SYMPHONY INTERNATIONAL HOLDINGS LIMITED

ANNUAL REPORT 2019

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# CORPORATE PROFILE

Symphony International Holdings Limited (the “Company”, “SIHL” or “Symphony”) is a strategic investment company that specialises in long-term investments that benefit from rapidly expanding consumer-driven markets in Asia. The Company is managed by one of the most experienced and established investment teams.

We primarily invest in high-growth sectors that include healthcare, hospitality and lifestyle (including branded real estate developments), logistics and education. We believe these sectors will benefit from comparatively faster rising incomes and changing demographics across Asia. Within these sectors, we seek investment opportunities that have strong potential to increase in value, and that are less susceptible to economic cycles. These may be due to sector-based competitive advantages through a focus on a particular demographic. Our focus is to create enduring business partnerships with strong management teams and talented entrepreneurs to generate value for shareholders over the long term.

Our business is structured as a permanent capital vehicle to provide flexibility and where necessary, to take a long-term view of our investments.

As a consequence, and in contrast to traditional private equity firms, our decisions on investing and divesting are not influenced by restricted time frames. We believe that comprehensive analysis and a conservative investment approach will benefit investors seeking exposure to Asia.

Typically, we invest in businesses that require growth capital for later- stage development and expansion, management buy-outs/buy-ins, leveraged buy-outs, restructurings and special situations. Where we see a special opportunity, we may also invest a smaller portion of our investment capital in earlier-stage businesses. In addition, and unlike most private equity businesses, we invest in real estate development: we develop projects designed to appeal to the evolving lifestyles of Asia’s increasingly wealthy demographic.

Our shares are traded on the London Stock Exchange’s standard listing category.

# THE ASIAN ECONOMIC ENGINE

"ASIA IS ON TRACK TO TOP 50 PERCENT OF GLOBAL GDP OUTPUT AND DRIVE 40% OF THE WORLD'S CONSUMPTION BY 2040"

Taking a long-term view of our investments, Symphony focuses on strategically investing in high-growth businesses that benefit from the rising disposable incomes of Asia's growing population. This hinges on our view that Asia is the future.

Despite an uncertain near-term macro-outlook, with concerns over Brexit, US-China trade relations, and the evolving Covid-19 situation, Asia is continuing its trajectory as the world's fastest growing region, accounting for more than two-thirds of global growth in 2019 alone.[1]

While economists, political scientists, and politicians continue to debate the impact of ongoing US-China trade relations and growth scenarios across Asia's diverse economies – it is without doubt that accumulated wealth within the region continues to drive new innovation and industries, fuelling incremental growth in discretionary consumer spending.

As of 2000, Asia made up for just under one-third of global GDP value in terms of purchasing power parity, and by 2040 it is expected to not only top 50% of GDP but also be responsible for 40% of the world's consumption.[2]

This boost comes predominantly as a result of the rapidly rising middle-class – a segment that has quickly forged an engine of growth, driving both regional demand as well as consumption. According to OECD forecasts, Asia will represent 66% of the global middle-class population and 59% of middle-class consumption by 2030, compared to 28% and 23% respectively in 2009.[3]

By 2030, middle class spending in China and India alone are anticipated to account for US$14.1 trillion and US$12.3 trillion, with more people being able to afford to live and spend comfortably.[4] It is notable that this class seeks to spend their money on goods and services which were previously not available to them – including, but not limited to better education, healthcare, and lifestyle elements such as more diverse food and beverage options.

1 IMF Country Focus, "Prolonged Uncertainty Weighs on Asia's Economy", 22 October 2019
2 Oliver Tonby, Jonathan Woetzel, Wonsik Choi, Jeongmin Seong, Patti Wang, "McKinsey Global Institute: Asia's future is now", McKinsey & Company, July 2019 (p2)
3 Mario Pezzini, "An emerging middle class", OECD Observer, 2012
4 Homi Kharas and Kristofer Hamel, "A global tipping point: Half the world is now middle class or wealthier", Brookings Institution, 27 September 2018

## WORLD ECONOMIC OUTLOOK UPDATE GROWTH PROJECTIONS


International Monetary Fund, World Economic Outlook Update, January 2020

Regional consumer spend increased through 2019, creating some of the world's largest startups in the region – as of late 2019, Asia hosted over one-third of global unicorn companies, which are valued at over US$1 billion. At the end of 2018 there were 115 unicorns in Asia and this number grew to 140 by September 2019.[5] 10 of the 23 global unicorn companies valued over US$10 billion, are spread across China, India, Indonesia, and Singapore.[6]

Many of these Asian unicorns focus on providing services for which there is rising demand. According to McKinsey, 71% of investment going into these startups comes from within the region – as intraregional flows expand and the larger regional tech companies such as Alibaba, Tencent, Baidu and Softbank increasingly grow into corporate venture capital behemoths. With this rising demand, 60% of goods traded within the region are between intraregional economies, while 74% of air travellers are also those moving within the region.[7] These cash flows are creating powerful new hubs, increasing opportunities for inter-Asia mobility and new opportunities for investment.

However, it is important to note that more recent, unanticipated global events, such as the Covid-19 pandemic, may impact the economic and investment outlooks as the tangible impact of the virus remains to be fully understood.

Symphony is primarily engaged in investing in businesses that benefit from rising incomes, increasing trade and changing demographics across Asia.

As at 31 December 2019, our portfolio companies collectively managed, operated or partnered in the following:

- 15,000 licensed hospital beds in 80 tertiary hospitals
- 33 secondary healthcare facilities
- 78,360 rooms in 535 hotels
- 2,377 food & beverage outlets
- 522 retail outlets
- 27,500 square meters of prime commercial and office space
- 850,000 square meters of developable land

5 Shintya Felicitas, "Asia unicorns: A list to watch". Asia Fund Managers, 9 October 2019
6 Data from The Global Unicorn Club, CB Insights
7 Oliver Tonby, Jonathan Woetzel, Wonsik Choi, Karel Eloot, Rajat Dhawan, Jeongmin Seong, Patti Wang, "McKinsey Global Institute: The future of Asia", September 2019 (p2)

# HEALTHCARE

## "GLOBAL HEALTH SPENDING CONTINUES TO GROW FASTER THAN THE ECONOMY"

Asia is currently undergoing a healthcare transformation – spurred by demographic changes and demands, along with a higher per capita income and government ambitions to create more accessibility. Global health spending continues to grow faster than the economy; between 2000 and 2017, this spending saw a 3.9% annual rise versus 3.0% economic growth in most fast-growing economies.[8] While the region's healthcare markets remain diverse and complex in terms of infrastructure and regulatory environment, higher incomes are creating new demand for health products and services previously inaccessible to most.

Symphony's investment management team has been investing in the Asian healthcare business for over 24 years and has deep knowledge of the sector across the region. In 2019, Symphony's investment portfolio included three investments within the health sector: IHH Healthcare Berhad ("IHH"), one of the region's largest healthcare providers; Soothe Healthcare Private Limited ("Soothe"), a feminine hygiene products manufacturer and distributor in India; and ASG Hospital Private Limited ("ASG"), a full-service eye-healthcare provider with operations in India, and with a presence in Africa and Nepal.

Symphony invested approximately US$50 million in Integrated Healthcare Hastaneler Turkey Sdn Bhd ("IHT") in February 2012, that was converted into shares in IHH at the time of IHH's initial public offering later the same year. IHH's broad footprint of healthcare assets included Parkway Holdings Limited, Pantai Holdings Berhad, International Medical University, Acibadem Saglik Yatrimlari Holding A.S. and Fortis Healthcare Limited, operating across Asia, as well as Turkey, Abu Dhabi, Central and Eastern Europe; employing 55,000 people and operating 15,000 licensed beds in 80 hospitals globally. Subsequent to the 2019 financial year, Symphony exited its holdings in IHH through a series of partial sales initiated in 2015. Symphony generated an annualized return over approximately eight years of 11.2%, or 1.8 times the cost of investment.

Operating within the rapidly growing fast-moving consumer goods ("FMCG") segment in India, Soothe is an investment made in June 2019. Manufacturing and distributing under the 'Paree' and 'Pariz' brand names, Soothe caters to the growing promotion of, and demand for, women's hygiene products in India. The business has been growing rapidly with sales for the year ending 31 March, 2020 increasing approximately three times over the prior year.

Symphony invested in ASG in the third quarter of 2019. ASG provides a full range of eye-healthcare services, including outpatient consultation and a full suite of inpatient procedures (cataract, retina surgeries, Lasik, glaucoma, cornea and other complicated eye surgeries), as well as an optical and pharmacy business internal to the clinics.

Healthcare in Asia remains an attractive sector that will continue to benefit from rising disposable incomes, and a sector in which Symphony will continue to explore opportunities to add to its portfolio.

8 Global spending on health: a world in transition. Geneva: World Health Organization; 2019 (WHO/HIS/HGF/HFWorkingPaper/19.4). Licence: CC BY-NC-SA 3.0 IGO; p ix

# HOSPITALITY

## "SYMPHONY'S INVESTMENT MANAGEMENT TEAM HAS BEEN ASSOCIATED WITH MINT FOR OVER 30 YEARS"

With more disposable income to spend, Asia's travel market, both regional and international, has quickly risen to become one of the world's largest. In the first eight months of 2019, trips abroad from Asia rose 6% following a full-year increase of 7% in 2018.[9] The direct contribution of Asian tourism to overall GDP in the region is expected to hit US$1.8 trillion by 2030, more than 11.5% of Asia's GDP.[10] This growing trend towards increasing business and luxury travel has prompted increased demand for higher quality hospitality assets and services.

Symphony's primary investment in the hospitality sector is through Minor International Public Company ("MINT"), one of Asia's largest hospitality and retail businesses. As at 31 December 2019, MINT had 78,360 rooms in 535 hotels, with 2,377 food and beverage outlets across the region. In 2019, Symphony made some partial exits in Minor, generating net proceeds of US$19.3 million. The annualised return and times the cost of investment from these sales were 16.75% and 5.4 times, respectively.

However, despite the impressive growth of the hospitality sector in recent years, the impact of Covid-19 is likely to be significant in the near term. Low occupancy rates as people refrain from travel, and the mandated closure of businesses during the outbreak, will inevitably affect this sector.

9 IPK World Travel Monitor®, Asia remains the largest tourism growth market, 17 October 2019

10 DBS Group Research, Asia 2030 Insight SparX Travel and Consumption, 25 July 2018, p1

# LIFESTYLE

## "ASIA'S RISING NET WEALTH IS DRIVING SPENDING TO ACHIEVE AN INCREASINGLY HIGHER QUALITY OF LIFESTYLE"

Higher disposable incomes have empowered the growing Asian middle-class consumer to spend, for example, on discretionary goods and services, such as cars, luxury goods, dining out, and travel. The Asia Pacific region alone is said to be responsible for 90% of the 2.4 billion new members of the middle class entering the global economy, as it shifts toward contributing 60% of global growth by 2030.[11]

Between 2000 and 2019, emerging economies saw their share of global wealth grow from 9% to 29%, and it is expected these economies will account for 31% of global wealth by 2024.[12] As of mid-2019, the Asia Pacific region accounted for almost 39.1% of an estimated total global wealth of US$360.6 trillion – driven by China's 287% rise in high net worth individuals, accounting for 46.7% of Asia's wealthiest.[13] This increasing net worth is spurring spending, as this segment chooses to achieve a higher quality of lifestyle than before.

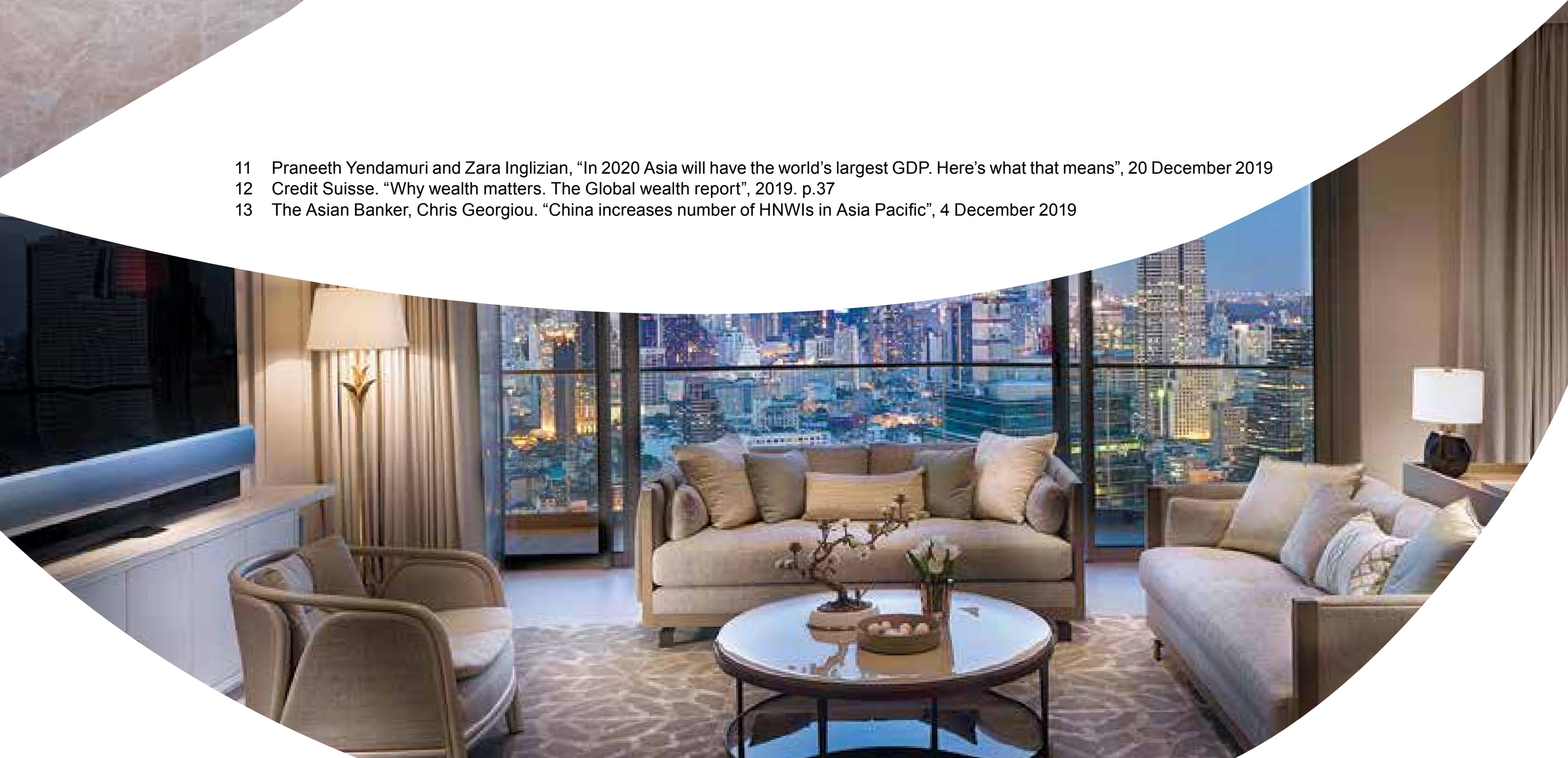
Symphony's three investments in the lifestyle sector include the Wine Connection Group ("WCG"), Liaigre Group ("Liaigre") and CHANINTR ("Chanintr").

WCG is the largest owner and operator of wine related food and beverage outlets in Southeast Asia. As of the end of 2019, WCG had 82 outlets in four markets across the region.

Established in 1985, French luxury interior architecture and furniture brand, Liaigre is known for discreet luxury. The brand has 26 showrooms around the world and is focusing on Asia expansion. Liagre's ateliers in Asia now extend to Singapore, Shanghai, Bangkok and Seoul.

Chanintr focuses on the import and distribution of high-end US and European furniture brands through retail outlets – the portfolio of products currently includes Liaigre, Herman Miller and Minotti, among others. Additionally, the firm has a food and beverage franchise, operating New York's Clinton Street Baking Company in select Asian markets.

11 Praneeth Yendamuri and Zara Inglizian, "In 2020 Asia will have the world's largest GDP. Here's what that means", 20 December 2019
12 Credit Suisse. "Why wealth matters. The Global wealth report", 2019. p.37
13 The Asian Banker, Chris Georgiou. "China increases number of HNWIs in Asia Pacific", 4 December 2019



# REAL ESTATE

## "REAL ESTATE IS INCREASINGLY LINKED TO GROWING FORTUNES ACROSS ASIA"

Historically viewed as a key asset class for wealth preservation, and among high net worth individuals, real estate is increasingly linked to growing fortunes across the region. During 2019, intraregional flows reached a record US$34.3 billion, almost triple the amount for the same period a decade ago.[14]

Symphony's real estate portfolio investments include interests in SG Land Co. Ltd. ("SG Land"), Minuet Limited ("Minuet"), Desaru Peace Holdings Sdn. Bhd. ("DPH"), and a Niseko Property Joint Venture ("NPJV").

SG Land and Minuet are joint-venture holdings with real estate holdings in Bangkok, Thailand. SG Land owns the leasehold rights for two commercial buildings in central Bangkok, with over 27,500 square metres of lettable space. Minuet holds a land bank of approximately 400,000 square metres that is currently being held for development and/or sale.

In the second quarter of 2020, DPH is preparing to launch a new luxury real estate development in southeastern Malaysia, to be operated by One & Only Resorts – their first in Southeast Asia. This joint venture development is with the Malaysian affiliate of Themed Attractions Resorts & Hotels Sdn Bhd, a hotel and destination resort investment subsidiary of the Malaysian sovereign wealth fund Khazanah Nasional Berhad. The One & Only development will include a clubhouse, 46 suites, and 52 villas when fully complete.

At the end of 2019, NPJV entered into transaction agreements that involve a partial sale of land and a new joint venture to co-develop another part of the land with Hanwha Hotels & Resorts. NPJV will retain approximately a third of the land site for future sale and/or development. As a result of the partial sale of land, the fair value of Symphony's interest in NPJV increased at 31 December 2019, implying an annualized return and times the original cost of investment of 27.2% and 3.7 times, respectively.

Symphony continues to explore the exciting new opportunities in the real estate sector across the region while continuing to monetize mature investments.

14 PwC and the Urban Land Institute, Emerging Trends in Real Estate® Asia Pacific 2019. Washington, D.C.: PwC and the Urban Land Institute, 2018. p.23

# EDUCATION

**"WITH REGIONAL DISPOSABLE INCOME OF US$300 BILLION, ASIA'S GROWING MIDDLE CLASS IS DEMANDING BETTER QUALITY EDUCATION"**

The middle class segment across Indonesia, Malaysia, the Philippines, Thailand, and Vietnam, is expected to grow to around 350 million people by 2022, with estimates putting the region's disposable income at roughly US$300 billion.[15] The trend is causing increasing strain on existing education infrastructure with rapidly rising numbers of school-age children in the region. While figures indicate certain countries are increasing their public spend – for example, India ranks high on the list with an expected government spending on education amounting to 0.75% of overall GDP between 2015 and 2030[16], this is still not enough. Asia's middle class is demanding better quality education and are ready to pay.

Symphony's portfolio currently includes Creative Technology Solutions DMCC ("CTS"), an edu-tech firm that provides customized IT solutions within the education sector in the United Arab Emirates and across other countries in the Gulf Cooperation Council region ("GCC"), and WCIB, the developer and operator of Wellington College Bangkok.

CTS, Symphony's first investment in the GCC region, was founded by two Lebanese entrepreneurs in 2013, to provide turnkey solutions for schools, that include hardware, software, maintenance, and training support, all catering to the growing demand for state-of-the-art technology-driven classrooms for primary and secondary schools in the GCC region.

WCIB is the developer and operator of Wellington College Bangkok, the fifth international addition to the UK-headquartered Wellington College schools. Built to cater to 1,500 students aged 2-18 at full capacity, the school opened in August 2018. The school is expected to have 405 students enrolled for the school-year commencing August 2020. WCIB also has the option of developing further schools under the Wellington name in Myanmar, Cambodia, Laos, and Vietnam.

