

CIRCULAR DATED 15 JUNE 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled "Definitions" of this Circular.

If you have sold or transferred all your shares in the capital of Imperium Crown Limited (the "**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Company is a sponsored company listed on the Catalist board ("**Catalist**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Companies listed on Catalist may carry higher investment risks when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares traded on Catalist.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's continuing sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Circular. The contact person for the Sponsor is Mr. Bernard Lui, at telephone no. (65) 6389 3000; email address: bernard.lui@morganlewis.com.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

There are certain risks involved in the Proposed Acquisition. In particular, Shareholders should refer to the section entitled "Letter to Shareholders – The Proposed Acquisition – Risk Factors Relating to the Proposed Acquisition and Proposed Diversification" of this Circular.



**IMPERIUM
CROWN**

IMPERIUM CROWN LIMITED

(Incorporated in Singapore)
(Unique Entity Number: 199505053Z)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED PLACEMENT OF 300,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.125 PER PLACEMENT SHARE TO THE SUBSCRIBERS;**
- (2) **THE PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF THE GROUP TO INCLUDE PROPERTY DEVELOPMENT AND INVESTMENT OF ENTERTAINMENT AND LIFESTYLE PROPERTIES; AND**
- (3) **THE PROPOSED ACQUISITION OF 60% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF GLOBAL ENTERTAINMENT MEDIA PTE. LTD.**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	27 June 2017 at 10 a.m.
Date and time of Extraordinary General Meeting	:	30 June 2017 at 10 a.m.
Place of Extraordinary General Meeting	:	Singapore Polytechnic Graduates Guild, Poolside Events Room, Level 1, 1010 Dover Road, Singapore 139658

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DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply throughout:

Companies within the Enlarged Group

“Company”	:	Imperium Crown Limited
“Enlarged Group”	:	The enlarged group comprising the Group and the Target Group, assuming completion of the Proposed Acquisition
“Fei County Wonder Stone”	:	Fei County Wonder Stone Characteristic Town Development Co., Ltd. (费县奇石特色小镇发展有限公司)
“Group”	:	The Company and its subsidiaries from time to time
“Linyi Yin Sheng”	:	Linyi Yin Sheng Wen Hua Mei Ti Co., Ltd. (临沂银升文化传媒有限公司)
“Target”	:	Global Entertainment Media Pte. Ltd.
“Target Group”	:	The Target, Linyi Yin Sheng and Fei County Wonder Stone

Other Companies, Organisations and Agencies

“CSRC”	:	China Securities Regulatory Commission (中国证券监督管理委员会)
“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	Central Provident Fund
“Fei County Government”	:	The state government of Fei County, Shandong, PRC
“FIE”	:	Foreign invested enterprise (外商投资企业)
“Introducer”	:	Excelprime Supplies and Services Pte. Ltd.
“MOFCOM”	:	The PRC’s Ministry of Commerce (商务部)
“PBOC”	:	The People’s Bank of China (中国人民银行)
“PRC”	:	The People’s Republic of China
“SAFE”	:	The PRC’s State Administration of Foreign Exchange of the PRC (国家外汇管理局)
“SAT”	:	The PRC’s State Administration of Taxation (国家税务总局)
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Sponsor”	:	The continuing sponsor of the Company, Stamford Corporate Services Pte. Ltd.
“State Council”	:	The State Council of the PRC (中华人民共和国国务院)
“Vendor”	:	Fortsmith Investments Limited

DEFINITIONS

General

- “Associate”** : (a) In relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family (that is, the person’s spouse, child, adopted child, step-child, sibling and parent);
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company), means any other company which is its subsidiary or holding company or a subsidiary of such holding company or company in which it and/or they, taken together (directly or indirectly) have an interest of 30.0% or more
- “Acquisition Completion Date”** : Has the meaning ascribed to it in Section 4.1.5(B) of this Circular
- “Board”** : The board of Directors of the Company as at the Latest Practicable Date
- “Catalist”** : The Catalist board of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules”** : The Listing Manual of the SGX-ST, Section B: Rules of Catalist, as amended, modified or supplemented from time to time
- “Circular”** : This circular to Shareholders dated 15 June 2017
- “Code”** : The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
- “Companies Act”** : The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
- “Constitution”** : The constitution of the Company, as amended, modified or supplemented from time to time
- “Controlling Shareholder”** : A person who (a) holds directly or indirectly 15.0% or more of all voting shares in a company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over a company
- “Directors”** : The directors of the Company as at the Latest Practicable Date and **“Director”** shall be construed accordingly
- “EGM”** : The extraordinary general meeting of the Company to be convened and held on 30 June 2017 at 10 a.m. at Singapore Polytechnic Graduates Guild, Poolside Events Room, Level 1, 1010 Dover Road, Singapore 139658, notice of which is set out on pages N-1 to N-3 of this Circular

DEFINITIONS

“Enlarged Share Capital”	: The enlarged share capital of the Company comprising 789,000,000 Shares (excluding treasury shares), assuming Placement Completion
“EPS”	: Earnings per Share
“Existing Business”	: Has the meaning ascribed to it in <u>Section 3</u> of this Circular
“Existing Share Capital”	: The existing share capital of the Company comprising 489,000,000 Shares (excluding treasury shares) as at the Latest Practicable Date
“First Addendum”	: The first addendum dated 5 May 2017 to the sale and purchase agreement dated 27 February 2017 in relation to the Proposed Acquisition
“FY”	: A financial year ended or ending 30 June, as the case may be
“Hotel”	: Has the meaning ascribed to it in <u>Section 4.1.1</u> of this Circular
“Issue Price”	: S\$0.125 per Placement Share
“Latest Practicable Date”	: 9 June 2017, being the latest practicable date prior to the printing of this Circular
“Management Accounts Period”	: Has the meaning ascribed to it in <u>Section 4.1.5(C)</u> of this Circular
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Mr Wong”	: Mr Wong Koon Lup, the legal and beneficial owner of one of the Subscribers, Sino Achieve Enterprises Limited
“NAV”	: Net asset value
“Net Proceeds”	: Has the meaning ascribed to it in <u>Section 2.7.2</u> of this Circular
“Notice of EGM”	: The notice of the EGM which is set out on pages N-1 to N-3 of this Circular
“NTA”	: Net tangible assets
“Placement Completion”	: The completion of the Proposed Placement
“Placement Shares”	: 300,000,000 Shares to be allotted and issued to the Subscribers pursuant to the Proposed Placement
“Property Related Assets”	: Has the meaning ascribed to it in <u>Section 3</u> of this Circular
“Proposed Acquisition”	: The proposed acquisition by the Company of 60% of the issued and paid-up share capital of the Target in accordance with the terms and conditions set out in the SPA
“Proposed Diversification”	: The proposed diversification of the Existing Business of the group to include property development and investment of entertainment and lifestyle properties
“Proposed Placement”	: The proposed placement of 300,000,000 new Shares to the Subscribers on the terms and subject to the conditions of the Subscription Agreement

DEFINITIONS

“Proposed Transactions”	: The Proposed Acquisition and the Proposed Placement collectively
“Proxy Form”	: Has the meaning ascribed thereto in <u>Section 10</u> of this Circular
“Register of Members”	: Register of members of the Company
“Resolutions”	: The ordinary resolutions set out in the Notice of EGM
“Revised Purchase Consideration”	: Has the meaning ascribed to it in <u>Section 4.1.5(B)</u> of this Circular
“Revised Sale Shares”	: The ordinary shares representing 60% of the issued and paid-up share capital of the Target
“Sale Shares”	: The ordinary shares representing 27% of the issued and paid-up share capital of the Target
“Second Addendum”	: The second addendum dated 18 May 2017 to the sale and purchase agreement dated 27 February 2017 in relation to the Proposed Acquisition
“Securities Account”	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SFA”	: Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
“SGXNET”	: The system maintained by the SGX-ST for announcements by listed companies
“Share”	: An ordinary share in the capital of the Company, and “Shares” shall be construed accordingly
“Shareholders”	: Registered holders of Shares, except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such Shares mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares
“SPA”	: The conditional sale and purchase agreement dated 27 February 2017 and as amended and supplemented by the First Addendum and the Second Addendum between the Company and the Vendor in relation to the Proposed Acquisition
“SPV”	: Special purpose vehicle
“Subscribers”	: The subscribers of the Proposed Placement, collectively, Sino Achieve Enterprises Limited, Soochow Securities CSSD (Singapore) Pte. Ltd., Sun Xiaohui, Li Shanhua and each a “Subscriber”
“Subscription Agreement”	: The subscription agreement dated 23 May 2017, between the Company and the Subscribers in relation to the Proposed Placement
“Substantial Shareholder”	: A person (including a corporation) who has an interest in not less than 5.0% of the issued shares of a company

DEFINITIONS

“Valuation”	:	Has the meaning ascribed to it in <u>Section 4.1.5(B)</u> of this Circular
“Valuation Report”	:	The valuation report by AVA Associates Limited attached to this Circular as “Appendix A”
“VWAP”	:	Volume weighted average price of the Shares
“Wonder Stone Park”	:	The Wonder Stone Park (费县中华奇石城) located in Shandong, PRC

Currencies and Units of Measurements

“%”	:	Per cent or percentage
“RMB”	:	Renminbi Yuan, being the lawful currency of the PRC
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“USD”	:	United States dollars, being the lawful currency of the United States of America

The terms “**acting in concert**” and “**concert parties**” shall have the meanings ascribed to them in the Code.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 81SF of the SFA.

The terms “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Companies Act.

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

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to “**Rule**” or “**Chapter**” is a reference to the relevant rule or chapter in the Catalist Rules.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Code and the Catalist Rules or any modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act, the SFA, the Code and the Catalist Rules or any statutory modification thereof, as the case may be.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference in this Circular to Shares being allotted to a person includes allotment to CDP for the account of that Depositor.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise stated.

Any discrepancies in tables included in this Circular between the listed amounts and the totals are due to rounding; accordingly, the figures shown as totals in certain tables may not be an aggregation of the figures that precede them.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s or the Enlarged Group’s expected financial position, business strategy, plans and prospects are forward-looking statements and accordingly involve known and unknown risks, uncertainties and other factors that may cause the Group’s or the Enlarged Group’s actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given the risks and uncertainties which may cause the Group’s or the Enlarged Group’s actual future results, performance or achievements to be materially different from those expected, expressed or implied by forward-looking statements in this Circular, undue reliance must not be placed on those statements. The Company does not represent or warrant that the Group’s or the Enlarged Group’s actual future results, performance or achievements will be as discussed in those statements. Further, the Company disclaims any responsibility, and undertakes no obligation to update or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s or the Enlarged Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

IMPERIUM CROWN LIMITED

(Incorporated in Singapore)
(Unique Entity Number: 199505053Z)

Directors:

Mr Wan Jinn Woei (Executive Chairman and Chief Executive Officer)
Mr Yong Chor Ken (Executive Director)
Mr Chen Yeow Sin (Lead Independent Director)
Mr Poh Wee Chiow, Roger (Independent Director)
Ms Pok Mee Yau (Independent Director)

Registered Office:

1 Commonwealth Lane
#06-20 One Commonwealth
Singapore 149544

15 June 2017

To: The Shareholders of Imperium Crown Limited

Dear Sir / Madam,

- (1) **THE PROPOSED PLACEMENT OF 300,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.125 PER PLACEMENT SHARE TO THE SUBSCRIBERS;**
- (2) **THE PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF THE GROUP TO INCLUDE PROPERTY DEVELOPMENT AND INVESTMENT OF ENTERTAINMENT AND LIFESTYLE PROPERTIES; AND**
- (3) **PROPOSED ACQUISITION OF 60% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF GLOBAL ENTERTAINMENT MEDIA PTE. LTD.**

1. INTRODUCTION

1.1. Background

1.1.1. The Proposed Placement

On 23 May 2017, the Company announced that it had entered into the Subscription Agreement dated 23 May 2017 with the Subscribers on the proposed placement of 300,000,000 new ordinary shares in the capital of the Company at the issue price of S\$0.125 per Placement Share. The Company will be seeking specific shareholders' approval for the Proposed Placement at the EGM.

