land scarping	25,557,750	20,395,235
Swimming pool	6,784,492	8,873,730
Light bulb	8,527,234	24,519,010
Sound system	240,000	402,000
Plumbing and heating	1,280,600	1,387,085
Sewage and rubbish removal	9,179,800	9,689,515
Miscellaneous	326,350	158,948
	<u>143,688,543</u>	<u>241,440,045</u>
<b>Total</b>	<u><b>227,227,591</b></u>	<u><b>357,637,206</b></u>

**36. Utility Cost**

Details are shown as below:

	<b>01-Apr-19 to 30-Sep-19 MMK</b>	<b>01-Apr-18 to 31-Mar-19 MMK</b>
Water	2,229,200	5,554,900
Diesel, petrol	33,454,123	69,002,068
Electricity	153,094,252	205,225,967
Engine Oil	-	(27,991)
<b>Total</b>	<u><b>188,777,575</b></u>	<u><b>279,754,944</b></u>

**37. Financial risk management**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follow:

***Foreign exchange risk***

The Company may have foreign exchange loss for the translation of foreign exchange transactions, assets or liabilities which are denominated in foreign currencies.

***Interest rate risk***

The Company does not have any interest bearing assets or liabilities. Hence, the Company does not have any exposure to interest rate risk.

***Liquidity and cash flow risks***

The Company monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cash flow.



***Operational risk***

Operational risk, which is inherent in all business activities, is the potential for financial loss, and business instability arising from failures in internal controls, operational process or the systems that support them.

The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Company and to be consistent with the prudent management required of an organization.

It is recognized that such risks can never be entirely eliminated and that the cost of controls in minimizing these risks may outweigh the potential benefits. Accordingly, the Company continues to invest in risk management and mitigation such as business continuity management and incident management. In reinforcement of the implementation of the Company's risk strategy, independent checks on risk issues are undertaken by the internal audit function.

***Legal risk***

Legal risk is the risk that the business activities of the Company have with unintended or unexpected legal consequences. It includes risk arising from:

- Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- Actual or potential violations of law or regulation which may attract a civil or criminal fine or penalty;
- Failure to protect the Company's property; and
- The possibility of civil claims (including acts or other events, which may lead to litigation or other disputes).

The Company identifies and manages legal risk through effective use of its internal and external legal advisers.

***Tax risk***

Tax risk is the risk of loss or increased charges associated with changes in, or errors in the interpretation of, taxation rates or law.

**38. Prior Year Error Adjustment and Comparative Figures**

In previous financial years, the Company recorded the exchange rate differential arising from retranslation of monetary assets and liabilities at closing exchange rate as exchange translation reserve.

During the accounting period, the exchange translation reserve as at 31 March 2019–MMK 2,619,637 is reclassified as prior year adjustment, in order to conform with IAS21 "The Effects of Changes in Foreign Exchange Rate".

The figures of exchange translation reserve for the year ended 31 March 2019 have been reclassified to conform this error.

As a result, comparative figures of previous year have been reclassified to conform with the current year's presentation.

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The items were reclassified as follow:

**1. Consolidated statement of financial position**

	30-Sep-19	31-Mar-19	
		Previously reported	Restated
Retained earnings	28,114,847,135	30,978,867,418	30,976,247,781
Exchange translation reserve	-	(2,619,637)	-

**2. Consolidated statement of profit or loss and other comprehensive income**

	01-Apr-19 to 30-Sep-19	01-Apr-18 to 31-Mar-19	
		Previously reported	Restated
Exchange rate differential (unrealized)	(155,281,513)	-	(5,347,145)
(Loss)/Profit for the period/year	(3,095,402,655)	32,190,252,791	32,184,905,646
<i>Other comprehensive income</i>			
Exchange rate differential (unrealized)	-	(5,347,145)	-
Total comprehensive income for the period/year	(3,095,402,655)	32,184,905,646	32,184,905,646

**39. Comparative Information**

Certain Figures of the year ended 31 March 2019 were reclassified and shown in the financial statements to facilitate comparison.

**40. Authorisation of Financial Statements**

The consolidated financial statements for the period from 01 April 2019 to 30 September 2019 were authorized by the Board of Directors for issue.