With more students across regional Asia wanting to follow secondary education with higher education abroad, the value proposition within the Asian private education sector is increasingly attractive.

15 Florian Hoppe and Aadarsh Baijal, "Understanding Southeast Asia's Emerging Middle Class", Bain & Company, 18 March 2019

16 The Economist Intelligence Unit, "Yidan Prize Forecast: Education to 2030", 2016, p6-7

# LOGISTICS

## "INDO TRANS LOGISTICS CORPORATION HAS GROWN TO BECOME ONE OF VIETNAM'S 'NATIONAL CHAMPIONS'"

The trade tension and gradual decoupling of the US and China has increased economic activity in southeast Asia. While China exports fell by 12% in the early half of the year, exports to the United States from developing Asia rose over 10% from the previous year's first half – with exports from Vietnam growing by 33%.[17] Additionally, the logistics sector has benefited from growing middle class incomes and the resulting rise of omnichannel retail. The market for logistics in Asia Pacific is forecast to grow at a compound annual rate by 5.5% between 2019 and 2024.[18]



Symphony acquired a significant minority stake in Vietnam-based Indo Trans Logistics Corporation ("ITL") in July 2019. ITL, founded in 2000 as a freight-forwarding company, has since grown to become one of Vietnam's 'National Champions', and is the largest independent integrated logistics company with a network across Vietnam, Cambodia, Laos, Myanmar, and Thailand. The company's strong presence in air, rail, road, and sea logistics services make it an attractive local partner for both domestic and multinational firms operating in Vietnam.

ITL's mandate to support small and medium local enterprises, in our view also benefits the rise of the regional middle-class population and disposable income in Vietnam and across the Indochina region.

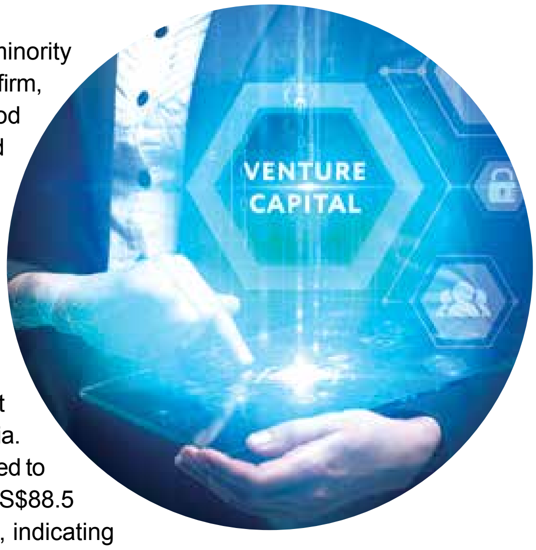
17 Robin Harding, "Asia's emerging economies are winning US-China trade war", Financial Times, 25 September 2019

18 Mordor Intelligence, "Asia Pacific (APAC) Contract Logistics Market – Growth, Trends, and Forecast (2020-2025)", 2019

# OTHER OPPORTUNITIES

"SYMPHONY'S OTHER OPPORTUNITIES SEGMENT INCLUDES INVESTMENTS IN EARLY STAGE BUSINESSES, SPECIAL SITUATIONS AND STRUCTURED OPPORTUNITIES"

Acquisitions made by technology startups privately valued at US$1 billion or more, reached US$4.9 billion in the first half of 2019, compared with US$2.2 billion during the same period in 2018[19]. This exponential growth indicates interesting opportunities lie within the technology sector.




Symphony's portfolio includes a minority interest in India-focused venture firm, Good Capital Partners and Good Capital Fund I (collectively "Good Capital"), and in Smarten Spaces Pte. Ltd. ("SSPL").

GCP is focused on investing capital primarily into emerging businesses that are inventing new ways of doing business by taking advantage of the rollout of low-cost mobile broadband services across India. Technology spending in India is estimated to rise to US$94 billion in 2020, up from US$88.5 billion in 2019 – an increase of 6.6%[20], indicating an opportunity to drive value for Symphony's portfolio through this investment.

In November 2019, Symphony invested in a Singapore based Software-as-a-service ("SaaS") company, SSPL. Established in 2017, the company provides software solutions for space management in commercial and industrial properties – enabling clients to select from a menu of microservices to manage a variety of functions including conference room reservation, room temperature, and lighting, among other things. With over 650,000 signed users across 85 sites in 6 countries, clients include global snack producer Mondelēz International, Inc., APAC leading logistics real estate platform ESR, and Indian financial services firm HDFC Bank. The added value benefits corporate tenants looking to manage security and logistics operations, which makes it an interesting investment as companies are increasingly taking their workspace operations digital.

Symphony's portfolio also includes a structured loan transaction, completed in February 2014, which generates a high annual return.

19 Mercedes Ruehl, "Foreign investment drives surge in south-east Asia tech takeovers", The Financial Times, 12 September 2019.
20 Gartner, Inc. "Gartner Forecasts IT Spending in India to Total US$94 Billion in 2020, Up 6.6% From 2019", 11 November 2019.

# CHAIRMEN'S STATEMENT

2019 turned out to be a busy year for us in terms of new investments. We saw several attractive opportunities and made six new investments, as described below.

This time last year, we were beginning to see the effects of less accommodative monetary policy and weaker investor sentiment that had impacted market valuations. The expected continued unwinding of the unprecedented monetary easing that has lasted more than a decade surprisingly did not happen. Instead, we saw central banks across the world cut interest rates aggressively in 2019 to counter weaker growth and escalating trade tensions. Financial markets have been buoyed as a result.

Interest rates are at historical lows and governments recently announced aggressive stimulus measures to combat Covid-19. With the current level of global supply chain integration and interdependencies, the full impact of Covid-19 is almost impossible to determine across industries, as something like this has no precedent. We expect some of our investments, particularly those with exposure to hospitality, food and beverage and trade, to be significantly impacted in the short to medium term.

We also see certain other risks to the global economy, including but not limited to further US-China decoupling despite the recent trade accords, the ongoing negotiations of the UK-EU trading relationship, the potential escalation of tensions in the Middle East and the emergence of inflationary pressures that could hinder accommodative policies. Although these risks may impact financial markets, we believe, nevertheless, that the continued long-term strengthening of Asian economies and related integration will continue to provide relatively more longer-term investment opportunities and better risk adjusted returns than other regions.

Despite the uncertain global outlook and market volatility during 2019, we are pleased to report that Symphony's key measure of performance, Net Asset Value ("NAV") and NAV per share, improved. NAV and NAV per share increased by 2.2% to US$503.37 million and US$0.98 per share at 31 December 2019 from US$492.71 million and US$0.96 per share a year earlier, respectively. Symphony paid a dividend of US$17.97 million or 3.5 cents per share during 2019, which brings cumulative dividend paid since 2014 to 43.85 cents or approximately US$266.69 million. Excluding dividends during 2019, NAV and NAV per share would have increased by 5.8%. The growth in NAV during 2019 was predominantly due to an increase in value of Minor International Pcl ("MINT") and an interest in a property joint venture in Japan, which were partially offset by a cumulative net decline in the value of other investments.

During 2019, through proprietary relationships, we expanded and diversified our portfolio with the addition of six new investments. Together with follow-on investments, Symphony deployed US$90.67 million during the year.

Symphony's new investments include interests in two established businesses; Indo Trans Logistics Corporation ("ITL"), the largest independent integrated logistics company in Vietnam and ASG Hospital Private Limited ("ASG"), a full-service eye-healthcare provider with 33 clinics predominantly in India. The remaining four investments include interests in more early stage businesses; Smarten Spaces Pte. Ltd. ("Smarten"), a software-as-a-service ("SaaS") company providing solutions for space management in commercial and industrial properties, Soothe Healthcare Private Limited ("Soothe"), a manufacturer and distributor operating in the fast growing feminine hygiene market segment in India under the Pariz and Paree brands, Good Capital Partners and Good Capital Fund I (collectively "Good Capital"), the general partner and its related technology start-up fund and Creative Technology Solutions DMCC ("CTS"), a company that provides technology solutions to K12 schools and universities in the UAE and the Kingdom of Saudi Arabia. With these additional investments, Symphony offers its shareholders a strong diversified portfolio of attractive businesses with exposure to fast growing markets.

In addition to new investments, we also made some partial and full exits. During the first quarter of 2019, Symphony sold part of its interest in the Liaigre Group to facilitate a new strategic investor. The sale of shares was completed at a premium to our cost of the investment. We also generated liquidity through the sale of MINT shares during the 2019 financial year that provided net proceeds of US$19.31 million and was completed at 5.4 times the original cost of

# CHAIRMEN'S STATEMENT

investment and a net annualised return of 16.7% over a period of approximately 14-years. In December 2019, we announced an agreement for the partial sale of land in Hirafu Village, Niseko, Hokkaido, Japan through a joint venture in which Symphony holds a 37.5% interest. As a result and based on a third party valuation, the fair value of Symphony's interest in the joint venture increased at 31 December 2019, which implies an annualised return of 27.2% and 3.7 times the original cost of the investment. In January 2020, we announced our full exit from our investment in IHH Healthcare Berhad ("IHH"). We originally made the investment in IHH in 2012 and exited our interest through a series of partial sales that began in 2015. Our investment in IHH generated an annualised return of 11.2% over a period of eight years and 1.8 times the original cost of investment. Although our investment horizon is longer than typical private equity style investments, the continuous ability to generate attractive risk adjusted returns as investments mature reaffirms Symphony's investment thesis and strategy.


During FY2019, we made a decision to reclassify our reporting segments to better reflect the composition of our portfolio. In the hospitality segment, our primary investment is MINT, which continued to grow its business following the acquisition of the NH Hotel Group SA ("NH Group") in 2018. The number of hotel and restaurants in MINT's portfolio that are owned and managed grew to 535 and 2,377 at 31 December 2019 from 513 and 2,270 a year earlier, respectively. Most notably during the year, MINT initiated an asset rotation program that involved the sale and lease back of three properties in Portugal, which were part of the 14-property Tivoli portfolio acquired in 2016, that generated gross sale proceeds of €313 million. Aside from strengthening MINT's balance sheet, the proceeds from the sale approximately amount to the capital deployed by MINT in 2016 to acquire all 14 Tivoli properties. MINT has stated it will continue to explore asset enhancement and rotation initiatives, which will unlock further value.

The lifestyle and real estate segment grew as a percentage of Symphony's NAV to 33.0% at 31 December 2019 from 27.4% a year earlier. The relative increase in this segment as a percentage of NAV is predominantly due to the revaluation of Symphony's interest in the joint venture in Niseko following an agreement for the partial sale of land. The transaction for the sale is scheduled to close in April 2020. In addition to the sale of land, the joint venture in Niseko will, through a separate participation structure, co-develop another part of the land with Hanwha Hotels and Resorts, which will allow us to unlock further value in the years to come.

Our other investments in the lifestyle and real estate segment benefited from strengthening local currencies, particularly in Thailand. Symphony's two investments in Bangkok, Thailand include Minuet Limited ("Minuet"), which owns approximately 40 hectares of land for sale and / or development, and SG Land Limited, which owns the lease rights for two centrally located commercial buildings. Both investments benefited from an appreciation of the Thai baht against the US dollar, Symphony's reporting currency, by 8.1% during 2019. In Malaysia, Symphony made follow-on investments in the joint venture developing the One & Only branded hotel and private villa development in Desaru, Malaysia. The hotel is scheduled to open in the second quarter of 2020 and Villa sales will commence shortly thereafter.

Our new logistics investment, ITL, is focused on long-term growth through organic and inorganic expansion in order to diversify its business mix and increase scale. US-China trade tensions have however created headwinds for ITL due to considerable aviation capacity moving from China to Vietnam. Although ITL is gaining market share, the business is seeing some pressure on yields. While we expect some further disruption to volumes due to Covid-19, the long-term prospects for this sector in Vietnam remain extremely attractive.

The composition of the lifestyle segment includes our investments in the Liaigre Group, CHANINTR ("Chanintr") and the Wine Connection Group ("WCG"). The performance in this segment has been mixed over the course of 2019. The Liaigre Group, a luxury furniture brand that is synonymous with discreet luxury, has been impacted by ongoing underperformance of showrooms in Europe. However, we continue to see strength in the interior architecture business and demand from Asia. In November 2019, Liaigre opened a well-received flagship showroom in Shanghai, China, which will help

improve brand exposure in the region. Chanintr, a business that predominantly distributes high-end US and European furniture through retail showrooms and interior design projects for residential and hotel developments, continues to benefit from growing demand in Thailand. In addition to working closely with developers on providing turnkey solutions for end-buyers, Chanintr is also seeing growth from the office market segment as corporate clients upgrade their workplaces.

WCG operates 82 wine shops and wine themed restaurants in Thailand, Singapore, Malaysia and South Korea. We continue to see weakness in the casual dining restaurant space in WCG's core markets, which include Thailand and Singapore. We mentioned in our past shareholder updates that the founder of WCG returned as group CEO in Q3 2019 to reinvigorate operations through a number of new initiatives. We are seeing some positive signs, but we expect the impact of Covid-19 to dampen any immediate recovery.

The healthcare segment includes our investments in IHH, ASG and Soothe. As mentioned earlier, we exited the remaining shares held in IHH in January 2020, which generated attractive risk-adjusted returns. We are working with our co-investors in the ASG investment, completed in November 2019, to assist management with realising administrative and operational efficiencies as well as exploring brownfield expansion opportunities. These initiatives will gradually add value and support additional scale for the business. The investment in Soothe was fully completed in August and has been growing sales rapidly through targeted marketing campaigns and expanded distribution.

WCIB International Co. Ltd ("WCIB"), which operates Wellington College International Bangkok and CTS comprise the education segment. WCIB is currently in its second year of operations and we are pleased that it has achieved its target student intake. We expect the school to continue to ramp-up operations in tandem with the construction of facilities for higher academic years. The investment in CTS was completed in June 2019 and its business is to provide technology solutions to K-12 schools and more recently, through an expanded product offering, universities.

We have grouped our special situations and other investments in a separate category for reporting purposes. Aside from a structured loan that generates an attractive yield, this segment includes two new investments; Smarten and Good Capital. Symphony rarely invests in early stage businesses unless there is strong conviction among the investment management team to do so. Smarten is one of those businesses. Smarten continues to attract large corporate clients that typically choose to extend roll-out of its SaaS offering across organisations. We continue to support management to help scale its client base. Similarly, we have a strong conviction regarding the investment in Good Capital, which was made to gain a small exposure to the burgeoning technology sector in India. The promotors of Good Capital have developed an extensive network in the technology start-up ecosystem in India and have a strong track record for generating attractive returns. Our special situations investments broaden our portfolio to include exposure to more innovative companies emerging in Asia.

Despite the extraordinary market environment, we feel our portfolio is well positioned for long-term growth, offering our shareholders broad exposure to attractive markets, particularly in Asia. We continue to explore new opportunities that can further enhance Symphony's portfolio and provide incremental returns in the years ahead. We would like to thank our shareholders and business partners for their continued support.

GEORGES GAGNEBIN
**Chairman,**
Symphony International Holdings Limited

ANIL THADANI
**Chairman,**
Symphony Asia Holdings Pte. Ltd.

11 March 2020

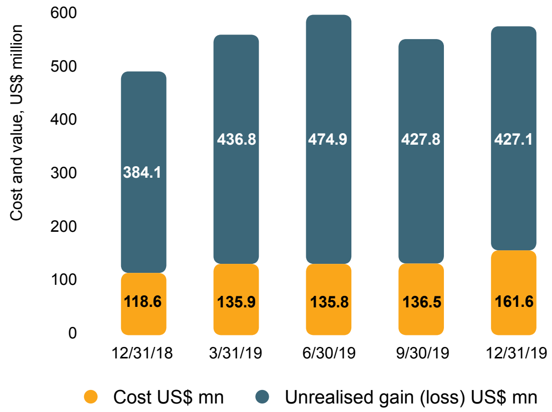
# FINANCIAL HIGHLIGHTS

## KEY FINANCIAL HIGHLIGHTS

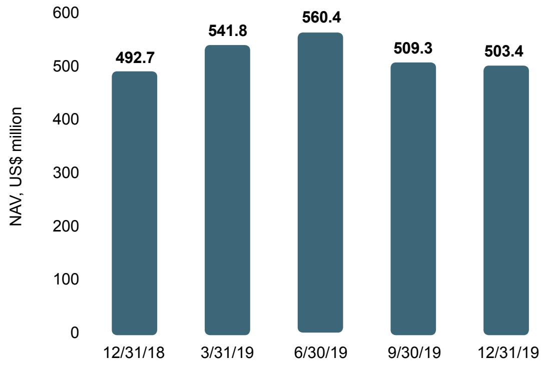
| | Group | | |
|---|---|---|---|
| As at 31 December | 2017 US$'000 | 2018 US$'000 | 2019 US$'000 |
| Other income | 118,769 | 26,142 | **784** |
| Fair value changes in financial assets at fair value though profit or loss | (12,154) | (79,234) | **43,533** |
| (Loss) Profit after tax[1] | 90,179 | (69,516) | **28,912** |
| | | | |
| Total assets | 624,223 | 498,400 | **577,079** |
| Total liabilities | 5,551 | 5,695 | **73,430** |
| Total shareholders' equity | 618,672 | 492,705 | **503,649** |
| | | | |
| NAV[2] | 618,672 | 492,705 | **503,369** |
| Number of shares outstanding | 488,222 | 513,366 | **513,366** |
| NAV per share (US$) | 1.27 | 0.96 | **0.98** |
| Diluted NAV per share (US$)[3] | 1.23 | 0.96 | **0.98** |
| Dividend per share (US cents)[4] | 13.50 | 12.00 | **3.50** |

1 Profit (Loss) after tax in 2017, 2018 and 2019 include expenses for management share options (2017: US$0.5 million, 2018: nil and 2019: nil).
2 Net asset value is based on the sum of our cash and cash equivalents, temporary investments, the fair value of unrealised investments (including investments in subsidiaries and associates) and any other assets, less any other liabilities.
3 Adjusting for the impact of in the money vested but unexercised options.
4 Dividend (ordinary and extraordinary) to shareholders and option holders
5 Portfolio investments exclude temporary investments
6 Temporary investments include cash and equivalents and is net of accounts receivable and payable

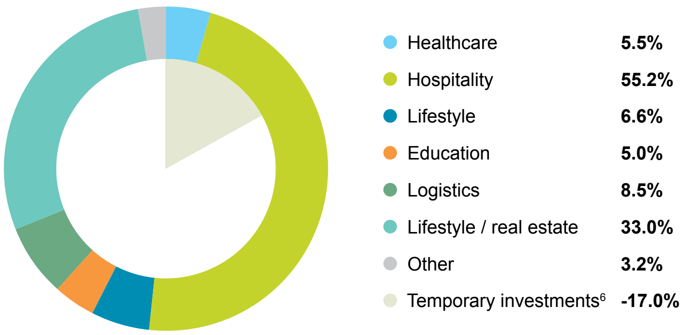
## VALUE OF PORTFOLIO INVESTMENTS[5]




## QUARTERLY NAV




## NAV BY SEGMENT
At 31 December 2019




# INVESTMENT MANAGER'S REPORT

Standing, from left to right:
*Laxman Vaidya, Hariharan Vaidyalingam, Anupum Khaitan, Raj Rajkumar, Anil Thadani, Patrik Brusheim, Peter Lee, Ambika Behal*

Sitting, from left to right:
*Sun Yi, Daphne Beh, Jenny Ng, Saerah Yusof, Michelle Tan, Jasmine Phua*

This "Investment Manager's Report" should be read in conjunction with the financial statements and related notes of the Company. The financial statements of the Company were prepared in accordance with the International Financial Reporting Standards ("IFRS") and are presented in U.S. dollars. The Company reports on each financial year that ends on 31 December. In addition to the Company's annual reporting, NAV and NAV per share are reported on a quarterly basis being the periods ended 31 March, 30 June, 30 September and 31 December. The Company's NAV reported quarterly is based on the sum of cash and cash equivalents, temporary investments, the fair value of unrealised investments (including investments in unconsolidated subsidiaries, associates and joint ventures) and any other assets, less any other liabilities. The financial results presented herein include activity for the period from 1 January 2019 through 31 December 2019, referred to as "the year ended 31 December 2019".