1.1.2. The Proposed Diversification

Further to the Proposed Acquisition, the Company has plans to develop the Wonder Stone Park into a theme park which represents a diversification of its Existing Business to include the property development and investment of entertainment and lifestyle properties.

1.1.3. The Proposed Acquisition

On 2 March 2017, the Company announced that it had entered into the SPA with the Vendor to acquire 27% of the issued and paid up share capital of the Target on the terms and subject to the conditions of the SPA. The consideration for the Sale Shares of S\$20,000,000 shall be satisfied by (i) cash in the sum of S\$17,000,000 to be paid in instalments and (ii) for the remaining S\$3,000,000, by way of an allotment and issuance of Shares to the Vendor at the issue price on the terms and subject to the conditions of the SPA.

On 28 April 2017, the Company updated Shareholders on the Proposed Acquisition in relation to preliminary findings from a feasibility study as well as information from interviews and discussions with the Vendor, Linyi City and Fei County community.

LETTER TO SHAREHOLDERS

On 5 May 2017, the Company announced that the Company and the Vendor had entered into the First Addendum to extend the long-stop date of the SPA from 30 April 2017 to 31 July 2017 or such later date as parties thereto may agree in writing. The reason for the extension was in part due to negotiations with the Vendor to review certain terms and conditions of the SPA in relation to the Proposed Acquisition. Additionally, the Company provided Shareholders a summary of the Proposed Acquisition and additional details on the Wonder Stone Park project.

On 18 May 2017, the Company announced that it had entered into the Second Addendum with the Vendor to, amongst other things, increase the stake to be acquired in the Target from 27% to 60% of the issued and paid-up share capital of the Target. As such, the consideration for the Revised Sale Shares shall be S\$53,500,000 and shall be satisfied wholly in cash in instalments in accordance with the terms and subject to the conditions of the Second Addendum.

The Proposed Acquisition constitutes a major transaction as defined under Rule 1014 of the Catalist Rules as the relative figures under Rule 1006(c) of the Catalist Rules exceed 75.0% but is less than 100.0%. Accordingly, the Company will be seeking the approval of the Shareholders for the Proposed Acquisition.

1.2. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with all necessary information relating to the Proposed Transactions, and to seek Shareholders' approval for the same at the EGM.

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

1.3. Conditionality of Resolutions

Shareholders should further note that Resolution 3 on the Proposed Acquisition is conditional upon the passing of Resolution 1 on the Proposed Placement and Resolution 2 on the Proposed Diversification. If Resolution 1 on the Proposed Placement and Resolution 2 on the Proposed Diversification is not approved, Resolution 3 on the Proposed Acquisition will not be passed.

1.4. The Sponsor and the SGX-ST

The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular including the correctness of any of the statements made or opinions expressed or reports contained in this Circular. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

2. THE PROPOSED PLACEMENT

The number of Placement Shares to be subscribed by each of the Subscribers is as follows:

Subscriber	Number of Placement Shares Subscribed for	Placement Shares as a Percentage of the Enlarged Share Capital of the Company ⁽¹⁾
Sino Achieve Enterprises Limited	60,000,000	7.6%
Soochow Securities CSSD (Singapore) Pte. Ltd.	60,000,000	7.6%
Sun Xiaohui	80,000,000	10.1%
Li Shanhua	100,000,000	12.7%
Total	300,000,000	38.0%

Note:

(1) Based on the number of Shares held by each of the Subscribers divided by the enlarged issued and paid-up capital of 789,000,000 Shares after the Proposed Placement. The Placement Shares represent 61.3% of the Company's issued and paid-up capital of 489,000,000 Shares before the Proposed Placement.

LETTER TO SHAREHOLDERS

The issue price of each Placement Share is S\$0.125, with the aggregate placement consideration amounting to S\$37,500,000.

The Proposed Placement is made pursuant to the private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.

In accordance with Rule 805(1) of the Catalist Rules, the Company is seeking specific shareholders' approval for the Proposed Placement at the EGM.

2.1. The Placement Shares

The Proposed Placement is in compliance with Rule 812 of the Catalist Rules as the Placement Shares will only be issued to the Subscribers, who do not fall within the categories of restricted persons under Rule 812(1) of the Catalist Rules.

The Placement Shares shall be issued to the Subscribers as fully paid and shall be free from any and all encumbrances whatsoever, and shall rank *pari passu* with, and shall carry all rights similar to, the existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the Record Date for which falls on or before the date of issue of the Placement Shares. For the purposes of this section, "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends, rights, allotment or other distribution to holders of Shares.

The Company will be making an application to the SGX-ST through its continuing sponsor, Stamford Corporate Services Pte Ltd, (the "**Sponsor**") for the listing and quotation for the Placement Shares on the Catalist board of the SGX-ST.

2.2. The Issue Price

The Issue Price represents a premium of approximately 0.9% to the volume weighted average price of S\$0.1239 of the Shares for trades done on the SGX-ST on 15 May 2017, being the last full market day immediately preceding the trading halt and the date on which the Subscription Agreement was signed. The Issue Price was arrived at following arm's length negotiations between the Company and the Subscribers.

2.3. Conditions Precedent

Placement Completion is conditional upon, among other things:

- (a) the Company having received approval from its shareholders at an extraordinary general meeting to be convened in respect of the Proposed Placement;
- (b) the submission of the additional listing confirmation by the Sponsor and the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Placement Shares, and the same not being revoked or amended and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Subscribers, and to the extent that any conditions to such approval are required to be fulfilled on or before Placement Completion, they are so fulfilled to the satisfaction of the SGX-ST and the Sponsor or so waived by them;
- (c) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any applicable legislative, executive or regulatory body or authority of Singapore;
- (d) there having been no occurrence of any event or discovery of any fact rendering any of the warranties set out in the Subscription Agreement untrue or incorrect in any material respect as at the date of Placement Completion as if they had been given again on the date of Placement Completion; and
- (e) each party to the Subscription Agreement not being in breach of any of the undertakings and the covenants in the Subscription Agreement as at the date of Placement Completion.

LETTER TO SHAREHOLDERS

If any of the above conditions (a) and (b) set out above are not satisfied on or before 31 August 2017, the obligations of the Company and the Subscribers shall ipso facto cease and determine thereafter and in that event the Company and the Subscribers shall be released and discharged from their respective obligations under the Subscription Agreement without prejudice to antecedent breach of any of the obligations and liabilities thereunder.

2.4. Placement Completion

Placement Completion will occur five (5) business days after the Subscribers are notified by the Company of the satisfaction of the conditions set out in Sections 2.3(a) and (b) above, and on the further assumption that the conditions set out in Sections 2.3(c) to (e) remain satisfied or waived as applicable.

2.5. Moratorium

Each of the Subscribers agree that he/she shall not, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber, or otherwise dispose of, all or any part of the Placement Shares (adjusted for any bonus issues or sub-division of shares) for a period of 12 months from the date of Placement Completion.

2.6. Information on the Subscribers

The information presented herein and in other sections of this Circular relating to information on the Subscribers are based on information provided by the Subscribers. The Directors have not independently verified the accuracy and correctness of the same and the Directors' responsibilities are limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

Information relation to the Subscribers and the background and rationale for each Subscriber's subscription is set out below:

Name	Introduction to and Background of Subscriber	How Subscribers were identified and Rationale
Sino Achieve Enterprises Limited	<p>Sino Achieve Enterprises Limited is an investment holding company incorporated in the British Virgin Islands whose legal and beneficial owner is Mr Wong Koon Lup. Mr Wong is a Singaporean businessman who is based in Hong Kong. He founded CW Group Holdings Limited which is listed on the Hong Kong Stock Exchange. Mr Wong serves as CW Group Holdings Limited's Chairman and Chief Executive Officer and he is responsible for the overall management, strategic planning and direction of CW Group Holdings Limited. Mr. Wong has over 25 years of experience in the engineering industry and over a decade of long term investment businesses which are listed or unlisted.</p> <p>Mr Wong currently holds 4,300,000 Shares.</p>	<p>Mr Wong was introduced to the Company by the Introducer and has taken a strategic investment view in light of Imperium Crown's recent endeavour to enter the Chinese property sector.</p>

LETTER TO SHAREHOLDERS

Soochow Securities CSSD (Singapore) Pte. Ltd.	Soochow Securities CSSD (Singapore) Pte Ltd is an established fund management company formed with the support of the Suzhou Government as well as the result of the close cooperation between Singapore and Suzhou Industrial Park. It is a 75% owned entity of Soochow Securities Co., Ltd. and 25% owned by China-Singapore Suzhou Industrial Park Development Group Co., Ltd. With its Capital Market Licence in Asset Management, its status as an exempt Financial Adviser and Renminbi Qualified Foreign Institutional Investor (RQFII); Soochow Securities CSSD (Singapore) Pte Ltd engages in asset management, investment advisory, private equity and financial advisory.	Soochow Securities CSSD (Singapore) Pte Ltd was introduced to the Company by the Introducer and its asset management division is making an equity investment due to the acquisition plans that the Company had announced in relation to Proposed Acquisition and the development of the Wonder Stone Park project located in Shandong China and for strategic-cum-commercial reasons relating to the “One Belt One Road” policy and the relative value of the acquisition of the Target and its assets within the logistical hub and tourism hub of Shandong China.
Sun Xiaohui	Sun Xiaohui is a private investor who invests primarily in property investment and real estate developments for and on behalf of her personal family trust across China.	Sun Xiaohui was introduced to the Company by the Introducer and she views the investment in the Company, via the Proposed Placement, as a financial investment.
Li Shanhua	Li Shanhua is a private investor who has experience in financial investing in private and public companies primarily in China and Hong Kong.	Li Shanhua was introduced to the Company through by the Introducer and she views the investment in the Company, via the Proposed Placement, as a financial investment.

The Subscribers were introduced by the Introducer, an unrelated third party. The Company will pay to the Introducer a commission of an amount equivalent to three percent (3.0%) of the gross proceeds raised from the Proposed Placement for introducing the Subscribers to subscribe for the Placement Shares. Other than as disclosed in the aforementioned, the Introducer has no connection (including business dealings) with the Group, its controlling shareholders or its Directors.

The Subscribers have confirmed that they are not persons falling within the categories of persons listed in Rule 812(1) of the Catalist Rules. Additionally, the Company will not allot or issue the Placement Shares without the prior approval of the Company’s shareholders in a general meeting if such allotment and issuance would bring about a transfer of controlling interest.

The Company is placing the Placement Shares to the Subscribers as they are willing investors who have entered into the Subscription Agreement purely for financial investment purposes. As at the Latest Practicable Date, save for Mr Wong, the Subscribers do not hold, directly or indirectly, any shares in the capital of the Company and the Subscribers do not have any connection with any Director or substantial shareholder of the Company.

The Subscribers are not concert parties with each other for the purposes of the Code.

Save as otherwise disclosed above, the Company confirms that the Directors and its Substantial Shareholders do not have any connections (including business relationships) with any of the Subscribers or, where applicable, their directors or substantial shareholders.

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2.7. Rationale for the Proposed Placement and Use of Proceeds

2.7.1. Rationale

The Company is undertaking the Proposed Placement to strengthen its financial position in order to expand its business, in particular, in relation to the Proposed Acquisition and the development of the Wonder Stone Park. Please refer to Section 4 of this Circular for further details in relation to the Proposed Acquisition.

2.7.2. Use of Proceeds

The net proceeds to be raised by the Company from the Proposed Placement (after deducting expenses of approximately S\$1.25 million) are S\$36.25 million ("**Net Proceeds**"). The Company intends to utilise the Net Proceeds in full to finance the Proposed Acquisition.