### **6.3 LEGAL PROCEEDINGS**

We are not engaged in any legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have, or have had in the 12 months immediately preceding the date of the Disclosure Document, significant effect on the issuer's financial position or profitability. This includes governmental proceedings pending or known to be contemplated.

### **6.4 SUBSEQUENT EVENTS**

As of the Latest Practicable Date, the Directors are not aware of any significant or material changes to the financial position of the Company since the date of the last annual financial statement included herein in this Disclosure Document.

As mentioned earlier, the latest addition to our hotel and resort portfolio, "*My Hpa An Residence*" first opened its doors to guests in October 2019. "*My Hpa An Residence*" only has 20 villas as of the Latest Practicable Date and given the total number of rooms the Company operates across its 5 hotels and resorts, the Directors are of the view that the revenue and operating expenditure would not cause significant or material changes to the Company's financial position.

## **PART VII. REPUBLIC OF THE UNION OF MYANMAR**

For the information relating to securities market in Myanmar, please refer to section “***Part VIII. The Myanmar Securities Market***”. For the information relating to risks relating to Myanmar, please refer to “***Part II. Information on the Listing - Risk Factor - Risks Relating To Myanmar***”. For the information relating to material relevant laws and regulation on our company, please refer to “***Part IX. Summary of Material Myanmar Laws and Regulations***”.

## **PART VIII. THE MYANMAR SECURITIES MARKET**

The Securities Exchange Law (the “**SE Law**”) was enacted on 31 July 2013 and came into force immediately. Under the SE Law, the Securities and Exchange Rules (the “**SE Rules**”) were promulgated on 27 July 2015 and certain notifications (a form of subordinate legislation in Myanmar) have been and will be issued to implement the SE Law and the SE Rules.

### *Regulators and Enforcement*

The Securities and Exchange Commission of Myanmar (“**SECM**”) was formed in August 2014. The SECM is the principal regulator of the Myanmar capital markets. The SECM has broad administrative power to, among other things, grant a licence for conducting any securities business, grant a permit to a stock exchange or an over-the-counter market, supervise the securities business, and approve a public offering. The Ministry of Planning, Finance and Industry (formerly known as the Ministry of Finance) (the “**MOF**”) shares rule-making functions with the SECM to implement the SE Law. The MOF has the power, with the approval of the Union Government, to issue the SE Rules and certain other stipulations after negotiation with the SECM. In addition, the MOF and the SECM have the power to issue notifications and certain other stipulations. Furthermore, during the transitional period until the Union Government determines that the securities market can be distinctively established and systematically operated in MOF will supervise the SECM and the securities business, and has the sole power to issue notifications and certain other stipulations. On the enforcement side, the SECM is authorised to take administrative actions, such as revocation of a licence, and to impose administrative monetary penalties against offenders. The SECM also has the right to summon, examine, and obtain evidence from any relevant person if there is a reason to believe an offence has been committed. However, its investigative power does not extend to arrest or seizure, which will be exercised by the police force or the Bureau of Special Investigation of the Ministry of Home Affairs.

### *Securities Business*

The securities businesses regulated by the SE Law include securities dealing, securities brokerage, securities underwriting, securities investment advisory, and securities depository and clearing. Those terms are defined in the SE Law. In addition, the SECM has the power to add a category of securities business through a notification. A separate licence is generally required to operate each type of securities business. All persons are prohibited from carrying out any securities business without a licence. A violation will be subject to a criminal penalty. Each of securities dealing, securities brokerage, and securities underwriting can be conducted only by a licenced securities company. A securities company must be in a form of a limited company whose liability is limited by shares under Myanmar law. A securities company must also satisfy certain requirements in the SE Rules, such as having authorised capital and a minimum paid-up capital. The scope of business that can be conducted by a securities company is provided in the SE Rules. A securities company cannot allow any person other than its licenced representative to operate the securities business in its name. A violation will be subject to a criminal penalty. Accordingly, a securities company needs to ensure that its officers and employees who will handle securities transactions for the company with its customers will obtain licences for the securities company’s representatives. Separately, any responsible person or staff of a securities company is prohibited from participating in any other securities company, any other company, or other economic enterprise without the permission of the SECM. A licenced securities company may conduct the securities investment advisory business without a separate licence. Any other person who desires to carry out the securities investment advisory business needs to obtain a licence.