Standing, from left to right:
*Kennis Yeung, Synnia Hui, Betty Chan, Alice Wong, Jay Parmanand, Ming Wong, Wendy Pang, Annisa Li*

Sitting, from left to right:
*Alice Ng, Sunil Chandiramani, Ramon Lo*

## Our Business

Symphony is an investment company incorporated under the laws of the British Virgin Islands. The Company's shares were listed on the London Stock Exchange on 3 August 2007. Symphony's investment objective is to create value for shareholders through longer term strategic investments in high growth innovative consumer businesses, primarily in the healthcare, hospitality and lifestyle sectors (including education and branded real estate developments), which are expected to be fast growing sectors in Asia, as well as through investments in special situations and structured transactions.

Symphony's Investment Manager is Symphony Asia Holdings Pte. Ltd. ("SAHPL"). The Company entered into an Investment Management Agreement with SAHPL as the Investment Manager. Symphony Capital Partners Limited ("SCPL") is a service provider to the Investment Manager.

SAHPL's licence for carrying on fund management in Singapore is restricted to serving only accredited investors and/or institutional investors. Symphony is an accredited investor.

# INVESTMENT MANAGER'S REPORT

## Investments

At 31 December 2019, the total amount invested by Symphony since admission to the Official List of the London Stock Exchange in August 2007 was US$544.17 million (2018: US$453.50 million). SIHL's total cost of investments after taking into account shareholder loan repayments, redemptions, partial realisations and the cost of fully realised investments was US$161.61 million at 31 December 2019, up from US$118.55 million a year earlier. The change is due to (i) the partial realisation of MINT shares that generated net proceeds for US$19.31 million, which increased cumulative proceeds in excess of total cost for this investment to US$83.86 million at 31 December 2019, (ii) the partial realisation of IHH shares that generated net proceeds of US$6.65 million, which brought cumulative proceeds to US$31.87 million in excess of total cost at 31 December 2019, (iii) partial realisations, redemptions and shareholder principal loan repayments related to unlisted investment of US$21.75 million and (iv) new investments of US$90.67 million and other minor movements of US$0.10 million that increased cost.

The fair value of investments, excluding temporary investments (but including other investments), held by Symphony was approximately US$588.70 million at 31 December 2019 up from US$502.69 million a year earlier. This change is comprised of an increase in the value of investments by US$43.05 million, new investments of US$90.67 million and realisations (including redemptions and shareholder loan principal repayments) of US$47.72 million.

## Cost and Fair Value of Investments

| | Group at 31 December 2019 | | |
|---|---|---|---|
| | Cost US$ US$'000 | Fair Value US$ US$'000 | % of NAV |
| Healthcare | (8,818,081) | 27,561,553 | **5.5%** |
| Hospitality | (83,857,321) | 277,829,504 | **55.2%** |
| Lifestyle | 85,993,780 | 33,438,954 | **6.6%** |
| Education | 18,722,025 | 25,126,196 | **5.0%** |
| Logistics | 42,644,984 | 42,644,984 | **8.5%** |
| Lifestyle / real estate | 1,657,062 | 166,174,427 | **33.0%** |
| Other | 15,263,187 | 15,923,631 | **3.2%** |
| **Subtotal** | **161,605,636** | **588,699,249** | **117.0%** |
| Temporary investments | | **(85,330,594)** | **-17.0%** |
| **NAV[1]** | | **503,368,655** | **100.0%** |

Notes:
1 NAV is based on the sum of our cash and cash equivalents, temporary investments, the fair value of unrealised investments (including investments in subsidiaries and associates) and any other assets, less all liabilities.

As at 31 December 2019, we had the following investments:

### Minor International Public Company Limited

Minor International Public Company Limited ("MINT") is a diversified consumer business and is one of the largest hospitality and restaurant companies in the Asia-Pacific region. Anil Thadani (a Director of the Company) currently serves on MINT's board of directors. Sunil Chandiramani (a Director of the Company) currently serves as an advisor to MINT's board of directors. MINT is a company that is incorporated under the laws of Thailand and is listed on the Stock Exchange of Thailand.

MINT owns 379 hotels and manages 156 other hotels and serviced suites with 78,360 rooms. MINT owns and manages hotels in 57 countries predominantly under its own brand names that include Anantara, Oaks, NH Collection, NH Hotels, nhow, Elewana, AVANI, Per AQUUM and Tivoli.

As at 31 December 2019, MINT also owned and operated 2,377 restaurants (comprising 1,198 equity-owned outlets and 1,179 franchised outlets) under the brands The Pizza Company, Swensen's, Sizzler, Dairy Queen, Burger King, Beijing Riverside, Thai Express, Bonchon, Benihana and The Coffee Club amongst others. Approximately two-thirds of these outlets are in Thailand with the remaining number in other Asian countries, the Middle East and the

United Kingdom. MINT's operations also include contract manufacturing and an international lifestyle consumer brand distribution business in Thailand focusing on fashion, cosmetics through retail (485 outlets), wholesale and direct marketing channels under brands that include Anello, Bossini, Brooks Brothers, Esprit, Charles & Keith, Zwilling J.A. Henckels and Bodum amongst others.

MINT reported core revenue, earnings before interest, tax, depreciation and amortisation ("EBITDA") and net profit growth (before non-recurring items) of 57%, 42% and 23% in 2019 year-over-year, respectively. The growth in revenue was predominantly driven by the full year consolidation of the NH Hotel Group S.A. ("NH Group") and improved revenue from all business groups. The slower growth in EBITDA is a result of structurally lower profitability margins from the consolidated NH Group and margin pressure on the restaurant and lifestyle businesses due to weaker domestic consumption.

MINT's hotel and mixed-use business had core revenues (excluding non-recurring items) of THB94.2 billion during 2019, which is 86% higher than the same period a year earlier. The growth is primarily from the full year consolidation of the NH Group and to a lesser extent, organic growth and income from mixed-use businesses, which includes real estate sales and Anantara Vacation Club.

At the end of 2019, MINT's total number of restaurants reached 2,377 comprising 1,198 equity-owned outlets and 1,179 franchised outlets. Approximately 66% were in Thailand with the remaining number in 25 other countries in Asia, Oceania, Middle East, Europe, Canada and Mexico. Approximately 107 restaurants were added during 2019. Due to a challenging market, average same-store-sales growth declined by 3% (in a local currency basis) however total revenue (including share of profit and other income) grew by 3% during the same period.

The retail trading and contract manufacturing businesses grew revenue (including share of profit and other income) by 12% with revenues of THB5.0 billion during 2019.

Symphony's gross and net investment cost in MINT was approximately US$74.02 million and (US$83.86 million) (2018: US$74.02 million and (US$64.55 million)), respectively, at 31 December 2019. The negative net cost is due to the proceeds from partial realisations being in excess of cost for this investment. On the same date, the fair value of Symphony's investment in MINT was US$277.83 million, which is up from US$257.79 million a year earlier. The change in value of approximately US$20.04 million was due to the sale of 15.0 million shares during the year that generated proceeds of US$19.31 million, which was more than offset by an increase in the share price by 5.1% and an appreciation in the onshore Thai baht by 7.9% during the same period. The annualised return and times the original cost of investment on the partial sale of shares in 2019 was 16.7% and 5.4 times, respectively.

### Minuet Limited

Minuet Ltd ("Minuet") is a joint venture between the Company and an established Thai partner. The Company has a direct 49% interest in the venture and is considering several development and/or sale options for the land owned by Minuet, which is located in close proximity to central Bangkok, Thailand. As at 31 December 2019, Minuet held approximately 252 rai (40 hectares) of land in Bangkok, Thailand.

The Company initially invested approximately US$78.30 million by way of an equity investment and interest-bearing shareholder loans. Since the initial investment by the Company, Minuet has received proceeds from rental income and partial land sales. As at 31 December 2019, the Company's investment cost (net of shareholder loan repayments) was approximately US$32.12 million (31 December 2018: US$32.12 million). The fair value of the Company's interest in Minuet on the same date was US$80.29 million (31 December 2018: US$73.55 million) based on an independent third party valuation of the

# INVESTMENT MANAGER'S REPORT

land plus the net value of the other assets and liabilities of Minuet. The change in value of Symphony's interest by US$6.73 million is predominantly due to an 8.1% appreciation in the Thai baht and other minor movements in the net assets of Minuet.

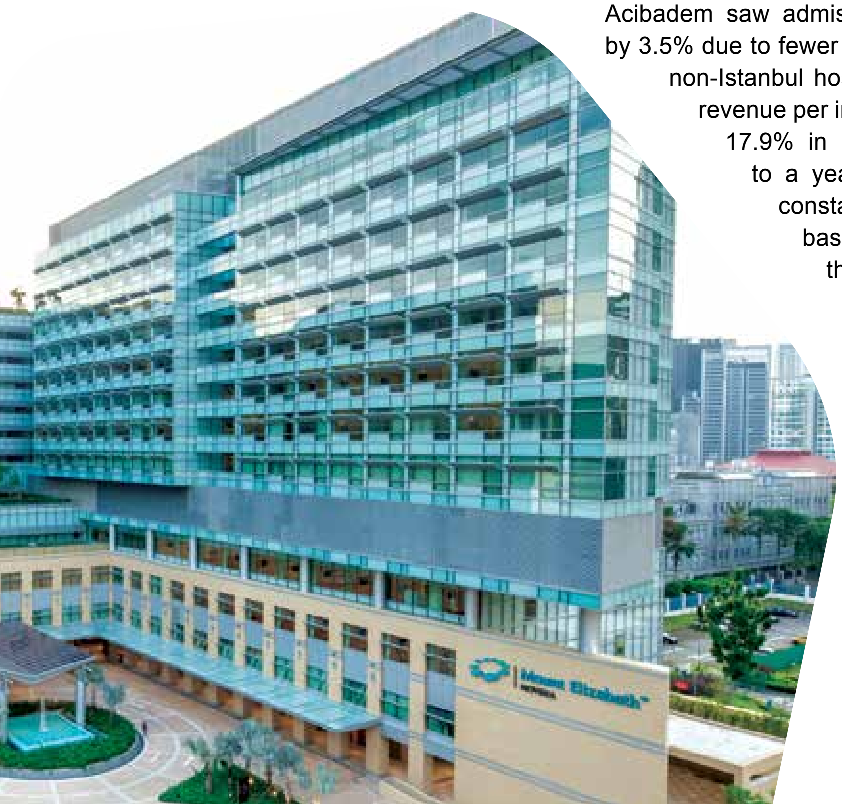
### IHH Healthcare Berhad

IHH Healthcare Berhad ("IHH") is one of the largest healthcare providers in the world by market capitalisation. Its portfolio of healthcare assets includes Parkway Holdings Limited, Pantai Holdings Berhad, International Medical University ("IMU"), Acibadem Saglik Yatirimlari Holding A.S. ("Acibadem") and Fortis Healthcare Limited ("Fortis"). IHH has a broad footprint of assets in Asia as well as Turkey, Abu Dhabi, Central and Eastern Europe that employs 55,000 people and operates over 15,000 licensed beds in 80 hospitals in ten countries worldwide.

IHH reported revenue and EBITDA growth of 29% and 34%, respectively, in 2019 year-over-year. On a constant currency basis and excluding the impact from MFRS 16 Leases, revenue and EBITDA increased by 22% and 13% during the same period, respectively. The growth is due to the continuous ramp up of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital (both opened in March 2017), as well as contribution from the increased capacity at Acibadem Maslak Hospital (expansion completed in Oct 2018). The acquisition of Amanjaya (acquired in October 2018), and Fortis (acquired in November 2018) also contributed to the increase in revenue and EBITDA.

Parkway Pantai saw in-patient admissions increase by 2.1% and 7.2% in Singapore and Malaysia in 2019, respectively, compared to a year earlier. Average revenue per inpatient admission also increased by 4.5% in Singapore and 6.6% in Malaysia during the same period. On a constant currency basis and excluding the effects of adopting MFRS 16 Leases, Parkway Pantai's revenue and EBITDA increased by 43% and 29% in 2019 year-over-year, respectively.

Acibadem saw admissions decrease by 3.5% due to fewer local patients at non-Istanbul hospitals however, revenue per inpatient grew by 17.9% in 2019 compared to a year earlier. On a constant currency basis and excluding the effects of adopting MFRS 16 Leases, Acibadem's revenue and EBITDA increased by 18% and 30% in 2019 year-over-year, respectively.




The Company's gross and net investment cost in IHH was US$50.11 million and (US$31.87 million) (31 December 2018: US$50.11 million and (US$25.22 million), respectively at 31 December 2019. The negative net cost at 31 December 2019 is due to proceeds from partial realisations being in excess of cost for this investment. The fair value on the same date was US$4.66 million (31 December 2018: US$11.04 million). The change in value is predominantly due to the sale of 5.0 million shares that generated net proceeds of US$6.65 million, which was marginally offset by a strengthening in the share price of IHH by 1.9% and an appreciation of the Malaysian ringgit by 1.0%. Subsequent to 31 December 2019, Symphony fully exited its residual interest in IHH of 3.49 million shares that generated net proceeds of US$4.65 million. Over a holding period of approximately 8-years, Symphony generated an annual compounded return rate of 11.2% and 1.8 times the cost of investment.

### Liaigre Group

The Liaigre Group ("Liaigre") was founded in 1985 in Paris and is a brand synonymous with discreet luxury, and has become one of the most sought-after luxury furniture brands, renowned for its minimalistic design style. Liaigre has a strong intellectual property portfolio and provides a range of bespoke furniture, lighting, fabric & leather, and accessories. In addition to operating a network of 26 showrooms in 11 countries across Europe, the US and Asia, Liaigre undertakes exclusive interior architecture projects for select yachts, hotels, and restaurants and private residences.

Liaigre continued to expand its operations in Asia with the opening of a new flagship showroom in Shanghai, which brings the total number of showrooms in the region to four.

Despite group sales in 2019 being at the same level as 2018 due to the underperformance of showrooms in Europe, Asia continues to see strength in demand, particularly in the interior architecture business. Sales in Asia rose by 166% in 2019 and is becoming a more material part of the overall group. However, the overall business continues to underperform, and we are working with our partners and management to address operational shortcomings.

During the first quarter of 2019, Symphony sold part of its interest in the Liaigre Group to a new strategic investor. The sale of shares was completed at a premium to the cost of the investment. The new strategic investor also provided new capital to facilitate expanding Liaigre into new complementary businesses to fully realise the brand's potential. Due to the underperformance of the business to date, the fair value of Symphony's investment as at 31 December 2019 is below the initial cost.

Symphony, together with Navis Capital Partners and management, acquired Liaigre in June 2016 for an undisclosed sum. Symphony's investment cost is more than 5% of NAV and due to strategic concerns, specific valuation information has not been disclosed publicly.

### Property Joint Venture in Malaysia

The Company has a 49% interest in a property joint venture in Malaysia with an affiliate of Destination Resorts and Hotels Sdn Bhd, a hotel and destination resort investment subsidiary of Khazanah Nasional Berhad, the investment arm of the Government of Malaysia. The joint venture is developing a beachfront country club and private villas on the south-eastern coast of Malaysia.

The development is scheduled to be launched in the second quarter of 2020 with the opening of the hotel that has 46 club suites. The private villa sales will commence shortly thereafter and will comprise 52 villas when fully developed. As mentioned in earlier investor communications, the project has experienced delays and required additional investment due to rectification costs. During 2019, an arbitration proceeding initiated by the previous hotel management company for the loss of their management contract resulted in the joint venture being liable to pay a material sum. However, the arbitrator rejected the previous manager's claim for the loss of future royalties. As a result, the joint venture expects to achieve cost savings from the effective buyout of the previous management contract due to significantly reduced royalties payable to the new hotel management company.

The Company invested approximately US$29.05 million in January 2012 for its interest in Desaru and since made follow-on investments amounting to US$18.55 million. Based on an independent third party valuation, the investment was valued at US$33.53 million at 31 December 2019 (31 December 2018: US$33.58 million).

### Indo Trans Logistics Corporation

Indo Trans Logistics Corporation ("ITL") was founded in 2000 as a freight-forwarding company and has since grown to become Vietnam's largest independent integrated logistics company with a network that is spread across Vietnam, Cambodia, Laos, Myanmar, and Thailand. ITL has grown to national champion status in Vietnam with over 2,000 employees across its business units and joint ventures.

The Company acquired a significant minority interest in ITL in June 2019 for US$42.64 million. In accordance with the Company's investment policies, investments held less than 12-months are valued at cost.

Subsequent to the 2019 financial year, South Logistics Joint Stock Company ("SoTrans"), a listed operator of ports and other logistics infrastructure in which ITL owns a 42% interest announced that ITL has indicated its intent to acquire the majority of the remaining shares in SoTrans. This acquisition is expected to enable ITL to grow its freight forwarding and contract logistics businesses, and reduce its reliance on the air cargo business. The investment manager is working with ITL's management to secure debt funding related to this transaction.

### Other Investments

In addition to the investments above, Symphony has 11 additional non-material investments, at 31 December 2019. Pending investment in suitable opportunities, Symphony has placed funds in certain temporary investments.

### Capitalisation and NAV

As at 31 December 2019, the Company had US$409.70 million (31 December 2018: US$409.70 million) in issued share capital and its NAV was approximately US$503.37 million (31 December

# INVESTMENT MANAGER'S REPORT

2018: US$492.71 million). Symphony's NAV is the sum of its cash and cash equivalents, temporary investments, the fair value of unrealised investments (including investments in subsidiaries, associates and joint ventures) and any other assets, less any other liabilities. The audited financial statements contained herein may not account for the fair value of certain unrealised investments. Accordingly, Symphony's NAV may not be comparable to the net asset value in the audited financial statements. The primary measure of SIHL's financial performance and the performance of its subsidiaries will be the change in Symphony's NAV per share resulting from changes in the fair value of investments.

Symphony was admitted to the Official List of the London Stock Exchange ("LSE") on 3 August 2007 under Chapter 14 of the Listing Manual of the LSE. The proceeds from the IPO amounted to US$190 million before issue expenses pursuant to which 190.0 million new shares were issued in the IPO. In addition to these 190.0 million shares and 94.9 million shares pre-IPO, a further 53.4 million shares were issued comprising of the subscription of 13.2 million shares by investors and SIHL's investment manager, the issue of 33.1 million bonus shares, and the issue of 7.1 million shares to SIHL's investment manager credited as fully paid raising the total number of issued shares to 338.3 million.

**NAV, Shares Outstanding and NAV Per Share on Quarterly Basis[1]**

| | | Group | |
|---|---|---|---|
| **As at** | **12/31/17** | **12/31/18** | **12/31/19** |
| NAV (US$ '000) | 618,672 | 492,705 | **503,369** |
| Number of shares ('000) | 488,222 | 513,366 | **513,366** |
| NAV per share (US$) | 1.27 | 0.96 | **0.98** |
| Diluted NAV per share (US$)[2] | 1.23 | 0.96 | **0.98** |

| | | Group | |
|---|---|---|---|
| **As at** | **03/31/19** | **06/30/19** | **09/30/19** |
| NAV (US$ '000) | 541,785 | 560,365 | **509,298** |
| Number of shares ('000) | 513,366 | 513,366 | **513,366** |
| NAV per share (US$) | 1.06 | 1.09 | **0.99** |
| Diluted NAV per share (US$)[2] | 1.06 | 1.09 | **0.99** |

1 Unaudited
2 Adjusting for the impact of in the money vested but unexercised options

The Company issued 4,119,490 shares, 2,059,745 shares, 2,059,745 shares and 2,059,745 shares on 6 August 2010, 21 October 2010, 4 August 2011 and 23 October 2012, respectively, credited as fully paid, to the Investment Manager, Symphony Investment Managers Limited. The shares were issued as part of the contractual arrangements with the Investment Manager.

