



SYMPHONY INTERNATIONAL HOLDINGS LIMITED

ANNUAL REPORT 2018

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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 in Asia.

We primarily invest in high-growth sectors that include healthcare, hospitality and lifestyle (including education and branded real estate developments). 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, which may be due to a sector-based competitive advantage, a focus on a particular demographic or a defensive characteristic. 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.

RELATIVE SPENDING BY GLOBAL MIDDLE CLASS (US\$ TRILLIONS)

	2015	2020	2025	2030
 North America	6.2	6.4	6.6	6.7
 Europe	10.9	11.6	12.2	12.6
 Central and South America	2.9	3.1	3.4	3.6
 Asia Pacific	12.3	18.2	26.5	36.6
 Sub-Saharan Africa	0.9	1.0	1.3	1.7
 Middle East and North Africa	1.5	1.9	2.3	2.7
	34.8	42.3	52.2	63.9

Source: Brookings Institute, 2017. (PPP, constant 2011).



ASIA IS THE FUTURE

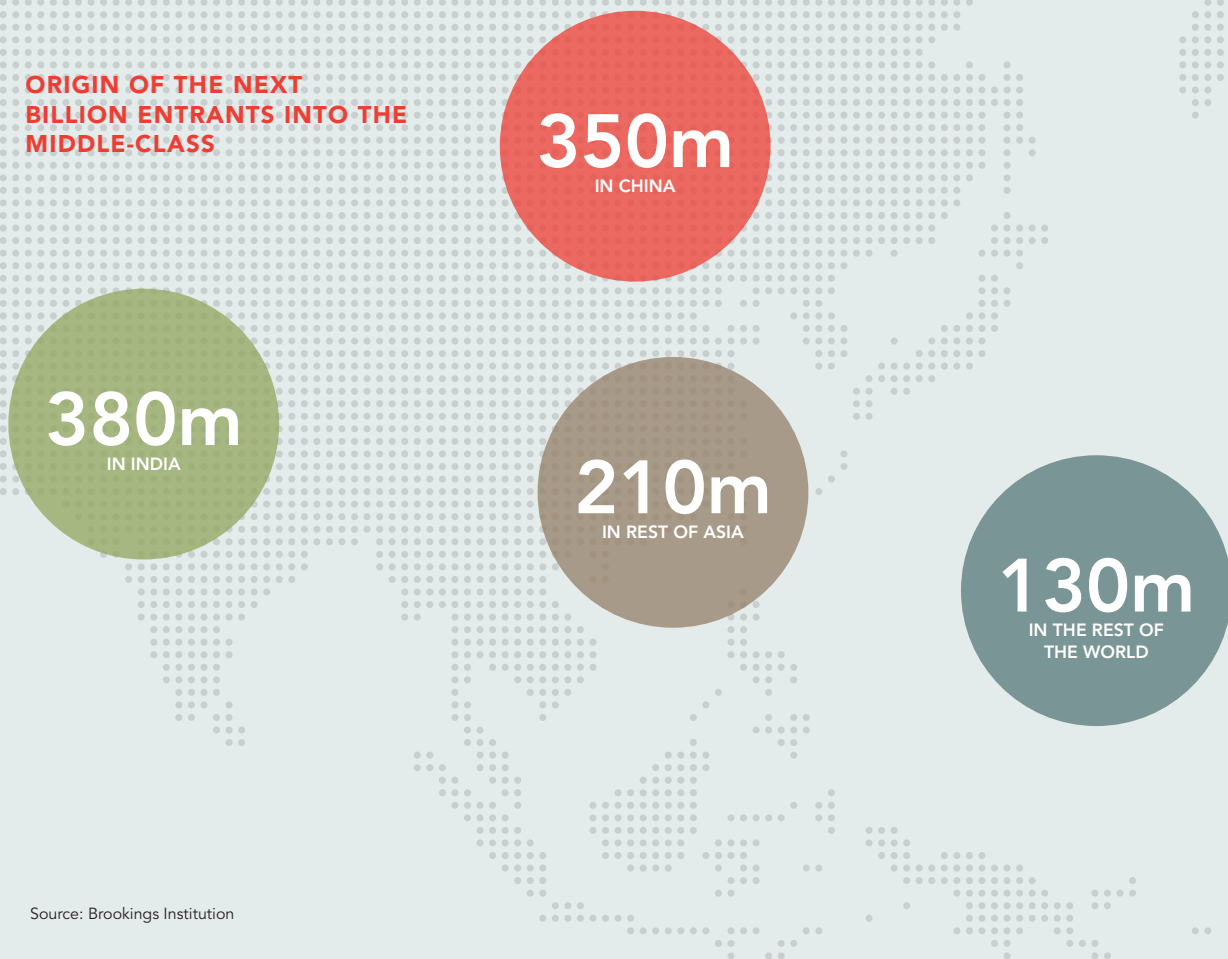


The rapid rise of the middle-class in Asia has had a profound and reinforcing impact on economies in the region. Aside from discretionary income fuelling new business and shifting trade patterns, the middle-class is also driving a pro-growth agenda across private and public sectors. This has contributed innovation, productivity gains, business friendly regulations, increased trade and cross boarder investment amongst other facets that contribute to economic prosperity. These changes have created a number of diverse centres of growth in Asia that have propelled economic activity and contributed to demographic changes.

The middle-class population in Asia has increased from approximately 400 million people in 2000 to 1.8 billion people in 2018 and account for 51% and 24% of the total global middle class and global population, respectively. Almost nine in 10 of the next billion middle-class consumers will be Asian, from China, India, and South and South East Asia¹. The Asian consumer is having as a dramatic impact on the global economy in the twenty-first century as did US consumers during the latter half of the twentieth century. Demand for homes, cars, better education and healthcare, for example, are all increasing at an

“ALMOST NINE IN 10 OF THE NEXT BILLION MIDDLE-CLASS CONSUMERS WILL BE ASIAN, FROM CHINA, INDIA, AND SOUTH AND SOUTH EAST ASIA.”

**ORIGIN OF THE NEXT
BILLION ENTRANTS INTO THE
MIDDLE-CLASS**



Source: Brookings Institution

unprecedented rate and providing an engine for global growth. Middle-class spending in the Asia Pacific region is expected to increase from US\$12.3 trillion in 2015 to US\$36.6 trillion in 2030 which compares to US\$17.1 trillion and US\$19.3 trillion collectively in the US and Europe during the same periods².

This shift in demand from the west to the east is having an impact across industries. Although many Asian economies remain export driven, domestic consumption is accounting for an increasing proportion of gross domestic product that is fuelling businesses catering to local and regional demand. As a result, industries are moving further up the knowledge-technology value chain in more developed Asian markets while downstream segments of production are moved to areas with lower labour costs. These value chain dynamics have had a positive effect on economies across Asia with growing intra-regional trade and investment. This integration has contributed to over 200 bilateral and

plurilateral trade agreements in the region that has helped reduce tariffs³. It is forecast that by 2020, intra-regional trade will be worth twice as much as Asia's trade with the rest of the world⁴, which is approximately equal today.

The growing income, trade and investment in the region is promoting cross border movement and changes to demographics. For example, the number of international visitor arrivals to Asia that originate in Asia reached 440 million in 2018 and is expected to grow to 595 million by 2023, accounting for 64% and 66% of total international visitors, respectively⁵. The increased movement across regional borders is driving new business and creating demand for hospitality, food, beverage and transport amongst other needs. Resources in urban areas in Asia are also being further stretched by urbanisation. Between 1980 and 2010, the region's cities grew by more than 1 billion, and a further 1 billion will be added again by 2040. At the end of 2018, approximately

50% of Asia's population lived in urban environments or approximately 2.1 billion people⁶, which is approximately twice the population of the US and Europe combined. These changes have led to further demand for real estate, education, healthcare and other goods and services.

Symphony is principally engaged in investing in businesses that benefit from rising incomes, increasing trade and changing demographics in Asia. At 31 December 2018, Symphony's portfolio collectively managed, operated or partnered in the following:

- 15,000 licensed hospital beds in 82 hospitals;
- 75,241 beds in 513 hotels;
- 2,352 food and beverage outlets;
- 527 retail outlets;
- 27,500 square meters of prime commercial and office space; and
- over 850,000 square meters of land being developed and / or held for development purposes.

1 Homi Kharas and Kristofer Hamel, "A global tipping point: Half the world is now middle class or wealthier", Brookings, 27 September 2018

2 Homi Kharas, "The unprecedented expansion of the global middle class: An update", Brookings Institute, 2017 (page 15)

3 Asia Society Policy Institute, Charging a Course for Trade Economic Integration in the Asia Pacific, March 2017 (page 16)

4 Peter Wong, "Made in Asia for Asia How the rise of its middle class is remaking the world economy", South China Morning Post, Insight & Opinion, 20 July 2018

5 Pacific Asia Travel Association

6 United Nations – Economic and Social Council, Urbanization and sustainable development in Asia and the Pacific: Linkages and policy implications, 7 March 2017 and World Urbanization Prospects: The 2018 Revision

HEALTHCARE



“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 82 HOSPITALS WORLDWIDE.”

The growth in middle class affluence and urbanisation in Asia has led to changes in lifestyle. In particular, these changes are characterised by more sedentary lifestyles, poorer nutrition and exposure to pollution for example, which have contributed to chronic diseases such as cardiovascular, diabetes and cancer-related illnesses. Together with demographic changes, such as a rapidly ageing population and higher life expectancy, there is an increasing demand for quality healthcare in the region.

The themes of an ageing population, urbanisation and chronic disease are prevalent across Asia however, the healthcare markets in the region are diverse and complex in relation to regulatory environment, infrastructure, health risks, market participants

amongst other factors. Generally, public policy has been sensitive to meeting the growing demand for healthcare services and have pursued complementary private and public healthcare models. For example, Singapore, Taiwan, South Korea, Thailand, Hong Kong and China offer well-functioning public health systems⁷ while private participants tend to provide premium services for some domestic demand and, in some cases, medical tourism.

The healthcare expenditure in East Asia and the Pacific is relatively low at 6.8% of GDP, which compares to 9.9% in European Union and 16.8% in the US⁸. With a population of 4.5 billion people in 2018 (60% of the global population), Asian healthcare expenditure accounted for only 22% of total global healthcare spending. However, private and public

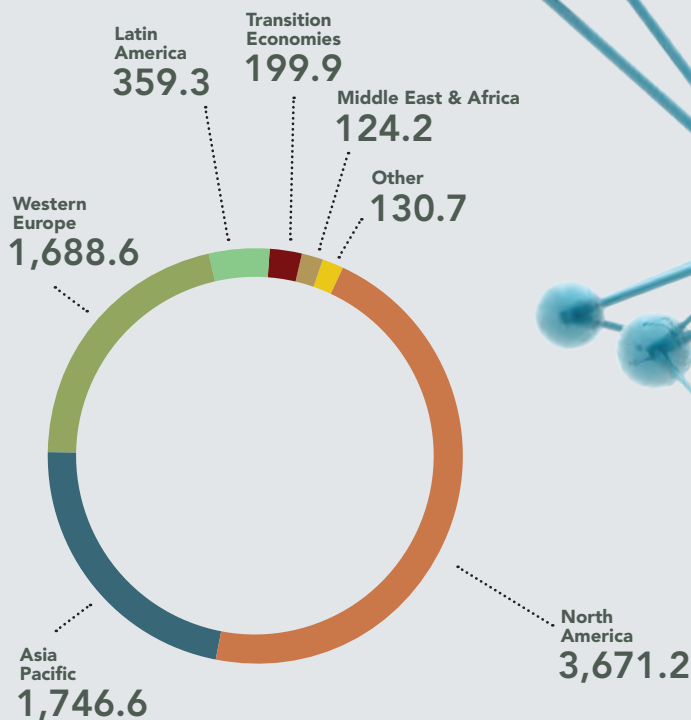
expenditure continue to grow at a rapid pace as governments further develop universal healthcare systems, such as India, Indonesia and the Philippines, and private participants seek to meet growing demand not met by government initiatives. Healthcare expenditure in China and India, for example, grew by 10.3% and 11.6% in 2018, respectively⁹.