The SECM has the power to suspend a licence for a certain period of time or to revoke a licence if a licence-holder, for example, violates any of the terms and conditions of a licence, fails to perform any of the functions and duties it must observe, or violates any of the prohibitions provided in the SE Law or the SE Rules.

### *Disclosure*

A public company is required under the SE Law to submit to the SECM the procedure of a public offering, including a prospectus, before making a public offering of its securities, and to obtain the approval of the SECM for the public offering. A public company is subject to the requirements provided in the Companies Law (previously, the Companies Act 1914), the SE Law and the SE Rules and notifications promulgated thereunder. In this regard, the SECM had issued an instruction, Directive No.5/2016 dated 7 April 2016. Any non-compliance with, or contravention of, the requirements under the Companies Law subjects a person knowingly responsible for the issue of the relevant prospectus to a fine. Any person who violates any prohibition contained in the SE Rules could be punished with imprisonment, a fine, or both; non-compliance with, or contravention of, the prospectus requirements provided in the SE Rules would be subject to the above-mentioned criminal penalty. In addition, if there is any false statement in a prospectus, a person who wilfully makes a false statement in any material particular required by the Companies Law would be subject to imprisonment and a fine under the Companies Law, while such false statement may constitute a prohibited act under Part IX of the SE Law and could subject a responsible person to imprisonment and a fine. Although nothing is provided in the SE Law about civil liabilities, if there is any misleading or untrue statement in a prospectus, directors at the time of issue of the prospectus and other persons who have authorised the issue of the prospectus will, subject to certain defences, be liable under the Companies Law for all losses or damage incurred by subscribers for shares on the faith of the prospectus. The SE Rules require a public company to file with the SECM an annual report, a semi-annual report, and extraordinary reports for the benefit of investors buying or selling shares in the secondary market and to also make copies of those documents available at the company's registered office or on its website.

### *Prohibited Fraudulent Conduct*

The prohibited acts are provided in Chapter IX of the SE Law, which are detrimental to the interests of the general public and to the protection of investors. Any person, including not only a securities company, but also an investor or a public company, is prohibited from conducting the prohibited acts and upon its violation will be subject to imprisonment for a term not exceeding 10 years and also possibly to a fine. The prohibited acts are:

- involvement in any act, such as cheating, deceiving, making false statements, or concealing important information, which seriously causes deception or influence on certain securities-related activities and securities market;
- disclosing incorrect information in order to incite or entice other persons to buy or sell securities, or disclosing insufficient or untimely information that seriously affects the price of the securities in the market;
- using internal information to buy or sell securities for its own account or for other persons, or disclosing or providing internal information or giving advice to other persons to buy or sell securities based on undisclosed internal information; and
- conspiracy in buying or selling securities by creating false demand and supply, or buying or selling continuously or using trading methods by conspiring with others or by enticing others in order to manipulate the price of securities.

### *Overview of the securities market in Myanmar*

The Yangon Stock Exchange (“**YSX**”) is owned by Yangon Stock Exchange Joint-Venture Company Limited, a joint venture company owned by Myanma Economic Bank, a state-owned bank, Daiwa Institute of Research, a



Japanese company, and Japan Exchange Group, a Japanese company, and trading of shares on the YSX commenced on 25 March 2016. There are currently six listed companies on the YSX, being First Myanmar Investment Co. Ltd., Myanmar Thilawa SEZ Holdings Public Ltd, Myanmar Citizens Bank Limited, First Private Bank Limited, TMH Telecom Public Co. Ltd. and Ever Flow River Group Public Company Limited.

Myanmar Securities Exchange Centre Co., Ltd. was established in 1996 as a joint venture company between Myanmar Economic Bank and Daiwa Securities Group Inc, a Japanese securities company to develop the capital markets in Myanmar in accordance with the guidance of the Ministry of Finance. Before the establishment of the YSX, shares of two public companies have been traded since late 1990.