On 4 October 2012, SIHL announced a fully underwritten 0.481 for 1 rights issue at US$0.60 per new share to raise proceeds of approximately US$100 million (US$93 million net of expenses) through the issue of 166,665,997 million new shares, fully paid, that commenced trading on the London Stock Exchange on 22 October 2012.

As part of the contractual arrangements with the Investment Manager in the Investment Management Agreement, as amended, the Investment Manager was granted 82,782,691 and 41,666,500 share options to subscribe for ordinary shares at an exercise price of US$1.00 and US$0.60 on 3 August 2008 and 22 October 2012, respectively. The share options vest in equal tranches over a five-year period from the date of grant. As at 31 December 2018, 41,666,500 share options with an exercise price of US$0.60 had been exercised and all the 82,782,691 options had lapsed and expired. There were no share options outstanding at 31 December 2019.

During 2017, 43,525,000 shares were bought back and cancelled, as part of a share buyback programme announced on 16 January 2017. Together with the shares issued to the Investment Manager, the shares issued pursuant to the rights issue, shares issued pursuant to the exercise of options and shares cancelled pursuant to the share buyback programme, the Company's fully paid issued share capital was 513.4 million shares at 31 December 2019 (2018: 513.4 million shares).

## Revenue and Other Operating Income

Management concluded during 2014 that the Company meets the definition of an investment entity and adopted IFRS 10, IFRS 12 and IAS 27 standards where subsidiaries are de-consolidated and their fair value is measured through profit or loss. As a result, revenue, such as dividend income, from underlying investments in subsidiaries is no longer consolidated.

During 2019, Symphony recognised other operating income of US$784,000, which mainly comprised interest income from bank deposits, loan interest and dividends from unconsolidated subsidiaries (predominantly relating to intercompany transactions). This compares to other operating income of US$26.14 million in 2018 that comprised the same items.

## Expenses

### *Other Operating Expenses*

Other operating expenses include fees for professional services, interest expense, insurance, communication, travel, Directors' fees and other miscellaneous expenses and costs incurred for analysis of proposed deals. For the year ended 31 December 2019, other operating expenses amounted to US$3.16 million which included non-cash foreign exchange losses of US$0.53 million. Excluding the foreign exchange losses and interest expense related to bank borrowings, other operating expenses were US$1.23 million in 2019, which compares to US$1.17 million of operating expenses on the same basis in 2018.

### *Management Fee*

The management fee amounted to US$11.84 million for the year ended 31 December 2019 (2018: US$12.25 million). The management fee was calculated on the basis of 2.25% of NAV (with a floor and cap of US$8 million and US$15 million per annum, respectively) pursuant to the Investment Management Agreement.

### *Share-based Payment Transactions*

Under the terms of the Investment Management and Advisory Agreement, the Investment Manager was granted share options to subscribe for shares of the Company. On 3 August 2008, the Investment Manager was granted 82,782,691 share options to subscribe for shares at US$1.00 each and on 22 October 2012, the Investment Manager was granted 41,666,500 share options to subscribe for shares at US$0.60 each. The share options vest in five equal tranches over a period of five years. All the share options were fully vested and expensed at 31 December 2017.

# INVESTMENT MANAGER'S REPORT

During the year ended 31 December 2018, the 82,782,691 share options granted on 3 August 2008 that were exercisable on or before 2 August 2018 have lapsed unexercised. These lapsed options cannot be reissued to the Investment Manager.

### Liquidity and Capital Resources

At 31 December 2019, Symphony's cash balance was US$7.67 million (2018: US$11.54 million). Symphony's primary uses of cash are to fund investments, pay expenses and to make distributions to shareholders, as declared by our board of directors. Symphony can generate additional cash from time-to-time from the sale of listed securities that are liquid and amount to US$282,494,000 (2018: US$268,832,000) and which are held through wholly owned subsidiaries. Taking into account current market conditions, it is expected that Symphony has sufficient liquidity and capital resources for its operations. The primary sources of liquidity are capital contributions received in connection with the initial public offering of shares, related transactions and a rights issue (See description under "Capitalisation and NAV"), in addition to cash from investments that it receives from time to time and bank facilities.

This cash from investments is in the form of dividends on equity investments, payments of interest and principal on fixed income investments and cash consideration received in connection with the disposal of investments. Temporary investments made in connection with Symphony's cash management activities provide a more regular source of cash than less liquid longer-term and opportunistic investments, but generate lower expected returns. Other than amounts that are used to pay expenses, or used to make distributions to our shareholders, any returns generated by investments are reinvested in accordance with Symphony's investment policies and procedures. Symphony may enter into one or more credit facilities and/or utilise other financial instruments from time to time with the objective of increasing the amount of cash that Symphony has available for working capital or for making opportunistic or temporary investments. At 31 December 2019, the Company had total interest-bearing borrowings of US$72.88 million (2018: US$5.33 million), which consists of US$5.43 million (2018: US$5.33 million) associated with a property related

investment in Niseko, Hokkaido, Japan and bank debt of US$67.45 million (2018: Nil). The bank debt is secured by listed securities held by the Company.

### Principal Risks

The Company's and the Company's investment management team's past performance is not necessarily indicative of the Company's future performance and any unrealised values of investments presented in this document may not be realised in the future.

The Company is not structured as a typical private equity vehicle (it is structured as a permanent capital vehicle), and thus may not have a comparable investment strategy. The investment opportunities for the Company are more likely to be as a long-term strategic partner in investments, which may be less liquid and which are less likely to increase in value in the short term.

The Company's organisational, ownership and investment structure may create certain conflicts of interests (for example in respect of the directorships, shareholdings or interests, including in portfolio companies that some of the Directors and members of the Company's investment management team may have). In addition, neither the Investment Manager nor any of its affiliates owes the Company's shareholders any fiduciary duties under the Investment Management Agreement between, inter alia, the Company and the Investment Manager. The Company cannot assume that any of the foregoing will not result in a conflict of interest that will have a material adverse effect on the business, financial condition and results of operations.

The Company is highly dependent on the Investment Manager, the Key Persons (as defined in the Investment Management Agreement) and the other members of the Company's investment management team and the Company cannot assure shareholders that it will have continued access to them or their undivided attention, which could affect the Company's ability to achieve its investment objectives.

The Investment Manager's remuneration is based on the Company's NAV (subject to minimum and maximum amounts) and is payable even if the NAV does not increase, which could create an incentive for the Investment Manager to increase or maintain the NAV in the short term (rather than the long-term) to the potential detriment of Shareholders.

The Company's investment policies contain no requirements for investment diversification and its investments could therefore be concentrated in a relatively small number of portfolio companies in the Healthcare, Hospitality, Lifestyle (including branded real estate developments), logistics and education sectors predominantly in Asia.

The Company has made, and may continue to make, investments in companies in emerging markets, which exposes it to additional risks (including, but not limited to, the possibility of exchange control regulations, political and social instability, nationalisation or expropriation of assets, the imposition of taxes, higher rates of inflation, difficulty in enforcing contractual obligations, fewer investor protections and greater price volatility) not typically associated with investing in companies that are based in developed markets.

Furthermore, the Company has made, and may continue to make, investments in portfolio companies that are susceptible to economic recessions or downturns. Such economic recessions or downturns may also affect the Company's ability to obtain funding for additional investments.

The Company's investments include investments in companies that it does not control and/or made with other

# INVESTMENT MANAGER'S REPORT

co-investors for financial or strategic reasons. Such investments may involve risks not present in investments where the Company has full control or where a third party is not involved. For example, there may be a possibility that a co-investor may have financial difficulties or become bankrupt or may at any time have economic or business interests or goals which are inconsistent with those of the Company or may be in a position to take or prevent actions in a manner inconsistent with the Company's objectives. The Company may also be liable in certain circumstances for the actions of a co-investor with which it is associated. In addition, the Company holds a non-controlling interest in certain investments, and therefore, may have a limited ability to protect its position in such investments.

A number of the Company's investments are currently, and likely to continue to be, illiquid and/ or may require a long-term commitment of capital. The Company's investments may also be subject to legal and other restrictions on resale. The illiquidity of these investments may make it difficult to sell investments if the need arises.

The Company's real estate related investments may be subject to the risks inherent in the ownership and operation of real estate businesses and assets. A downturn in the real estate sector or a materialization of any of the risks inherent in the real estate business and assets could materially adversely affect the Company's real estate investments. The Company's portfolio companies also anticipate selling a significant proportion of development properties prior to completion. Any delay in the completion of these projects may result in purchasers terminating off-plan sale agreements and claiming refunds, damages and/or compensation.

The Company is exposed to foreign exchange risk when investments and/ or transactions are denominated in currencies other than the U.S. dollar, which could lead to significant changes in the net asset value that the Company reports from one quarter to another.

The Company's investment policies and procedures (which incorporate the Company's investment strategy) provide that the Investment Manager should review the Company's investment policies and procedures on a regular basis and, if necessary, propose changes to the Board when it believes that those changes would further assist the Company in achieving its objective of building a strong investment base and creating long term value for its Shareholders. The decision to make any changes to the Company's investment policy and strategy, material or otherwise, rests with the Board in conjunction with the Investment Manager and Shareholders have no prior right of approval for material changes to the Company's investment policy.

Investments in connection with special situations and structured transactions typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Investments that fall into this category tend to have relatively short holding periods and entail little or no participation in the board of the company in which such investments may be made.

Special situations and structured transactions in the form of fixed debt investments also carry an additional risk that an increase in interest rates could decrease their value.

The Company's current investment policies and procedures provide that it may invest an amount of no more than 30% of its total assets in special situations and structured transactions which, although they are not typical longer-term investments, have the potential to generate attractive returns and enhance the Company's net asset value. Following the Company's investment, it may be that the proportion of its total assets invested in longer-term

investments falls below 70% and the proportion of its total assets invested in special situations and structured transactions exceeds 30% due to changes in the valuations of the assets, over which the Company has no control.

Pending the making of investments, the Company's capital will need to be temporarily invested in liquid investments and managed by a third-party investment manager of international repute or held on deposit with commercial banks before they are invested. The returns that temporary investments are expected to generate and the interest that the Company will earn on deposits with commercial banks will be substantially lower than the returns that it anticipates receiving from its longer-term investments or special situations and structured transactions.

In addition, while the Company's temporary investments will be relatively conservative compared to its longer-term investments or special situations and structured transactions, they are nevertheless subject to the risks associated with any investment, which could result in the loss of all or a portion of the capital invested.

The Investment Manager has identified but has not yet contracted to make further potential investments. The Company cannot guarantee shareholders that any or all of these prospective investments will take place in the future.

The market price of the Company's shares may fluctuate significantly and shareholders may not be able to resell their shares at or above the price at which they purchased them.

The Company's shares are currently trading, and have in the past traded, and could in the future trade, at a discount to NAV for a variety of reasons, including due to market conditions. The only way for shareholders to realise their investment is to sell their shares for cash. Accordingly, in the event that a shareholder requires immediate liquidity, or otherwise seeks to realise the value of his investment through a sale, the amount received by the shareholder upon such sale may be less than the underlying NAV of the shares sold.

**ANIL THADANI**
**Chairman,**
Symphony Asia Holdings Pte. Ltd.

11 March 2020

# BOARD OF DIRECTORS

## GEORGES GAGNEBIN

**Mr. Gagnebin** is based in Echandens, Switzerland and was appointed to the Board of the Company on 8 July 2007 and to the position of Chairman of the Company on 27 November 2019. He is the Chairman of the Board of Pâris Bertrand (Europe) S.A., Luxembourg since 2016 as well as the Chairman of the Board of Banque Pâris Bertrand S.A., Geneva since 2012. In 2005, he joined the Julius Baer Group Ltd. where he was a Vice- Chairman of Julius Baer Holding Ltd and Bank Julius Baer & Co Ltd and, more recently, Chairman of the board of directors of Infidar Investment Advisory Ltd., a member company of Julius Baer Group Ltd. Prior to joining the Julius Baer Group in 2005, Mr. Gagnebin held several executive positions at UBS AG, including Head of International Clients Europe, Middle East and Africa in the private banking division, a member of the Group Managing Board, a member of the Group Executive Board, Chief Executive Officer of Private Banking, Chairman of Wealth Management and Business Banking, and the Vice- Chairman of SBC Wealth Management AG. From 1969 to 1998, Mr. Gagnebin held various positions at the Swiss Bank Corporation, including serving as member of the management committee. He was awarded an official diploma as a Swiss certified Banking Expert in 1972.

## RAJIV K. LUTHRA

**Mr. Luthra** is based in New Delhi and was appointed to the Board of the Company on 8 July 2007. He is the Founder and Managing Partner of L&L Partners (formerly Luthra & Luthra Law Offices), a full-service top-tier Indian law firm, which has been ranked across various practice areas in all leading international publications and has won a number of accolades, including 'Best Corporate and M&A Law Firm 2020 – India' by Acquisition International; 'Energy and Resources Law Firm of the Year' by ALB India, 'Best Overall Law Firm' by India Business Law Journal; 'global leader in Project Finance and Public-Private-Partnership' and has been recognized as the 'No. 1 law firm in the world' by Dealogic.

Mr. Luthra serves on a number of high-level committees, including the High Level Advisory Group, appointed by Commerce Ministry to formulate India's trade policies; High Level Committee on Corporate Social Responsibility; Securities Exchange Board of India high level committees for (i) Reviewing Insider Trading Regulations and (iii) Rationalization of Investment Routes and Monitoring of Foreign Portfolio Investments; Advisory Board of the Competition Commission of India amongst others. He is also the Convener of the Joint Economic & Trade Committee, formed to advise the Government of India on the liberalisation of legal services between India and the UK.

He is a recipient of the 'National Law Day Award' bestowed upon him by the Prime Minister of India and the Chief justice of India and the 'Managing Partner of the Year 2020' Award by ALB India, among several others.

## SAMER Z. ALSAIFI

**Mr. Alsaifi** is based in Dubai and was appointed to the Board of the Company on 1 March 2019. He is currently the Vice-Chairman and a Partner of Alcazar Capital Limited, a private equity and advisory platform regulated by the Dubai Financial Services Authority. Mr. Alsaifi brings extensive capital markets experience to the Company's board having previously held roles in corporate finance, private banking, asset management and private equity in the United States, the United Arab Emirates and Singapore. Prior to Alcazar Capital Limited, Mr. Alsaifi was an Executive Director and Advisor at Morgan Stanley Wealth Management in Dubai. Before that, Mr. Alsaifi was the CEO of DIC Asset Management, the wholly-owned subsidiary of Dubai International Capital LLC, the Dubai Sovereign Wealth Fund. Mr. Alsaifi has also held roles at the Arab Bank Plc in Jordan and Singapore and Manufacturers Hanover Trust in New York. Mr. Alsaifi has a BA in Management and Finance from Southeastern Louisiana University and has completed an Executive Management Program at Harvard University.

## OLIVIERO BOTTINELLI

**Mr. Bottinelli** is based in Singapore and was appointed to the Board of the Company on 27 November 2019. Mr. Bottinelli currently oversees Imagine Capital Limited, a private family office which is involved in asset, property and corporate management. He also serves on the Board of Audemars Piguet. Prior roles include the Chief Executive Officer of Audemars Piguet Asia Pacific and an Executive at BP de Silva. Mr. Bottinelli graduated (magna cum laude) from the Business School of Lausanne Switzerland with a degree in Business Administration.

## ANIL THADANI

**Mr. Thadani** is based in Singapore and was appointed to the Board of the Company on 16 February 2004. He is also the Chairman of the Investment Manager. Mr. Thadani has worked in the Asia-Pacific region since 1975 and has been involved in Asian private equity since 1981 when he cofounded one of the first private equity investment companies in Asia. In 1992 he founded Schroder Capital Partners, which became the Asian arm of the Schroder Ventures Group until 2004, when he formed the Symphony group of companies. Before entering private equity in 1981, Mr. Thadani began his career as a research engineer with Chevron Chemical Company in California. Mr. Thadani subsequently worked for Bank of America in the United States, Japan, the Philippines and Hong Kong. He has served on the boards of several private and public companies in Asia, Europe and North America and continues to represent the Company on the boards of its portfolio companies. Mr. Thadani was appointed non-executive Chairman of Alcazar Capital Limited, a private equity firm regulated by the Dubai Financial Services Authority in March 2018. He is also an Advisor to SMU's Committee for Institutional Advancement. Mr. Thadani has a B Tech in Chemical Engineering from the Indian Institute of Technology, Madras, an MS in Chemical Engineering from the University of Wisconsin, Madison, and an MBA from the University of California at Berkeley.

## SUNIL CHANDIRAMANI

**Mr. Chandiramani** is based in Hong Kong and was appointed to the Board of the Company on 16 February 2004. He is Chief Executive Officer of Symphony Capital Partners Limited and a Non-Executive Director of the Investment Manager. Mr. Chandiramani has over 32 years' experience in private equity and related investment experience across multiple industry sectors in Asia and the United States. Mr. Chandiramani's experience in Asian private equity was initially as a partner with Arral & Partners and subsequently with Schroder Capital Partners. Prior to that, he worked on leveraged buy-outs and acquisitions for the Structured Finance Group at Bankers Trust Company in New York. Mr. Chandiramani has a BCom (Hons) from the Shri Ram College of Commerce, Delhi University, and an MBA from the Wharton School of the University Pennsylvania.

# DIRECTORS' REPORT

The Directors submit their Report together with the Company's Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and the related notes for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and are in agreement with the accounting records of the Company, which have been properly kept in accordance with the BVI Business Companies Act 2004.

## Corporate Governance

The Company is incorporated under the laws of the British Virgin Islands. On 3 August 2007, the Company was admitted to the official list of the London Stock Exchange pursuant to a Secondary Listing under Chapter 14 of the Listing Rules and its securities were admitted for trading on the London Stock Exchange's Main Market. In April 2010, the UK listing regime was restructured into Premium and Standard Listing categories. The Company is in the Standard Listing Category constituent. Details of the share capital of the Company are disclosed in note 6 to the financial statements

As the Company is incorporated in the British Virgin Islands, and being a Standard Listing Category constituent, it is not required to comply with the requirements of the UK Combined Code on Corporate Governance published by the Financial Reporting Council (the "Code"). However, the Company is required to prepare a corporate governance statement. There is no published corporate governance regime equivalent to the Code in the British Virgin Islands. However, the Board is committed to ensuring that proper standards of corporate governance and has established governance procedures and policies that it believes and considers appropriate having regard to the nature, size and resources of the Company. The following explains how the relevant principles of governance are applied to the Company.

The Board currently has six members, of which a majority, including the Board Chairman, are independent directors. The Board members will have regard to their obligations to act in the best interests of the Company should potential conflicts of interest arise.

The Board Chairman at the start of the 2019 financial year, Mr. Pierangelo Bottinelli, retired from his position as Chairman and as an Independent Director of the Company effective 27 November 2019. Mr. Pierangelo Bottinelli has been an Independent Director of the Company since December 2005. During his tenure, Mr Bottinelli has provided invaluable advice and direction. Mr. Pierangelo Bottinelli will continue to support the Company in a new appointment as Chairman Emeritus.

Mr. Georges Gagnebin, joined Symphony as an Independent Director in July 2007 and was appointed to the position of Chairman of the Company on 27 November 2019. Mr. Gagnebin has more than 50 years of experience in banking and private wealth management and is currently the Chairman of the Board of Banque Pâris Bertrand S.A., Geneva and Chairman of the Board of Pâris Bertrand (Europe) S.A., Luxembourg. Mr. Gagnebin is an extremely capable successor who will provide strong leadership to Symphony. The other three independent directors are Mr. Rajiv K. Luthra, Mr. Samer Z. Alsaifi and Mr. Oliviero Roger Bottinelli. Mr. Luthra is the managing partner and founder of Luthra and Luthra Law Offices in India and serves on several high level committees. Mr. Alsaifi is Vice-Chairman and a Partner of Alcazar Capital Limited, a private equity and advisory platform regulated by the Dubai Financial Services Authority. Mr. Oliviero Bottinelli oversees Imagine Capital Limited, a private family office which is involved in asset, property and corporate management. He also serves on the Board of Audemars Piguet. The other members of the Board are Mr. Anil Thadani and Mr. Sunil Chandiramani who have over 39 years and 32 years of experience in private equity, respectively.