Symphony currently holds one portfolio investment in the healthcare sector, which is an interest in IHH Healthcare Berhad (“IHH”), one of the largest healthcare service providers in the region. IHH’s healthcare assets include Parkway Holdings Limited, Pantai Holdings Berhad, International Medical University, Acibadem Saglik Yatirimlari Holding A.S. and Fortis Healthcare Limited. 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 82 hospitals worldwide.

Symphony’s investment management team has been investing in Asian healthcare businesses for over 23 years and has a deep knowledge of the sector, including in healthcare services and pharmaceuticals, across the region. Symphony has generated attractive risk adjusted returns following the full exit of Parkway Life Real Estate Investment Trust in 2017 and partial exits related to IHH since 2015. Healthcare in Asia is an attractive sector that will continue to benefit from rising incomes and Symphony continues to explore opportunities to add to its portfolio.

HEALTH SPENDING BY REGION 2018 (US\$ BILLION)



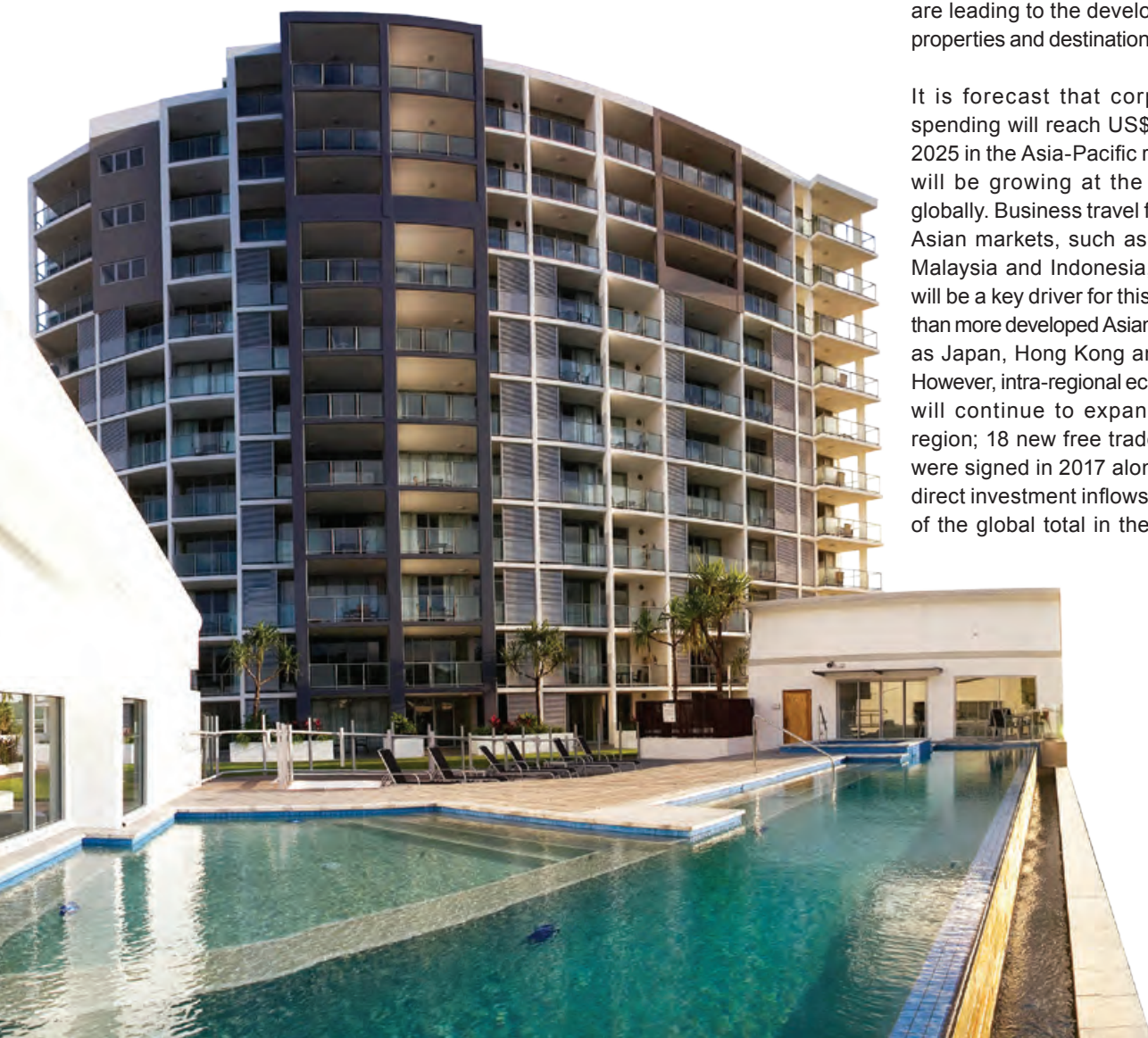
7 AON, “Asia Healthcare Trends 2017/2018: In pursuit of Equitable, Affordable Healthcare”, 2018
 8 The World Bank, World Bank Open Data, Healthcare Spend as a percentage of GDP, 2015
 9 Economist Intelligence Unit, “Industries in 2018: A special report from the Economist Intelligence Unit”, 2018 (page 45)

HOSPITALITY

Increasing disposable income and trade in Asia is fuelling travel in the region and abroad. Total expenditure by Asian travellers reached US\$502 billion or 37% of total global travel expenditure in 2017, which is up from 24% in 2010¹⁰. Approximately 80% of travel originating in Asia was also to destinations in Asia, a trend that is forecast to increase as economies become more integrated¹¹. As a result of the growing leisure and business travel in the region, demand for hospitality assets and services is increasing.

Asia's burgeoning middle class is causing demand for leisure travel to surge. The Asia-Pacific region will account for more than 50% of new passengers globally over the next 20 years¹². The growth in travellers is already straining existing infrastructure, particularly in large city destinations, even though only a small proportion of Asians are only beginning to travel. The tastes and demands of Asian travellers continue to evolve. For example, more sophisticated travellers are seeking immersive experiences in destinations that are less frequented. These changes are leading to the development of new properties and destinations in the region.

It is forecast that corporate travel spending will reach US\$900 billion by 2025 in the Asia-Pacific region¹³, which will be growing at the fastest pace globally. Business travel from emerging Asian markets, such as China, India, Malaysia and Indonesia, for example, will be a key driver for this growth rather than more developed Asian markets, such as Japan, Hong Kong and Singapore. However, intra-regional economic activity will continue to expand across the region; 18 new free trade agreements were signed in 2017 alone and foreign direct investment inflows reached 39% of the global total in the same year¹⁴.



“SYMPHONY’S INVESTMENT MANAGEMENT TEAM HAS BEEN INVESTING IN THE HOSPITALITY SECTOR IN ASIA FOR OVER THREE DECADES.”

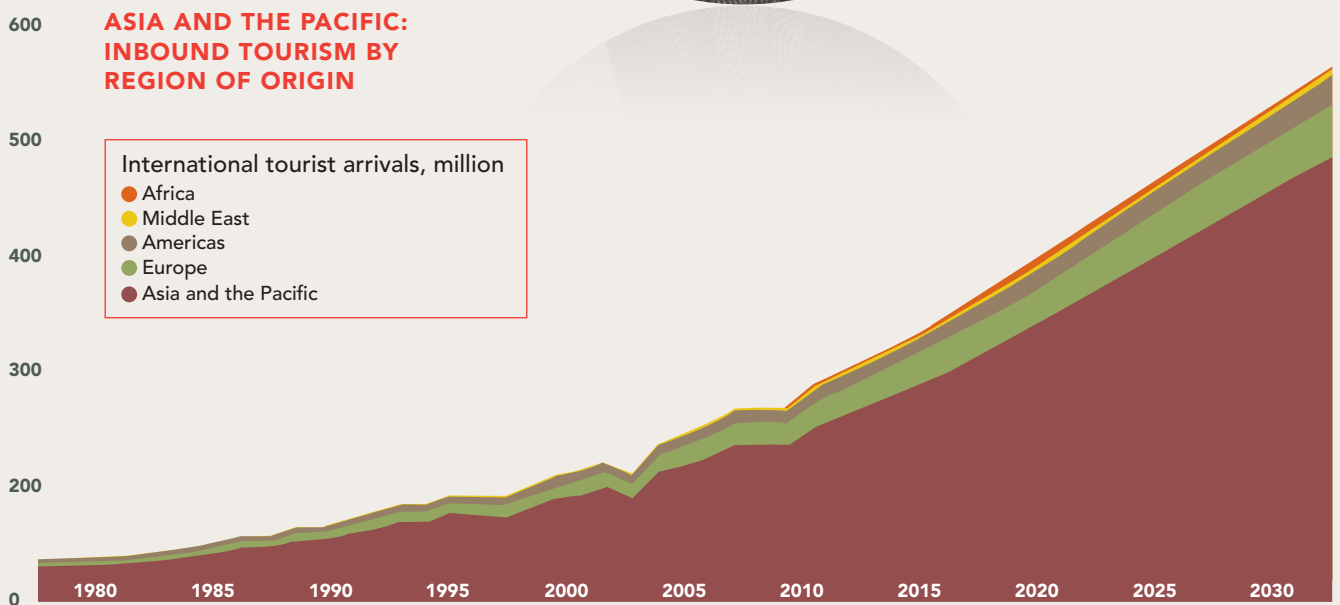
The ongoing growth of value chains and other trade in goods and services will continue to be a key driver for the hospitality sector in Asia for the foreseeable future.



Symphony’s investment management team has been investing in the hospitality sector in Asia for over three decades. Symphony’s primary investment in this sector is an interest in Minor International Public Company Limited (“MINT”), which is one of the largest hospitality, restaurant and lifestyle businesses in Asia. At 31 December 2018, MINT had in its portfolio 513 hotels with over 75,000 rooms, 2,270 restaurants and 490 retail outlets.



Symphony’s investment management team has been associated with MINT for almost 30 years and continues to work with its management team to drive value for this investment.



10 UN World Tourism Organisation (UNWTO), “Asian Tourism Trends – 2018 edition” and UNWTO data
 11 UNWTO data
 12 ACI World Traffic Forecast 2017-2040
 13 Amadeus, “Business Travel in Asia Pacific: Setting the Smart Course”, 2015 (page 5)
 14 United Nations ESCAP, “Asia Pacific Trade and Investment Report 2018”, 2018 (page 86)

LIFESTYLE



Rising incomes in Asia have transitioned hundreds of millions out of poverty during the past two decades into a consuming class that continue to grow and evolve. It is forecast that Asia's middle class will account for two thirds of the global middle class and spend over US\$36.6 trillion by 2030¹⁵. This group of consumers seek to improve their quality of living and lifestyle by spending on discretionary goods and services, such as cars, luxury goods, dining out and better education for example. This discretionary spending is reinforcing the transition from export to consumption-led economies, which in turn continues to drive income growth.

Symphony has four investments that operate in the lifestyle sector, which directly benefit from the growth in discretionary consumption in Asia. These investments include the Liaigre Group ("Liaigre"), WCIB International Co. Ltd. ("WCIB"), Wine Connection Group (WCG) and Chanintr Living ("Chanintr"). Symphony invested in Liaigre in June 2016 as part of a consortium. The Liaigre brand was established in 1985 and has become one of the most sought-after luxury furniture brands, synonymous with discreet luxury, and renowned for its elegant, minimalistic and luxurious design style. Liaigre has a strong intellectual property portfolio and provides a range of bespoke furniture, lighting, fabric and leather, and accessories. In addition to operating a network of 25 showrooms in 11 countries across Europe (including the flagship showroom on Rue du Faubourg Saint-Honoré), the US and

"ASIA'S MIDDLE CLASS WILL ACCOUNT FOR TWO THIRDS OF THE GLOBAL MIDDLE CLASS AND SPEND OVER US\$36.6 TRILLION BY 2030"

¹⁵ Homi Kharas, "The unprecedented expansion of the global middle class: An update", Brookings Institute, 2017 (page 13)

Asia, Liaigre undertakes exclusive interior architecture projects for select yachts, hotels, restaurants and private residences. The Asian platform that has been developed over the past two years has been received well and continues to grow.