Pending the deployment for the use identified above, the Net Proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements of the utilisation of the Net Proceeds from the Proposed Placement as and when the funds are materially disbursed and whether such use is in accordance with the stated use and percentage allocated. The Company will also provide a status report on the use of the proceeds in the Company's interim and full year financial statements and the Company's annual report. The Company will disclose a breakdown with specific details on the use of proceeds for working capital in such announcements and annual reports. Where there is material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

2.8. Directors' Confirmation

The Directors are of the opinion that:

- (a) after taking into consideration the Group's present internal resources, operating cash flows and present banking facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the Company has decided to undertake the Proposed Placement for the reasons set out in Section 2.7 above; and
- (b) after taking into consideration the Group's present internal resources, operating cash flows and present banking facilities available to the Group and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

2.9. Listing and Quotation

Following the EGM, the Sponsor will, on behalf of the Company, be applying for a listing and quotation notice from the SGX-ST so as to obtain approval for the listing and quotation of the Placement Shares on the SGX-ST and such listing and quotation of the Placement Shares on the SGX-ST will be subject to the conditions as stated in the listing and quotation notice. The Company will be making the necessary announcements on the listing and quotation notice with regard to the Placement Shares in due course.

3. THE PROPOSED DIVERSIFICATION

The existing business of the Group includes property development and property investment which involves the development of properties for sale and the holding of residential, hospitality, commercial (retail and office), industrial and other types of properties as investment (the "**Existing Business**").

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Subject to the approval of Shareholders being obtained at the EGM, the Group, on completion of the Proposed Acquisition, would diversify into the new business of property development and property investment of entertainment and lifestyle properties. As such, the proposed new business of the Group shall comprise (i) property development and property investment including but not limited to the development of properties for sale and the holding of residential, hospitality, commercial (retail and office), industrial, entertainment, lifestyle and other types of properties as investment (the “**Property Related Assets**”) and (ii) the holding of the Property Related Assets as investment for the collection of rent, capital growth potential and/or (iii) the provision of property related services and facilities including but not limited to building and complex management.

The Proposed Diversification represents a slight change in the scope of the Existing Business and the risk profile of the Group. As such, the Company is seeking Shareholders’ approval for the Proposed Diversification at the EGM.

4. THE PROPOSED ACQUISITION

4.1. Information about the Proposed Acquisition

The information presented herein and in other sections of this Circular relating to information on the Target Group, the Hotel, the Wonder Stone Park is based on information provided by the Vendor. In respect of such information and pending the results of the due diligence exercise carried out by the Company, the Company has not independently verified the accuracy and correctness of such information. As such, the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this Circular in its proper form and context.

4.1.1. Information on the Target Group

The Target is a private limited company established in Singapore in November 2016 and is principally engaged in the business of investment holding. As at the Latest Practicable Date, the Target owns 100% of the equity interest of Linyi Yin Sheng which is incorporated in the PRC.

Linyi Yin Sheng owns 80% of Fei County Wonder Stone which was incorporated in the PRC on 1 April 2017, with the remaining 20% owned by a state-owned enterprise representing the Fei County Government. As announced by the Company on 18 May 2017, Fei County Wonder Stone holds 50 years’ of operating rights to the Wonder Stone Park and is in the process of acquiring a hotel situated in the Wonder Stone Park (the “**Hotel**”). The Company understands that the Fei Country Government, whom Fei County Wonder Stone is acquiring the Hotel from is in the process of finalising the procedures in order to obtain the land title to the Hotel.

Based on the management accounts as of 30 April 2017, the NTA value of the 60% of the Target Group being acquired is S\$1,200,000 and the net losses attributable to the 60% of the Target Group being acquired is S\$10,000.

4.1.2. Information on the Hotel and Wonder Stone Park

The Hotel and rights to the Wonder Stone Park were originally owned by the local Fei County Government. Pursuant to the local government’s plans and policies to encourage investment and participation by private enterprises in assets of this nature, the Target Group is in the process of acquiring an interest in the Hotel and rights to operate the Wonder Stone Park from the local government. This was achieved through the incorporation of Fei County Wonder Stone as a jointly owned vehicle between private investors and the local government, to hold the operating rights to the Wonder Stone Park and the ownership of the Hotel.

The Wonder Stone Park

The Wonder Stone Park is owned by the Fei County Government. Fei County Wonder Stone has operating rights to the Wonder Stone Park which allows the Target Group to amongst others, develop and commercialise the park until 2067.

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The Wonder Stone Park is situated within a five-minute drive from the city centre, bus terminal and a high speed rail station which would be operational in 2019. The Wonder Stone Park is currently a tourist site with an “AAAA” rating under the Tourist Attraction Rating Categories of China (旅游景区质量等级)⁽¹⁾. It is a free-entry park exhibiting naturally occurring stone boulders and rocks of a wide variety of sizes, colour and patterns and which are native to the Shandong region of the PRC. The Wonder Stone Park will be developed into a commercial development and a tourist attraction with a theme park featuring rides and attractions. Development of the Wonder Stone Park is expected to commence in mid-2017 and the initial phase of the development is expected to be completed by 2018. The cost of developing the Wonder Stone Park project is expected to be in the range of S\$90 million to S\$110 million based on current development plans and estimates.

The development of the Wonder Stone Park is expected to be funded by bank loans and no capital calls from its shareholders have been planned.

The Wonder Stone Park will be developed in phases and is expected to generate revenue to fund the loan commitments of the Target and Fei County Wonder Stone and the further developments of the park.

Note:

- (1) The Tourist Attraction Rating Categories of China (旅游景区质量等级) is a rating system administered by the China National Tourism Administration to determine the quality of the attraction in terms of the following factors, including but not limited to basic amenities, transportation and number of visitors. There are five categories, of which AAAA is the second highest rating.

The Hotel

The Hotel sits on an area of 24,156 square metres with a build-up area of 15,750 square metres and is located strategically within the Wonder Stone Park. The construction of the Hotel has been largely completed and is currently undergoing finishing works which is expected to cost in the range of approximately S\$10 million. When fully completed, it is expected to house approximately 200 guestrooms with dining and conference halls, business centres and retail/commercial outlets. The Hotel is expected to be fully operational in the 2nd quarter of 2018.

The Hotel is expected to be funded by bank loans and no capital calls from its shareholders have been planned.

4.1.3. Information on the Vendor

The information presented herein and in other sections of this Circular relating to information on the Vendor is based on information provided by the Vendor. In respect of such information and pending the results of the due diligence exercise carried out by the Company, the Company has not independently verified the accuracy and correctness of such information. As such, the Company's responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this Circular in its proper form and context.

The Vendor was incorporated on 5 January 2005 under the laws of Samoa with an issued and paid-up capital of USD1.00, and whose principle business is investment holding. The Vendor's sole shareholder and director is Sun Bowen.

Sun Bowen is a PRC national and the managing director of Fabchem China Limited (“**Fabchem**”), a commercial explosives company listed on the Main Board of the SGX-ST. He has more than 20 years of experience in the explosives industry and also has diverse investments in the PRC. Mr Sun has been a director of Fabchem since 16 June 2005 and is familiar with the compliance requirements of a company listed on the SGX-ST. He obtained his degree in chemical engineering from Qingdao University of Science & Technology.

As at the Latest Practicable Date, neither the Vendor nor Sun Bowen has any shareholding interests (direct or indirect) in the Company.

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On 1 November 2016, the Company announced a proposed acquisition of a 30% stake in two cineplexes from Shandong Yinguang Wen Chuang Yuan Co., Ltd. Sun Bowen is one of the ultimate shareholders of Shandong Yinguang Wen Chuang Yuan Co., Ltd. As announced by the Company on 23 February 2017, this proposed acquisition has since been aborted.

Save as disclosed above, the Vendor and Sun Bowen are independent third parties who are unrelated to the Directors and/or controlling shareholders of the Company and their respective associates.

4.1.4. Rationale for the Proposed Acquisition

The Proposed Acquisition (i) is an expansion of the Group's existing core business of property investment and development and (ii) is in line with its strategic plans to build up a diversified portfolio of well-located properties which are able to generate stable recurrent income, thereby enhancing the value and growth of the Company's portfolio over the longer term.

The Board views the Proposed Acquisition as an opportunity to allow the Group to explore and develop future business opportunities in the PRC and to expand its investment portfolio.

The Board believes that the Proposed Acquisition and the strategic partnership with the Vendor and the Fei County Government represents a good opportunity for the Group to explore and develop future business opportunities and ventures that will create value for the stakeholders and shareholders of each of the counter parties.

Based on the reasons above, the Directors are of the view that the Proposed Acquisition is in the best interests of the Group.

At the appropriate time and as required as and when opportunities arises, the Company will, prior to entering into such opportunities, seek Shareholders' approval for a fresh mandate to extend the revenue model of the Group into other areas beyond the current scope of property investment and development and which may result in a change of the risk profile of the Group.

4.1.5. Principal Terms of the Proposed Acquisition

(A) *Revised Sale Shares*

The Revised Sale Shares will be acquired by the Company free from all encumbrances or third party interests together with all rights and benefits of any nature attached thereto as at the Acquisition Completion Date and thereafter attaching thereto, including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the Acquisition Completion Date.

(B) *Revised Purchase Consideration*

The Revised Purchase Consideration for the Revised Sale Shares shall be the sum of S\$53,500,000, to be satisfied in cash in the following instalments:

- (i) S\$1,000,000 in cash as a refundable good faith deposit shall be payable on the signing of the Second Addendum;
- (ii) S\$37,500,000 in cash shall be payable on the Acquisition Completion Date or within 10 business days from the Acquisition Completion Date;
- (iii) S\$15,000,000 in cash shall be payable within three (3) months after the Acquisition Completion Date. At the Company's request in writing made 14 business days prior to the three (3) months due date, the Vendor shall grant a two month extension,

(the "**Revised Purchase Consideration**").

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The Revised Purchase Consideration was arrived at on a willing buyer and willing seller basis after arm's length negotiations and after taking into account, amongst others, the NTA value of the Target Group of approximately S\$2,000,000 based on management accounts as at 30 April 2017, the Valuation and the Revised Sale Shares.

The actual Revised Purchase Consideration payable shall be subject to a certification conducted by an independent third party valuer, appointed at the sole discretion of the Company, confirming that the fair value of the Sale Shares is equivalent to or more than S\$53,500,000 (the "**Valuation**"). In the event that the Valuation of the Revised Sale Shares is less than S\$53,500,000, the Company shall have the option (but not the obligation) to proceed with the Proposed Acquisition on the basis that the Revised Purchase Consideration be adjusted and reduced to the amount equivalent to the Valuation. The Revised Purchase Consideration shall not be adjusted if the Valuation of the Sale Shares is more than S\$53,500,000.

As at the Latest Practicable Date, the Valuation has been completed by valuers appointed by the Company, AVA Associates Limited, based on information provided by the Vendor. AVA Associates Limited has valued the Sale Shares at RMB612,000,000 (equivalent to S\$124,512,478 at the exchange rate of S\$1 : RMB4.91517). Accordingly, the Revised Purchase Consideration is not adjusted. Please refer to the Valuation Report, as attached to this Circular as "Appendix A" for further information.

The Revised Purchase Consideration is expected to be funded by internal funds, bank borrowings and the Net Proceeds.

Completion of the Proposed Acquisition shall take place no later than five (5) business days after the fulfilment or waiver of the last of the conditions precedent to the SPA (the "**Acquisition Completion Date**"), and in any event no later than 30 September 2017, subject to such extension of time as may be agreed in writing between the Parties.