During the 2019 financial year, the Company had directorate changes. Mr. Alsaifi was appointed to the Board as an Independent Director effective 1 March 2019. Mr. Pierangelo Bottinelli, retired from his position as Chairman and an Independent Director of the Company on 27 November 2019.

Mr. Georges Gagnebin was appointed to the position of Chairman and Mr. Oliviero Bottinelli was appointed as an Independent Director at the same time.

More detailed biographies of the Directors can be found preceding this section. The Board has extensive experience relevant to the Company and any change in the Board composition can be managed without undue interruption.

The Directors currently do not have a fixed term of office and there are specific provisions regarding the procedures for their appointment. The Directors may be removed and replaced at any time subject to the following procedure:

i. any proposal for the replacement or removal of one or more Directors shall be considered by the Nominations Committee who shall assess the suitability of the candidates proposed (and any Director who is the subject of the removal proposal shall not participate in such assessment); and

ii. if the Nominations Committee approves the candidate(s) proposed they shall convene a special meeting of the Board to vote on the removal and replacement of the relevant Director(s).

Further, pursuant to the terms of the Investment Management Agreement and the Articles of Association, if a Director who is also a Key Person is to be replaced, a new Director to replace such Key Person Director shall be nominated by the Investment Manager and the Board may reject such nomination by the Investment Manager only if it would be illegal to accept such nominee of the Investment Manager under any applicable law. The Board is responsible for reviewing the financial performance and internal controls and monitoring the overall strategy of the Company. In addition, the Board is responsible for approving this annual financial report and the quarterly NAV reports during the year.

The Board has two committees:

i. the Nominations Committee; and

ii. the Audit Committee.

The Nominations Committee has the duty of assessing the suitability of candidates nominated by our Shareholders as replacement Directors. The Nominations Committee comprises a majority of independent Directors. The Chairman of the Nominations Committee is Mr. Georges Gagnebin. The other Nominations Committee members are Mr. Anil Thadani, Mr. Oliviero Bottinelli and Mr. Rajiv K. Luthra. If a member of the Nominations Committee has an interest in a matter being deliberated upon by the Nominations Committee, he shall be required to abstain from participating in the review and approval process of the Nominations Committee in relation to that matter. If more than one member of the Nominations Committee has an interest in a matter being deliberated, then the non-interested Directors who are not members of the Nominations Committee will participate in the review and approval process in relation to that matter. The Nominations Committee met three times during the year.

The Audit Committee assists the Board in overseeing the risk management framework by reviewing any matters of significance affecting financial reporting and internal controls of the Company, and has the duty of, among other things:

i. assisting the Board in its oversight of the integrity of the financial statements, the qualifications, independence and performance of the independent auditors and compliance with relevant legal and regulatory requirements;

ii. reviewing and approving with the external auditors their audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss without the presence of board members and ensuring compliance with relevant legal and regulatory requirements;

# DIRECTORS' REPORT

iii. reviewing and approving with the internal auditors the scope and results of internal audit procedures and their evaluation of the internal control system;

iv. making recommendations to the Board on the appointment or reappointment of external auditors, the audit fee and resignation or dismissal of the external auditors; and

v. pre-approving any non-audit services provided by the external auditors.

The Audit Committee comprises a majority of independent Directors. The Chairman of the Audit Committee is Mr. Rajiv K. Luthra. The other Audit Committee members are Mr. Georges Gagnebin, Mr. Samer Alsaifi and Mr. Sunil Chandiramani. If a member of the Audit Committee has an interest in a matter being deliberated upon by the Audit Committee, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that matter. If more than one member of the Audit Committee has an interest in a matter being deliberated, then the non-interested Directors who are not members of the Audit Committee will participate in the review and approval process in relation to that matter. The Audit Committee met two times during the year.

Each Committee and each Director has the authority to seek independent professional advice where necessary to discharge their respective duties in each case at the Company's expense. The Board understands its responsibility for ensuring that there are sufficient, appropriate and effective systems, procedures, policies and processes for internal control of financial operational compliance and risk management matters. The Board meets regularly during the year to receive from the Investment Manager an update on the Company's investment activities and performance, together with reports on markets and other relevant matters. In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure ongoing financial performance is monitored in a timely and corrective manner and risk is identified and mitigated to the extent practicably possible.

The Board periodically meets and had a total of five meetings during the year. The Company has entered into an agreement with the Investment Manager. The key responsibilities of the Investment Manager are to implement the investment objectives of the Company. The Company's investment objective is to create value for stakeholders through long term strategic investments.

## DIRECTORS' RESPONSIBILITY STATEMENT

We the Directors of Symphony International Holdings Limited the Company confirm that to the best of our knowledge:

i. the Financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole as at and for the year ended 31 December 2019;

ii. the Investment Manager's Report includes a fair review of the development and performance of the business for the year ended 31 December 2019 and the position of the Company taken as a whole as at 31 December 2019, together with a description of the risks and uncertainties that the Group faces; and

iii. the accounting records have been properly kept.

On behalf of the Board of Directors

**GEORGES GAGNEBIN**
Chairman
Symphony International Holdings Limited

**ANIL THADANI**
Chairman
Symphony Asia Holdings Pte. Ltd.

**Director**
Symphony International Holdings Limited

6 April 2020

# CORPORATE INFORMATION

## COMPANY

**Symphony International Holdings Limited**

## DIRECTORS

**Georges Gagnebin**
*Chairman and Independent Director*

**Rajiv K. Luthra**
*Independent Director*

**Samer Z. Alsaifi**
*Independent Director*

**Oliviero Roger Bottinelli**
*Independent Director*

**Anil Thadani**

**Sunil Chandiramani**

## REGISTERED OFFICE IN THE BRITISH VIRGIN ISLANDS

Vistra Corporate Services Centre
Wickhams Cay II
Road Town Tortola VG1110
British Virgin Islands

## REGISTERED AGENT

**Vistra (BVI) Limited**
Vistra Corporate Services Centre
Wickhams Cay II
Road Town Tortola VG1110
British Virgin Islands

## CORRESPONDENCE ADDRESS

Care of: Symphony Asia Holdings Pte. Ltd.
9 Raffles Place
#52-02 Republic Plaza Tower 1
Singapore 048619

## SHARE REGISTRAR AND SHARE TRANSFER AGENT

**Link Market Services (Guernsey) Ltd.**
Mont Crevett House
Bulwer Avenue
St. Sampson, Guernsey
GY2 4LH

## INVESTMENT MANAGER

**Symphony Asia Holdings Pte. Ltd.**
9 Raffles Place
#52-02 Republic Plaza Tower 1
Singapore 048619

## AUDITORS

**KPMG LLP**
Public Accountants and
Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

# FINANCIAL STATEMENTS

# INDEPENDENT AUDITORS' REPORT

Members of the Company
Symphony International Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Symphony International Holdings Limited ('the Company'), which comprise the statement of financial position of the Company as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, including a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 80.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with International Financial Reporting Standards (IFRS) so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of the financial performance and changes in equity and cash flows of the Company for the year ended on that date.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (IESBA Code) and the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code, and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITORS' REPORT

Members of the Company
Symphony International Holdings Limited

| Valuation of financial assets at fair value through profit or loss (Level 3)<br>(Refer to Note 16 to the financial statements, page 66 et seq.) | |
|---|---|
| **The key audit matter** | **How the matter was addressed in our audit** |
| The Company's investments are measured at fair value and amount to US$569 million (2018: US$487 million) at 31 December 2019. The Company holds its investments directly or through its unconsolidated subsidiaries. The underlying investments comprise both quoted and unquoted securities.<br><br>The Company has underlying unquoted investments amounting to US$300 million (2018: US$220 million) which require significant judgement in the determination of the fair values as significant unobservable inputs are used in their estimation. Changes in these unobservable inputs could have a material impact on the valuation of these investments.<br><br>The Company used external valuers to measure the fair value of the land related investments and rental properties. The Company used internal models to value the operating businesses.<br><br>• For land related investments in Thailand, Japan and Malaysia, the external valuers applied the comparable valuation method with the price per square metre as the most determinative parameter.<br><br>• For rental properties in Thailand, an income approach was used to determine the fair value, by using the rental growth rate, occupancy rate and discount rate as the key input parameters.<br><br>• For operating businesses in Thailand, the Company measured the investments using the enterprise values by applying comparable traded multiples and a discount for the lack of marketability.<br><br>• For an operating business in France, the Company measured the investment using the adjusted net asset value method and applied a discount to tangible assets for lack of liquidity to certain classes of assets.<br><br>• For a greenfield operating business in Thailand, the Company used a discounted cash flow method to determine the fair value, using projected revenue and expenses, terminal growth rate, small capitalisation premium and weighted average cost of capital ('WACC') as key input parameters. | As part of our audit procedures, we have:<br><br>• Evaluated the design and implementation of controls over the preparation, review and approval of the valuations.<br><br>• Our in-house valuation specialist has assessed the appropriateness of the internal models used to value the operating businesses.<br><br>• For land related investments and rental properties, evaluated the valuers' independence and qualification; and compared the assumptions and parameters used to externally derived data.<br><br>• For operating businesses valued using the comparable enterprise model, checked consistency of EBITDA multiples and share prices to publicly available information.<br><br>• For the operating business valued using the adjusted net asset value method, assessed that the items deducted from assets to be consistent with market practices.<br><br>• For the operating business valued using the discounted cash flow method, assessed the reasonableness of key assumptions used including projected revenue and expenses by corroborating to past performance.<br><br>• Involved our in-house valuation specialist in assessing the appropriateness of comparable enterprises and reviewing key assumptions such as the discount rate used for the lack of marketability and the lack of liquidity, small capitalisation premium, WACC and the terminal growth rate and corroborated the reasons for any unexpected movements from prior valuations.<br><br>• Reviewed the adequacy of the disclosures in the financial statements on the key assumptions in the estimates applied in the valuations. |

# INDEPENDENT AUDITORS' REPORT

Members of the Company
Symphony International Holdings Limited

| Valuation of financial assets at fair value through profit or loss (Level 3)<br>(Refer to Note 16 to the financial statements, page 66 et seq.) |
|---|
| **Our findings** |
| We found the design and the controls over the preparation, review and approval of valuations to be effective. The valuation methodologies used are in line with generally accepted market practices. We found no matters of concern regarding the independence and qualification of the external valuers.<br><br>Overall, the valuation estimates and assumptions made by management were within a reasonable range of estimates used in our evaluation. We also noted that the Company's disclosures were adequate. |

**Other information**

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report, but does not include the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of management and directors for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

# INDEPENDENT AUDITORS' REPORT

Members of the Company
Symphony International Holdings Limited

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 controls.

- Obtain an understanding of internal controls 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 Company's internal controls.

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# INDEPENDENT AUDITORS' REPORT

Members of the Company
Symphony International Holdings Limited

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Shelley Chan Hoi Yi.

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

**Singapore**
6 April 2020

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

| | Note | 2019 US$'000 | 2018 US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Financial assets at fair value through profit or loss | 3 | **569,339** | 486,790 |
| | | **569,339** | 486,790 |
| **Current assets** | | | |
| Other receivables and prepayments | 4 | **69** | 72 |
| Cash and cash equivalents | 5 | **7,671** | 11,538 |
| | | **7,740** | 11,610 |
| **Total assets** | | **577,079** | 498,400 |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | 6 | **409,704** | 409,704 |
| Accumulated profits | | **93,945** | 83,001 |
| **Total equity carried forward** | | **503,649** | 492,705 |
| **Current liabilities** | | | |
| Interest-bearing borrowings | 8 | **72,879** | 5,327 |
| Other payables | 9 | **551** | 368 |
| Bank overdraft | | **–** | * |
| **Total liabilities** | | **73,430** | 5,695 |
| **Total equity and liabilities** | | **577,079** | 498,400 |

* *Less than US$1,000*

The financial statements were approved by the Board of Directors on 6 April 2020.

**Anil Thadani**
*Director*

**Sunil Chandiramani**
*Director*

6 April 2020

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

# STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

| | Note | 2019<br>US$'000 | 2018<br>US$'000 |
|---|---|---|---|
| Other operating income | | **784** | 26,142 |
| Other operating expenses | | **(3,156)** | (4,157) |
| Management fees | | **(11,839)** | (12,248) |
| **(Loss)/Profit before investment results and income tax** | | **(14,211)** | 9,737 |
| Loss on disposal of financial assets at fair value through profit or loss | | **(410)** | (19) |
| Fair value changes in financial assets at fair value through profit or loss | | **43,533** | (79,234) |
| **Profit/(Loss) before income tax** | 10 | **28,912** | (69,516) |
| Income tax expense | 11 | ***** | – |
| **Profit/(Loss) for the year** | | **28,912** | (69,516) |
| **Other comprehensive income for the year, net of tax** | | **–** | – |
| **Total comprehensive income for the year** | | **28,912** | (69,516) |

**Earnings per share:**

| | Note | US Cents | US Cents |
|---|---|---|---|
| **Basic** | 12 | **5.63** | (13.99) |
| **Diluted** | 12 | **5.63** | (13.99) |

* *Less than US$1,000*

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

# STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

| | Share capital US$'000 | Reserves US$'000 | Accumulated profits US$'000 | Total equity US$'000 |
|---|---|---|---|---|
| At 1 January 2018 | 382,797 | 62,298 | 173,577 | 618,672 |
| **Total comprehensive income for the year** | – | – | (69,516) | (69,516) |
| **Transactions with owners of the Company, recognised directly in equity** | | | | |
| **Contributions by and distributions to owners** | | | | |
| Issuance of shares | 15,087 | – | – | 15,087 |
| Share options lapsed during the year | – | (50,478) | 50,478 | – |
| Exercise of share options | 11,820 | (11,820) | – | – |
| Dividend paid of US$0.12 per share | – | – | (71,538) | (71,538) |
| **Total transaction with owners of the Company** | 26,907 | (62,298) | (21,060) | (56,451) |
| At 31 December 2018 | 409,704 | – | 83,001 | 492,705 |
| At 1 January 2019 | 409,704 | – | 83,001 | 492,705 |
| **Total comprehensive income for the year** | – | – | 28,912 | 28,912 |
| **Transactions with owners of the Company, recognised directly in equity** | | | | |
| **Contributions by and distributions to owners** | | | | |
| Dividend paid of US$0.035 per share | – | – | (17,968) | (17,968) |
| **Total transaction with owners of the Company** | – | – | (17,968) | (17,968) |
| At 31 December 2019 | 409,704 | – | 93,945 | 503,649 |

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

# STATEMENT OF CASH FLOWS

Year ended 31 December 2019

| | Note | 2019 US$'000 | 2018 US$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(Loss) before income tax | | **28,912** | (69,516) |
| **Adjustments for:** | | | |
| Dividend income | | **(231)** | (25,841) |
| Exchange loss, net | | **534** | 2,785 |
| Interest income | | **(553)** | (301) |
| Interest expense | | **1,389** | 199 |
| Loss on disposal of financial assets at fair value through profit or loss | | **410** | 19 |
| Fair value changes in financial assets at fair value through profit or loss | | **(43,533)** | 79,234 |
| | | **(13,072)** | (13,421) |
| Changes in: | | | |
| - Other receivables and prepayments | | ***** | 16 |
| - Other payables | | **60** | (20) |
| | | **(13,012)** | (13,425) |
| Interest received (net of withholding tax) | | **556** | 290 |
| **Net cash used in operating activities** | | **(12,456)** | (13,135) |
| **Cash flows from investing activities** | | | |
| Net proceeds (provided to)/received from unconsolidated subsidiaries | | **(48,334)** | 65,602 |
| Net proceeds received from financial assets at fair value through profit or loss | | **8,654** | – |
| **Net cash (used in)/from investing activities** | | **(39,680)** | 65,602 |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital | | **–** | 13,578 |
| Interest paid | | **(1,268)** | (199) |
| Dividend paid | | **(17,968)** | (70,029) |
| Proceeds from borrowings | | **67,483** | 34 |
| **Net cash from/(used in) financing activities** | | **48,247** | (56,616) |
| **Net decrease in cash and cash equivalents** | | **(3,889)** | (4,149) |
| Cash and cash equivalents at 1 January | | **11,538** | 15,689 |
| Effect of exchange rate fluctuations | | **22** | (2) |
| **Cash and cash equivalents at 31 December** | 5 | **7,671** | 11,538 |

* *Less than US$1,000*

**Significant non-cash transactions**

During the financial year ended 31 December 2019, the Company received dividends of $231,000 (2018: $25,841,000) from its unconsolidated subsidiaries of which $231,000 (2018: $25,841,000) was set off against the non-trade amounts due to the unconsolidated subsidiaries.

During the financial year ended 31 December 2018, the Company declared dividends of $71,538,000 of which $1,509,000 was offset against the amount due from the Investment Manager from the exercise of share options.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 April 2020.

## 1 DOMICILE AND ACTIVITIES

Symphony International Holdings Limited (the Company) was incorporated in the British Virgin Islands (BVI) on 5 January 2004 as a limited liability company under the International Business Companies Ordinance. The address of the Company's registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110 British Virgin Islands effective 13 February 2017. The Company does not have a principal place of business as the Company carries out its principal activities under the advice of its Investment Manager.

The principal activities of the Company are those relating to an investment holding company while those of its unconsolidated subsidiaries consist primarily of making strategic investments with the objective of increasing the net asset value through strategic long-term investments in consumer-related businesses, primarily in the healthcare, hospitality, lifestyle (including branded real estate developments), logistics and education sectors predominantly in Asia and through investments in special situations and structured transactions, which have the potential of generating attractive returns.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Going concern

As at 31 December 2019, the Company's current liabilities exceeded its current assets by US$65,690,000. The Company, through its wholly owned subsidiaries, holds listed securities amounting to US$282,494,000 (2018: US$268,832,000). These listed securities are liquid and can therefore be sold from time-to-time to generate additional cash to settle any existing and ongoing liabilities of the Company. The directors are therefore confident that the use of the going concern assumption for the year ended 31 December 2019 remains appropriate.

### 2.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on a fair value basis, except for certain items which are measured on a historical cost basis. The financial statements are presented in thousands of United States dollars (US$'000), which is the Company's functional currency, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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 estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year are included in the following note:

- Note 16 – Fair value of investments

Except as disclosed above, there are no other significant areas of estimation uncertainty or critical judgements in the application of accounting policies that have a significant effect on the amount recognised in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Changes in accounting policies

The Company has applied the following IFRSs, amendments to and interpretations of FRSs for the first time for the annual period beginning on 1 January 2019:

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatment*
- Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to IFRS 3 and 11 *Previously Held Interest in a Joint Operation*
- Amendments to IAS 12 *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- Amendments to IAS 23 *Borrowing Costs Eligible for Capitalisation*
- Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*

The adoption of these IFRSs, amendments to standards and interpretations did not have a material effect on the Company's financial statements.

### 2.4 Subsidiaries

Subsidiaries are investees controlled by the Company. The Company controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company is an investment entity and does not consolidate its subsidiaries and measures them at fair value through profit or loss. In determining whether the Company meets the definition of an investment entity, management considered the structure of the Company and its subsidiaries as a whole in making its assessment.

### 2.5 Functional currency

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company (the functional currency).

For the purposes of determining the functional currency of the Company, management has considered the activities of the Company, which are those relating to an investment holding company. Funding is obtained in US dollars through the issuance of ordinary shares.