In addition to the stock exchange described below, the SE Law also has provisions for an OTC Market, or an organised market for trading of unlisted securities. It can be formed by not less than three securities companies with the permission of the SECM. The requirements and procedures for the permission, as well as organisational matters and its functions and duties, are provided in the SE Rules.

A stock exchange is the centrepiece of the Myanmar securities market. It can be formed as a limited liability company or a joint-venture under Myanmar law. A stock exchange must obtain a permit from the SECM and is subject to its supervisory and regulatory authority, including permission for any amendment of its charter or business rules. The details of the requirements and procedures for the permit will be prescribed in the SE Rules. A stock exchange has self-regulatory power, among other things, to determine listing criteria and matters relating to trading participants.

A stock exchange, such as YSX, is allowed to carry out the securities depository and clearing business without a permit from, but by giving notice to, the SECM. The book-entry transfer system will be introduced in Myanmar in respect of listed shares, and YSX will become the central securities depository. Since the Companies Law assumes that physical share certificates will be issued, the SECM released Notification No. 1/2015 on 7 August 2015 to bridge the Companies Law provisions and the book-entry transfer system. In addition, the MOF also released Notification No.86/2016 on 28 March 2016, allowing listed companies on the YSX to register electronic securities certificates and the rights thereto with the Directorate of Investment and Company Administration.

Further, the SECM also released Notification No.1/2019 on 12 July 2019 to specifically allow foreign participation on the YSX and it confirms that trading on the YSX by foreigners, including individuals and companies, will be allowed but that the YSX will also separately set out the procedures for foreign participation on the exchange. Further, the Notification No.1/2019 also stipulates that shares that are traded can only be of one type and directs the securities companies when calculating ownership by a foreigner of shares in a listed company to only take into account direct ownership by that foreigner in the company. In addition, the Notification No.1/2019 also directs the listed companies to inform the YSX what percentage of their shares will be allowed to be traded by foreigners. Pursuant to Instruction No.1/2020 released by the SECM on 6 March 2020, it prescribes the requirements that securities companies shall adhere to for the opening of securities accounts by foreigners to enable daily share trading of listed company shares on the YSX and it is also decided that the actual start date of trading by resident and non-resident foreigners will commence on 20 March 2020. Finally, the SECM also released Notification No.1/2020 on 15 May 2020 clarifying the operation of Rule 107 of the SE Rules, which prescribes the scenarios in which public companies are not required to submit a prospectus to the SECM nor obtain SECM's approval, when offering securities.

## **PART IX. SUMMARY OF MATERIAL MYANMAR LAWS AND REGULATIONS**

In Myanmar, the tourism and hospitality industry is overseen by the Ministry of Hotels and Tourism.

As of the Latest Practicable Date, save for the licenses and permits as highlighted as not having been obtained yet by the Group at “*Part II. Information on the Listing - Risk Factors - Our ability to continue our business is dependent on obtaining and/or maintaining approvals from the relevant Governmental Authority, which may be revoked in the event we are found to be in non-compliance with Applicable Laws*”, the Group holds the relevant Hotel Business Licenses to operate the various hotels under the Hotel Service, the Tourist Transport Business License to operate the Oriental Ballooning Service and the relevant business licenses to operate the various restaurants and/or shops under the Hotel Service, which are the material licenses and permits required for it to operate the Business.

### **THE MYANMAR TOURISM LAW 2018**

The Myanmar Tourism Law 2018 (“MTL”) was approved by the Pyidaungsu Hluttaw on 17 September 2018, repealing and replacing the old Hotel and Tourism Law 1993.

Any person who intends to operate a hotel business or guest-house business shall first apply for prior permission to build or renovate any building of hotel or guest-house to the Regional Tourism Executive Committee in accordance with the prescribed manners unless otherwise described in any existing laws.

Further, any person who intends to operate any tourism business listed below shall apply to the Regional Tourism Executive Committee to obtain the license in accordance with the stipulations:

- Tour operation business;
- Hotel business;
- Guest-house business;
- Tourist guide business;
- Other tourism-related services.

After scrutinizing the application for a licence as to whether it is in conformity with the stipulations, the Regional Tourism Executive Committee shall:

- issue a licence without any delay upon receipt of the stipulated licence fee if it is in conformity with the stipulations;
- reject to issue the licence if it is not in conformity with the stipulations.