(c) *Conditions Precedent*

The Company's obligations under the SPA are conditional upon, amongst others, the following:

- (a) if applicable, the Vendor completing the updated management accounts for the Target for the period commencing from the date of incorporation of the Target and ending on a date no earlier than two (2) weeks before the Acquisition Completion Date (the "**Management Accounts Period**");
- (b) the approval of the board of directors of the Company for the transactions contemplated in the SPA upon the terms and conditions set out in the SPA;
- (c) if required, the requisite approval of the shareholders of the Company at an extraordinary general meeting having been obtained for the Proposed Acquisition;
- (d) if required, the approval of the SGX-ST for the Proposed Acquisition and the transactions contemplated in the SPA, and if such approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion, and such approval remaining in full force and effect at completion of the SPA;

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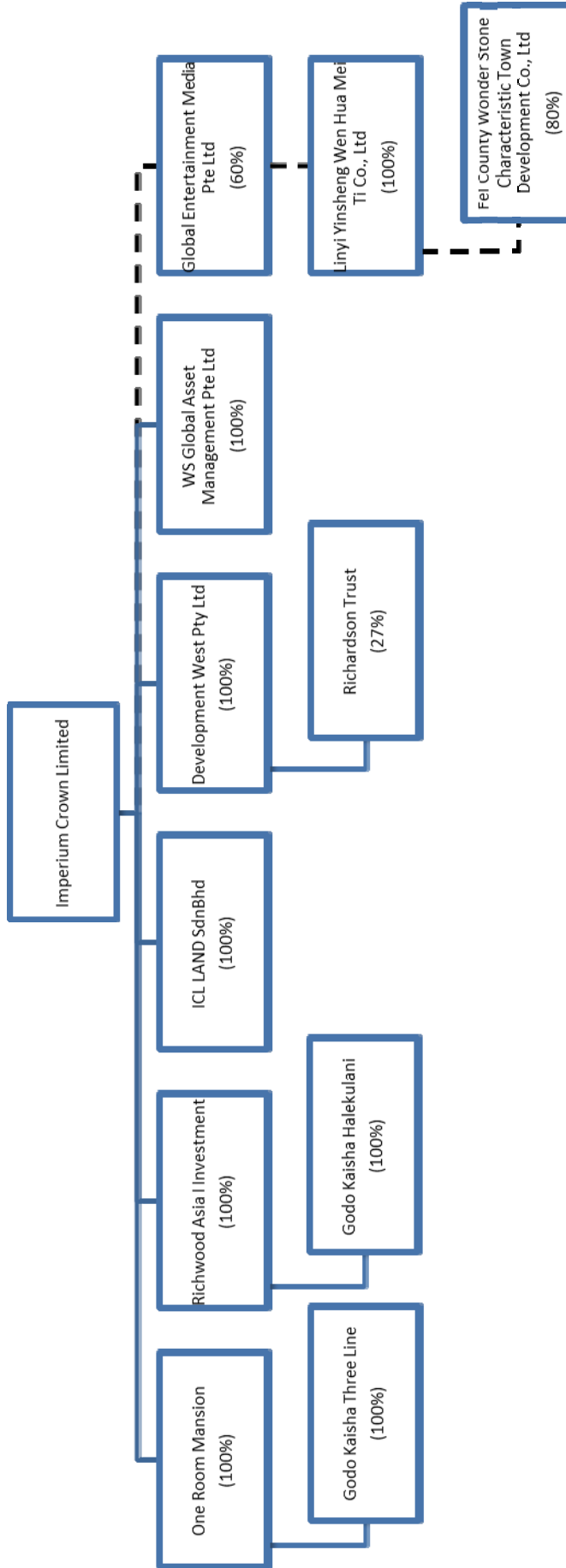
- (e) the completion of a legal and financial (including tax) due diligence exercise being conducted by professionals appointed by the Company on the Target Group which shall include, without limitation, (i) the review of the business and operations of the Target Group; (ii) the review of the Target Group's historical figures; and (iii) the review of any and all documents relating to legal and taxation matters of the Target, the results of such exercise being satisfactory to the Company in its sole and absolute discretion, and to this end, as a precondition to being satisfied with such due diligence exercise, the Company may reasonably require the execution of a deed of indemnity by the Vendor and the Target Group in favour of the Company arising from the legal and financial (including tax) due diligence on terms acceptable to the Company;
- (f) the completion of a financial review on the Target Group conducted by the Company to ensure that all issues highlighted in the financial (including tax) due diligence report issued pursuant to the aforesaid financial (including tax) due diligence exercise have been adequately and appropriately addressed, the results of such financial review being satisfactory to the Company, in its sole and absolute discretion;
- (g) the execution of a shareholder's agreement regulating and governing the relationship between the Parties as shareholders of the Target, the terms of which are satisfactory and acceptable to the Company;
- (h) no material adverse change or events, acts or omissions likely to lead to such change in the assets, prospects, performance, financial position or results of operations of the Target Group (as determined by the Company in its sole discretion) occurring on or before the Acquisition Completion Date;
- (i) all warranties provided by the Vendor under the SPA being complied with, true, accurate and correct as at the date of the SPA and each day up to and including the Acquisition Completion Date; and
- (j) there not having been at any time prior to or on completion of the SPA the occurrence of any of the following events: (i) liquidation, bankruptcy or insolvency of any member of the Target Group; (ii) termination of substantially all or part of the business of any member of the Target Group by resolution of the general meeting of its shareholders; (iii) appointment of any assignee, receiver or liquidator for substantially all or part of the assets or business of any member of the Target Group; or (iv) attachment, sequestration, execution or seizure of substantially all or part of the assets of any member of the Target Group.

The Vendor's obligations under the SPA are conditional upon, amongst others, the following:

- (a) all warranties provided by the Company under the SPA being complied with, true, accurate and correct as at the date of the SPA and each day up to and including the Acquisition Completion Date; and
- (b) there not having been at any time prior to or on completion of the SPA the occurrence of any of the following events: (i) liquidation, bankruptcy or insolvency of the Company; (ii) termination of substantially all or part of the business of the Company by resolution of the general meeting of their respective shareholders; (iii) appointment of any assignee, receiver or liquidator for or over substantially all or part of the Company or any of its assets; or (iv) attachment, sequestration, execution or seizure of substantially all or part of the assets of the Company.

4.2. Information on the Enlarged Group

Upon completion of the Proposed Acquisition, the Enlarged Group would consist of the following:



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4.3. The Proposed Acquisition as a Major Transaction

Based on the latest announced consolidated unaudited financial statements of the Group for the six (6) months ended 31 December 2016, the relative figures of the Proposed Acquisition computed on the bases set out in Rules 1006(a) to (e) of the Catalist Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figure
(a)	Net asset value of the assets to be disposed of compared with the Group's net asset value	N.A. ⁽¹⁾
(b)	The net profits attributable to the assets acquired compared with the Group's net profits ⁽²⁾	Not meaningful ⁽²⁾
(c)	The aggregate value of the consideration given or received compared with the Company's market capitalisation on 15 May 2017, being the last market day on which the Shares were traded preceding the date of the Second Addendum ⁽³⁾	88.3%
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A. ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves	N.A. ⁽⁵⁾

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) The unaudited net loss attributable to the 60% of the Target Group for the financial period from 7 November 2016 (incorporation date of GEM) to 30 April 2017 of S\$10,000, primarily arising from administrative expenses, compared with the Group's latest announced unaudited net profits of S\$776,000 for the half year ended 31 December 2016. The Target Group has not commenced any operations and were incorporated to hold the Wonder Stone Park operating rights and Hotel. Under Rule 1002(3)(b) of the Catalist Rules, net profits is defined as profit or loss before income tax, minority interests and extraordinary items.
- (3) The purchase consideration of S\$53,500,000 compared to the Company's market capitalisation of S\$60,587,000 (based on the Company's existing issued share capital of 489,000,000 shares and the volume weighted average price of the S\$0.1239 on 15 May 2017, being the last full market day on which trades were recorded on Catalist of the SGX-ST preceding the date on which the Second Addendum was signed). (Source: Bloomberg).
- (4) This basis is not applicable as no equity securities will be issued by the Company as consideration for the Proposed Acquisition.
- (5) This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company. The Company is not a mineral, oil and gas company.

The Proposed Acquisition constitutes a major transaction under Rule 1014 of the Catalist Rules as the relative figures under Rules 1006(c) of the Catalist Rules exceed 75.0% but do not exceed 100.0%. Accordingly, the Proposed Acquisition shall, pursuant to Rule 1014 of the Catalist Rules, be conditional upon the approval of the Shareholders being obtained at the EGM.

4.4. Service Contracts

There are no persons proposed to be appointed as directors of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

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5. RISK FACTORS RELATING TO THE PROPOSED ACQUISITION AND PROPOSED DIVERSIFICATION

To the best of the Directors' knowledge and belief, as at the Latest Practicable Date, all the risk factors that are material to Shareholders and prospective investors in making an informed judgement on the Proposed Acquisition are set out below. Shareholders should carefully consider and evaluate each of the following risks and all other information contained in this Circular before deciding whether to vote in favour of the Proposed Acquisition. If any of such risks develops into actual events, the business, operations, financial performance, financial condition and prospects of the Group could be materially and adversely affected.

5.1. Risk Factors Relating to Conducting Business in the PRC

The Target Group's business operations, financial condition, results of operations and prospects could be materially and adversely affected by changes in the economic, political and legal environment and developments in the PRC

The Target Group's business operations are conducted, and its revenue is generated, in Shandong, PRC. Investors should be aware that their operations will thus be subject to greater risks than operations in more developed markets, including significant legal, economic and political risks. Moreover, emerging economies like the PRC are subject to rapid change. Investments in emerging markets or in companies that operate in emerging markets are generally exposed to additional risks and are generally only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

While the PRC economy has been transitioning from a centrally planned economy (the PRC government has, for three (3) decades, implemented measures to utilise market forces in the development of the PRC economy) to a more market-oriented economy, the PRC government continues to play a significant role in regulating industries and the economy through its policies, and many of these are unprecedented or experimental and are expected to be refined and improved over time. While the PRC economy has grown significantly in the past three (3) decades, the growth has been uneven geographically and across the various sectors of the economy, and during different periods. There can be no assurance that the PRC economy will continue to grow, or that if there is growth, such growth will be steady and uniform, or that if there is a slowdown, such slowdown will not have a negative effect on our business.

Although we believe that the actions and policies of the PRC government and the continuing economic reforms will have a positive effect on the overall and long-term development of the PRC, we cannot exclude any changes in the political, economic and social conditions in the PRC which will materially and adversely affect the Enlarged Group's net assets, business operations, financial condition and results of operations.

Fluctuations in the global economy could materially and adversely affect the economy of the PRC

The economy of the PRC is vulnerable to market downturns and to economic slowdowns elsewhere in the world. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in the PRC or in emerging economies in general could dampen foreign investment in the PRC and businesses could face severe liquidity constraints, further materially adversely affecting these economies. As a result, disruptions in the development of the global economy could materially and adversely affect the Enlarged Group's net assets, business operations, financial condition and results of operations.

The Enlarged Group may be subject to fluctuations in interest rates due to, amongst others, any change of the macroeconomic policies of the PRC government

The Enlarged Group's ability to continue to expand its business is dependent on a number of factors, including the general economic and capital market conditions and credit availability from banks or other lenders (if applicable).

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The PRC government exercises significant control over the PRC's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Since late 2003, the PRC government has implemented a number of measures, such as increasing the PBOC's statutory deposit reserve ratio and imposing commercial bank lending guidelines, which have had the effect of slowing the growth of credit availability. Since 2008, however, in response to the global financial crisis, the PRC government has loosened such requirements and adopted various measures aimed at expanding credit and stimulating economic growth, such as decreasing the PBOC's statutory deposit reserve ratio and lowering benchmark interest rates. Particularly, any changes in the policies implemented by the PRC government which result in currency and interest rate fluctuations, capital restrictions, and changes in taxes detrimental to our business may materially and adversely affect the Enlarged Group's business operations, financial condition and results of operations.