### 2.6 Foreign currencies

***Foreign currency transactions***

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Financial instruments

#### (i) Recognition and initial measurement

**Non-derivative financial assets and financial liabilities**

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Classification and subsequent measurement

**Non-derivative financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at FVTPL***

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Financial instruments (Cont'd)

#### (ii) Classification and subsequent measurement (Cont'd)

**Financial assets: Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.7 Financial instruments (Cont'd)**

**(ii) Classification and subsequent measurement (Cont'd)**

**Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (Cont'd)**

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Non-derivative financial assets: Subsequent measurement and gains and losses**

***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

***Financial assets at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses**

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

**(iii) Derecognition**

**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Financial instruments (Cont'd)

#### (iii) Derecognition (Cont'd)

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### (v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

#### (vi) Share capital

***Ordinary shares***

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

### 2.8 Impairment

#### (i) Non-derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.8 Impairment (Cont'd)**

**(i) Non-derivative financial assets (Cont'd)**

***General approach***

The Company applies the general approach to provide for ECLs on all financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

***Measurement of ECLs***

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 Impairment (Cont'd)

#### (i) Non-derivative financial assets (Cont'd)

***Credit-impaired financial assets***

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

***Presentation of allowance for ECLs in the statement of financial position***

Loss allowances for financial assets measured at amortised cost is deducted from the gross carrying amount of these assets.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### (ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 Impairment (Cont'd)

#### (ii) Non-financial assets (Cont'd)

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 2.9 Share-based payment transactions

The share option programme allows the option holders to acquire shares of the Company. The fair value of options granted to the Investment Manager is recognised as an expense in profit or loss in the statement of comprehensive income with a corresponding increase in equity. The fair value is measured when the services are received and spread over the period during which the Investment Manager becomes unconditionally entitled to the options.

The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

The fair value of Management Shares granted to the Investment Manager is recognised as an expense, with a corresponding increase in equity, over the vesting period, i.e. when the Investment Manager becomes unconditionally entitled to the Management Shares.

### 2.10 Revenue recognition

***Dividends***

Dividend income is recognised in profit on loss on the date that the shareholder's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

### 2.11 Finance income and finance expense

The Company's finance income and finance expense includes interest income, interest expense and foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Finance income and finance expense (Cont'd)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### 2.12 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- taxable temporary differences arising on the initial recognition of goodwill; and
- temporary differences on 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.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to 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 or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.13 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares and share options granted to the Investment Manager.

### 2.14 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors of the Investment Manager that makes strategic investment decisions.

Segment results that are reported to the chief operating decision-maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses and other assets and payable.

### 2.15 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements. None of these are expected to have a significant impact on the Company's financial statements.

## 3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2019<br>US$'000 | 2018<br>US$'000 |
|---|---|---|
| Investments | **569,339** | 486,790 |

## 4 OTHER RECEIVABLES AND PREPAYMENTS

| | 2019<br>US$'000 | 2018<br>US$'000 |
|---|---|---|
| Interest and other receivables | **11** | 12 |
| Other prepayments | **58** | 60 |
| | **69** | 72 |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 5 CASH AND CASH EQUIVALENTS

| | 2019 US$'000 | 2018 US$'000 |
|---|---|---|
| Fixed deposits with financial institutions and placements in money market funds | **6,406** | 6,244 |
| Cash at bank | **1,265** | 5,294 |
| Cash and cash equivalents in the statement of financial position | **7,671** | 11,538 |
| Bank overdraft | **–** | * |
| Cash and cash equivalents in the statement of cash flows | **7,671** | 11,538 |

The effective interest rate on fixed deposits with financial institutions as at 31 December 2019 was 0.05% to 2.60% (2018: 0.05% to 2.60%) per annum. Interest rates reprice at intervals of one week to three months.

* *Less than US$1,000*

## 6 SHARE CAPITAL

| | Company | |
|---|---|---|
| | 2019 Number of shares | 2018 Number of shares |
| **Fully paid ordinary shares, with no par value:** | | |
| At 1 January | **513,366,198** | 488,221,592 |
| Exercise of share options | **–** | 25,144,606 |
| At 31 December | **513,366,198** | 513,366,198 |

Share capital in the statement of financial position represents subscription proceeds received from, and the amount of liabilities capitalised through, the issuance of ordinary shares of no par value in the Company, less transaction costs directly attributable to equity transactions.

The Company does not have an authorised share capital and is authorised to issue an unlimited number of no par value shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. All shares rank equally with regard to the Company's residual assets. In the event that dividends are declared, the holders of the unexercised share options are entitled to receive the dividends (refer to note 13 for more details).

During the financial year ended 31 December 2018, 25,144,606 ordinary shares were issued as a result of the exercise of vested options arising from share options granted to the Investment Manager in 2012 (see note 13). Options were exercised at an average price of $0.60 per share.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 7 RESERVES

### *Equity compensation reserve*

The equity compensation reserve comprises the value of Management Shares and share options issued or to be issued for investment management and advisory services received by the Company (refer to note 13).

## 8 INTEREST-BEARING BORROWINGS

The interest-bearing borrowings comprises:

- term loan amounting to US$5,428,000 (2018: US$5,327,000) denominated in Japanese Yen. Interest is charged at 0.45% (2018: 0.45%) per annum and reprices on a quarterly basis. The loan principal is repayable quarterly unless the loan is rolled-over.
- term loan amounting to US$67,451,000 (2018: US$Nil) denominated in United States Dollar. Interest is charged at 3.11% to 3.98% (2018: US$Nil) per annum and reprices on maturity. The loan principal is repayable on maturity unless the loan is rolled-over. The interest-bearing term loan is secured by the listed securities held through the Company's wholly owned subsidiaries.

### *Reconciliation of movements of liabilities to cash flows arising from financing activities*

| | Liabilities | | | Equity | | | |
|---|---|---|---|---|---|---|---|
| | Bank overdraft US$'000 | Interest-bearing borrowings US$'000 | Interest payable US$'000 | Share capital US$'000 | Reserves US$'000 | Accumulated profits US$'000 | Total US$'000 |
| **As at 1 January 2018** | – | 5,166 | 2 | 382,797 | 62,298 | 173,577 | 623,840 |
| **Changes from financing cash flows** | | | | | | | |
| Proceeds from issuance of shares | – | – | – | 13,578 | – | – | 13,578 |
| Interest paid | – | – | (199) | – | – | – | (199) |
| Dividend paid | – | – | – | 1,509 | – | (71,538) | (70,029) |
| Proceeds from borrowings | – | 34 | – | – | – | – | 34 |
| **Total changes from financing cash flows** | – | 34 | (199) | 15,087 | – | (71,538) | (56,616) |
| **The effect of changes in foreign exchange rates** | – | 127 | – | – | – | – | 127 |
| **Other changes** | | | | | | | |
| **Liability-related** | | | | | | | |
| Change in bank overdraft | * | – | – | – | – | – | * |
| Interest expense | – | – | 199 | – | – | – | 199 |
| **Total liability-related other changes** | * | – | 199 | – | – | – | 199 |
| **Total equity-related other changes** | – | – | – | 11,820 | (62,298) | (19,038) | (69,516) |
| **Balance as at 31 December 2018** | * | 5,327 | 2 | 409,704 | – | 83,001 | 498,034 |

* *Less than US$1,000*

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 8 INTEREST-BEARING BORROWINGS (CONT'D)

***Reconciliation of movements of liabilities to cash flows arising from financing activities (Cont'd)***

| | Liabilities | | | Equity | | |
|---|---|---|---|---|---|---|
| | **Bank overdraft US$'000** | **Interest-bearing borrowings US$'000** | **Interest payable US$'000** | **Share capital US$'000** | **Accumulated profits US$'000** | **Total US$'000** |
| **As at 1 January 2019** | * | 5,327 | 2 | 409,704 | 83,001 | 498,034 |
| **Changes from financing cash flows** | | | | | | |
| Interest paid | – | – | (1,268) | – | – | (1,268) |
| Dividend paid | – | – | – | – | (17,968) | (17,968) |
| Proceeds from borrowings | – | 67,483 | – | – | – | 67,483 |
| **Total changes from financing cash flows** | – | 67,483 | (1,268) | – | (17,968) | 48,247 |
| **The effect of changes in foreign exchange rates** | – | 69 | – | – | – | 69 |
| **Other changes** | | | | | | |
| **Liability-related** | | | | | | |
| Change in bank overdraft | * | – | – | – | – | * |
| Interest expense | – | – | 1,389 | – | – | 1,389 |
| **Total liability-related other changes** | * | – | 1,389 | – | – | 1,389 |
| **Total equity-related other changes** | – | – | – | – | 28,912 | 28,912 |
| **Balance as at 31 December 2019** | – | 72,879 | 123 | 409,704 | 93,945 | 576,651 |

* *Less than US$1,000*

## 9 OTHER PAYABLES

| | **2019 US$'000** | **2018 US$'000** |
|---|---|---|
| Accrued operating expenses | **276** | 266 |
| Amounts due to a director and shareholders | **152** | 100 |
| Interest payable | **123** | 2 |
| | **551** | 368 |

The amount due to a director is unsecured, interest free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 10 PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax includes the following:

| | 2019 US$'000 | 2018 US$'000 |
|---|---|---|
| **Other operating income** | | |
| Dividend income | **231** | 25,841 |
| Interest income from: | | |
| - fixed deposits and placements in money market fund | **151** | 277 |
| - loans to unconsolidated subsidiaries | **402** | 24 |
| Other income | ***** | – |
| | **784** | 26,142 |
| **Other operating expenses** | | |
| Exchange loss, net | **534** | 2,785 |
| Non-executive director remuneration | **384** | 386 |
| Interest expense | **1,389** | 199 |

* *Less than US$1,000*

## 11 INCOME TAX EXPENSE

The Company is incorporated in a tax-free jurisdiction, thus, it is not subject to income tax. However, interest income of US$36 (2018: US$Nil) is subject to withholding tax imposed in the country of origin. During the year ended 31 December 2019, the average statutory withholding tax rate was 30% (2018: Nil).

## 12 EARNINGS PER SHARE

| | 2019 US$'000 | 2018 US$'000 |
|---|---|---|
| **Basic and diluted earnings per share are based on:** | | |
| Profit/(Loss) for the year attributable to ordinary shareholders | **28,912** | (69,516) |

***Basic and diluted earnings per share***

| | Number of shares 2019 | Number of shares 2018 |
|---|---|---|
| Issued ordinary shares at 1 January | **513,366,198** | 488,221,592 |
| Shares issued | **–** | 25,144,606 |
| Issued ordinary shares at 31 December | **513,366,198** | 513,366,198 |
| Weighted average number of shares (basic and diluted) | **513,366,198** | 496,728,851 |

At 31 December 2019 and 31 December 2018, there were no outstanding share options to subscribe for ordinary shares of no par value.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 13 SIGNIFICANT RELATED PARTY TRANSACTIONS

***Dividend income***

During the financial year ended 31 December 2019, the Company recognised dividend income from its unconsolidated subsidiaries amounting to US$231,000 (2018: US$25,841,000).

***Key management personnel compensation***

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

During the financial year, directors' fees amounting to US$384,000 (2018: US$386,000) were declared as payable to five directors (2018: four directors) of the Company. The remaining two directors of the Company are also directors of the Investment Manager who provides management and administrative services to the Company on an exclusive and discretionary basis. No remuneration has been paid to these directors as the cost of their services form part of the Investment Manager's remuneration.

***Other related party transactions***

On 10 July 2007, the Company entered into an Investment Management and Advisory Agreement with Symphony Investment Managers Limited ("SIMgL") pursuant to which SIMgL would provide investment management and advisory services exclusively to the Company. On 15 October 2015, SIMgL was replaced by Symphony Asia Holdings Pte. Ltd. ("SAHPL") (with SAHPL and SIMgL, as the case may be, hereinafter referred to as the "Investment Manager"). The Company entered into an Investment Management Agreement with SAHPL, which replaced the Investment Management and Advisory Agreement (as the case may be, hereinafter referred to as the "Investment Management Agreement"). The key persons of the management team of the Investment Manager comprise certain key management personnel engaged by the Investment Manager pursuant to arrangements agreed between the parties. They will (subject to certain existing commitments) devote substantially all of their business time as employees, and on behalf of the Investment Management Group, to assist the Investment Manager in its fulfilment of the investment objectives of the Company and be involved in the management of the business activities of the Investment Management Group. Pursuant to the Investment Management Agreement, the Investment Manager is entitled to the following forms of remuneration for the investment management and advisory services rendered.

a. Management fees

   Management fees of 2.25% per annum of the net asset value, payable quarterly in advance on the first day of each quarter, based on the net asset value of the previous quarter end. The management fees payable will be subject to a minimum amount of US$8,000,000 (2018: US$8,000,000) per annum and a maximum amount of US$15,000,000 (2018: US$15,000,000) per annum.

   In 2019, Management fees amounting to US$11,839,000 (2018: US$12,248,000) have been paid to the Investment Manager and recognised in the financial statements.

b. Management shares

   The Company did not issue any management shares during the year. At the reporting date, an aggregate of 10,298,725 (2018: 10,298,725) management shares had been issued, credited as fully paid to the Investment Manager.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 13 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

***Other related party transactions (Cont'd)***

c. Share options

Share options can be used to subscribe for ordinary shares of the Company.

In the structuring of the compensation payable under the Investment Management and Advisory Agreement, the value of the share options was considered to be measurable using the Binomial Tree option pricing model. Measurement inputs include share price on measurement date, exercise price, expected volatility, expected option life, expected dividends and risk-free interest rate.

The number and exercise price of share options granted to the Investment Manager are as follows:

| Grant date | Number of options 2019 | 2018 | Vesting conditions | Exercise price |
|---|---|---|---|---|
| **Options granted to Investment Manager** | | | | |
| On 3 August 2008 | 82,782,691 | 82,782,691 | Fully vested in five tranches over a period of five years and expired on the tenth anniversary of the date of grant. | US$1.00 |
| On 22 October 2012 | 41,666,500 | 41,666,500 | Fully vested in five equal tranches over a period of five years and will expire on the tenth anniversary of the date of grant. | US$0.60 |
| **Total share options outstanding at 1 January** | – | 107,927,297 | | |
| Lapsed during the year | – | 82,782,691 | | US$1.00 |
| Exercised during the year | – | 25,144,606 | | US$0.60 |
| **Total share options outstanding at 31 December** | – | – | | |

There were no share options outstanding as at 31 December 2019 and at 31 December 2018.

The share options granted on 3 August 2008 expired on 3 August 2018. The share options granted on 22 October 2012 have been fully exercised. These share options cannot be reissued to the Investment Manager.

Other than as disclosed elsewhere in the financial statements, there were no other significant related party transactions during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 14 COMMITMENTS

In September 2008, the Company entered into a loan agreement with a joint venture, held via its unconsolidated subsidiary, to grant loans totaling US$4,700,000 (THB140,000,000). As at 31 December 2019, US$4,000,000 (THB120,000,000) (2018: US$3,700,000 (THB120,000,000)) has been drawn down. The Company is committed to grant the remaining loan amounting to US$673,000 (THB20,000,000) (2018: US$619,000 (THB20,000,000)), subject to terms set out in the agreement.

During the financial year ended 31 December 2019, the Company entered into the following transactions:

- in September 2019, the Company entered into agreements for an investment in ASG Hospital Private Limited (“ASG”). As part of the agreements, the Company will subscribe to a second tranche of shares in ASG during the 2020 financial year at a cost of less than 1% of the net asset value as at 31 December 2019;
- in November 2019, the Company entered to agreements to subscribe for shares in Smarten Spaces Pte. Ltd. (“Smarten”). As part of the agreements, the Company will subscribe to a second tranche of shares in Smarten during the 2020 financial year at a cost of less than 1% of the net asset value as at 31 December 2019; and
- the Company has committed to subscribe to Good Capital Fund I for an amount less than 1% of the net asset value as at 31 December 2019. Approximately 40% of this commitment had been funded at 31 December 2019 with 60% of the commitment subject to be called over the next four years.

In the general interests of the Company and its unconsolidated subsidiaries, it is the Company’s current policy to provide such financial and other support to its group of companies to enable them to continue to trade and to meet liabilities as they fall due.

## 15 OPERATING SEGMENTS

The Company has investment segments, as described below. Investment segments are reported to the Board of Directors of the Investment Manager, who review this information on a regular basis.

For the year ending 31 December 2019, the Company has revised its reportable segments. The following summarises the changes made to the reporting business segments:

a. The segment formerly described as ‘Lifestyle/education’ has been split into separate segments as ‘Lifestyle’ and ‘Education’.
b. Following a review by management, certain investments that were previously included under the ‘Cash and temporary investments’ have been separated into a new ‘Other’ category, which now also includes special situations type investments.
c. A new segment, ‘Logistics’ has been created which includes the Company’s new investment in Indo Trans Logistics Corporation (ITL).

The change in segment reporting has no impact on the net profit or loss of the Company. To enable comparisons with prior period performance and position, segment information for the year ended 31 December 2018 has been restated.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business activities which do not meet the definition of an operating segment have been reported in the reconciliations of total reportable segment amounts to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 15 OPERATING SEGMENTS (CONT'D)

The following summary describes the investments in each of the Company's reportable segments.

| | |
|---|---|
| Healthcare | Includes an investment in IHH Healthcare Bhd (IHH), ASG Hospital Private Limited (ASG) and Soothe Healthcare Private Limited (Soothe) |
| Hospitality | Includes investment in Minor International Public Company Limited (MINT) |
| Lifestyle | Includes investments in Chanintr Living Ltd. (Chanintr), the Wine Connection Group (WCG) and Liaigre Group (Liaigre) |
| Lifestyle/Real Estate | Includes investments in Minuet Ltd, SG Land Co. Ltd., a property joint venture in Niseko, Hokkaido, Japan and Desaru Peace Holdings Sdn Bhd |
| Education | Includes WCIB International Co. Ltd. (WCIB) and Creative Technology Solutions DMCC (CTS) |
| Logistics | Indo Trans Logistics Corporation |
| Other | Includes Smarten Spaces Pte. Ltd. (Smarten), Good Capital Partners and Good Capital Fund I (collectively, Good Capital), structured investments and a global listed portfolio |
| Cash and temporary investments | Includes government securities or other investment grade securities, liquid investments which are managed by third party investment managers of international repute, and deposits placed with commercial banks |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 15 OPERATING SEGMENTS (CONT'D)

Information regarding the results of each reportable segment is include below:

| | Healthcare US$'000 | Hospitality US$'000 | Education US$'000 | Lifestyle US$'000 | Lifestyle/ real estate US$'000 | Logistics US$'000 | Cash and temporary investments US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2019** | | | | | | | | | |
| Investment income | | | | | | | | | |
| - Dividend income | – | – | – | – | – | – | 231 | – | 231 |
| - Interest income | – | – | – | – | 24 | 378 | 151 | – | 553 |
| | – | – | – | – | 24 | 378 | 382 | – | 784 |
| Investment expenses | | | | | | | | | |
| - Exchange loss, net | 95 | * | 1 | (1,058) | 411 | * | 16 | 1 | (534) |
| - Loss on disposal of financial assets at fair value through profit or loss | – | – | – | – | – | – | (231) | (179) | (410) |
| | 95 | * | 1 | (1,058) | 411 | * | (215) | (178) | (944) |
| Fair value changes of financial assets at fair value through profit or loss | 219 | 42,018 | 5,770 | (22,232) | 17,396 | (281) | (152) | 795 | 43,533 |
| Net investment results | 314 | 42,018 | 5,771 | (23,290) | 17,831 | 97 | 15 | 617 | 43,373 |
| **31 December 2018 (re-presented)** | | | | | | | | | |
| Investment income | | | | | | | | | |
| - Dividend income | – | 25,841 | – | – | – | – | – | – | 25,841 |
| - Interest income | – | – | – | – | 24 | – | 277 | – | 301 |
| | – | 25,841 | – | – | 24 | – | 277 | – | 26,142 |
| Investment expenses | | | | | | | | | |
| - Exchange loss, net | 186 | * | * | (2,447) | (483) | – | (41) | * | (2,785) |
| - Loss on disposal of financial assets at fair value through profit or loss | – | – | – | – | – | – | (19) | – | (19) |
| | 186 | * | * | (2,447) | (483) | – | (60) | * | (2,804) |
| Fair value changes of financial assets at fair value through profit or loss | 410 | (94,793) | (488) | 10,022 | 5,899 | – | (32) | (252) | (79,234) |
| Net investment results | 596 | (68,952) | (488) | 7,575 | 5,440 | – | 185 | (252) | (55,896) |
| **31 December 2019** | | | | | | | | | |
| Segment assets | 28,301 | 278,019 | 25,086 | 33,415 | 145,848 | 42,641 | 7,681 | 16,019 | 577,010 |
| Segment liabilities | – | – | – | – | (5,428) | – | (67,451) | – | (72,879) |
| **31 December 2018 (re-presented)** | | | | | | | | | |
| Segment assets | 11,399 | 257,951 | 16,042 | 68,609 | 118,191 | – | 11,694 | 14,442 | 498,328 |
| Segment liabilities | – | – | – | – | (5,327) | – | – | – | (5,327) |