The Regional Tourism Executive Committee may pass one of the following administrative orders, or more than one if the licence holder breaches any condition of the licence:

- warning;
- suspension of a licence for a limited period;
- cancellation of a licence;
- blacklisting.

Operating a tour operating business, hotel business, guest-house business or other tourism-related services without a licence shall subject such person to punishment of imprisonment for a term not exceeding one year or to a fine not exceeding twenty million kyats or both.

## ENVIRONMENTAL CONSERVATION LAW 2012 AND ENVIRONMENTAL CONSERVATION RULES 2014

The objective of the Environmental Conservation Law 2012 is to ensure the implementation of the “*Myanmar National Environmental Policy*”, to lay down the basic principles and provide guidance for systematic integration of matters relating to environmental consideration in the sustainable development process, protect and ensure a healthy and clean environment to conserve natural and cultural heritage for the benefit of present and future generations, protect ecosystems from further degeneration, manage and implement policies allowing for sustainable use of natural resources, promote public awareness and cooperation in educational programmes for dissemination of environmental protection ideals, promote international, regional and bilateral cooperation in matters relating to environmental conservation and to enable cooperation between government departments, organisations, international organisation, non-government organisations and individuals in matters relating to environmental conservation.

The Environmental Conservation Committee was formed pursuant to Section 4 of the Environmental Conservation Law 2012 to implement the objectives contained therein. The Environmental Conservation Committee is empowered to, amongst others, carry out organisational educational activities relating to environmental conservation, prohibit the relevant government departments and organisations from embarking on certain actions if there is environmental damage caused by such entities’ actions and to lay down and carry out Myanmar’s environmental policies for conservation.

The Ministry of Natural Resources and Environmental Conservation may, with the approval of the Union Government stipulate certain categories of businesses which may cause impact on environmental quality and require such businesses to obtain prior permission / sanction in the prescribed manner before embarking of any activities in furtherance of their business. The Ministry of Natural Resources and Environmental Conservation has the sole and absolute discretion to decide whether to grant or refuse permission for such businesses to operate. Any person who operates the certain stipulated categories of businesses which may cause impact on environmental quality without obtaining prior permission may be punished with imprisonment for a term not exceeding three years, or with a fine from a minimum of one hundred thousand kyats to a maximum of one million kyats, or with both.

In 2016, the Ministry of Natural Resources and Environmental Conservation adopted the Environmental Quality Standards (these contain the standard parameters for environmental quality that should be complied with to protect environmental and human health), and the Environmental Impact Assessment Procedures (the “**EIAP**”) (this is the systematic assessment of a proposed project, business, service or activity to determine if it will significantly impact the physical environment and ecosystems, humans and other living beings (including negative health or socioeconomic impacts), and to decide whether the project, business, service or activity should be permitted or not).

Pursuant to the EIAP, companies shall carry out an initial environmental examination (“**IEE**”) or environmental impact assessment (“**EIA**”) in accordance with the degree of impact on environment, on business activities listed in Annex I the EIAP. If, as a result of that determination, an IEE or an EIA is determined to be required, then the proponent of the project or activity will be obliged to prepare, obtain approval for, and implement an appropriate environmental management plan in respect of the proposed project or activity. For projects that require an IEE or EIA, before any permit is granted or issued by any ministry, or any other competent authority in respect of any application to proceed with implementation of such projects, an environmental compliance certificate shall first have been duly issued by the Ministry of Natural Resources and Environmental Conservation.

## **PROTECTION AND PRESERVATION OF CULTURAL HERITAGE REGIONS LAW**

The Protection and Preservation of Cultural Heritage Regions Law deals with the protection and preservation of cultural heritage regions from deterioration due to natural disasters or from man-made destruction.

In particular, the Protection and Preservation of Cultural Heritage Regions Law provides that a person desirous of carrying out the construction, extending, renovating a hotel, motel, guest house, lodging house or industrial building or extending the boundary of its enclosure, shall abide by the provisions of other existing laws and also apply to the Department of Archaeology (now known as the Department of Archaeology, National Museum and Library) in accordance with stipulations to obtain prior permission. Failure to obtain prior permission will result in a fine which may extend to 50,000 Kyats or with imprisonment for a term which may extend to five years or with both.