The Target Group may not be able to offset increased staff costs arising from enhanced labour protection in the PRC

Most of the Target Group's employees are located in the PRC. The average wages paid for employees in the PRC have increased recently and may continue to increase as a result of macroeconomic and other policies of the PRC government. If the Target Group is unable to offset the increase in staff costs or pass along these increased staff costs to its customers, the Target Group's business operations, financial condition and results of operations may be materially and adversely affected.

On 29 June 2007, the PRC government promulgated a new labour law, namely the Labour Contract Law of the PRC (中华人民共和国劳动合同法) (the "**Labour Contract Law**"), which became effective on 1 January 2008 as amended on 28 December 2012. The Labour Contract Law imposes stricter requirements in terms of signing labour contracts, paying remuneration, stipulating probation and penalties and dissolving labour contracts. These enacted labour laws and regulations impose greater liabilities on employers and may significantly increase the costs to an employer if it decides to reduce its workforce. In the event the Target Group decides to significantly change or decrease its workforce, the Labour Contract Law could adversely affect the Target Group's ability to enact such changes in a manner that is most advantageous to our business or in a timely and cost-effective manner, which may materially and adversely affect the Enlarged Group's business operations, financial condition and results of operations.

PRC legislation on offshore SPVs which are formed by PRC legal entities and/or individuals for the purpose of indirect listings and that control PRC companies directly or indirectly may have a material and adverse effect on the Target Group's business

On 8 August 2006, six (6) PRC regulatory agencies, including MOFCOM and the CSRC, promulgated the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (关于外国投资者并购境内企业的规定) (the "**M & A Rules**") which came into effect on 8 September 2006 and were further amended by MOFCOM on 22 June 2009. The M & A Rules require that foreign investors acquiring domestic companies by means of asset acquisition or equity acquisition shall comply with relevant foreign investment industry policies and shall be subject to approval by the relevant commerce authorities.

If a transaction falls within the ambit of the M & A Rules, and an offshore SPV is formed by PRC legal entities and/or individuals for listings and directly or indirectly controls PRC companies through merger and acquisition of domestic companies, it must obtain the approval of CSRC prior to the listing and trading of its shares on an overseas stock exchange. If a transaction falls within the ambit of the M & A Rules, the M & A Rules also stipulate that a domestic natural person or legal person must obtain approval from MOFCOM before acquiring an affiliated domestic company via a foreign company established or controlled by such domestic natural or legal person. If a transaction falls within the ambit of the M & A Rules, this requirement may not be circumvented by using a FIE as an acquisition vehicle or otherwise.

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Upon completion of the Proposed Acquisition, the Enlarged Group may expand its business in part by acquiring complementary businesses. Complying with the requirements of the M & A Rules to complete such transactions could be time-consuming, and any required approval processes may delay or inhibit our ability to complete such transactions, which could affect the Enlarged Group's ability to expand its business or maintain market share. Under such circumstances, the Enlarged Group's business operations, financial condition and results of operations may be materially and adversely affected.

Regulations by SAFE relating to offshore investments by PRC residents or passport holders, may materially and adversely affect our business operations and financing alternatives

SAFE has promulgated the Notice on Issues Concerning Foreign Exchange Management in Financing and Investment by PRC Residents by Overseas SPV and Roundtrip Investments (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知) (“**Notice No. 37**”), which came into effect on 4 July 2014 pursuant to which PRC residents are required to file an “Overseas Investment Foreign Exchange Registration” before making any capital contribution to an SPV, which Notice No. 37 defines as foreign companies established or controlled by PRC residents for the raising of finance or investment outside of the PRC. The aforementioned PRC residents are also required to thereafter, update their registration on the occurrence of specified events such as changes in their particulars, and other material events (e.g. capital increase, capital decrease, share transfer, swaps, mergers, divisions). Subject to the completion of the aforesaid registration, payment of dividends, profits and other payments to such SPVs will be permitted.

As and when the Company is aware that we have PRC shareholders, we will request for such shareholders to disclose whether they fall within the scope of Notice No. 37, and whether they have completed the necessary registration.

The Enlarged Group may not always be able to compel our PRC resident shareholders to comply with Notice No. 37. Also, SAFE may take a different view as to whether or not any of the Enlarged Group's shareholders fall within the scope of Notice No. 37. As a result, the Enlarged Group cannot be assured that all its shareholders who are PRC residents will at all times comply with Notice No. 37. According to Notice No. 37 and relevant PRC foreign exchange regulations, if any of the Enlarged Group's shareholders who are required to make the foreign exchange registration and amendment fails to do so, the Enlarged Group's PRC subsidiaries may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to the Company, and the Enlarged Group may also be prohibited from providing its PRC subsidiaries with loans denominated in foreign currencies or injecting additional capital into its PRC subsidiaries.

There can be no assurance that SAFE will not continue to issue new rules and regulations and/or further interpretations of Notice No. 37 that will further tighten foreign exchange control. If new rules are promulgated, there is no assurance that we will be able to make or obtain any applicable registrations or approvals required by such rules. As the Target Group generates its revenue in RMB, the ability of the Target Group to pay dividends or make other distributions to the Company may be restricted by PRC foreign exchange control restrictions in the future. There can be no assurance that the relevant regulations will not be amended to the detriment of the Enlarged Group and that the ability of the Enlarged Group's PRC subsidiaries to distribute dividends to shareholders will not be adversely affected, and materially and adversely affect our net assets, business operations, financial condition and results of operations.

The Enlarged Group may be subject to exchange control risks in the PRC

The principal regulation governing foreign currency exchange in China are the Regulations on the Control of Foreign Exchange (外汇管理条例) which were issued by the State Council in January 1996, became effective in April 1996 and was amended in January 1997 and August 2008. Under these rules, RMB is freely convertible for payments of current account items, including trade and service related foreign exchange transactions and dividend payments, but not for capital account

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expenses, including direct investment, loan or investment in securities outside China. RMB may only be converted for capital account expenses once the prior approval of the SAFE has been obtained. Under the Foreign Exchange Administration Rules, FIEs in China may purchase foreign exchange without the approval of the SAFE for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions to commercial banks which are allowed to engage in foreign exchange business.

According to the Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange as issued on 20 June 1996, the Rules for Implementation of Guideline of Regulations on Service Trade as issued on 18 July 2013, and the Announcement on Tax Filing of Payment Outside of the PRC Relating to Service Trade and Other Items issued on 9 July 2013, a FIE may convert RMB-denominated profits into foreign exchange and remit the same offshore by presenting certain documents to commercial banks which are allowed to engage in foreign exchange business, without the prior approval of, or registration with, the SAFE. Such documents include the (i) audited financial report on relevant year issued by certified accounting firms, (ii) resolution(s) of the board of directors on profit distribution, (iii) the latest capital verification report, and (iv) the Tax Filing Form for Payment Outside of the PRC for Service Trade and Other Items required for a single payment equivalent to or over US\$50,000.

Such exchange controls restrict the ability of the Target Group to transfer funds to the Company in the form of cash dividends, loans or advances. There can be no assurance that the relevant regulations will not be amended to the detriment of the Enlarged Group and that the ability of the Enlarged Group's PRC subsidiaries to distribute dividends to shareholders will not be adversely affected, and materially and adversely affect our net assets, business operations, financial condition and results of operations.

Upon completion of the Proposed Acquisition, PRC regulations pertaining to loans and direct capital investments by offshore parent companies to PRC entities may delay or prevent us from using proceeds from any future offerings

In utilising proceeds from any future offerings, as an offshore holding company of our PRC subsidiaries, we may make loans or additional capital contributions to our PRC subsidiaries. Loans made will be subject to PRC regulations and approvals, and cannot exceed statutory limits and must be registered with SAFE or its local counterpart while capital contributions must be approved by MOFCOM or its local counterpart. FIEs may settle foreign currency loans borrowed by them abroad. Unless otherwise provided, PRC enterprises may not settle foreign currency loans borrowed by them abroad. In addition, short-term foreign loans may only be used as working capital in principle, but not for any medium-to-long term purpose, such as investment in fixed assets.

There can be no assurance that the Enlarged Group will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions from us to our PRC subsidiaries. If the Enlarged Group fails to obtain such registrations or approvals, its ability to fund and expand our operational business in the PRC could be adversely affected, which could have material and adverse effects on the Enlarged Group's business operations, financial condition and results of operations.

The PRC legal system contains inherent uncertainties and inconsistencies

The PRC's legal system is based on written statutes. Prior legal decisions and judgments have limited precedential value. The PRC is still in the process of developing a comprehensive statutory framework and its legal system is still considered to be underdeveloped in comparison with the legal systems in some western countries. Since 1979, the PRC legislative bodies have promulgated laws and regulations dealing with such economic matters as foreign investment, corporate organisation and governance, commerce, taxation and trade. Since then, there has been a tendency in legislation towards giving increasing protection to foreign investors and significant progress has been made in the legal system of the PRC.

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Despite significant improvement in its developing legal system, however, the PRC does not have a comprehensive system of law. The enforcement of existing laws and regulations may be uncertain or inconsistent, and the interpretation of these laws and regulations may change from time to time. Any such change could have a material and adverse effect on the Enlarged Group's business, financial condition and results of operations.

Furthermore, many laws, regulations and legal requirements have only recently been adopted by the central or local governments, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. Depending on the government agency or how an application or a case is presented to such agency, the Enlarged Group may receive less favourable interpretations of law than our competitors. In addition, any litigation in the PRC may be protracted and result in substantial legal costs and diversion of resources and management attention. Similarly, legal uncertainty in the PRC may limit the legal protection available to potential litigants. In addition, the PRC government may introduce new laws and regulations or change existing laws and regulations or the interpretation of the same. The occurrence of one or several of these risks could materially and adversely affect the Enlarged Group's net assets, business operations, financial condition and results of operations.

Upon completion of the Proposed Acquisition, the Company may be treated as a tax resident enterprise for PRC tax purposes under the PRC enterprise income tax laws and therefore be subject to PRC taxation on worldwide income, and Shareholders may be subject to PRC income tax on gains on the sale of the Shares and dividends on the Shares

The Enterprise Income Tax Law of the PRC (中华人民共和国企业所得税法) (“EIT Law”) introduced the concept of tax resident enterprise (“TRE”) defined as an enterprise which is established in the PRC under PRC laws and regulations, or which has its de facto management body in the PRC. TREs are subject to PRC enterprise income tax (“EIT”) for their worldwide income, including income received from their subsidiaries. According to Article 4 of the Implementing Rules of the EIT Law (the “Implementing Rules”), “de facto management body” refers to the management body that exercises essential management and control over the enterprise. As a result, if a holding company located outside the PRC is actually managed by a management body in the PRC, the overseas company may be regarded as a TRE and subject to EIT for its worldwide income. According to the interpretation of Article 4 of the Implementing Rules given by SAT, the location of the de facto management body shall be determined by a substance-over-form method. In particular, mere offshore board meetings shall not be sufficient for the management body to be considered as being located outside of the PRC. Dividends received by one TRE from another TRE (not listed in the PRC stock market or in the case of a company listed in the PRC stock market, whose stocks are held for continuous twelve (12) months by the former) are exempted from EIT.

Upon completion of the Proposed Acquisition, management of the Enlarged Group may relocate to the PRC. However, due to a lack of clear guidance on the criteria pursuant to which the PRC tax authorities will determine tax residency under the EIT Law, it remains unclear whether the PRC tax authorities will treat the Enlarged Group and its non-PRC subsidiaries as PRC TREs.

Currently, we are not aware that the Target Group has been notified by the PRC tax authorities that it will be treated as PRC TREs. However, if the entities in the Enlarged Group are deemed to be PRC TREs, the following PRC tax implications will apply:

- The Enlarged Group might both be subject to EIT at the rate of 25.0% on its worldwide income, which could have an impact on our effective tax rate and an adverse effect on the Enlarged Group's net income and result of operations. However, the EIT Law provides that dividend income between qualified TREs is exempted income, which the Implementing Rules have clarified to mean a dividend derived by a TRE on equity interest it directly owns in another resident enterprise. It is therefore possible that dividends the Enlarged Group receives through its non-PRC subsidiaries would be exempted income under the EIT Law and the Implementation Rules.