WCIB is a joint venture that Symphony entered into in January 2017 with established Thai Partners. WCIB developed and operates Wellington College International Bangkok, the fifth international addition to the Wellington College family of schools. Wellington College International Bangkok is a co-education school that will cater to over 1,500 students aged 2-18 years when fully completed. The school opened in August 2018 with an inaugural class of 150 students attending nursery

to year six. WCIB also has the option to develop further schools under the Wellington name in Myanmar, Cambodia, Laos and Vietnam. There is increasing demand for places at high quality international schools in Asia, a key long term trend being driven by higher incomes and the desire to attend higher education overseas.

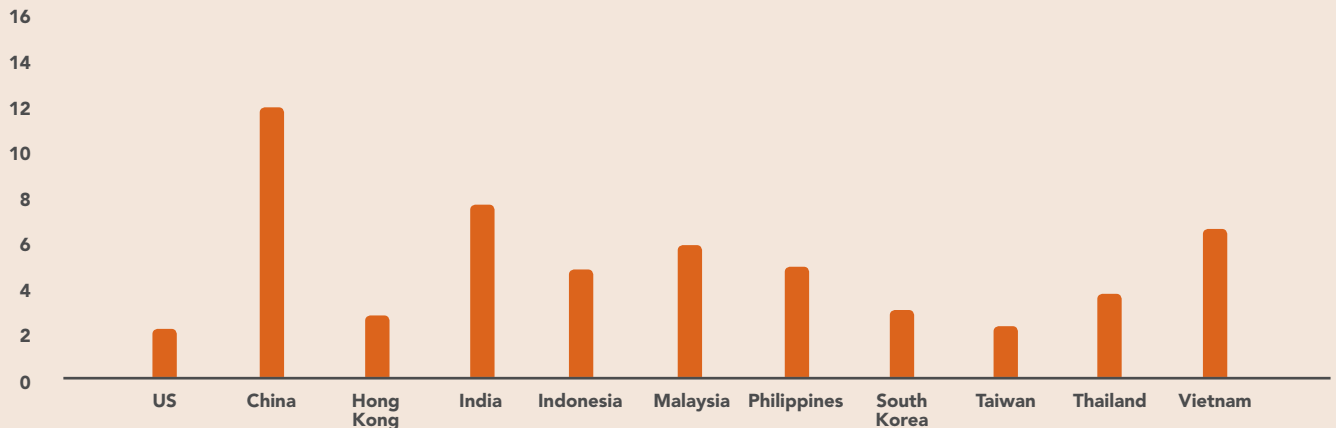
WCG is the largest owner and operator of wine themed food and beverage concepts in Southeast Asia. WCG has continued to expand since Symphony invested in the business in 2014. In particular, WCG has grown the total number outlets in Singapore, Thailand, Malaysia and South Korea to 80 at the end of 2018 and is exploring opening new outlets in other Asian markets.

Chanintr is a luxury lifestyle company with a primary focus on the import and distribution of high-end US and European furniture brands. The current portfolio of furniture brands include Liaigre, Barbara Barry, Baker, Thomasville, Herman Miller, Minotti, Bulthaup kitchens, Puiforcat, and St. Louis. In addition to retail operations, Chanintr provides interior solutions to property developers. Chanintr also has the food and beverage franchise to operate the Clinton Street Baking Company in select Asian markets and currently has outlets in Singapore and Bangkok.

The long-term market fundamentals for the lifestyle sector are favourable and Symphony continues to explore opportunities in this sector to add to its portfolio.

AVERAGE ANNUAL GROWTH IN REAL PERSONAL DISPOSABLE INCOME (2001-2016)

Percentage



Source: Oxford Economics, Deloitte Services LP economic analysis



REAL ESTATE

"REAL ESTATE IS VIEWED AS A KEY ASSET CLASS FOR WEALTH PRESERVATION IN ASIA."



Real estate is viewed as a key asset class for wealth preservation in Asia. In 2018, high net worth individuals ("HNWI") in Asia allocated 20.1% of their wealth to real estate, which compares to 17.5% for HNWI's in the rest of the world¹⁶. Aside from investment, there is also increased demand for leisure properties as incomes grow. Increasingly, foreign investors are also looking to gain exposure to the Asian real estate sector given the favourable demographics in the region. The volume of cross-border transactions continue to increase, particularly intra-regionally.

Symphony has four real estate investments that are positioned to benefit from the demand dynamics for this asset

class. Symphony's investments include Minuet Limited ("Minuet"), SG Land Co. Ltd ("SG Land"), Desaru Peace Holdings Sdn Bhd ("DPH") and a joint venture that owns land in Niseko, Hokkaido, Japan.

Minuet and SG Land are joint venture companies with real estate holdings in Thailand. Minuet holds approximately 252 rai (40 hectares) of land in the Bangkok area. In addition to the Wellington College International Bangkok being developed on land purchased from Minuet, there is considerable development in the vicinity, which will support incremental demand and higher valuations in the future. Since 2012, Minuet has made partial sales of land, which has returned over US\$46



million to Symphony or approximately 60% of the gross cost of investment. SG Land holds the leasehold rights for two office towers in central Bangkok, which provide an attractive yield.

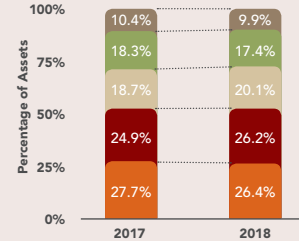
Symphony is actively involved in developing a property in Desaru that is located in southeastern Malaysia. The DPH development is a joint venture with a Malaysian affiliate of Themed Attractions Resorts & Hotels Sdn Bhd, which is a hotel and destination resort investment subsidiary of the Malaysian sovereign-wealth fund, Khazanah Nasional Berhad. The development includes a Clubhouse, 46 suites, and 52 villas. The project has been delayed due to the change to a new operator, One & Only Resorts, and rectification works related to new design requirements.

Through a joint venture, Symphony holds two adjacent land sites in Hirafu village in Niseko, Japan. The sites are arguably the best development sites in the area that provide premium ski-in and ski-out. Niseko is an all-round tourist destination in Asia and there are an increasing number of new luxury residential projects being launched in Niseko as demand for vacation properties continue to rise in the area. The joint venture continues to have discussions with various parties to explore potential options for this asset that include a development and a partial or full sale.

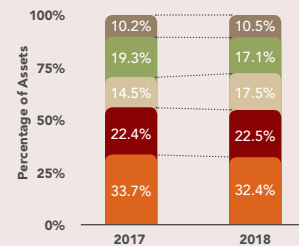
Symphony continues to explore real estate opportunities in Asia with local partners to cater to growing demand while gradually monetizing existing portfolio investments as they mature.

BREAKDOWN OF HNWI FINANCIAL ASSETS

ASIA-PACIFIC (excluding Japan)



REST OF THE WORLD

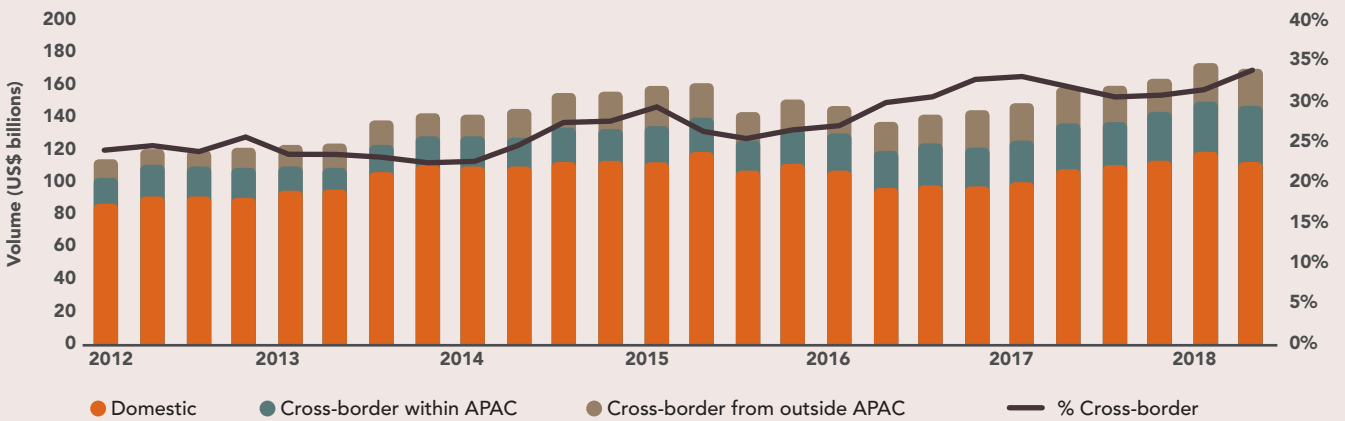


- Equities
- Cash and Cash Equivalents
- Real Estate
- Fixed Income
- Alternative Investments

Source: Capgemini, "Asia Pacific Wealth Report", 2018

16 Capgemini, "Asia-Pacific Wealth Report", 2018 (page 21)

ASIA PACIFIC REAL ESTATE INVESTMENT BY SOURCE OF CAPITAL



CHAIRMEN'S MESSAGE



Following a strong start to 2018, we are now beginning to see slower growth in many economies as less accommodative fiscal policies begin to take effect. Although the weaker investor sentiment in late 2018 and early 2019 have reduced market valuations, we do not view this negatively. Aside from more interesting opportunities coming to market, the gradual removal of excess liquidity is reducing imbalances across the global economy and therefore also the risk of a more dramatic downward cycle.

There are a number of economic and geopolitical risks that could further impact the global business environment in 2019, such as the ongoing trade tensions between the US and China and the possibility of a disorderly exit by the United Kingdom from the European Union. There is also political uncertainty surrounding the elections in Thailand, where Symphony has material investments, which may have an impact on the perception of businesses operating there. From experience, governments tend to lean towards pro-market policies, so we feel that the effect of these risks will be short-term in nature. Nevertheless, economies, particularly in Asia, will continue to grow. Increasing consumption from a growing middle class, market liberalisation and growing intra-regional trade is shifting the economic power increasingly towards the east.

Our portfolio companies continued to grow however, the weaker growth and growth expectations that compressed market valuations during the latter half of 2018 impacted Symphony's Net Asset Value ('NAV'). Symphony's key measures of performance, NAV and NAV per share at 31 December 2018, were US\$492.71 million and US\$0.96 per share, respectively. Excluding the impact of the US\$71.54 million dividend paid (12 cents per share on the distribution date) in 2018, NAV and NAV per share would have been US\$564.24 million and US\$1.10 per share on the same date or 8.8% and 13.3% lower than a year earlier, respectively. The NAV change excluding the impact of dividends was predominantly due to a weaker share price of Minor International Holdings Limited ("MINT"), which was partially offset by other net positive movements in the value of other investments.

During the first three quarters of 2018, we were able to take advantage of the higher market valuations to partially exit some of our listed investments. We sold 30.3 million shares of IHH Healthcare Berhad ("IHH") and 8.1 million shares of MINT, which cumulatively generated US\$57.69 million in proceeds. The net annualised return and multiple of the original cost for these divestments were 9.6% and 1.8 times for IHH, and 19.2% and 5.6 times for MINT. During

2018, Symphony also received principal shareholder loan repayment of US\$15.07 million related to the sale of some land held by Minuet Limited.

Aside from the realisations, we made follow-on investments in WCIB International Co. Ltd ("WCIB"), which operates the Wellington College International Bangkok; the property joint ventures in Desaru, Malaysia; Niseko, Hokkaido, Japan and the Liaigre Group ("Liaigre") that offers bespoke luxury furniture and accessories and interior architecture services. The cumulative amount of these follow-on investments amounted to less than 2% of NAV.

We have paid out attractive dividends in recent years because the deals we were seeing were overpriced and returning excess capital to shareholders seemed the prudent thing to do. The environment today has changed, and we are beginning to see good value in many potential transactions where we feel we could deploy additional capital to earn attractive risk adjusted returns. We are in advanced stages of exploring several opportunities, some of which we hope to close during the first half of 2019. As mentioned before, a significant benefit of our permanent capital structure is not having to invest at inopportune times within business cycles.