## **THE MYANMAR EXCISE ACT 1917**

The Myanmar Excise Act 1917 deals with the import, export, transport, manufacture, possession and sale of alcohol.

No alcoholic liquor shall be bottled for sale and no excisable article shall be sold except under the authority and subject to the conditions of a licence granted under the Myanmar Excise Act 1917.

Any person who contravenes the requirements under the Myanmar Excise Act 1917 shall be punishable with imprisonment for a term from a minimum of six months to a maximum of two years, or shall be liable to fine with a minimum of one million Kyats to a maximum of two million Kyats or with both.

## **MYANMAR INVESTMENT LAW 2016**

Parliament has in October 2016 passed a new Myanmar Investment Law (“**New Investment Law**”) which consolidates and repeals the existing Foreign Investment Law 2012 and Myanmar Citizens Investment Law 2013. Under the New Investment Law, there are four categories of sectors in which investment is restricted: (1) sectors in which only the Union Government is allowed to undertake and in which both domestic and foreign investments are prohibited; (2) sectors in which only foreign investment is prohibited; (3) sectors in which foreign investment is allowed only in joint venture with a citizen owned entity or a citizen of Myanmar; and (4) sectors in which both domestic and foreign investment requires approval from relevant ministries. Specific approval from Myanmar Investment Commission (“**MIC**”) is required for a foreign investor to invest in any of the four restricted categories. Otherwise however, foreign investors are able to invest without requiring approval. Instead, the New Investment Law introduces a new “endorsement application” which allows investors to obtain an “endorsement” from MIC for an investment that does not fall under the restricted sectors. Upon endorsement by the MIC, the foreign investor could enjoy the same benefits such as land lease rights and tax incentives which, under the existing Foreign Investment Law and Myanmar Citizens Investment Law, are exclusive to a MIC permit holder only. In addition, investors that invest in less economically developed and remote regions may now apply for longer land lease periods than the usual 50 years (with 20 years extension option) land lease rights. The New Investment Law also allows for a longer tax exemption of up to 7 years for investment in regions and states that are least developed. Other notable provisions under the New Investment Law include the guarantee of equal treatment of domestic and foreign investors, guarantee of the right to repatriate profits and dividends offshore, and a new provision on expropriation which allows expropriation by the Union Government only on the ground of public interest.



## MYANMAR COMPANIES LAW 2017

The Companies Law was approved by the Pyidaungsu Hluttaw on 23 November 2017 but it only came into force in August 2018, repealing and replacing the old Myanmar Companies Act 1914.

The Companies Law regulates the formation and registration, share capital, management and administration, and winding-up and dissolution of companies in Myanmar.

In addition, public companies under the Companies Law are subject to certain specific requirements which include the following:

- (i) have at least three (3) directors, of which one must be a Myanmar citizen who is ordinarily resident in Myanmar;
- (ii) are prohibited (save as specifically permitted in the MCL) from giving, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the company;
- (iii) directors of a public company or a subsidiary company of a public company are not permitted, except with the consent of the company concerned in general meeting: (a) sell or dispose of the undertaking of the company; or (b) remit any debt due by a director;
- (iv) specific requirements which are applicable only to the meetings of shareholders of public companies (i.e. and not private companies), including in relation to the notice of meeting, notice period and demand for a poll;
- (v) prohibited from making any loan or guaranteeing any loan made to a director of the company or to a firm of which such director is a partner or to a private company of which such director is a director;
- (vi) except as may be expressly permitted by the Companies Law, a director of a public company shall not vote as a director on any contract or arrangement in which he is either directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of any such vote; and if he does so vote, his vote shall not be counted.

## **PART X. TAXATION**

The following is a description of Myanmar corporate income tax and the material Myanmar income tax, capital gains tax and stamp duty consequences of the subscription for, ownership, and disposal of the Shares. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of the Shares and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. There may be laws and other rules, regulations or official notifications, or unofficial or internal guidelines, which exist but which are not published or which are not generally available to the public, and the existence of the same may affect the discussion below. Prospective investors should consult their own tax advisers regarding Myanmar tax consequences and other tax consequences of owning, and disposing of, the Shares. None of our Company, our Directors and any other persons involved in the Listing accepts responsibility for any tax effects or liabilities resulting from the purchase, holding or disposal of the Shares.