* *Less than US$1,000*

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 15 OPERATING SEGMENTS (CONT'D)

***Reconciliations of reportable segment profit or loss and assets***

| | 2019<br>US$'000 | 2018<br>US$'000<br>Re-presented |
|---|---|---|
| **Profit or loss** | | |
| Net investments results | **42,756** | (55,644) |
| Net investment results for other segment | **617** | (252) |
| Unallocated amounts: | | |
| - Management fees | **(11,839)** | (12,248) |
| - Non-executive director remuneration | **(384)** | (386) |
| - General operating expenses | **(2,238)** | (986) |
| Profit/(Loss) for the year | **28,912** | (69,516) |
| **Assets** | | |
| Total assets for reportable segments | **560,991** | 483,886 |
| Assets for other segments | **16,019** | 14,442 |
| Other assets | **69** | 72 |
| Total assets | **577,079** | 498,400 |
| **Liabilities** | | |
| Total liabilities for reportable segments | **72,879** | 5,327 |
| Other payables | **551** | 368 |
| Bank overdraft | **–** | * |
| Total liabilities | **73,430** | 5,695 |

* *Less than US$1,000*

***Geographical information***

In presenting information on the basis of geographical information, revenue, comprising dividend income from investments, is based on the geographical location of the underlying investment. Assets are based on the principal geographical location of the assets or the operations of the investee companies. None of the underlying investments which generate revenue or assets are located in the Company's country of incorporation, BVI.

| | Singapore<br>US$'000 | Malaysia<br>US$'000 | Thailand<br>US$'000 | Japan<br>US$'000 | Mauritius<br>US$'000 | Other<br>US$'000 | Total<br>US$'000 |
|---|---|---|---|---|---|---|---|
| **2019** | | | | | | | |
| Investment income: | | | | | | | |
| - Dividend income | – | – | – | – | – | 231 | 231 |
| - Interest income | 528 | – | – | – | – | 25 | 553 |
| | 528 | – | – | – | – | 256 | 784 |
| Investment expense: | | | | | | | |
| - Exchange loss | (33) | – | – | – | 94 | (595) | (534) |
| - Loss on disposal of financial assets at fair value through profit or loss | (231) | – | – | – | – | (179) | (410) |
| | (264) | – | – | – | 94 | (774) | (944) |
| Fair value changes of financial assets at fair value through profit or loss | (7) | (12,539) | 48,526 | 24,946 | – | (17,393) | 43,533 |
| Net investment results | 257 | (12,539) | 48,526 | 24,946 | 94 | (17,911) | 43,373 |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 15 OPERATING SEGMENTS (CONT'D)

| | Singapore US$'000 | Malaysia US$'000 | Thailand US$'000 | Japan US$'000 | Mauritius US$'000 | Other US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|
| **2018** | | | | | | | |
| Investment income: | | | | | | | |
| - Dividend income | – | – | – | – | 25,841 | – | 25,841 |
| - Interest income | 277 | – | – | – | – | 24 | 301 |
| | 277 | – | – | – | 25,841 | 24 | 26,142 |
| Investment expense: | | | | | | | |
| - Exchange loss | (178) | – | – | – | 185 | (2,792) | (2,785) |
| - Loss on disposal of financial assets at fair value through profit or loss | – | – | – | – | (19) | – | (19) |
| | (178) | – | – | – | 166 | (2,792) | (2,804) |
| Fair value changes of financial assets at fair value through profit or loss | (1,393) | 3,034 | (95,631) | 202 | – | 14,554 | (79,234) |
| Net investment results | (1,294) | 3,034 | (95,631) | 202 | 26,007 | 11,786 | (55,896) |
| **2019** | | | | | | | |
| Segment assets | 7,885 | 38,190 | 381,738 | 43,358 | 317 | 105,522 | 577,010 |
| Segment liabilities | 72,879 | – | – | – | – | – | 72,879 |
| **2018** | | | | | | | |
| Segment assets | 11,231 | 44,621 | 356,283 | 18,229 | 257 | 67,707 | 498,328 |
| Segment liabilities | 5,327 | – | – | – | – | – | 5,327 |

## 16 FINANCIAL RISK MANAGEMENT

The Company's financial assets comprise mainly financial assets at fair value through profit or loss, other receivables, and cash and cash equivalents. The Company's financial liabilities comprise interest-bearing borrowings, other payables and bank overdraft. Exposure to credit, price, interest rate, foreign currency and liquidity risks arises in the normal course of the Company's business.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company and to set appropriate controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

***Credit risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Investments in the form of advances are made to investee companies which are of acceptable credit risk. Credit risk exposure on the investment portfolio is managed on an asset-specific basis by the Investment Manager.

The company held cash and cash equivalents of US$7,671,000 as at 31 December 2019 (2018: US$11,538,000). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA to Baa3, based on Moody's/TRIS/Standard & Poor's ratings.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 16 FINANCIAL RISK MANAGEMENT (CONT'D)

***Credit risk (Cont'd)***

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents to have low credit risk based on external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

As at 31 December 2019, the Company has credit risk exposure relating to fixed deposits placed with financial institutions and placements in money market funds totalling US$7,671,000 (2018: US$11,538,000). Other than these balances, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

***Market risk***

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

***Interest rate risk***

The Company's exposure to changes in interest rates relates primarily to its interest-earning fixed deposits placed with financial institutions and interest-bearing borrowings. The Company's fixed rate financial assets and liabilities are exposed to a risk of change in their fair value due to changes in interest rates while the variable-rate financial assets and liabilities are exposed to a risk of change in cash flows due to changes in interest rates. The Company does not enter into derivative financial instruments to hedge against its exposure to interest rate risk.

*Sensitivity analysis*

A 100 basis point ("bp") move in interest rate against the following financial assets and financial liabilities at the reporting date would increase/(decrease) profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

| | Impact on Profit or loss | | Impact on Profit or loss | |
|---|---|---|---|---|
| | 100 bp increase 2019 US$'000 | 100 bp decrease 2019 US$'000 | 100 bp increase 2018 US$'000 | 100 bp decrease 2018 US$'000 |
| Deposits with financial institutions | 64 | (64) | 62 | (62) |
| Interest-bearing borrowings | (729) | 729 | (53) | 53 |
| | (665) | 665 | 9 | (9) |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 16 FINANCIAL RISK MANAGEMENT (CONT'D)

***Foreign exchange risk***

The Company is exposed to transactional foreign exchange risk when transactions are denominated in currencies other than the functional currency of the operation. The Company does not enter into derivative financial instruments to hedge its exposure to Singapore dollars, Japanese Yen, Thailand Baht, Malaysian Ringgit, Hong Kong dollars and Euro as the currency position in these currencies is considered to be long-term in nature and foreign exchange risk is an integral part of the Company's investment decision and returns.

The Company's exposure, in US dollar equivalent, to foreign currency risk on other financial instruments is as follows:

| | Euro US$'000 | Japanese Yen US$'000 | Thailand Baht US$'000 | Malaysian Ringgit US$'000 | Others US$'000 |
|---|---|---|---|---|---|
| **2019** | | | | | |
| Financial assets at fair value through profit or loss | 21,970 | 43,357 | 92,455 | (2,738) | 1,710 |
| Other receivables | – | – | – | – | 4 |
| Cash and cash equivalents | 31 | – | * | – | 2,357 |
| Interest-bearing borrowings | – | (5,428) | – | – | – |
| Accrued operating expenses | – | – | (2) | – | (273) |
| Net exposure | 22,001 | 37,929 | 92,453 | (2,738) | 3,798 |
| **2018** | | | | | |
| Financial assets at fair value through profit or loss | 52,546 | 18,228 | 82,428 | 16,552 | 331 |
| Other receivables | – | – | – | – | 3 |
| Cash and cash equivalents | 32 | – | * | – | 2,359 |
| Interest-bearing borrowings | – | (5,327) | – | – | – |
| Accrued operating expenses | – | – | (2) | – | (264) |
| Net exposure | 52,578 | 12,901 | 82,426 | 16,552 | 2,429 |

* *Less than US$1,000*

*Sensitivity analysis*

A 10% strengthening of the US dollar against the following currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

| | Profit or loss 2019 US$'000 | Profit or loss 2018 US$'000 |
|---|---|---|
| Euro | **(2,200)** | (5,258) |
| Japanese Yen | **(3,793)** | (1,290) |
| Thailand Baht | **(9,245)** | (8,243) |
| Malaysian Ringgit | **274** | (1,655) |
| Others | **(380)** | (243) |

A 10% weakening of the US dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 16 FINANCIAL RISK MANAGEMENT (CONT'D)

***Price risk***

The valuation of the Company's investment portfolio is dependent on prevailing market conditions and the performance of the underlying assets. The Company does not hedge the market risk inherent in the portfolio but manages asset performance risk on an asset-specific basis.

The Company's investment policies provide that the Company invests a majority of capital in longer-term strategic investments and a portion in special situations and structured transactions. Investment decisions are made by management on the advice of the Investment Manager.

*Sensitivity analysis*

All of the Company's underlying investments that are quoted equity investments are listed on either The Stock Exchange of Thailand or Bursa Malaysia. A 10% increase in the price of the equity securities at the reporting date would increase profit or loss after tax by the amounts shown below. The analysis assumes that all other variables remain constant.

| | Profit or loss | |
|---|---|---|
| | **2019** | **2018** |
| | **US$'000** | **US$'000** |
| Underlying investments in quoted equity securities at fair value through profit or loss | **28,249** | 26,883 |

A 10% decrease in the price of the equity securities would have had the equal but opposite effect on the above quoted equity investments to the amounts shown above, on the basis that all other variables remain constant.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Investment Manager to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Funds not invested in longer-term strategic investments or investments in special situations and structured transactions are temporarily invested in liquid investments and managed by a third party manager of international repute, or held on deposit with commercial banks. The Company, through its wholly owned subsidiaries, also holds listed securities amounting to US$282,494,000 (2018: US$268,832,000). These listed securities are liquid and can therefore be sold from time-to-time to generate additional cash to settle any existing and ongoing liabilities of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 16 FINANCIAL RISK MANAGEMENT (CONT'D)

***Liquidity risk (Cont'd)***

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| | | Cash flows | |
|---|---|---|---|
| | **Carrying amount US$'000** | **Contractual cash flows US$'000** | **Within 1 year US$'000** |
| **2019** | | | |
| **Non-derivative financial liabilities** | | | |
| Interest-bearing borrowings | 72,879 | 72,879 | 72,879 |
| Other payables | 551 | 551 | 551 |
| | 73,430 | 73,430 | 73,430 |

| | | Cash flows | |
|---|---|---|---|
| | **Carrying amount US$'000** | **Contractual cash flows US$'000** | **Within 1 year US$'000** |
| **2018** | | | |
| **Non-derivative financial liabilities** | | | |
| Interest-bearing borrowings | 5,327 | 5,327 | 5,327 |
| Other payables | 368 | 368 | 368 |
| Bank overdraft | * | * | * |
| | 5,695 | 5,695 | 5,695 |

* *Less than US$1,000*

***Capital management***

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity. The Company seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not subject to externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 16 FINANCIAL RISK MANAGEMENT (CONT'D)

***Accounting classification and fair values***

The carrying amounts and fair values of financial assets and financial liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | | Carrying amount | | | | |
|---|---|---|---|---|---|---|
| | **Note** | **Fair value through profit or loss US$'000** | **Amortised cost US$'000** | **Other financial liabilities US$'000** | **Total US$'000** | **Fair value US$'000** |
| **2019** | | | | | | |
| **Financial assets measured at fair value** | | | | | | |
| Financial assets at fair value through profit or loss | 3 | 569,339 | – | – | 569,339 | 569,339 |
| **Financial assets not measured at fair value** | | | | | | |
| Other receivables[1] | 4 | – | 11 | – | 11 | |
| Cash and cash equivalents | 5 | – | 7,671 | – | 7,671 | |
| | | 569,339 | 7,682 | – | 577,021 | |
| **Financial liabilities not measured at fair value** | | | | | | |
| Interest-bearing borrowings | 8 | – | – | (72,879) | (72,879) | |
| Other payables | 9 | – | – | (551) | (551) | |
| | | – | – | (73,430) | (73,430) | |

1 *Excludes prepayment*

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 16 FINANCIAL RISK MANAGEMENT (CONT'D)

***Accounting classification and fair values (Cont'd)***

| | Note | Carrying amount<br>Fair value through profit or loss<br>US$'000 | Amortised cost<br>US$'000 | Other financial liabilities<br>US$'000 | Total<br>US$'000 | Fair value<br>US$'000 |
|---|---|---|---|---|---|---|
| **2018** | | | | | | |
| **Financial assets measured at fair value** | | | | | | |
| Financial assets at fair value through profit or loss | 3 | 486,790 | – | – | 486,790 | 486,790 |
| **Financial assets not measured at fair value** | | | | | | |
| Other receivables[1] | 4 | – | 12 | – | 12 | |
| Cash and cash equivalents | 5 | – | 11,538 | – | 11,538 | |
| | | 486,790 | 11,550 | – | 498,340 | |
| **Financial liabilities not measured at fair value** | | | | | | |
| Interest-bearing borrowings | 8 | – | – | (5,327) | (5,327) | |
| Other payables | 9 | – | – | (368) | (368) | |
| Bank overdraft | | – | – | * | * | |
| | | – | – | (5,695) | (5,695) | |

*1 Excludes prepayment*

** Less than US$1,000*

***Fair value***

The financial assets at fair value through profit or loss are measured using the adjusted net asset value method, which is based on the fair value of the underlying investments. The fair values of the underlying investments are determined based on the following methods:

i) for quoted equity investments, based on quoted market bid prices at the financial reporting date without any deduction for transaction costs;

ii) for unquoted investments, with reference to the enterprise value at which the portfolio company could be sold in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale, and is determined by using valuation techniques such as (a) market multiple approach that uses a specific financial or operational measure that is believed to be customary in the relevant industry, (b) price of recent investment, or offers for investment, for the portfolio company's securities, (c) current value of publicly traded comparable companies, (d) comparable recent arms' length transactions between knowledgeable parties, and (e) discounted cash flows analysis; and

iii) for financial assets and liabilities with a maturity of less than one year or which reprice frequently (including other receivables, cash and cash equivalents, interest-bearing borrowings, other payables and bank overdraft) the notional amounts are assumed to approximate their fair values because of the short period to maturity/repricing.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 16 FINANCIAL RISK MANAGEMENT (CONT'D)

***Fair value (Cont'd)***

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

***Fair value hierarchy for financial instruments***

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes input not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between instruments.

| | Level 1<br>US$'000 | Level 2<br>US$'000 | Level 3<br>US$'000 | Total<br>US$'000 |
|---|---|---|---|---|
| **2019** | | | | |
| Financial assets at fair value through profit or loss | – | – | 569,339 | 569,339 |
| **2018** | | | | |
| Financial assets at fair value through profit or loss | – | – | 486,790 | 486,790 |

As explained in Note 2.4, the Company qualifies as an investment entity and therefore does not consolidate its subsidiaries. Accordingly, the fair value levelling reflects the fair value of the unconsolidated subsidiaries and not the underlying quoted equity investments. There were no transfers from Level 1 to Level 2 or Level 3 and vice versa during the years ended 31 December 2019 and 2018.

The fair value hierarchy table excludes financial assets and financial liabilities such as cash and cash equivalents, other receivables and payables, interest-bearing borrowings and bank overdraft because their carrying amounts approximate their fair values due to their short-term period to maturity/repricing.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 16 FINANCIAL RISK MANAGEMENT (CONT'D)

***Fair value hierarchy for financial instruments (Cont'd)***

*Level 3 valuations*

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2019 | 2018 |
|---|---|---|
| | Financial assets at fair value through profit or loss | |
| | US$'000 | US$'000 |
| Balance at 1 January | **486,790** | 608,456 |
| Fair value changes in profit or loss | **43,533** | (79,234) |
| Net payment to/(repayment from) unconsolidated subsidiaries | **48,080** | (42,443) |
| Disposal | **(9,064)** | 11 |
| Balance at 31 December | **569,339** | 486,790 |

*Significant unobservable inputs used in measuring fair value*

This table below sets out information about significant unobservable inputs used at 31 December 2019 in measuring the underlying investments of the financial assets categorised as Level 3 in the fair value hierarchy excluding investments purchased during the year that are valued at transaction prices as they are reasonable approximation of fair values and ultimate investments in listed entities.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 16 FINANCIAL RISK MANAGEMENT (CONT'D)

***Fair value hierarchy for financial instruments (Cont'd)***

| Description | Fair value at 31 December 2019 US$'000 | Fair value at 31 December 2018 US$'000 | Valuation technique | Unobservable input | Range (Weighted average) | Sensitivity to changes in significant unobservable inputs |
|---|---|---|---|---|---|---|
| Rental properties | 8,804 | 10,531 | Income approach | Rental growth rate | 0% - 6% (2018: 0% - 6%) | The estimated fair value would increase if the rental growth rate and occupancy rate were higher and the discount rate was lower. |
| | | | | Occupancy rate | 80% - 90% (2018: 80% - 87%) | |
| | | | | Discount rate | 13% - 13.5% (2018: 13% - 13.5%) | |
| Land related investments | 137,044 | 107,659 | Comparable valuation method | Price per square meter for comparable land | US$76 to US$4,143 per square meter (2018: US$73 to US$4,102 per square meter) | The estimated fair value would increase if the price per square meter was higher. |
| Operating business | 33,415 | 68,609 | Enterprise value using comparable traded multiples or adjusted net asset value | EBITDA multiple (times) | 3.0x to 19.4x, median 9.1x (2018: 4.1x to 19.7x, median 10.7x) | The estimated fair value would increase if the EBITDA multiple was higher. |
| | | | | Discount for lack of marketability | 25% (2018: 20%) | The estimated fair value would increase if the discount for lack of marketability was lower. |
| | | | | Discount to tangible assets for lack of liquidity | 25% to 100% (2018: Nil) | The estimated fair value would increase if the discount was lower. |
| | | | | Price of recent transaction | Nil (2018: N/A) | N/A |
| Greenfield business held for more than 12-months | 23,484 | 16,042 | Discounted cashflow method | Revenue growth | 3.8% - 56.0% (2018: 3.8% - 172.2%) | The estimated fair value would increase if the revenue growth increases, expenses ratio decreases, and WACC was lower. |
| | | | | Expense ratio | 73.7% - 102.5% (2018: 73.7% - 193.5%) | |
| | | | | Weighted average cost of capital ("WACC") | 10.7% (2018: 11.5%) | |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 16 FINANCIAL RISK MANAGEMENT (CONT'D)

***Fair value hierarchy for financial instruments (Cont'd)***

The rental growth rate represents the growth in rental income during the leasehold period while the occupancy rates represent the percentage of the building that is expected to be occupied during the leasehold period. Management adopt a valuation report produced by an independent valuer that determines the rental growth rate and occupancy rate after considering the current market conditions and comparable occupancy rates for similar buildings in the same area.

The discount rate is related to the current yield on long-term government bonds plus a risk premium to reflect the additional risk of investing in the subject properties. Management adopt a valuation report produced by an independent valuer that determines the discount based on the independent valuers judgement after considering current market rates.

The comparable recent sales represent the recent sales prices of properties that are similar to the Group's properties, which are in the same area. Management adopt a valuation report produced by an independent valuer to determine the value per square meter based on the average recent sales prices.