With regards to the operations of our portfolio companies, there were a number of new developments during 2018. We mentioned in earlier updates that MINT successfully completed a tender offer in October 2018 for the NH Hotel Group SA ("NH Group") that increased its shareholding to 94.1%. This investment greatly expands MINT's global footprint and hotel portfolio from 164 hotels and serviced suites in 26 countries prior to the consolidation to 513 hotels and serviced suites in 51 countries with a total of 75,241 rooms at 31 December 2018. The investment is value accretive and the benefits from the consolidation

of the NH Group's earnings will become more visible in 2019. MINT funded the acquisition by debt without the issue of any new equity. MINT also expanded its restaurant operations with the acquisition of the non-US operations of Benihana, which added 19 restaurants in twelve countries. At 31 December 2018, MINT had a total of 2,270 owned and managed restaurants in its portfolio.

On the healthcare front, IHH also expanded its business in 2018 with the acquisition of a controlling stake in Fortis Healthcare Limited ("Fortis"). IHH holds a 31.1% interest in Fortis, which it hopes to increase to 57.1% in the future if a cash open offer is approved by the Indian Supreme Court and successful. Fortis operates 34 hospitals across India and internationally with over 4,600 beds and 2,600 doctors. IHH also increased its interest in 2018 in Acibadem Saglik Yatirimlari Holding AS ("Acibadem"), which operates 21 hospitals in Turkey, Macedonia and Bulgaria, from 60% to 90%.

Our unlisted operating investments that include Liaigre, the Wine Connection Group ("WCG"), Chanintr Living Ltd ("Chanintr") and WCIB continued to grow their businesses. Liaigre saw year-over-year sales growth of 14.8% in 2018, which was driven by strong sales related to design architectural projects and the US showrooms. The Asian business has also seen strong momentum albeit from a low base of sales. During 2018, we announced that Liaigre opened two new showrooms; a second showroom in New York on Madison Avenue and the flagship showroom on Rue du Faubourg St-Honoré in Paris. Sales at the new flagship have been promising in recent months. Subsequent to 2018 year-end, a new investor, the Pierre Chen family, joined our consortium and provided new capital to further develop the Liaigre brand into new business lines.

WCG continued to expand its footprint by opening its first outlet in South Korea, its fourth market in Asia. Despite a very difficult operating environment in Singapore and Thailand, WCG has been able to grow overall revenue. However, cost and pricing pressures did have

some impact on EBITDA margins. We expect new markets to be a key source of new growth for this business.

The buoyant luxury housing market in Thailand has benefited Chanintr that primarily distributes high-end US and European furniture brands through retail outlets and through the provision of furniture, fixture and equipment solutions to property developers. Large project-related orders that were delayed in the third quarter 2018 were delivered before year-end, which has been a primary driver for year-over-year sales and EBITDA growth of 16.6% and 34.1%, respectively. Chanintr also operates two food and beverage outlets under the Clinton Street Bakery brand; one in each of Singapore and Bangkok.

We mentioned earlier in the year that WCIB had commenced operations in August 2018. The management team has achieved a remarkable feat by developing a world class education facility, hiring a strong international and domestic faculty and achieving the budgeted enrollment figures in a short time frame. We look forward to WCIB growing its operations in the coming years with its phased expansion plans. As part of the arrangement with Wellington College, WCIB has the right to open additional schools under the Wellington brand in Myanmar, Cambodia, Laos and Vietnam. The management team is beginning to explore opportunities in some of these markets. We continue to see the education sector as being attractive and we are actively looking to increase our exposure to it.

Our property related investments continue to mature, and we aim to continue to monetise some of these holdings. In Bangkok, Thailand, we have our largest real estate investment through Minuet that currently holds over 40 hectares of land that is available for sale and/or development. Symphony has received cumulative returns from Minuet of US\$46.19 million (including amounts paid in 2018) that relate to land sales. The immediate area around Minuet's land holdings is developing at a very fast pace with a number of new residential and commercial projects being launched.

Together with the opening of WCIB, we expect land valuations in the area to continue to rise. Our other property related investment in Thailand is SG Land Co. Ltd ("SG Land"), which owns two leasehold office towers in central Bangkok. These buildings provide a stable yield that will continue for the leasehold periods that ranges from approximately five to seven years.

The beachfront and private villa development in Desaru, Malaysia that will be managed by One & Only will be launched later this year. Pre-marketing initiatives have begun, and we expect to begin generating returns from operations and the sale of villas. The beachfront resort is located on the east coast of Malaysia and is in close proximity to Singapore and benefits from two adjacent championship golf courses.

We continue to hold a prime development site in Niseko, Hokkaido, Japan. Niseko has developed into a key all round tourist destination in Asia with annual foreign tourist arrivals more than doubling since we acquired the site. We continue to explore potential options for this asset that include a potential development and a partial or full sale.

Overall our portfolio is well positioned to benefit from the economic growth and rising consumption in Asia. We look forward to adding to our portfolio in the current environment and to continue to generate value with respect to our existing investments. We would like again to thank our shareholders and partners for their continued support.

PIERANGELO BOTTINELLI

Chairman

Symphony International Holdings Limited

ANIL THADANI

Chairman

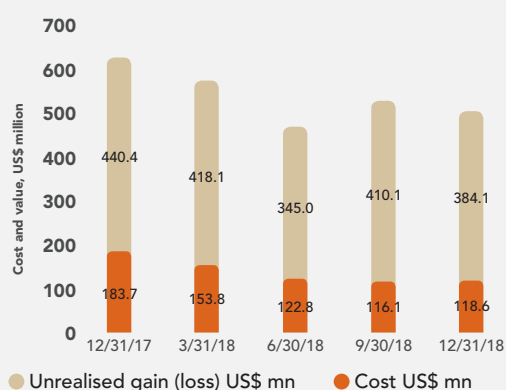
Symphony Asia Holdings Pte. Ltd.

FINANCIAL HIGHLIGHTS

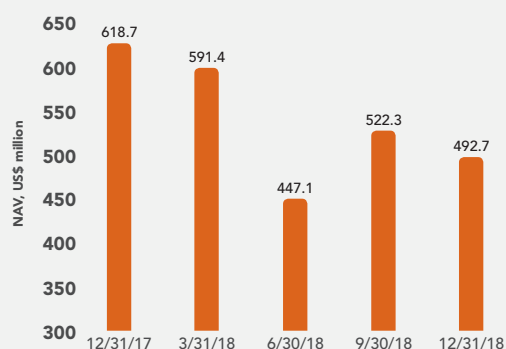




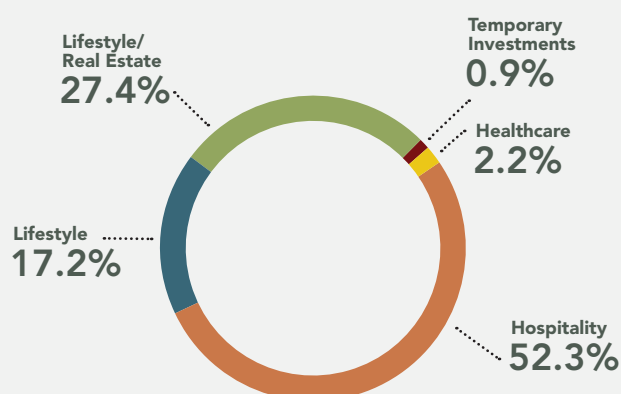
VALUE OF PORTFOLIO INVESTMENTS



VALUE OF PORTFOLIO INVESTMENTS



NAV BY SEGMENT



KEY FINANCIAL HIGHLIGHTS

As at 31 December	Group		
	2016 US\$'000	2017 US\$'000	2018 US\$'000
Other income	1,020	118,769	26,142
Fair value changes in financial assets at fair value through profit or loss	8,571	(12,154)	(79,234)
(Loss) Profit after tax ³	(11,461)	90,179	(69,516)
Total assets	654,082	624,223	498,400
Total liabilities	8,329	5,551	5,695
Total shareholders' equity	645,753	645,753	618,672
NAV ⁴	695,590	618,672	492,705
Number of shares outstanding	528,839	488,222	513,366
NAV per share (US\$)	1.22	1.27	0.96
Diluted NAV per share (US\$) ⁵	1.20	1.23	0.96
Dividend per share (US cents) ⁶	6.25	13.50	12.00

1 Portfolio investments exclude temporary investments, but includes a structured transaction and a global listed portfolio of securities. (see Investment Manager's Report for more details)

2 Temporary investments include cash and equivalents and is net of accounts receivable and payable and includes a structured transaction and portfolio of listed securities that amount to less than 5% of NAV.

3 Profit (Loss) after tax in 2016, 2017 and 2018 include expenses for management share options (2016: US\$1.2 million, 2017: US\$0.5 million and 2018: nil).

4 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.

5 Adjusting for the impact of in the money vested but unexercised options.

6 Dividend (ordinary and extraordinary) to shareholders and option holders.

INVESTMENT MANAGER'S REPORT



Standing, from left to right:
*Hariharan Vaidyalingam,
 Anupum Khaitan, Raj Rajkumar,
 Anil Thadani, Patrik Brusheim,
 Peter Lee, Shakthivel Masilamani*

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 2018 through 31 December 2018, referred to as “the year ended 31 December 2018”.

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.

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

Sitting, from left to right:
Anil Thadani, Ramon Lo



INVESTMENT MANAGER'S REPORT

ORGANISATIONAL STRUCTURE



Investments

At 31 December 2018, the total amount invested by Symphony since admission to the Official List of the London Stock Exchange in August 2007 was US\$453.50 million (2017: US\$444.81 million). SIHL's total cost of investments after taking into account shareholder loan repayments, partial realisations and the cost of fully realised investments was US\$118.55 million at 31 December 2018, down from US\$183.68 million a year earlier. The change is due to (i) the partial realisation of MINT shares that generated net proceeds of US\$10.87 million, which increased cumulative proceeds in excess of total cost for this investment to US\$64.55 million at 31 December 2018, (ii) the partial realisation of IHH shares that generated net proceeds of US\$46.82 million, which brought cumulative proceeds to US\$25.22 million in excess of total cost at 31 December

2018, which compares to a net cost of US\$21.60 million a year earlier, (iii) shareholder principal loan repayments related to property investments in Thailand of US\$16.27 million and (iv) new investments of US\$8.69 million and other minor movements of US\$0.14 million that increased cost.

As at 31 December 2018, the healthcare, hospitality, lifestyle, lifestyle/real estate sectors and other investments accounted for -21.1%, -54.4%, 95.8%, 67.6%, and 12.1% (2017: 11.8%, -29.2%, 57.8%, 51.8%, and 7.8%) of total cost of investments, respectively. Other investments include a structured investment and a global listed portfolio of securities. The negative net cost in the healthcare and hospitality sectors is due to partial realisations related to certain investments that have generated proceeds in excess of cost for that sector.

The fair value of investments, excluding temporary investments (but including other investments), held by Symphony was approximately US\$502.69 million at 31 December 2018 down from US\$624.12 million a year earlier. This change is comprised of a decrease in the value of investments by US\$56.16 million, new investments of US\$8.69 million and realisations (including shareholder loan principal repayments) of US\$73.96 million.

As at 31 December 2018, 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 369 hotels and manages 144 other hotels and serviced suites with 75,241 rooms. MINT owns and manages hotels in 51 countries predominantly under its own brand names that include Anantara, Oaks, NH Collection, NH Hotels, nhow, Elewana, AVANI, Per AQUUM and Tivoli in 51 countries.

As at 31 December 2018, MINT also owned and operated 2,270 restaurants (comprising 1,159 equity-owned outlets and 1,111 franchised outlets) under the brands The Pizza Company, Swensen's, Sizzler, Dairy Queen, Burger King, Beijing Riverside, Thai Express 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 (490 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, EBITDA and net profit growth (before non-recurring items) of 34%, 28% and 10% in 2018 year-over-year, respectively. The growth was predominantly driven by the consolidation of the NH Hotel Group S.A. ("NH Group"), organic growth from hotel operations excluding the NH Group, retail trading and manufacturing and the Anantara Vacation Club. The slower EBITDA and net profit growth relative to revenue is due to the lower profitability of the restaurant business.