### **CORPORATE INCOME TAX**

A company is considered a citizen of Myanmar for purposes of income taxes if it is formed under the Companies Law or any other laws of Myanmar and where the entirety of its share capital is held exclusively by Myanmar citizens. Such companies are considered residents for purposes of income taxation, and are taxed on a global basis. Taxable income, in this case, includes all income from the conduct of business, from dealings with property, and from other sources. All resident companies are taxed at a rate of twenty-five per cent. (25%) of net taxable income. Pursuant to Notification No. 76/2017 from the Ministry of Planning and Finance dated 26 July 2017, the income tax rate for public companies listed on the YSX has been reduced from 25% to 20%.

### **DIVIDEND DISTRIBUTIONS**

Dividends received from a resident Myanmar company, which includes the Company, are exempt from income tax in the hands of shareholders.

### **GAINS ON DISPOSAL OF SHARES**

Gains on the disposal of Shares (with the exception of companies in the oil and gas sector) by Myanmar citizens are subject to capital gains taxes computed at the rate of 10 per cent. (10%). The taxable capital gain is calculated based on the difference between the sales proceeds and the cost of the Shares.

### **STAMP DUTY**

Stamp duty is payable by a purchaser of Shares at the rate of 0.1 per cent. (0.1%) on the value of the Shares purchased.

## **PART XI. OTHER INFORMATION**

### **CONSENTS**

1. Allen & Gledhill (Myanmar) Co., Ltd as the Legal Adviser to our Company on Myanmar laws, has given and has not withdrawn its consent to the issue of this Disclosure Document with the inclusion herein of its name and references in the form and context which it appears in this Disclosure Document and to act in such capacity in relation to this Disclosure Document.
2. Each of the Legal Adviser to our Company on Myanmar laws, the Financial Adviser does not make, or purport to make, any statement in this document or any statement upon which a statement in this document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this document.

### **LANGUAGE**

This Disclosure Document is issued in both the English language and the Myanmar language. In the event of any inconsistencies between the English and Myanmar versions of this Disclosure Document, the English version of this Disclosure Document shall prevail.

### **RESPONSIBILITY STATEMENT BY OUR DIRECTORS**

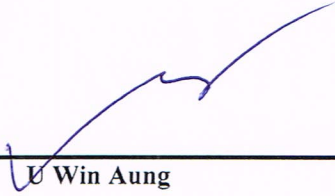
This Disclosure Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Disclosure Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Disclosure Document are true, accurate and fair, and that no material facts have been omitted from the Disclosure Document which would make any statement in this Disclosure Document misleading. Where information in this Disclosure Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Disclosure Document in its proper form and context.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our registered office at No. 10, Inya Yeiktha Street, Kaba Aye Pagoda Road, Mayangone Township, Yangon, Myanmar during normal business hours for a period of six (6) months from the date of this Disclosure Document:

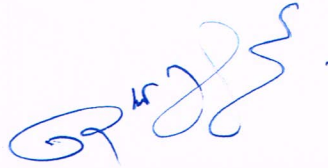
- (a) the Constitution of our Company.

PART XII. SIGNATURES OF THE DIRECTORS OF AMATA HOLDING PUBLIC COMPANY LIMITED



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U Win Aung



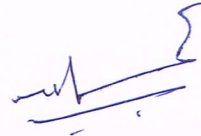
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Daw Nay Myat Thu Aung



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Daw Nilar Win



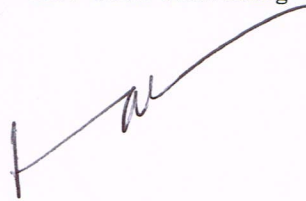
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Daw Than Than Aung



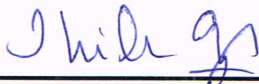
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Daw Khin Su Su Han



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U Kyaw Paing



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Daw Theta Aye