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- If the Company is deemed to be a PRC TRE, we would then be obliged under the EIT Law to make certain withholdings pursuant to PRC withholding tax laws on the gross amount of dividends we pay to shareholders who are non-PRC tax residents. The withholding tax rate is 10.0% for enterprise investors and 20.0% for individual investors, unless otherwise provided under the applicable double taxation treaties between the PRC and other countries. According to the Agreement between the PRC and Singapore on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (the “**Tax Treaty**”) implemented as from 1 January 2008, the applicable withholding tax rate for dividends arising from enterprises incorporated in the PRC is 5.0%, if such Singapore enterprise holds not less than 25.0% equity interest in the said enterprises incorporated in the PRC. However, under applicable PRC tax regulations, an approval from the local tax authority is required in order to benefit from the reduced treaty rate and such lower rate may be denied if the recipient company is a “conduit” or a company with no business substance; we have not sought such an approval from the local tax authority. Under the EIT Law, such withholding tax on dividends is to be deducted by the TRE from the gross dividends and paid to the competent PRC tax authorities on behalf of the non-PRC tax resident shareholders. As no practical guidance has been issued by SAT about the treatment of dividends paid by foreign entities considered TREs, we may not be able to ascertain whether or not our shareholders are non-PRC tax residents, and may not be able to fully comply with the withholding requirement in the event that we are considered a TRE, which subjects us to additional uncertainty.
- Further, if the Company is deemed to be a PRC TRE, any gains realised on the transfer of shares in the Company by non-PRC resident investors will also be subject to a 10.0% (if the investor is a company) or 20.0% (if the investor is a natural person) PRC withholding tax, under the EIT Law or PRC Individual Income Tax Law, if such gains are then regarded as income derived from sources within the PRC, unless the applicable double taxation treaty provides otherwise. In the event that such withholding tax is payable, under PRC tax law, the non-PRC resident investors are obliged to declare such tax by themselves to the competent PRC tax authorities.

If any of the aforementioned risks materialises, the value of an investment in the Shares may be materially adversely affected and non-PRC resident investors may be subject to tax compliance obligations, including tax filings and charges, in the PRC. This may materially and adversely affect the Enlarged Group’s net assets, business operations, financial condition and results of operations.

Greater scrutiny over acquisition and disposition transactions by the PRC tax authorities may have a negative impact on the Enlarged Group, or the Enlarged Group’s investors’ disposition of our shares

The operations and transactions of the Target Group are subject to review by the PRC tax authorities pursuant to relevant PRC laws, rules and regulations. However, these laws, regulations and legal requirements change frequently, and their interpretation and enforcement involve uncertainties. For example, on 10 December 2009, SAT issued the Notice Concerning the Strengthening of Enterprise Income Tax Administration with Respect to Equity Transfers by Non-resident Enterprises (“**Notice No. 698**”), which became effective retroactively as of 1 January 2008. Under Notice No. 698, where a non-PRC resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company (excluding buying and selling shares of a PRC resident enterprise) on a public stock exchange (“**Indirect Transfer**”), and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate less than 12.5%; or (ii) does not tax foreign income of its residents, the non-resident enterprise, being the transferor, shall report this Indirect Transfer to the competent tax authorities for the PRC resident enterprise. Using a “substance over form” principle, the PRC tax regulatory authorities may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring any PRC tax. As a result, gains derived from such Indirect Transfer may be subject to the PRC withholding tax at a rate of up to 10.0%. In addition, Notice No. 698 provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related

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parties at a price lower than the fair market value, the relevant PRC tax authorities can, at their discretion, make a reasonable adjustment to the taxable income of the transaction.

There is uncertainty as to the application of Notice No. 698. For example, while the term “Indirect Transfer” is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with the PRC. It is not clear to what extent the shareholders of our Company may be subject to these requirements. Moreover, although several issues related to Notice No. 698 were clarified through the Notice Regarding Several Issues on the Administration of Non-resident Enterprise Income Tax dated 28 March 2011 by SAT (“Notice No. 24”), which became effective on 1 April 2011, there is little guidance or precedent regarding the application of Notice No. 24, and the process and format for reporting the Indirect Transfer to the competent PRC tax authorities remain unclear. On 3 February 2015, SAT further promulgated the Announcement on Several Issues Concerning Enterprise Income Tax on Income Derived from Indirect Transfer of Assets by Non-Resident Enterprises, to prescribe more detailed operational guidance. The PRC tax authorities may, at their discretion, impose or adjust the capital gains of any acquisitions and dispositions or request the Enlarged Group to submit additional documentation for their review in connection with any relevant acquisition or disposition, and thus cause the Enlarged Group to incur additional costs.

A destabilisation of the political system could threaten the PRC’s economic liberalisation

While the PRC economy has changed fundamentally from a centrally planned system to a more market-oriented economy over the last three decades, the political system in the PRC still operates under communist control. Although political conditions in the PRC seem to be generally stable, changes may occur in its political system which might affect the ownership or operation of our interests, including, amongst others, changes in government as well as in legislative and regulatory regimes.

A material change in the PRC’s economic liberalisation triggered by political disruptions or by other means could impact the country’s economic growth in general and the Enlarged Group’s business in particular. Social instability could increase public support for renewed centralised authority, and nationalism or violence could lead to a tougher stance by the PRC government on foreign investors operating in the PRC or on foreign investment in general. Any such developments could materially and adversely affect the Enlarged Group’s net assets, business operations, financial condition and results of operations.

The PRC judiciary’s lack of independence and limited experience and the difficulty of enforcing court decisions and governmental discretion in enforcing court orders could prevent us from obtaining effective remedies in a court proceeding

The PRC’s judicial system may not be as independent or immune to economic, political and nationalistic influences as judicial systems in European jurisdictions. The court system in the PRC is largely understaffed and underfunded. Since courts in the PRC are financially dependent on the respective local governments, judges tend to favour the economic interests of the municipalities or provinces and the enterprises located there. The independence of judges is further undermined by the fact that PRC judges are only appointed for a limited period of time and may be dismissed during their term of office. Many older judges have not had any prior legal education. Courts in the PRC are often inexperienced in the area of business law. Not all PRC legislation and court decisions are readily available to the public or organised in a manner that facilitates understanding. Enforcement of court orders can, in practice, be very difficult in the PRC. Additionally, court decisions are often used in furtherance of political and commercial aims. The Enlarged Group might be subject to such claims by competitors or other parties and may not be able to receive a fair hearing in the course of the relevant trial or legal procedure. Judicial decisions in the PRC can also be unpredictable and may not provide effective remedies. These uncertainties also extend to property rights. Expropriation or nationalisation of any of the Enlarged Group’s PRC subsidiaries, their assets or portions thereof, potentially without adequate compensation, could materially and adversely affect the Enlarged Group’s net assets, business operations, financial condition and results of operations.

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As the Target Group is located in the PRC, Shareholders may not be accorded the same rights and protection that would be accorded under the Companies Act and seeking recognition and enforcement in the PRC of judgments by Singapore courts against the Target Group, assets or management personnel might be difficult or impossible for investors

The Target Group is subject to the applicable laws and regulations in the PRC which may not correspond to provisions in the Companies Act for the protection of Shareholders. As such, Shareholders may or may not be accorded with the same level of rights and protections that would be accorded by the Companies Act in relation to a Singapore incorporated company.

The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts of Singapore or most other jurisdictions, including judgments obtained in relation to claims investors may make with regard to this Placement. As a result, it will be difficult or impossible for investors to effect service of process or enforce judgments from Singapore courts against the Target Group, assets or management personnel in the PRC.

The Target Group may incur liability pursuant to unauthorised actions by its legal representatives

The Target Group is required by law to appoint a legal representative to be the responsible person to perform the duties and powers on behalf of the Target Group. The legal representatives are authorised to perform all acts regarding the general administration of the Target Group and they can also execute powers of attorney and execute any legal transaction that is within the nature and the scope of business of these companies.

In the event that the legal representatives of any of the companies in the Target Group perform any unauthorised actions in contravention of the law and/or its contractual obligations purportedly on behalf of the companies, there is a risk that the Enlarged Group may be held liable for such acts. While measures and control procedures have been implemented in order to mitigate such a risk, there is no assurance that the legal representatives will adhere to such measures and control procedures. In the event that any of the legal representatives incurs liability without authorisation on behalf of the Enlarged Group and/or the Target Group, the Enlarged Group's business operations, financial condition, results of operations, prospects, profitability and financial performance may be materially and adversely affected.

5.2. Risk Factors Relating to the Company on Completion of the Proposed Acquisition and Proposed Diversification

The Target Group has a limited track record

The Target Group has a limited history upon which it may be evaluated. The Target was only incorporated in November 2016 and the Target Group had not commenced its operations. As a result, the evaluation of the Target Group and its prospects will be based on a limited history. The Target Group also has limited historical financial data from which to predict its future revenue and expenses. The limited history and financial data of the Target Group may not be an appropriate basis to evaluate its future prospects and performance. There is no assurance that the Target Group can sustain profitability or avoid losses in the future and its limited history may not be indicative of its future financial performance. Notwithstanding the above, as disclosed by the Company in the announcement dated 5 May 2017 and in [Section 4.1.4](#) of this Circular, the merits of the Proposed Acquisition and the business plans and strategies of the Target Group represents a good opportunity for the Group to explore and develop future business opportunities and ventures that will create value for the stakeholders and shareholders of each of the counter parties.

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The success of the operations of the Target Group depends on the continued support of the Vendor

Upon completion of the Proposed Acquisition, the Vendor will hold 40% of the Target. The Vendor will provide to the Enlarged Group the network the Enlarged Group requires for successful operations in the PRC. Accordingly, there is the possibility of disputes arising between the Company and the Vendor and/or the withdrawal of such support from the Vendor. Although the Company believes that the interests of the Vendor is aligned with that of the Enlarged Group, if any of the above occurs, the Enlarged Group's business operations, financial condition, results of operations, prospects, profitability and financial performance may be materially and adversely affected.

The Target Group is subject to financing risks and may not have adequate capital resources to finance existing and future property developments

Property development is capital intensive. The Target Group will be funding its property developments through a combination of internal and external sources of funds. Internal sources of funds comprise mainly cash generated from their operation activities (which include cash inflows arising from sales of the property developments) and cash and bank balances while external sources comprise mainly banks and other loans and capital contribution from shareholders. The mismatching cash flows nature of property development may result in periods where the property developer may experience net negative operating cash flows that have to be financed through existing cash and bank balances and external sources of funds, which represent greater reliance on such external sources of funds during these periods.

Property developers may not have adequate capital resources available to finance their business activities such as land acquisitions or property developments. This may arise from inadequacy of (i) external sources of funds and/or (ii) internal funds such as low cash levels and/or that the property developers are unable to achieve sufficient sales in order to fund these property developments.

Although the Target Group has obtained financing in the past to fund their business activities, there is no assurance that it will be able to continue to obtain such financing support on commercially acceptable terms, or any financing support at all. In such event, and where the Target Group requires but is unable (i) to rely on its existing cash and bank balance due to insufficiency; and (ii) to obtain external sources of funds, it will not be able to finance its existing and future developments, the Target Group may not be able to finance its business activities and their cash flow, financial performance and financial position will be adversely affected.

The Target Group may also require additional borrowings to fund its future development projects. The incurrence of additional debt will increase its interest payments required to service its debt obligations and could result in operating and financial covenants that restrict its operations and its ability to pay dividends to its shareholders. In addition, in line with typical financing facilities, the terms of the Target Group's loans, borrowings and trust financing arrangements may allow the banks, financial institutions and/or trust financing companies to suspend or withdraw its financing in an event of default. In the event the Target Group's loans, borrowings and trust financing arrangements are suspended or withdrawn, the Target Group may not have sufficient capital resources to finance its business operations and/or repay the withdrawn financing facilities. If any of the above occurs, the Enlarged Group's business operations, financial condition, results of operations, prospects, profitability and financial performance may be materially and adversely affected.