MINT's hotel and mixed-use business had core revenues (excluding non-recurring items) of THB50.6 billion during 2018, which is 63% higher than the same period a year earlier. The growth is primarily from the consolidation of the NH Group in October 2018 and stronger performance

COST AND FAIR VALUE OF INVESTMENTS

	Group at 31 December 2018		
	Cost US\$'000	Fair Value US\$'000	% of NAV
Healthcare	(25,060)	11,040	2.2%
Hospitality	(64,549)	257,792	52.3%
Lifestyle	113,628	84,670	17.2%
Lifestyle / Real estate	80,167	134,853	27.4%
Structured investment	14,368	14,338	2.9%
Subtotal	118,554	502,693	102.0%
Temporary investments (excluding structured investment)		(9,988)	-2.0%
Net asset value¹		492,705	100.0%

(1) Other investments include a structured transaction and a global listed portfolio of securities

(2) 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.



INVESTMENT MANAGER'S REPORT



of the hotel portfolio excluding the NH Group. MINT reported management income from hotels increased by 19% in 2018.

At the end of 2018, MINT's total number of restaurants reached 2,270 comprising 1,159 equity-owned outlets and 1,111 franchised outlets. Approximately 66% were in Thailand with the remaining number in 26 other countries in Asia, Oceania, Europe and Canada. Approximately 206 restaurants were added during 2018. Due to a challenging market, total system sales increased by only 0.2% and same-store-sales declined by 3.3% (local currency terms) that resulted in flat revenue growth and a 15% decline in EBITDA for this business segment. Management is employing a number of strategies focused on delivering positive same-store-sales growth in 2019.

The retail trading and contract manufacturing businesses grew core revenue by 9% with revenues of THB4.4 billion during 2018.

Symphony's gross and net investment cost in MINT was approximately US\$74.0 million and (US\$64.55 million) (2017: US\$74.02 million and (US\$53.68 million)), respectively, at 31 December 2018. 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\$257.79 million, down from US\$340.33 million a year earlier. The change in value of approximately US\$82.53 million was due to the sale of 8.1 million shares during the year that generated proceeds of US\$10.87 million and a weakening of MINT's share price by 21.8% from THB43.5 per share to THB34.0 per share. The annualised return and times the original cost of investment on the partial sale of shares in 2018 was 19.2% and 5.6 times, respectively. Subsequent to 31 December 2018 and at the time of this report, MINT's share price had partially recovered to THB38.75 and the Thai baht had strengthened to 31.645 per US dollar, which increased the value for this investment to US\$302.19 million.

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 2018, 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 2018, the Company's investment cost (net of shareholder loan repayments) was approximately US\$32.12 million (31 December 2017: US\$47.19 million). The fair value of the Company's interest in Minuet on the same date was US\$73.55 million (31 December 2017: US\$83.08 million)

based on an independent third party valuation of the land plus the net value of the other assets and liabilities of Minuet. The change in value of Symphony's interest by US\$9.53 million was less than the US\$15.07 million of principal shareholder loan repayments received due to incremental value generated from the land sales above the fair value of the land 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 82 hospitals worldwide.

IHH reported revenue and EBITDA growth of 3% and 9%, respectively, in 2018 year-over-year. On a constant currency basis during the same period, revenue and EBITDA increased by 19% and 21%, respectively. The growth was driven by an increase in inpatient volumes, revenue intensity per patient, contributions from Fortis and higher student intake at IMU. Net profit, excluding exceptional items, increased by 73% to reach MYR1.03 billion in 2018.

Excluding the effects of the strengthening of the Malaysian ringgit, Parkway Pantai's revenue and EBITDA increased by 13% and 15%, respectively, in 2018 year-over-year. Parkway Pantai saw in-patient admissions increase by 0.6% and 3% in Singapore and Malaysia in 2018, respectively, compared to a year earlier. Average revenue per inpatient admission also increased by 7.7% in Singapore and 6.1% in Malaysia

during the same period. The organic revenue growth from Parkway Pantai was driven by a continued ramp up in operations of Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital, Gleneagles Medini Hospital in Malaysia and Gleneagles Hong Kong Hospital. Fortis contributed to MYR217.1 million to the Group's revenue since acquisition.

Acibadem saw admissions and revenue per inpatient admission increase by 7.4% and 24.4% in 2018, respectively, year-over-year. Excluding the effects of a strengthening Malaysian ringgit in 2018, Acibadem's revenue and EBITDA increased by 32% and 38%, respectively, during the same period.

The Company's gross and net investment cost in IHH was US\$50.11 million and (US\$25.22 million) (31 December 2017: US\$50.11 million and US\$21.60 million), respectively at 31 December 2018. The negative net cost at 31 December 2018 is due to proceeds from partial realisations being in excess of cost for this investment. The fair value on the same date was US\$11.04 million (31 December 2017: US\$56.13 million). The change in value is predominantly due to the sale of 30.3 million shares that generated net proceeds of US\$46.82 million. The net annualised return and multiple of the original cost from the sale was 9.6% and 1.8 times, respectively.



INVESTMENT MANAGER'S REPORT

Investment In The 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 25 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 saw year-over-year sales growth of 14.8% in 2018, which was driven by strong sales related to design architectural projects and the US showrooms. However, the delay of the placement of certain orders in December resulted in a slightly smaller order book at end of 2018 compared to 2017. Subsequent to the year-end, many of these orders were placed, which has provided strong momentum to the start of 2019. We would also like to note that sales at the two new showrooms, the flagship on Rue du Faubourg St-Honoré in Paris and the second showroom in New York on Madison Avenue have been promising in recent months.

The investment in the Asian business over the past eighteen months is beginning to yield results. The team is working on a number of large projects and has also received several large orders, which has increased total orders in Asia by more than 200% compared to 2017.

Symphony announced that the Pierre Chen family became a partner and co-owner in Liaigre following an investment in February 2019. The new capital from the Pierre Chen family will facilitate expanding Liaigre into new complementary businesses to fully realise the brand's potential. The Pierre Chen family are involved in a number of industries and have a strong network and presence in and outside of Asia.

Symphony, together with Navis Capital Partners and management, acquired Liaigre in June 2016 for an undisclosed sum. Symphony's investment 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 planned to be launched during the second half of 2019 and will include a Club, 46 club suites and prototype villas. When fully developed the site will have a total of 52 villas.



The Company invested approximately US\$29.05 million in January 2012 for its interest in Desaru and made follow-on investments in October 2017 and September 2018 of US\$4.97 million and US\$1.20 million, respectively. Based on an independent third party valuation, the investment was valued at US\$33.58 million at 31 December 2018 (31 December 2017: US\$31.72 million). The change in value reflects the follow-on investment in 2018 and a marginal increase in the value of the land, which was partially offset by a weakening of the Malaysian ringgit by 2.2% during 2018.

Other Investments

In addition to the investments above, Symphony had seven additional non-material investments at 31 December 2018. Pending investment in suitable opportunities, Symphony has placed funds in certain temporary investments. As at 31 December 2018, cash and cash equivalents that comprised bank deposits and cash at bank amounted to US\$11.54 million (31 December 2017: US\$15.69 million).

Capitalisation and NAV

As at 31 December 2018, the Company had US\$409.70 million (31 December 2017: US\$382.80 million) in issued share capital and its NAV was approximately

US\$492.71 million (31 December 2017: US\$618.67 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 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.

NAV, SHARES OUTSTANDING AND NAV PER SHARE ON QUARTERLY BASIS¹

As at	Group		
	12/31/16	12/31/17	12/31/18
NAV (US\$ '000)	645,753	618,672	492,705
Number of shares ('000)	528,839	488,222	513,366
NAV per share (US\$)	1.22	1.27	0.96
Diluted NAV per share (US\$) ²	1.20	1.23	0.96

As at	Group		
	03/31/18	06/30/18	09/30/18
NAV (US\$ '000)	591,445	447,116	522,291
Number of shares ('000)	488,222	490,736	513,366
NAV per share (US\$)	1.21	0.91	1.02
Diluted NAV per share (US\$) ²	1.18	0.90	1.02

(1) Unaudited

(2) Adjusting for the impact of in the money vested but unexercised options



INVESTMENT MANAGER'S REPORT



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.

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 2018.

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 2018 (2017: 488.2 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 2018, Symphony recognised other operating income of US\$26.14 million, which mainly comprised interest income from bank deposits, loan interest and dividends from unconsolidated subsidiaries. This compares to other operating income of US\$118.77 million in 2017 that comprised the same items, but also foreign exchange gains relating to intercompany transactions.

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 2018, other operating expenses amounted to US\$4.16 million and also included non-cash foreign exchange losses of US\$2.78 million. Excluding the foreign exchange losses, other operating expenses were US\$1.37 million, which is lower than the US\$1.75 million of operating expenses in 2017.

The difference is predominantly due to lower interest expense relating to interest bearing borrowings.

Management Fee

The management fee amounted to US\$12.25 million for the year ended 31 December 2018 (2017: US\$14.18 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).

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. 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. Consequently, the expense related to these share options recognised in previous years amounting to US\$50.48 million was transferred from reserves to accumulated profits. This compares to the non-cash expense of US\$0.51 million in 2017 that relate to the 41,666,500 share options with an exercise price of US\$0.60 each.

Liquidity and Capital Resources

At 31 December 2018, Symphony's cash balance was US\$11.54 million (2017: US\$15.69 million). Symphony's primary uses of cash are to fund investments, pay expenses and to make distributions to shareholders, if and when declared by our board of directors. 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 2018, the Company had total interest-bearing borrowings of US\$5.33 million (2017: US\$5.17 million) associated with our property related investment in Niseko, Hokkaido, Japan.

Principal Risks

Described below are some of the risks that the Company is exposed to:

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



INVESTMENT MANAGER'S REPORT

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 and Leisure ("HH&L") sectors (including education and branded real estate developments) within the Asia-Pacific region.

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 there is a risk that such portfolio companies may take decisions, which do not serve the Company's interests.

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.

4 March 2019

BOARD OF DIRECTORS



PIERANGELO BOTTINELLI

Mr. Bottinelli is based in Geneva, Switzerland and is the Chairman of the Company. He was appointed to the Board of the Company on 31 December 2005. Mr. Bottinelli started his career at the Zurich Stock Exchange from 1961 to 1964. He then was successively a trader at the Frankfurt and Berlin Stock Exchange (1964 to 1966) before turning to the brokerage business. He joined AG Becker (now part of Merrill Lynch) in 1970, after which he spent four years between 1985 and 1989 at Wertheim Schroder. He was a Managing Director at Schroder Securities in 1991 where he remained for nine years before becoming the Managing Director of Quaker Securities in 2000, a position he held until 2005. He is currently a director of Lansdowne Partners International. He was awarded an official diploma from the Federal Commercial School in Lugano in 1959.



GEORGES GAGNEBIN

Mr. Gagnebin is based in Geneva and was appointed to the Board of the Company on 8 July 2007. 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. The Firm was ranked as the 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 has been closely involved with the development of Project Finance and Public-Private-Partnership models in India and has advised on Infrastructure Projects worth over US\$ 100 billion. He 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 formerly served on the board of HSBC's Corporate Governance and Audit committees in India. Mr. Luthra is a recipient of: the "National Law Day Award" bestowed upon him by the Hon'ble Prime Minister of India and the Chief Justice of 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.



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 31 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 of 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 2018, 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, Mr. Pierangelo Bottinelli, has more than 45 years' experience in merchant banking, securities and investment management,

and is currently a Director of the Board of Lansdowne Partners Austria. The other three independent directors are Mr. Rajiv K. Luthra, Mr. Georges Gagnebin and Mr. Samer Z. Alsaifi. Mr. Luthra is the managing partner and founder of L&L Partners in India. Mr. Gagnebin is 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. Alsaifi is the Vice-Chairman and a Partner of Alcazar Capital Limited, a private equity and advisory platform regulated by the Dubai Financial Services Authority. The other members of the Board are Mr. Anil Thadani and Mr. Sunil Chandiramani who have over 38 years and 31 years of experience in private equity, respectively.