The EBITDA multiple represents the amount that market participants would use when pricing investments. The EBITDA multiple is selected from comparable public companies with similar business as the underlying investment. Management obtains the average EBITDA multiple from the comparable companies and applies the multiple to the EBITDA of the underlying investment. The amount is further discounted for considerations such as lack of marketability.

The discount for lack of marketability represents the discount applied to the comparable market multiples to reflect the illiquidity of the investee relative to the comparable peer group. Management determines the discount for lack of marketability based on its judgement after considering market liquidity conditions and company-specific factors.

Where an EBITDA multiple is not available, the net assets may be used as a proxy for fair value of an underlying investment. In such instances, a discount to certain tangible assets, including inventory, trade receivables and fixed assets are taken for lack of liquidity to arrive at an adjusted net asset value.

The revenue growth represents the growth in sales of the underlying business and is based on the operating management team's judgement on the change of various revenue drivers related to the business from year-to-year. The expense ratio is based on the judgement of the operating management team after evaluating the expense ratio of comparable businesses and is a key component in deriving EBITDA and free cash flow for the greenfield business. The free cashflow is discounted at the weighted average cost of capital to derive the enterprise value of the greenfield business. Net debt is then deducted to arrive at an equity value for the business. Weighted cost of capital is derived after adopting independent market quotes or reputable published research-based inputs for the risk-free rate, market risk premium, small cap premium and cost of debt.

The investment entity approach requires the presentation and fair value measurement of immediate investments; the shares of intermediate holding companies are not listed. However, ultimate investments in listed entities amounting to US$282,494,000 (2018: US$268,832,000) are held through intermediate holding companies; the value of these companies are mainly determined by the fair values of the ultimate investments.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 16 FINANCIAL RISK MANAGEMENT (CONT'D)

***Fair value hierarchy for financial instruments (Cont'd)***

*Sensitivity analysis*

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 assets, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on the profit or loss:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Effect on profit or loss | | Effect on profit or loss | |
| | Favourable | (Unfavourable) | Favourable | (Unfavourable) |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Level 3 assets | 38,607 | (41,458) | 36,341 | (32,752) |

The favourable and unfavourable effects of using reasonably possible alternative assumptions have been calculated by recalibrating the valuation model using a range of different values.

For rental properties, the projected rental rates and occupancy levels were increased by 5% for the favourable scenario and reduced by 5% for the unfavourable scenario. The discount rate used to calculate the present value of future cash flows was also decreased by 1% for the favourable case and increased by 1% for the unfavourable case compared to the discount rate used in the year-end valuation.

For land related investments (except those held for less than 12-months where cost approximates fair value), which are valued on comparable transaction basis by third party valuation consultants, the fair value of the land is increased by 15% in the favourable scenario and reduced by 15% in the unfavourable scenario.

For operating businesses (except those where a last transacted price exists within the past 12-months that provides the basis for fair value) that are valued on a trading comparable basis using enterprise value to earnings before interest, tax, depreciation and amortisation ("EBITDA"), EBITDA is increased by 15% and decreased by 15% in the favourable and unfavourable scenarios. Similarly, where adjusted net assets are used, the value is increased by 15% and decreased by 15% in the favourable and unfavourable scenarios.

For greenfield businesses (except those where a last transacted price exists within the past 12-months) that are valued using a discounted cashflow, the revenue growth rate is increased by 1%, the expense ratio rate is decreased by 5% and the WACC is reduced by 1% in the favourable scenario. Conversely, in the unfavourable scenario, the revenue growth rate is reduced by 1%, the expense ratio rate is increased by 5% and the WACC is increased by 1%.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 17 UNCONSOLIDATED SUBSIDIARIES

Details of the unconsolidated subsidiaries of the Company are as follows:

| Name of subsidiary | Principal activities | Place of incorporation and business | Equity interest 2019 % | Equity interest 2018 % |
|---|---|---|---|---|
| Symphony (Mint) Investment Limited (Formerly Symphony Capital Partners Limited) | Investment holding | Republic of Mauritius | 100 | 100 |
| Lennon Holdings Limited and its subsidiary: | Investment holding | Republic of Mauritius | 100 | 100 |
| Britten Holdings Pte. Ltd. | Investment holding | Republic of Singapore | 100 | 100 |
| Gabrieli Holdings Limited and its subsidiaries: | Investment holding | British Virgin Islands | 100 | 100 |
| Ravel Holdings Pte. Ltd. and its subsidiaries: | Investment holding | Republic of Singapore | 100 | 100 |
| Schubert Holdings Pte. Ltd. | Investment holding | Republic of Singapore | 100 | 100 |
| Haydn Holdings Pte. Ltd. | Investment holding | Republic of Singapore | 100 | 100 |
| Thai Education Holdings Pte. Ltd. | Investment holding | Republic of Singapore | 100 | 100 |
| Teurina Limited | Investment holding | British Virgin Islands | 100 | 100 |
| Lloyd Webber Holdings Limited | Investment holding | British Virgin Islands | 100 | 100 |
| Maurizio Holdings Limited and its subsidiary: | Investment holding | British Virgin Islands | 100 | 100 |
| Groupe CL Pte. Ltd. | Investment holding | Republic of Singapore | 100 | 100 |
| True United Limited | Investment holding | British Virgin Islands | 100 | 100 |
| True Wisdom Limited | Investment holding | British Virgin Islands | 100 | 100 |
| Segovia Holdings Limited | Investment holding | British Virgin Islands | 100 | 100 |
| Anshil Limited | Investment holding | British Virgin Islands | 100 | 100 |
| Buble Holdings Limited | Investment holding | British Virgin Islands | 100 | 100 |
| O'Sullivan Holdings Limited and its subsidiary: | Investment holding | British Virgin Islands | 100 | 100 |
| Bacharach Holdings Limited | Investment holding | British Virgin Islands | 100 | 100 |
| Brahms Holdings Limited | Investment holding | British Virgin Islands | 100 | 100 |
| Schumann Holdings Limited | Investment holding | British Virgin Islands | 100 | 100 |
| Symphony Healthcare Holdings Limited | Investment holding | British Virgin Islands | 100 | 100 |
| Dynamic Idea Investments Limited | Investment holding | British Virgin Islands | 100 | 100 |
| Ideal Dream Limited | Investment holding | British Virgin Islands | 100 | 100 |
| Eternal Star Ventures Limited | Investment holding | British Virgin Islands | 100 | – |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 17 UNCONSOLIDATED SUBSIDIARIES (CONT'D)

| Name of subsidiary | Principal activities | Place of incorporation and business | Equity interest 2019 % | Equity interest 2018 % |
|---|---|---|---|---|
| Symphony Logistics Pte. Ltd. and its subsidiary: | Investment holding | Republic of Singapore | 100 | – |
| Eagles Holdings Pte. Ltd. | Lending company | Republic of Singapore | 100 | – |
| Stravinsky Holdings Pte. Ltd. | Investment holding | Republic of Singapore | 100 | – |
| Alhambra Holdings Limited | Investment holding | United Arab Emirates | 100 | – |
| Shadows Holdings Pte. Ltd. | Investment holding | Republic of Singapore | 100 | – |
| Symphonic Spaces Pte. Ltd. | Investment holding | Republic of Singapore | 100 | – |

## 18 UNDERLYING INVESTMENTS

Details of the underlying investments in unquoted equities of the Company are as follows:

| Name | Principal activities | Place of incorporation and business | Ordinary shares Equity interest 2019 % | Ordinary shares Equity interest 2018 % | Preference shares Equity interest 2019 % | Preference shares Equity interest 2018 % |
|---|---|---|---|---|---|---|
| La Finta Limited[1] | Property development | Thailand | 49 | 49 | – | – |
| Minuet Limited[1] | Property development | Thailand | 49.98 | 49.98 | – | – |
| SG Land Co. Limited[1] | Real estate | Thailand | 49.91 | 49.91 | – | – |
| Chanintr Living Limited[2] | Distribution of furniture | Thailand | 49.90 | 49.90 | – | – |
| Chanintr Living (Thailand) Limited | Distribution and retail of furniture and home decorations | Thailand | 24.45 | 24.45 | – | – |
| Chanintr Living Pte Ltd | Distribution and retail of furniture and home decorations | Republic of Singapore | 49.90 | 49.90 | – | – |
| Well Round Holdings Limited[2] | Property development | Hong Kong | 37.50 | 37.50 | – | – |
| Silver Prance Limited[2] | Property development | Hong Kong | 37.50 | 37.50 | – | – |
| Desaru Peace Holdings Sdn Bhd[2] | Property development | Malaysia | 49 | 49 | 49 | 49 |
| Oak SPV Limited | Hospitality and lifestyle | Cayman Islands | 13.40 | 13.40 | – | – |
| Macassar Holdings SARL | Lifestyle | Luxembourg | 32.78 | 49.90 | 32.78 | 49.90 |
| WCIB International Company Limited | Education | Thailand | 39.10 | 39.10 | – | – |
| ASG Hospital Private Limited | Healthcare | India | – | – | 17.79 | – |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 18 UNDERLYING INVESTMENTS (CONT'D)

| Name | Principal activities | Place of incorporation and business | Ordinary shares Equity interest 2019 % | Ordinary shares Equity interest 2018 % | Preference shares Equity interest 2019 % | Preference shares Equity interest 2018 % |
|---|---|---|---|---|---|---|
| Creative Technology Solutions DMCC | Education | United Arab Emirates | 12.82 | – | – | – |
| Good Capital Partners | Other | Mauritius | 10 | – | – | – |
| In Do Trans Logistics Corporation | Logistics | Vietnam | 28.57 | – | – | – |
| Smarten Spaces Pte. Ltd. | Other | Singapore | 10.79 | – | 4.02 | – |
| Soothe Healthcare Pvt. Ltd | Healthcare | India | – | – | 27.96 | – |

1 *Joint venture*

2 *Associate*

## 19 SUBSEQUENT EVENTS

Subsequent to 31 December 2019,

- the Company fully exited its investment in IHH Healthcare Berhad with the sale of 3.5 million shares that generated net proceeds of US$4.6 million.
- the Company sold approximately 67.0 million shares of MINT at an average price of THB18.7 per share that generated proceeds of approximately US$38.5 million.
- the Company received distributions of approximately US$7.9 million from a joint venture company relating to interim payments for land sold in Niseko, Hokkaido, Japan. The same joint venture company completed the sale of a parcel of the land on 19 March 2020 and another parcel of land on 3 April 2020.
- the Company has fully repaid the term loan denominated in Japanese Yen amounting to US$5,428,000 equivalent as at 31 December 2019 respectively.
- in March 2020, the lender of the term loan denominated in United States Dollar with a carrying amount of US$67,451,000 as at 31 December 2019 (see note 8), determined in their sole and absolute discretion that the aggregate collateral value pledged by the Company in March 2020 fell below the facility outstanding due to market movements which caused the price of MINT shares pledged as collateral to fall. Consequently, the Company reduced the facility outstanding to US$30,242,000 by way of cash repayments.
- On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

  For the Company's 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at 9 Raffles Place, #52-02 Republic Plaza Tower 1, Singapore 048619, Tel +65 6536 6177 on Thursday, 30 April 2020 at 3.00 p.m. (GMT+8) for the purpose of the following matters:

**Ordinary Business**

To receive the annual report which includes the financial statements for the year ended 31 December 2019.

**Ordinary Resolution**

To consider and, if thought fit, passing the following ordinary resolution:

THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 59 of the BVI Business Companies Act 2004 (as amended) to make market purchases of its own Shares at the discretion of the Directors and on such terms and in such manner as the Directors may from time to time determine provided that:

(a) the maximum number of Shares hereby authorised to be purchased shall be 14.99 per cent. of the Shares in issue at the date of this notice;

(b) the maximum price which may be paid for any such Share shall not exceed the higher of:

  (i) 5 per cent. above the average market value of the Company's Shares for the five business days prior to the day the purchase is made; and
  (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of the purchase on the trading venues where the purchase is carried out; and

(c) the authority hereby confirmed shall expire at the conclusion of the Company's next annual general meeting.

By order of the Board,

**Anil Thadani**
Director

Dated this 15th day of April 2020

# NOTICE OF ANNUAL GENERAL MEETING

1. A shareholder entitled to attend and vote at the Annual General Meeting may appoint a proxy (who need not be a member of the Company) to attend and to vote in his place. The instrument appointing a proxy should be deposited at Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom no later than 48 hours before the Annual General Meeting (excluding non-business days). If the appointee is a corporation, this form must be executed under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

2. In order to qualify for attending the above Meeting, all instruments of transfers must be lodged with Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom not less than 48 hours before the time appointed for holding the Meeting or the adjourned Meeting (as the case may be) (excluding non-business days).

3. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

4. The ordinary resolution of the Annual General Meeting will be passed by a simple majority of the votes validly cast, whatever be the number of shareholders present or represented at the Annual General Meeting. Each share is entitled to one vote.

5. Holders of Depository Interests should complete the Form of Direction enclosed with their Notice of Annual General Meeting.

6. Holders of Depository Interests can instruct Link Market Services Trustees Limited, the Depository, or amend an instruction to a previously submitted direction, via the CREST system. The CREST message must be received by the issuer's agent RA10 by 10.30 a.m. (BST) on Monday 27 April 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with instructing Link Market Services Trustees Limited via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a direction appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case your Form of Direction must be received by the Company's Registrars no later than 10.30 a.m. (BST) on Monday 27 April 2020.

7. At the time of writing the Notice of Annual General Meeting it is impossible to predict what impact COVID-19 might have on our Annual General Meeting. We are working towards holding the Annual General Meeting as planned, however, we suggest that you consider public health advice when deciding whether to travel and attend on the day. If public health advice causes any changes to the Annual General Meeting, we will update shareholders through announcements to the London Stock Exchange and the information page on our website www.symphonyasia.com. We also encourage you to exercise your right to appoint a proxy in advance of the meeting by returning a completed proxy card.

**SYMPHONY INTERNATIONAL HOLDINGS LIMITED**
(Incorporated in the British Virgin Islands)

**Form of Direction for completion by holders of Depository Interests representing shares, on a 1 for 1 basis, in the share capital of Symphony International Holdings Limited (the "Company") in respect the Annual General Meeting to be held at 9 Raffles Place, #52-02 Republic Plaza Tower 1, Singapore 048619, Tel +65 6536 6177 on Thursday, 30 April 2020 at 3.00 p.m. (GMT+8)**

# ANNUAL GENERAL MEETING
# FORM OF DIRECTION

**I/We ______________________________ (Depository Interests holder's name) being a holder of Depository Interests representing shares in the share capital of the Company hereby appoint Link Market Services Trustees Limited (the "Depository") as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on the above date (and at any adjournment thereof) as directed by an X in the spaces below. The complete wording of the resolution may be found in the notice convening the Annual General Meeting.**

| ORDINARY RESOLUTION | FOR | AGAINST | VOTE WITHHELD |
|---|---|---|---|
| To authorise the Company to make market purchases of its own Shares. | | | |

Dated this ____________ day of __________________________ 2020

Address ______________________________________________

______________________________________________

Signature ______________________________

**Notes**

1. To be effective, this Form of Direction and the power of attorney or other authority (if any) under which it is signed, or a notarially or otherwise certified copy of such power or authority, must be deposited at Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom no later than 10.30 a.m. (BST) on Monday 27 April, 2020.
2. Any alteration made to this Form of Direction must be initialled by the person who signs it.
3. If the appointee is a corporation, this form must be given under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. In the case of joint holders of Depository Interests, the person whose name appears first in the Register of Depository Interests has the right to attend and vote at the Meeting to the exclusion of all others.
5. The 'Vote Withheld' option is provided to enable you to abstain from voting on the resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' the resolution.
6. The Depository will appoint the Chairman of the meeting as its proxy to cast your votes. The Chairman may also vote or abstain from voting as he or she thinks fit on any other resolution (including amendments to resolutions) which may properly come before the meeting.
7. Please indicate how you wish your votes to be cast by placing an "X" in the box provided. On receipt of this form duly signed, you will be deemed to have authorised the Depository to vote, or to abstain from voting, as per your instructions on your behalf. **If no voting instruction is indicated, the Depository will abstain from voting on the specified resolution.**
8. Depository Interests may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

Depository Interest holders wishing to attend the Meeting should contact the Depository at Link Market Services Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom or by email to CAGtrustees@linkgroup.co.uk in order to request a Letter of Representation by no later than 10.30 a.m. (BST) on Monday 27 April, 2020.

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**SYMPHONY INTERNATIONAL HOLDINGS LIMITED**
(Incorporated in the British Virgin Islands)

**Form of Proxy for use at the Annual General Meeting
to be held at 9 Raffles Place, #52-02 Republic Plaza Tower 1, Singapore 048619
Tel +65 6536 6177 on Thursday, 30 April 2020 at 3.00 p.m. (GMT+8)**

I/We[1] ______________________________

of ______________________________

being the registered holder(s) of ______________________________

Ordinary shares[2] in the share capital of Symphony International Holdings Limited (the "Company"), HEREBY APPOINT THE CHAIRMAN OF THE MEETING[3] or ______________________________

of ______________________________

as my/our proxy to attend and act for me/us and on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 9 Raffles Place, Republic Plaza Tower 1, Singapore 048619, on Thursday, 30 April 2020 at 3.00 p.m. (GMT+8) for the purpose of receiving the annual report, which includes the financial statements, for the year ended 31 December 2019, and considering and, if thought fit, passing the ordinary resolution as set out in the notice convening the Meeting and at the Meeting (and at any adjournment thereof) to vote for me/us and in my/our name(s) in respect of the resolution as indicated below. The complete wording of the resolution may be found in the notice convening the Annual General Meeting.

| **ORDINARY RESOLUTION** | **FOR[4]** | **AGAINST[4]** | **VOTE WITHHELD[4]** |
|---|---|---|---|
| To authorise the Company to make market purchases of its own Shares. | | | |

Dated this ____________ day of ______________ 2020 Signed[6]: ______________________________

Notes:

1. Full name(s) and address(es) to be inserted in BLOCK CAPITALS. The names of all joint registered holders should be stated.
2. Please insert the number of shares registered in your name(s) to which this proxy relates. If no number is inserted, this Form of Proxy will be deemed to relate to all the shares of the Company registered in your name(s).
3. If any proxy other than the Chairman of the Meeting is preferred, strike out "THE CHAIRMAN OF THE MEETING" and insert the name and address of the proxy desired in the space provided. If no name is inserted, THE CHAIRMAN OF THE MEETING will act as proxy. Any alteration made to this Form of Proxy must be initialled by the person who signs it.
4. **IMPORTANT: IF YOU WISH TO VOTE FOR THE RESOLUTION, PLACE AN 'X' IN THE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST THE RESOLUTION, PLACE AN 'X' IN THE BOX MARKED "AGAINST". IF YOU WISH TO WITHHOLD YOUR VOTE ON THE RESOLUTION, PLACE AN 'X' IN THE BOX MARKED "VOTE WITHHELD"**. If no direction is given, your proxy may vote or abstain as he/she thinks fit. Your proxy will also be entitled to vote at his/her discretion on any resolution properly put to the Meeting other than those referred to in the Notice convening the Meeting. The 'Vote Withheld' option is provided to enable you to abstain from voting on the resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' the resolution.
5. This Form of Proxy must be signed by you or your attorney duly authorized in writing or, in the case of a corporation, must be either executed under its common seal or under the hand of an officer or attorney duly authorised to sign the same.
6. In the case of joint registered holders of any shares, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such shares as if he/she was solely entitled thereto; but if more than one of such joint registered holders be present at the Meeting, either personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members in respect of such shares shall alone be entitled to vote in respect thereof to the exclusion of the votes of the other joint registered holders.
7. In order to be valid, this Form of Proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom no later than 10.30 a.m. (BST) on Tuesday 28 April 2020.
8. The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
9. Completion and delivery of the Form of Proxy will not preclude you from attending and voting at the Meeting if you so wish. If you attend and vote at the Meeting, the authority of your proxy will be revoked.

SYMPHONY INTERNATIONAL HOLDINGS LIMITED ANNUAL REPORT 2019