The Target Group is subject to risks in relation to the increases in interest rate

The Target Group faces risks in relation to the interest rate movements as the Target Group's financing costs are affected by changes in interest rate. The Target Group expects that the increases in interest rates will increase its financing costs in general.

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Changes in interest rates will affect the Target Group's interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities. This could in turn have a material and adverse effect on the Enlarged Group's business operations, financial condition, results of operations, prospects, profitability and financial performance.

The Target Group is exposed to risks in the property sector in the PRC in which it operates

The Target Group's Wonder Stone Park project is based in Shandong, PRC. As the revenue of the Target Group would be primarily derived from the Wonder Stone Park project, its performance may be adversely affected as a result of exposure to the risks inherent in the PRC property market. Relevant risks in relation to the property sector in the PRC include, shortage of labour supply, competition from other property developers, property downturns resulting from changes in the state of the economy, increase in labour costs, construction costs, energy costs and prices of raw materials, changes in government policies or changes in bank interest rates. If any of the above occurs, the Enlarged Group's business operations, financial condition, results of operations, prospects, profitability and financial performance may be materially and adversely affected.

There is no assurance that the Wonder Stone Park will be commercially successful

The Company believe that the Wonder Stone Park project represents an expansion of the Group's existing business of property investment and development and is in line with its strategic plans to build up a diversified portfolio of well-located properties which are able to generate stable recurrent income and is in the best interests of the Group. However, there is no assurance that the Wonder Stone Park project will be commercially successful and improve the financial performance of the Enlarged Group. The amount earmarked for the development of the Wonder Stone Park may also be insufficient and may require additional expenditure. An increase in these expenses without a corresponding increase in revenue would adversely affect the Enlarged Group's business operations, financial condition, results of operations, prospects, profitability and financial performance.

The Enlarged Group may not be able to identify suitable joint venture partners to develop the Wonder Stone Park

The successful development of the Wonder Stone Park may depend on the Enlarged Group identifying suitable joint venture partners to jointly develop the property. Development of the Wonder Stone Park involves numerous risks, including but not limited to difficulties in the assimilation of the management by joint venture partners, operations, services and personnel and the possible diversion of management attention from other business concerns. The successful development of the Wonder Stone Park depends on its ability to identify suitable joint venture partners and the successful integration of their operations with the Enlarged Group. There can be no assurance that the Enlarged Group will be able to execute such development strategies successfully and if so, the performance of any strategic alliances could fall short of expectations.

The Target Group's business is particularly sensitive to reductions in disposable income due to economic downturns

As with most other businesses, the Target Group's business is inherently subject to general economic conditions. The global financial crisis, including a slowing down of the PRC economy, has had a profound impact on the global economy and may have engendered reductions in consumers' disposable income. This may affect demand for the Target Group's products and service offerings as a whole, and have a negative impact on discretionary consumer spending on its amenities.

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Changes in discretionary consumer spending or consumer preferences could be driven by factors such as:

- perceived or actual general economic conditions;
- high energy, fuel and food costs;
- the increased cost of travel;
- the potential for bank failures;
- the weakening job market; or
- perceived or actual disposal consumer income and wealth.

As a significant number of visitors to the Wonder Stone Park would be tourists, accordingly, if the Target Group fails to attract a sufficient number of tourists to the Wonder Stone Park, this may have a material adverse effect on the Enlarged Group's financial condition, results of operations and/or cash flows.

The Target Group is subject to competition from other tourist attractions in the PRC

The businesses of the Target Group is primarily focused on the leisure, hospitality and tourism. Aside from the Wonder Stone Park, the presence of other similar tourist attracts in the PRC, such as the Mengshan National Forest Park located nearby in Linyi City, Shandong Province, Disneyland in Shanghai and Hong Kong and the Ocean Park in Hong Kong provides competition that there may be an overlap with the markets in which the Target Group operates, as a result of which the Enlarged Group's financial condition, results of operations or cash flows may be adversely affected.

Any delay in the opening of the Fei County high-speed rail ("HSR") station may adversely affect the number of visitors to the Wonder Stone Park

The business of the Target Group is reliant on the number of visitors to the Wonder Stone Park. The accessibility of the Wonder Stone Park to key cities in the PRC will be enhanced when the Fei County HSR station is expected to be completed in 2019, with the gateway cities of Nanjing and Qingdao being two hours away by HSR whilst Beijing and Shanghai being three hours away by HSR. Any delay in the opening of the Fei County HSR station may lower the number of visitors to the Wonder Stone Park, as a result of which the Enlarged Group's financial condition, results of operations or cash flows may be adversely affected.

The Target Group faces risk relating to the health and safety of its staff, contractors and visitors to the Wonder Stone Park

As a theme park, the Wonder Stone Park will attract visitors every day who may take the thrill rides that are available. While the Target Group will conduct periodic safety checks and close selected attractions in the event of severe weather conditions, it is possible that a member of staff, a contractor or a member of the public may suffer a fatality or serious connected to the rides should there be mechanical or technical malfunctions. Any such incident could lead to potential criminal and civil liability and have a material adverse effect on the Enlarged Group's reputation, financial condition and operations.

Shareholders are encouraged to refer to the Company's circular to Shareholders dated 8 December 2014 in relation to the diversification of the business of the group to include property development and property investment for further risk factors applicable to the Group in the business of property development and property investment.

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6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

As at the Latest Practicable Date, the issued and paid up share capital of the Company is S\$47,815,000 comprising 489,000,000 Shares. On completion of the Proposed Placement, the issued and paid up share capital of the Company will increase to S\$85,315,000 comprising 789,000,000 Shares. The share capital of the Company will remain unchanged on completion of the Proposed Acquisition.

The following table illustrates the financial effects of the Proposed Transactions on (i) the NAV per share of Group (assuming the Proposed Transactions had been completed at the end of that financial year); and (ii) the earnings per share of the Group (assuming that the Proposed Placement had been completed at the beginning of that financial year) based on the latest announced audited financial statements of the Group for the financial year ended 30 June 2016: The financial effects of the Proposed Transactions on the net tangible asset, the earnings per share and gearing of the Group, based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016 are set out below strictly for illustrative purposes only and are not intended to reflect the actual future financial position of the Company following the completion of the Proposed Acquisition.

Such pro forma financial effects have been computed based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016 and the unaudited financial statements of Target for the financial period from 7 November 2016 (date of incorporation) to 30 April 2017, based on the following assumptions:

- (a) the financial effects of the Proposed Transactions on the NTA per Share of the Group are computed assuming that the Proposed Transactions were completed on 30 June 2016;
- (b) the financial effects of the Proposed Transactions on the EPS of the Group are computed assuming that the Proposed Transactions were completed on 1 July 2015;
- (c) the financial effects of the Proposed Transactions on the gearing of the Group are computed assuming that borrowings of S\$10,739,000 are undertaken for the Proposed Acquisition, which is derived from the difference between the cash consideration of S\$53,500,000 and sum of the Group's cash and cash equivalent of S\$5,216,000 as at 30 June 2016 and the Net Proceeds; and
- (d) transactional costs incurred for the Proposed Transactions are assumed to be insignificant and as such, have not been taken in account in the computation of the financial effects.

The pro forma financial effects presented below are **for illustrative purposes only** and are not intended to reflect the actual future financial situation of the Company or the Group upon completion of the Proposed Transactions.

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NAV	As at 30 June 2016	After Proposed Placement	After Proposed Placement and Proposed Acquisition
NAV attributable to Shareholders of the Company (S\$'000)	53,547	91,047	91,047
Number of Shares ('000)	489,000	789,000	789,000
NAV per share attributable to Shareholders of the Company (cents) ⁽¹⁾	10.95	11.54	11.54

Loss per Share	As at 30 June 2016	After Proposed Placement	After Proposed Placement and Proposed Acquisition
Net loss after tax attributable to Shareholders of the Company (S\$'000)	12,376	12,376	12,392
Weighted average number of shares ('000)	489,000	789,000	789,000
Net loss after tax attributable to Shareholders ⁽²⁾	2.53	1.57	1.57

Notes:

- (1) Assuming that the Proposed Transactions had been completed on 30 June 2016
- (2) Assuming that the Proposed Transactions had been completed on 1 July 2015

Gearing	As at 30 June 2016	After Proposed Placement	After Proposed Placement and Proposed Acquisition
Total borrowings (S\$'000) ⁽¹⁾	45,259	45,259	55,998
Cash and cash equivalents (S\$'000)	5,261	42,761	53,500
Equity attributable to owners of the Company (S\$'000)	53,547	91,047	91,047
Net gearing ratio (times) ⁽²⁾	0.85	0.50	0.62

Notes:

- (1) "Total borrowings" comprises bank borrowings and finance leases.
- (2) "Net gearing ratio" has been computed based on total borrowings net of cash and cash equivalents divided by equity attributable to owners of the Company.

LETTER TO SHAREHOLDERS

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

7.1. Interests of the Directors and Substantial Shareholders in the Shares

The interests of the Directors and Substantial Shareholders' in the Shares as at the Latest Practicable Date, based on the Company's register of interest of Directors and register of Substantial Shareholders respectively, are as follows:

	Before the Proposed Transactions				After the Proposed Transactions			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Wan Jinn Woei	–	–	–	–	–	–	–	–
Yong Chor Ken	10,300,000	2.11%	–	–	10,300,000	1.31%	–	–
Chen Yeow Sin	–	–	–	–	–	–	–	–
Poh Wee Chiow, Roger	–	–	–	–	–	–	–	–
Pok Mee Yau	–	–	–	–	–	–	–	–
Substantial Shareholders (other than Directors)								
Wee Henry	136,989,525	28.01%	–	–	136,989,525	17.36%	–	–
Mr Wong ⁽¹⁾	–	–	4,300,000	0.88%	–	–	64,300,000	8.15%
Sino Achieve Enterprises Limited	–	–	–	–	60,000,000	7.60%	–	–
Soochow Securities CSSD (Singapore) Pte. Ltd.	–	–	–	–	60,000,000	7.60%	–	–
Sun Xiaohui	–	–	–	–	80,000,000	10.14%	–	–
Li Shanhua	–	–	–	–	100,000,000	12.67%	–	–

Note:

(1) By virtue of Section 4 of the SFA, Mr Wong will be deemed interested in the shares held by Sino Achieve Enterprises Limited on Completion.

7.2. Interests of the Directors and Substantial Shareholders in the Proposed Transactions

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Transactions (other than through their direct or indirect shareholdings in the Company).

LETTER TO SHAREHOLDERS

8. RECOMMENDATION BY THE DIRECTORS

The Directors, having considered and reviewed, among other things, the terms and conditions of the SPA, the terms and conditions of the Subscription Agreement, the rationale for the Proposed Transactions, financial effects of the Proposed Transactions, and all the other relevant information set out in this Circular, unanimously recommend that Shareholders vote in favour of the Resolutions relating to the Proposed Transactions as set out in the Notice of EGM.

Shareholders who may require specific advice should consult his or her stockbroker, bank manager, solicitor, accountant or other professional adviser(s).

9. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 30 June 2017 at 10 a.m. at Singapore Polytechnic Graduates' Guild, Poolside Events Room, Level 1, 1010 Dover Road, Singapore 139658 for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolutions set out in the Notice of EGM.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf, may complete, sign and return the proxy form attached to the Notice of EGM (the "**Proxy Form**") in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the registered office of the Company at 1 Commonwealth Lane #06-20 One Commonwealth Singapore 149544 not less than 72 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Shareholder will not prevent him/her from attending and voting at the EGM, if he/she wishes to do so, in place of his/her proxy.