During the 2018 financial year, the Company had a directorate change. Mr. Georges A. Makhoul resigned as an independent director of the Company effective 12 November 2018 due to personal reasons. The Company subsequently appointed Mr. Alsaifi to the Board as an independent director effective 1 March 2019.

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 three committees:

- i. the Nominations Committee;
- ii. the Audit Committee; and
- iii. the Share Options Terms 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. Pierangelo 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 once 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;
- 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.

DIRECTORS' REPORT

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. Pierangelo Bottinelli 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.

The Share Options Terms Committee ("SOTC") has the responsibility to review and comment on the adjustment of the exercise price and the number of Share Options granted to the Investment Manager under the Investment

Management, and to carry out all activities with respect to the Share Options Terms and to take all resolutions on behalf of the Board and do all acts and things as the SOTC may consider necessary or expedient in order to give effect to the Share Options Terms.

The SOTC comprises a majority of independent Directors. The Chairman of the SOTC is Mr. Pierangelo Bottinelli. The other members of the SOTC are Mr. Georges Gagnebin and Mr. Sunil Chandiramani. The SOTC met one time 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 four 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 in high growth innovative consumer businesses, primarily in the Healthcare, Hospitality and Lifestyle (including education and branded real estate developments) sectors.

DIRECTORS' RESPONSIBILITY REPORT

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 2018;

ii. the Investment Manager's Report includes a fair review of the development and performance of the business for the year ended 31 December 2018 and the position of the Company taken as a whole as at 31 December 2018, 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

PIERANGELO BOTTINELLI

Chairman

Symphony International Holdings Limited

ANIL THADANI

Chairman

Symphony Asia Holdings Pte. Ltd.

Director

Symphony International Holdings Limited

27 March 2019

CORPORATE INFORMATION



COMPANY

Symphony International Holdings Limited

DIRECTORS

Pierangelo Battista Bottinelli
alias Pierangelo Bottinelli
Chairman and Independent Director

Georges Gagnebin
Independent Director

Rajiv K. Luthra
Independent Director

Samer Z. Alsaifi
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

CORPORATE STOCK BROKER

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT
United Kingdom

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

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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 2018, 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 2018 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) (Refer to Note 16 to the financial statements, page 67 et seq.)	
The key audit matter	How the matter was addressed in our audit
<p>The Company's investments are measured at fair value and amount to US\$487 million (2017: US\$608 million) at 31 December 2018. The Company holds its investments directly or through its unconsolidated subsidiaries. The underlying investments comprise both quoted and unquoted securities.</p> <p>The Company has identified underlying unquoted investments amounting to US\$220 million (2017: US\$213 million) which require significant judgement in the determination of the fair values as significant unobservable inputs are used in the estimation. Changes in these unobservable inputs could have a material impact on the valuation of these investments.</p> <p>The Company used external valuers to measure the fair value of the land related investments and rental properties. The Company used an internal model to value the operating businesses.</p> <ul style="list-style-type: none"> 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. For rental properties in Thailand, an income approach was used to determine the fair values, by using the rental growth rate, occupancy rate and discount rate as the key input parameters. For operating businesses in France and Thailand, the Company measured the investments using the enterprise values by applying comparable traded multiples and a discount for the lack of marketability. For a greenfield operating business in Thailand, the Company used a discounted cash flow method to determine the value, using projected revenue and expenses, terminal growth rate, small capitalisation premium and weighted average cost of capital ('WACC') as key input parameters. 	<p>As part of our audit procedures, we have:</p> <ul style="list-style-type: none"> Evaluated the design and implementation of controls over the preparation, review and approval of the valuations. Assessed the appropriateness of the valuation methodologies used. For land related investments and rental properties, evaluated the valuers' independence, objectivity and qualification; compared the assumptions and parameters used to externally derived data. For operating businesses valued using the comparable enterprise model, assessed the appropriateness of comparable enterprises and checked consistency of EBITDA multiples and share prices to publicly available information. For the operating business valued using the discounted cash flow method, assessed the reasonableness of key assumptions used including projected revenue, expenses and WACC. Involved our in-house valuation specialist in reviewing key assumptions such as the discount rate used for the lack of marketability, small capitalisation premium, WACC and the terminal growth rate and have corroborated the reasons for any unexpected movements from prior valuations. 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)
(Refer to Note 16 to the financial statements, page 67 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, objectivity and qualification of the external valuers.

Overall, the valuation estimates and assumptions made by management were within a reasonable range of outcomes. We also noted that the Company's disclosures were appropriate.

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
27 March 2019

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 US\$'000	2017 US\$'000
Non-current assets			
Financial assets at fair value through profit or loss	3	486,790	608,456
		486,790	608,456
Current assets			
Other receivables and prepayments	4	72	78
Cash and cash equivalents	5	11,538	15,689
		11,610	15,767
Total assets		498,400	624,223
Equity attributable to equity holders of the Company			
Share capital	6	409,704	382,797
Reserves	7	–	62,298
Accumulated profits		83,001	173,577
Total equity carried forward		492,705	618,672
Current liabilities			
Interest-bearing borrowings	8	5,327	5,166
Other payables	9	368	385
Bank overdraft		*	–
Total liabilities		5,695	5,551
Total equity and liabilities		498,400	624,223

* Less than US\$1,000

The financial statements were approved by the Board of Directors on 27 March 2019

Anil Thadani
Director

Sunil Chandiramani
Director

27 March 2019

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

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 US\$'000	2017 US\$'000
Other operating income		26,142	118,769
Other operating expenses		(4,157)	(1,754)
Management fees		(12,248)	(14,176)
		9,737	102,839
Share options expense		–	(506)
Profit before investment results and income tax		9,737	102,333
Loss on disposal of financial assets at fair value through profit or loss		(19)	–
Fair value changes in financial assets at fair value through profit or loss		(79,234)	(12,154)
(Loss)/Profit before income tax	10	(69,516)	90,179
Income tax expense	11	–	–
(Loss)/Profit for the year		(69,516)	90,179
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		(69,516)	90,179
Earnings per share:		US Cents	US Cents
Basic	12	(13.99)	17.79
Diluted	12	(13.99)	17.54

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Share capital US\$'000	Reserves US\$'000	Accumulated profits US\$'000	Total equity US\$'000
At 1 January 2017	414,080	62,960	168,713	645,753
Total comprehensive income for the year	–	–	90,179	90,179
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners				
Issuance of shares	1,745	–	–	1,745
Share-based payment transactions	–	506	–	506
Exercise of share options	1,168	(1,168)	–	–
Own shares acquired	(34,196)	–	(3,064)	(37,260)
Dividend paid of US\$0.135 per share	–	–	(82,251)	(82,251)
Total transaction with owners of the Company	(31,283)	(662)	(85,315)	(117,260)
At 31 December 2017	382,797	62,298	173,577	618,672
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

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

STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 US\$'000	2017 US\$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		(69,516)	90,179
Adjustments for:			
Dividend income		(25,841)	(110,250)
Exchange loss/(gain), net		2,785	(8,217)
Interest income		(301)	(203)
Interest expense		199	505
Loss on disposal of financial assets at fair value through profit or loss		19	–
Fair value changes in financial assets at fair value through profit or loss		79,234	12,154
Share options expense		–	506
		<u>(13,421)</u>	<u>(15,326)</u>
Changes in:			
- Other receivables and prepayments		16	(12)
- Other payables		(20)	(8,691)
		<u>(13,425)</u>	<u>(24,029)</u>
Dividend received		–	53
Interest received (net of withholding tax)		290	232
Net cash used in operating activities		<u>(13,135)</u>	<u>(23,744)</u>
Cash flows from investing activity			
Net proceeds received from unconsolidated subsidiaries		65,602	135,666
Net cash from investing activity		<u>65,602</u>	<u>135,666</u>
Cash flows from financing activities			
Proceeds from issue of share capital		13,578	1,745
Repurchase of own shares		–	(37,260)
Interest paid		(199)	(505)
Dividend paid		(70,029)	(76,545)
Proceeds from borrowings		34	–
Repayment of borrowings		–	(55)
Net cash used in financing activities		<u>(56,616)</u>	<u>(112,620)</u>
Net decrease in cash and cash equivalents		<u>(4,149)</u>	<u>(698)</u>
Cash and cash equivalents at 1 January		15,689	15,779
Effect of exchange rate fluctuations		(2)	608
Cash and cash equivalents at 31 December	5	<u>11,538</u>	<u>15,689</u>

Significant non-cash transaction

During the financial year ended 31 December 2018:

- The Company received dividends of \$25,841,000 (2017: \$110,250,000) from its unconsolidated subsidiaries of which \$25,841,000 (2017: \$110,197,000) was set off against the non-trade amounts due to the unconsolidated subsidiaries.
- 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 March 2019.

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 long-term strategic private equity investments in consumer-related businesses, predominantly in the hospitality, healthcare and lifestyle sectors (including education and branded real estate developments), as well as investments in special situations and structured transactions which have the potential of generating attractive returns.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies

The Company has applied the following IFRSs, amendments to and interpretations of IFRSs for the first time for the annual period beginning on 1 January 2018:

- IFRS 15 *Revenue from Contracts with Customers*;
- *Clarifications to IFRS 15 Revenue from Contracts with Customers* (Amendments to IFRS 15);
- IFRS 9 *Financial Instruments*;
- Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* (Amendments to IFRS 4);
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to IFRS 2);
- *Transfers of Investment Property* (Amendments to IAS 40);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to IAS 28); and
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*.

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

2.3 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.

2.4 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 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.

2.6 Financial instruments

The Company early adopted IFRS 9 *Financial Instruments* ("IFRS 9") for the first time from 12 November 2009, being the earliest date it was available for adoption. The Company elected to apply IFRS 9 retrospectively as if it had always applied. IFRS 9 specifies the basis for classifying and measuring financial assets. Classification is determined based on the Company's business model measured at either amortised cost or fair value. IFRS 9 replaces the classification and measurement requirements relating to financial assets in IAS 39 *Financial Instruments: Recognition and Measurement*. In 2010, 2013 and 2014, IFRS 9 was updated to include revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. The final version of IFRS 9 (2014) is effective for periods beginning on or after 1 January 2018.

(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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

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

Financial assets: Business model assessment (Cont'd)

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).

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 additional 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

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

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

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.

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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

(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.

2.7 Impairment

(i) Non-derivative financial assets

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

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 or contract asset.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Impairment (Cont'd)

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

General approach (Cont'd)

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.

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 or issuer;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Impairment (Cont'd)

(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.

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.

2.8 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.

2.9 Revenue recognition

Dividends

Dividend income is recognised 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.

2.10 Finance income

Interest income from deposits with financial institutions and placements in money market funds and loans to associates, joint ventures and investee companies are recognised as it accrues in profit or loss, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Finance expense

All borrowing costs are recognised in profit or loss in the statement of comprehensive income using the effective interest method.

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, in which case it is recognised in equity or in other comprehensive income.

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

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:

- temporary differences arising from 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 the 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 2018 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

	2018 US\$'000	2017 US\$'000
Investments	<u>486,790</u>	<u>608,456</u>

4 OTHER RECEIVABLES AND PREPAYMENTS

	2018 US\$'000	2017 US\$'000
Interest receivables	12	1
Other prepayments	60	77
	<u>72</u>	<u>78</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5 CASH AND CASH EQUIVALENTS

	2018 US\$'000	2017 US\$'000
Fixed deposits with financial institutions and placements in money market funds	6,244	6,190
Cash at bank	5,294	9,499
Cash and cash equivalents in the statement of financial position	11,538	15,689
Bank overdraft	*	–
Cash and cash equivalents in the statement of cash flows	11,538	15,689

The effective interest rate on fixed deposits with financial institutions as at 31 December 2018 was 0.05% to 2.60% (2017: 0.05% to 1.43%) per annum. Interest rates reprice at intervals of one week to three months.

* Less than US\$1,000

6 SHARE CAPITAL

	Company	
	2018 Number of shares	2017 Number of shares
Fully paid ordinary shares, with no par value:		
At 1 January	488,221,592	528,838,811
Exercise of share options	25,144,606	2,907,781
Repurchase of own shares	–	(43,525,000)
At 31 December	513,366,198	488,221,592

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, 25,144,606 (2017: 2,907,781) 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 (2017: \$0.60) per share.

During the financial year, the Company had acquired and cancelled nil (2017: 43,525,000) shares as part of its Share Buyback Programme.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 term loan amounting to US\$5,327,000 (2017: US\$5,166,000) is denominated in Japanese Yen. Interest is charged at 0.45% (2017: 0.45%) per annum and reprices on a quarterly basis. The loan principals are repayable quarterly unless the loan is rolled-over.

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

	Liabilities			Equity			Total US\$'000
	Bank overdraft US\$'000	Interest- bearing borrowings US\$'000	Other payables US\$'000	Share capital US\$'000	Reserves US\$'000	Accumulated profits US\$'000	
As at 1 January 2017	14	4,953	3,362	414,080	62,960	168,713	654,082
Changes from financing cash flows							
Proceeds from issuance of shares	–	–	–	1,745	–	–	1,745
Repurchase of own shares	–	–	–	(34,196)	–	(3,064)	(37,260)
Interest paid	–	–	(505)	–	–	–	(505)
Dividend paid	–	–	5,706	–	–	(82,251)	(76,545)
Repayment of borrowings	–	(55)	–	–	–	–	(55)
Total changes from financing cash flows	–	(55)	5,201	(32,451)	–	(85,315)	(112,620)
The effect of changes in foreign exchange rates	–	268	8	–	–	–	276
Other changes							
Liability-related							
Change in bank overdraft	(14)	–	–	–	–	–	(14)
Change in other payables	–	–	(8,691)	–	–	–	(8,691)
Interest expense	–	–	505	–	–	–	505
Total liability-related other changes	(14)	–	(8,186)	–	–	–	(8,200)
Total equity-related other changes	–	–	–	1,168	(662)	90,179	90,685
Balance as at 31 December 2017	–	5,166	385	382,797	62,298	173,577	624,223

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8 INTEREST-BEARING BORROWINGS (CONT'D)

	Liabilities			Equity			
	Bank overdraft US\$'000	Interest-bearing borrowings US\$'000	Other payables US\$'000	Share capital US\$'000	Reserves US\$'000	Accumulated profits US\$'000	Total US\$'000
As at 1 January 2018	–	5,166	385	382,797	62,298	173,577	624,223
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	3	–	–	–	130
Other changes							
Liability-related							
Change in bank overdraft	*	–	–	–	–	–	*
Change in other payables	–	–	(20)	–	–	–	(20)
Interest expense	–	–	199	–	–	–	199
Total liability-related other changes	*	–	179	–	–	–	179
Total equity-related other changes	–	–	–	11,820	(62,298)	(19,038)	(69,516)
Balance as at 31 December 2018	*	5,327	368	409,704	–	83,001	498,400

* Less than US\$1,000

9 OTHER PAYABLES

	2018 US\$'000	2017 US\$'000
Accrued operating expenses	266	283
Amount due to a director	100	100
Interest payable	2	2
	368	385

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

10 (LOSS)/PROFIT BEFORE INCOME TAX

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

	2018 US\$'000	2017 US\$'000
Other operating income		
Dividend income	25,841	110,250
Exchange gain, net	–	8,217
Interest income from:		
- fixed deposits and placements in money market fund	277	121
- loans to unconsolidated subsidiaries	24	82
Other income	–	99
	26,142	118,769
Other operating expenses		
Exchange loss, net	2,785	–
Non-executive director remuneration	386	400
Interest expense	199	505

11 INCOME TAX EXPENSE

The Company is incorporated in a tax-free jurisdiction, thus, it is not subject to income tax.

12 EARNINGS PER SHARE

	2018 US\$'000	2017 US\$'000
Basic and diluted earnings per share are based on:		
(Loss)/profit for the year attributable to ordinary shareholders	(69,516)	90,179
Basic earnings per share		
	Number of shares 2018	Number of shares 2017
Issued ordinary shares at 1 January	488,221,592	528,838,811
Shares issued	25,144,606	2,907,781
Own shares acquired	–	(43,525,000)
Issued ordinary shares at 31 December	513,366,198	488,221,592
Weighted average number of shares (basic)	496,728,851	506,773,906

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

12 EARNINGS PER SHARE (CONT'D)

Diluted earnings per share

	2018	2017
Weighted average number of shares (basic)	496,728,851	506,773,906
Effect of share options	–	7,433,994
Weighted average number of shares (diluted)	496,728,851	514,207,900
Number of outstanding options		
Exercise price of US\$1.00	–	82,782,691
Exercise price of US\$0.60	–	25,144,606
	–	107,927,297

At 31 December 2018, there were nil (2017: 107,927,297) outstanding share options to subscribe for ordinary shares of no par value.

At 31 December 2017, 107,927,297 of the unexercised share options had fully vested. 82,782,691 of these share options have an exercise price of US\$1.00 and have not been included in the computation of diluted earnings per share as their effect would have been anti-dilutive. The remaining 25,144,606 share options have an exercise price of US\$0.60 and have been included in the computation of diluted earnings per share on the same date.

13 SIGNIFICANT RELATED PARTY TRANSACTIONS

Dividend income

During the financial year ended 31 December 2018, the Company recognised dividend income from its unconsolidated subsidiaries amounting to US\$25,841,000 (2017: US\$110,250,000).

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\$386,000 (2017: US\$400,000) were declared as payable to four directors (2017: 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

13 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

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 (2017: US\$8,000,000) per annum and a maximum amount of US\$15,000,000 (2017: US\$15,000,000) per annum.

In 2018, Management fees amounting to US\$12,248,000 (2017: US\$14,176,000) 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 (2017: 10,298,725) management shares had been issued, credited as fully paid to the Investment Manager.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

13 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Other related party transactions

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

Grant date	Number of options		Vesting conditions	Exercise price
	2018	2017		
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 will expire 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	110,835,078		
Lapsed during the year	82,782,691	–		US\$1.00
Exercised during the year	25,144,606	2,907,781		US\$0.60
Total share options outstanding at 31 December	–	107,927,297		
Exercisable at 31 December				
		– 82,782,691		US\$1.00
		– 25,144,606		US\$0.60

The share options expense arising from these options is recognised in accordance with the accounting policy set out in Note 2.8. For the financial year ended 31 December 2017, in respect of these options, the assumptions used in determining the fair value are set out in the following table.

Fair value of share options and assumptions

	31 March	30 June	30 September	31 December
2017				
Fair value	US\$0.31	US\$0.29	US\$0.24	US\$0.29
Share price	US\$0.85	US\$0.83	US\$0.77	US\$0.84
Exercise price	US\$0.60	US\$0.60	US\$0.60	US\$0.60
Expected volatility	30.14%	29.51%	29.42%	28.99%
Expected option life	5.6 years	5.3 years	5.1 years	4.8 years
Expected dividends	2.94%	3.00%	3.23%	2.98%
Risk-free interest rate	2.1%	1.9%	2.0%	2.2%

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

13 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

The expected volatility is based on the historic volatility, adjusted for any expected changes to future volatility driven by publicly available information.

There are no market conditions associated with the share options. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of services to be received at the measurement date.

Share options expenses amounting to US\$ nil (2017: US\$506,000) have been recognised in the financial statements.

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

In the event that a dividend is declared, the holders of outstanding share options will be paid an amount equivalent to the amount which would have been paid as if all share options that have been granted, whether vested or otherwise, have been exercised. At least 50% of such amount (the "Designated Amount") will be applied towards the exercise of the outstanding share options based on the lower of the total number of vested share options held at the date of the dividend declaration and the number of vested share options held at the date of the dividend declaration which can be exercised with such amount. Any balance of the Designated Amount remaining after the exercise price of all vested share options may be retained by the share option holder. If the market price of the Company's shares is less than the exercise price of the options at the dividend declaration date, the Designated Amount will be retained by the Company and applied by the Company on behalf of the share option holder to (a) exercise options when the market price of the shares exceed the exercise price any time prior to the expiration of the share options or (b) acquire shares on the market with the Designated Amount if the Company's share price remains less than the exercise price at the time of expiry of the options that will then be distributed to the share option holder (at no consideration). Any balance of the Designated Amount remaining after the application by the Company in the manner described above will be returned to the share options holder.

During the year, the Investment Manager exercised 25,144,606 (2017: 2,907,781) share options at US\$0.60 (2017: US\$0.60) each.

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 2018

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\$4,300,000 (THB140,000,000). As at 31 December 2018, US\$3,700,000 (THB120,000,000) (2017: US\$3,700,000 (THB120,000,000)) has been drawn down. The Company is committed to grant the remaining loan amounting to US\$619,000 (THB20,000,000) (2017: US\$600,000 (THB20,000,000)), subject to terms set out in the agreement.

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

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.

Healthcare	Includes an investment in IHH Healthcare Bhd (IHH)
Hospitality	Includes investment in Minor International Public Company Limited (MINT)
Lifestyle/Education	Includes investments in Chanintr Living Ltd, the Wine Connection Group (WCG), the Liaigre Group (Liaigre) and WCIB International Co. Ltd. (WCIB)
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
Cash and temporary investments	Includes a Global Listed Portfolio, structured investments, 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 2018

15 OPERATING SEGMENTS (CONT'D)

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

	Healthcare US\$'000	Hospitality US\$'000	Lifestyle/ education US\$'000	Lifestyle/ Real estate US\$'000	Cash and temporary investments US\$'000	Total US\$'000
2018						
Investment income:						
- Dividend income	-	25,841	-	-	-	25,841
- Interest income	-	-	24	-	277	301
	-	25,841	24	-	277	26,142
Investment expense:						
- 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)
- Fair value changes of financial assets at fair value through profit or loss	410	(94,793)	9,534	5,899	(284)	(79,234)
	596	(94,793)	7,087	5,416	(344)	(82,038)
Net investment results	596	(68,952)	7,111	5,416	(67)	(55,896)
2017						
Investment income:						
- Dividend income	49,250	61,000	-	-	-	110,250
- Exchange gain	(1,172)	*	6,469	2,462	458	8,217
- Interest income	58	-	-	24	121	203
- Other income	-	-	99	-	-	99
	48,136	61,000	6,568	2,486	579	118,769
Investment expense:						
- Exchange loss	(37,684)	42,632	(34,436)	16,130	1,204	(12,154)
	(37,684)	42,632	(34,436)	16,130	1,204	(12,154)
Net investment results	10,452	103,632	(27,868)	18,616	1,783	106,615
2018						
Segment assets	11,399	257,951	84,651	118,191	26,136	498,328
Segment liabilities	-	-	-	5,327	-	5,327
2017						
Segment assets	66,550	340,803	69,933	126,057	20,802	624,145
Segment liabilities	-	-	-	5,166	-	5,166

* Less than US\$1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

15 OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment profit or loss and assets

	2018 US\$'000	2017 US\$'000
Profit or loss		
Net investments results	(55,896)	106,615
Unallocated amounts:		
- Management fees	(12,248)	(14,176)
- Share option expense	-	(506)
- Non-executive director remuneration	(386)	(400)
- General operating expenses	(986)	(1,354)
(Loss)/Profit for the year	<u>(69,516)</u>	<u>90,179</u>
Assets		
Total assets for reportable segments	498,328	624,145
Other assets	72	78
Total assets	<u>498,400</u>	<u>624,223</u>
Liabilities		
Total liabilities for reportable segments	5,327	5,166
Other payables	368	385
Bank overdraft	*	-
Total liabilities	<u>5,695</u>	<u>5,551</u>

* 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 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
	<u>277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,841</u>	<u>24</u>	<u>26,142</u>
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)
- Fair value changes of financial assets at fair value through profit or loss	(1,393)	3,034	(95,631)	202	-	14,554	(79,234)
	<u>(1,571)</u>	<u>3,034</u>	<u>(95,631)</u>	<u>202</u>	<u>166</u>	<u>11,762</u>	<u>(82,038)</u>
Net investment results	<u>(1,294)</u>	<u>3,034</u>	<u>(95,631)</u>	<u>202</u>	<u>26,007</u>	<u>11,786</u>	<u>(55,896)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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
2017							
Investment income:							
- Dividend income	–	–	–	–	110,250	–	110,250
- Exchange gain	390	–	–	–	(1,205)	9,032	8,217
- Interest income	121	–	–	–	58	24	203
- Other income	99	–	–	–	–	–	99
	610	–	–	–	109,103	9,056	118,769
Investment expense:							
- Exchange loss	(39,226)	4,524	56,575	8,103	–	(42,130)	(12,154)
	(39,226)	4,524	56,575	8,103	–	(42,130)	(12,154)
Net investment results	(38,616)	4,524	56,575	8,103	109,103	(33,074)	106,615
2018							
Segment assets	11,231	44,621	356,283	18,229	257	67,707	498,328
Segment liabilities	5,327	–	–	–	–	–	5,327
2017							
Segment assets	14,805	87,843	451,210	17,745	709	51,833	624,145
Segment liabilities	5,166	–	–	–	–	–	5,166

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\$11,538,000 as at 31 December 2018 (2017: US\$15,689,000). 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 2018

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 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 2018, the Company has credit risk exposure relating to fixed deposits placed with financial institutions and placements in money market funds totalling US\$11,538,000 (2017: US\$15,689,000). 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 term loans. 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 2018 US\$'000	100 bp decrease 2018 US\$'000	100 bp increase 2017 US\$'000	100 bp decrease 2017 US\$'000
Deposits with financial institutions	62	(62)	62	(62)
Interest-bearing borrowings	(53)	53	(52)	52
	<u>9</u>	<u>(9)</u>	<u>10</u>	<u>(10)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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, Thai 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:

	Singapore Dollars US\$'000	Japanese Yen US\$'000	Thailand Baht US\$'000	Malaysian Ringgit US\$'000	Others US\$'000
2018					
Financial assets at fair value through profit or loss	331	18,228	82,428	16,552	52,546
Other receivables	3	–	–	–	–
Cash and cash equivalents	2,342	–	*	–	49
Interest-bearing borrowings	–	(5,327)	–	–	–
Accrued operating expenses	(246)	–	(2)	–	(18)
Net exposure	2,430	12,901	82,426	16,552	52,577
2017					
Financial assets at fair value through profit or loss	327	17,745	90,049	60,598	35,656
Other receivables	*	–	–	–	–
Cash and cash equivalents	2,454	–	*	–	48
Interest-bearing borrowings	–	(5,166)	–	–	–
Accrued operating expenses	(258)	–	(1)	–	(24)
Net exposure	2,523	12,579	90,048	60,598	35,680

* 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	
	2018 US\$'000	2017 US\$'000
Singapore Dollars	(243)	(252)
Japanese Yen	(1,290)	(1,258)
Thailand Baht	(8,243)	(9,005)
Malaysian Ringgit	(1,655)	(6,060)
Others	(5,258)	(3,568)

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 2018

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, Singapore Stock Exchange 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	
	2018	2017
	US\$'000	US\$'000
Underlying investments in quoted equity securities at fair value through profit or loss	26,883	39,646

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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:

	Carrying amount US\$'000	Cash flows	
		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	*	*	*
	<u>5,695</u>	<u>5,695</u>	<u>5,695</u>

* Less than US\$1,000

	Carrying amount US\$'000	Cash flows	
		Contractual cash flows US\$'000	Carrying amount US\$'000
2017			
Non-derivative financial liabilities			
Interest-bearing borrowings	5,166	5,166	5,166
Other payables	385	385	385
	<u>5,551</u>	<u>5,551</u>	<u>5,551</u>

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 2018

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.

	Note	Carrying amount			Total US\$'000	Fair value US\$'000
		Fair value through profit or loss US\$'000	Amortised cost US\$'000	Other financial liabilities 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	
		<u>486,790</u>	<u>11,550</u>	<u>–</u>	<u>498,340</u>	
Financial liabilities not measured at fair value						
Interest-bearing borrowings	8	–	–	(5,327)	(5,327)	
Other payables	9	–	–	(368)	(368)	
Bank overdraft		–	–	*	*	
		<u>–</u>	<u>–</u>	<u>(5,695)</u>	<u>(5,695)</u>	
2017						
Financial assets measured at fair value						
Financial assets at fair value through profit or loss	3	608,456	–	–	608,456	608,456
Financial assets not measured at fair value						
Other receivables ¹	4	–	1	–	1	
Cash and cash equivalents	5	–	15,689	–	15,689	
		<u>608,456</u>	<u>15,690</u>	<u>–</u>	<u>624,146</u>	
Financial liabilities not measured at fair value						
Interest-bearing borrowings	8	–	–	(5,166)	(5,166)	
Other payables	9	–	–	(385)	(385)	
		<u>–</u>	<u>–</u>	<u>(5,551)</u>	<u>(5,551)</u>	

¹ Excludes prepayment

* Less than US\$1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

16 FINANCIAL RISK MANAGEMENT (CONT'D)

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, accrued operating expenses, other payables and bank overdraft) the notional amounts are assumed to approximate their fair values because of the short period to maturity/ repricing.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

16 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy for financial instruments (Cont'd)

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
2018				
Financial assets at fair value through profit or loss	–	–	486,790	486,790
2017				
Financial assets at fair value through profit or loss	–	–	608,456	608,456

As explained in Note 2.3, 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 2018 and 2017.

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

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.

	2018	2017
	Financial assets at fair value through profit or loss US\$'000	
Balance at 1 January	608,456	638,222
Fair value changes in profit or loss	(79,234)	(12,154)
Net repayment from unconsolidated subsidiaries	(42,443)	(17,612)
Disposal	11	–
Balance at 31 December	486,790	608,456

Significant unobservable inputs used in measuring fair value

This table below sets out information about significant unobservable inputs used at 31 December 2018 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 2018

16 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy for financial instruments (Cont'd)

Description	Fair value at 31 December 2018 US\$'000	Fair value at 31 December 2017 US\$'000	Valuation technique	Unobservable input	Range (Weighted average)	Sensitivity to changes in significant unobservable inputs
Rental properties	10,531	10,102	Income approach	Rental growth rate	0% - 6% (2017: 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% - 87% (2017: 78% - 82%)	
				Discount rate	13%-13.5% (2017: 13%)	
Land related investments	107,659	115,955	Comparable valuation method	Price per square meter for comparable land	US\$73 to US\$4,102 per square meter (2017: US\$74 to US\$4,005 per square meter)	The estimated fair value would increase if the price per square meter were higher.
Operating business	68,609	56,490	Enterprise value using comparable traded multiples	EBITDA multiple (times)	4.1x to 19.7x, median 10.7x (2017: 5.5x to 82.3x, median 12.3x)	The estimated fair value would increase if the EBITDA multiple was higher.
				Discount for lack of marketability	20% (2017: 20%)	
				Price of recent transaction	N/A	N/A
Greenfield business held for more than 12-months	16,042	13,442	Discounted cashflow method	Revenue growth	3.8% - 172.2% (2017: 3.9% - 83.4%)	The estimated fair value would increase if the revenue growth increases, expenses ratio decreases, and WACC were lower.
				Expense ratio	73.7% - 193.5% (2017: 72.7% - 96.2%)	
				Weighted average cost of capital ("WACC")	11.5% (2017: 11.6%)	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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.

Price of recent transaction is not disclosed due to strategic concerns.

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\$268,832,000 (2017: US\$396,459,000) 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 2018

16 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy for financial instruments (Cont'd)

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:

	2018		2017	
	Effect on profit or loss Favourable US\$'000	Effect on profit or loss (Unfavourable) US\$'000	Effect on profit or loss Favourable US\$'000	Effect on profit or loss (Unfavourable) US\$'000
Level 3 assets	36,341	(32,752)	37,375	(34,266)

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.

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 2018

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	
			2018 %	2017 %
Symphony (Mint) Investment Limited (Formerly Symphony Capital Partners Limited)	Investment holding	Republic of Mauritius	100	100
Symphony International Limited	Investment holding	Republic of Mauritius	–	100
Symphony Investment Management Limited and its subsidiary:	Investment holding	British Virgin Islands	100	100
Daphon Holdings Pte. Ltd.	Investment holding	Republic of Singapore	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
Teurina Limited	Investment holding	British Virgin Islands	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
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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

17 UNCONSOLIDATED SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Equity interest	
			2018 %	2017 %
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	–

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		Preference shares Equity interest	
			2018 %	2017 %	2018 %	2017 %
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	–	–
C Larsen (Singapore) Pte Ltd ²	Distribution of furniture	Republic of Singapore	–	49.90	–	–
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	37.5	37.5	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

18 UNDERLYING INVESTMENTS (CONT'D)

Name	Principal activities	Place of incorporation and business	Equity interest		2018 %	2017 %
			Ordinary shares 2018 %	Preference shares 2017 %		
Silver Prance Limited ²	Property development	Hong Kong	37.5	37.5	–	–
Desaru Peace Holdings Sdn Bhd ²	Property development	Malaysia	49	49	49	49
Oak SPV Limited	Hospitality and lifestyle	Cayman Islands	13.4	13.4	–	–
Macassar Holdings SARL	Lifestyle	Luxembourg	49.90	49.90	49.90	49.90
Wellington College International Bangkok International Co. Ltd.	Education	Thailand	39.1	40	–	–

¹ Joint venture

² Associate

19 SUBSEQUENT EVENTS

Subsequent to 31 December 2018:

- the Company entered into a structured transaction that will provide an opportunity to acquire a minority interest in Indo Trans Logistics Corporation (“ITL”) in Vietnam. The transaction amounted to more than 5% of NAV;
- the Company announced that the Pierre Chen family from Taiwan had become a partner and co-owner of the Liaigre group together with existing shareholders; and
- the Company has an indirect minority interest in Oak SPV HK Limited that holds one of the Company’s underlying investments in unquoted equities. Due to administrative oversight, the controlling shareholder of Oak SPV HK Limited failed to pay annual fees and make various annual filings (amongst other things) and, as a result, Oak SPV HK Limited was struck off the Companies Register in Hong Kong and subsequently dissolved. Consequently, every property and right vested in Oak SPV HK Limited immediately before the dissolution is vested in the Hong Kong Government as bona vacantia. The controlling shareholder intends to apply for restoration of Oak SPV HK Limited through the administrative restoration procedure and the process is expected to be completed in May 2019. Oak SPV HK Limited is liable for legal fees, late filing fees and penalties, and related business registration fees and penalties, which in aggregate are not expected to be material to the Company. The Company’s indirect interest in Oak SPV HK Limited represents less than 2% of NAV.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at Mandarin Oriental Geneva, Quai Turrettini 1, 1201 Geneva, Switzerland, Tel +41 (22) 909 0000 on Tuesday, 30 April 2019 at 11.30 a.m. (CET) 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 2018.

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 5th day of April 2019

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 Thursday, 25 April 2019. 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 Thursday, 25 April 2019.

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 Mandarin Oriental Geneva, Quai Turretini 1, 1201 Geneva, Switzerland, Tel +41 (22) 909 0000 on Tuesday, 30 April 2019 at 11.30 a.m. (CET)

**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 _____ 2019

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 Thursday, 25 April 2019.
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 Thursday, 25 April 2019.

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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 Mandarin Oriental Geneva, Quai Turrettini 1, 1201 Geneva, Switzerland
Tel +41 (22) 909 0000 on Tuesday, 30 April 2019 at 11.30 a.m. (CET)**

I/We¹ _____
of _____
being the registered holder(s) of _____
Ordinary shares² in the share capital of Symphony International Holdings Limited (the "Company"), HEREBY APPOINT THE
CHAIRMAN OF THE MEETING³ 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 Mandarin Oriental, Quai Turrettini 1, 1201 Geneva, Switzerland, on Tuesday, 30 April 2019 at 11.30 a.m.
(CET) for the purpose of receiving the annual report, which includes the financial statements, for the year ended 31 December
2018, 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 _____ 2019

Signed⁶: _____

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 Friday, 26 April 2019.
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.

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