Depositors who wish to attend and vote at the EGM, and whose names are shown in the Depository Register of CDP as at a time not less than 72 hours before the time appointed for the EGM supplied by CDP to the Company, may attend as CDP's proxies. Depositors who are individuals and who wish to attend the EGM in person need not take any further action and can attend and vote at the EGM without the lodgement of any Proxy Form.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 1 Commonwealth Lane #06-20 One Commonwealth Singapore 149544 during normal business hours for a period of three (3) months from the date of this Circular:

- (a) the Subscription Agreement;
- (b) the SPA;
- (c) the First Addendum;
- (d) the Second Addendum;
- (e) the Valuation Report;
- (f) the annual report 2016 of the Company; and
- (g) the Constitution of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
IMPERIUM CROWN LIMITED

Wan Jinn Woei
Executive Chairman and Chief Executive Officer

APPENDIX A – VALUATION REPORT FROM AVA ASSOCIATES LIMITED

AVA Associates Limited

806 Empress Plaza
17-19 Chatham Road South
Tsim Sha Tsui, Hong Kong

9 June 2017

To
Board of Directors
Imperium Crown Limited
1 Commonwealth Lane
#06-20 One Commonwealth
Singapore 149544

Dear Sirs,

Pursuant to your instructions, AVA Associates Limited (“AVA”) has performed a **valuation of the 100% interest in a 50-year property-related right to develop and operate the Wonder Stone Park in Fei County, Linyi City, Shandong Province, the People’s Republic of China (the “Operating Right”) as at 31 March 2017 (the “Valuation Date”)**. The purpose of this engagement is to assist the management of Imperium Crown Limited (“ICL”, the “Company”), for internal reference and possible inclusion into a shareholder’s circular in relation to a proposed transaction involving Global Entertainment Media Pte. Ltd. (“GEM”), the company that owns the Operating Right. No other use of our valuation report is intended or should be inferred.

Definition of Value

In estimating the value of the Operating Right, our efforts were based on the following premise of value:

Market Value - “the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Such value represents an estimate based on the economic theory of equilibrium price for an asset in a perfect market. Unless otherwise noted, in estimating the market value, we have assumed that the business and its assets will remain a going concern in accordance with the relevant literature.

It is further defined as the value of an asset based on continuation of its existing use, assuming the asset could be sold in the open market for its existing use, and otherwise in keeping with the market value definition regardless of whether or not the existing use represent the highest and best use of the asset.

The value of an asset is only an indicative quantum at which interests in it might be reasonably be expected to be sold at the valuation date, and may be different from the actual transacted price.

Scope of Work

On 27 February 2017, ICL, listed on the Stock Exchange of Singapore, entered into a sale and purchase agreement (“SPA”) with Fortsmith Investments Limited to acquire 27% of the issued and paid-up capital of GEM for a consideration of S\$20 million, payable in cash and shares. Further to the SPA, ICL entered into a Second Addendum to the SPA on 18 May 2017 to revise the terms to acquire 60% of the issued and paid-up capital for a consideration of S\$53,500,000.

APPENDIX A – VALUATION REPORT FROM AVA ASSOCIATES LIMITED

As part of ICL's compliance with the Catalist Rules, AVA has been tasked to attribute a value to the Operating Right, a form of property-related right held by GEM through its 100% subsidiary, Linyi Yin Sheng Wen Hua Mei Ti Co., Ltd. (临沂银升文化传媒有限公司) ("Linyi Yin Sheng"), a wholly foreign-owned enterprise incorporated in the PRC. The Operating Right consists of a concession to develop and operate commercial activities on an area, measuring 1.2 million sq m, in Fei County, Linyi City, Shandong Province, the People's Republic of China ("PRC"), for a period of 50 years. Currently, a large portion of the area is a public park, the Water Stone Park, with basic amenities, and its main attraction being the various natural stone formations on display. There exists a hotel property as well.

The Operating Right has been granted by the government of Fei County, Shandong Province, PRC to Fei County Wonder Stone Characteristic Town Development Co., Ltd. (费县奇石特色小镇发展有限公司) ("Fei County Wonder Stone"), a company incorporated in the PRC. Fei County Wonder Stone is 80% owned by Linyi Yin Sheng with the remaining 20% owned by the government of Fei County. Both GEM and Linyi Yin Sheng have been set up as investment holding companies by ICL for the specific purpose of investing in the Operating Right.

Our valuation relies on a feasibility report (the "Feasibility Report") prepared by Shandong Engineering Consulting Institute on the development plans for the Wonder Stone Park for the period from 2017 to 2066, being the rental period of the property. We have exercised care in reviewing the information on which we can rely on, and make reasonable enquiries and judgment deemed necessary in order to have no reason to doubt the accuracy or reliability of the information and representations.

Our valuation and report is prepared in accordance with the International Valuation Standards (2013 edition) as published by the International Valuation Standard Committee and guidelines as published by the Royal Institute of Chartered Surveyors. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Preparation of an information checklist for information gathering;
- Site visit/s;
- Discussion with the appropriate parties regarding the identified assets, Feasibility Report, proposed valuation methodologies, current/proposed use of the Operating Right to develop and operate the Wonder Stone Park, etc;
- Development of appropriate valuation models pertinent to the exercise;
- Preparation of draft reports for discussion with the Company; and
- Submission of the final report for the purpose of this exercise.

Sources of Information

As part of our due diligence, we relied upon documents supplied by the management of the Company, including, but not limited to, the following:

- Feasibility Report, dated 9 June 2017, prepared by Shandong Engineering Consulting Institute;
- The presentation of the Wonder Stone Park; and
- Other relevant documentations.

APPENDIX A – VALUATION REPORT FROM AVA ASSOCIATES LIMITED

We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our valuation, we held discussions with the management concerning the history and current conditions of the asset, financial and general outlook of the business of the Wonder Stone Park. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the companies are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the valuation procedures we employed provide a reasonable basis for our opinion.

Valuation Theory

It is important to note that market value is based on the economic theory of equilibrium price in a perfect market. It may not be equal to the price transacted for an asset or indicative of the price to be transacted for the asset. Such value estimate is based on the assumption that a perfectly competitive market exists where no participant has any influence on the price of the asset it buys or sells. It is simply a point where market demand is equal to market supply, thus ensuring that the asset owner will receive only normal profit in the long run.

Our approach in valuing the identified asset relies on using the appropriate techniques to arrive at our conclusion of value. We considered the three generally recognized approaches to value: the income, market and cost approaches.

An overview of the three approaches considered is as follows:

- The *Income Approach* focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.
- The *Market Approach* measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these multiples to the appropriate financial measures of the subject company. The recent transaction methodology develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.
- The *Cost Approach* measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

APPENDIX A – VALUATION REPORT FROM AVA ASSOCIATES LIMITED

Selected Valuation Approach

We calculated the Market Value of a 100% interest in the Operating Right by estimating the value through the income approach, employing a discounted cash flow (“DCF”) analysis. This method is appropriate as the Operating Right is a concession to develop and operate a mixture of vacant land or improved property. Such analysis can attribute a value to the Operating Right based on the assumption that the Water Stone Park is developed for Highest and Best Use, defined as follows:

The reasonable, probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

A typical process of this method is as follows:

- Determine the concept of development based on a master plan, on the basis of Highest and Best Use for the intended location;
- Determine the product mix based on the concept of development;
- Determine the revenue model, cost of development and operating costs over the concession period; and
- Determine the appropriate discount rate to present value the future cashflows to obtain a residual value attributable to the Operating Right.

Our basis for selecting the income approach was due to the availability of relevant data, specifically the development plans and financial projections, as presented in the Feasibility Report provided by the Company. With this information, we utilized a discounted cash flow methodology to estimate the cash that is available, either to invest in new or existing businesses or to distribute, to the owner of the Operating Right from operating the project as detailed in the Feasibility Report. This allowed us to estimate the Market Value of the 100% interest in the Operating Right under a set of reasonable and robust assumptions.

The market approach was not deemed appropriate due to the lack of comparable market transactions and prices. We performed a similar transaction search and found no similar disclosed recent transactions. The cost approach was also deemed inappropriate, as one of the significant attributes of the Operating Right is the specific development plans for the assets, and these would not be properly reflected using a cost approach methodology.

Valuation Methodology

In line with our scope of work to derive the value of the 100% interest in the Operating Right, we chose the DCF methodology as it enables us to focus on a business operation, relying wholly on the Operating Right, to generate free cash flow in the future, based on the assumptions provided in the Feasibility Report. Free cash flow to equity holders (“FCFE”) is defined as cash that is available either to invest in new or existing businesses or to distribute to the owner of the Operating Right. Reasonable projections of revenues, expenses, and reinvestment requirements (i.e. working capital and capital expenditures) form the basis for estimating the future free cash flows that the business operation will likely generate from the use of the Operating Right.

The FCFE for each year of the projection period was calculated by adding non-cash expenses, such as depreciation and amortization, to and deducting incremental investments in working capital, and capital expenditures from the net profit.

The projected free cash flows in each period were discounted to present value at an appropriate rate of return, or “discount rate.” The sum of the discounted stream of future free cash flow, together with the value of non-operating assets, if any, reflects the value of the subject enterprise or portfolio of assets.

APPENDIX A – VALUATION REPORT FROM AVA ASSOCIATES LIMITED

Major Assumptions

General Assumptions

We have assumed the following for the purpose of this exercise:

- The owner of the Operating Right has obtained and/or will be able to obtain all the necessary and relevant documents and approvals to commence and implement its development plans, as specified in the Feasibility Report;
- The business of operating the Wonder Stone Park will compose of all necessary assets, both tangible and intangible;
- The business will be developed according to the proposed development plan of the Wonder Stone Park and can be achieved with the effort of the management; and the design and construction of the Wonder Stone Park will be in compliance with the local planning regulations and have been approved by the relevant government authorities, and all necessary authorizations and permits will be legally obtained in respect of the construction works;
- In order to realize the future economic benefit of the business and maintain a competitive edge, manpower, equipment and facilities are necessary to be employed. For the valuation exercise, we have assumed that all proposed facilities and systems will work properly and will be sufficient for future operation;
- That there will be no material change in the existing political, legal, technological, fiscal or economic condition which may adversely affect the development and business of the Wonder Stone Park; and
- That there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value.

Although the information and assumptions used in the cash flow projections are a reasonable basis for valuation purposes, our analysis and use of them do not constitute an examination or compilation of prospective financial information in accordance with established standards.

Reliance on the Feasibility Report

To estimate the value of such property-related right, our valuation has had to rely on the Feasibility Report prepared by Shandong Engineering Consulting Institute as a mean to establish the feasibility of the development plans for the Wonder Stone Park. We have exercised care in reviewing the information on which we can rely on, and make reasonable enquiries and judgment deemed necessary in order to have no reason to doubt the accuracy or reliability of the information and representations

The areas covered in the Feasibility Report are as follows.

- Understand the background and development plans of the project;
- Analyze the market prospects of the project;
- Forecast the development and demand trends for the project;
- Evaluate and comment on the construction plans of the project on a technical level;
- Study the construction, site and transportation conditions of the project;
- Study the overall public transportation, facilities and other supporting infrastructure of the project;

APPENDIX A – VALUATION REPORT FROM AVA ASSOCIATES LIMITED

- Evaluate and comment on the fire control, environmental control, occupational safety and health, and energy conservation of the project;
- Determine the appropriate technical plans and construction models;
- Evaluate the project costs;
- Estimate the total investment of the project;
- Analyze the economic benefits;
- Disclose the risk factors associated with the project;
- Comment on the financial status of the project; and
- Conclude the feasibility of the project.

Conclusion of Value

Based on the information provided and analysis conducted, and subject to the attached Statement of General Assumptions and Limiting Conditions, the Market Value, as at Valuation Date, of the 100% equity interest in Operating Rights is in the order of RMB612,000,000.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on our use of numerous assumptions and our consideration of various factors that are relevant to the operation of the project. We have also considered various risks and uncertainties that have potential impact on the project.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management of over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Respectfully submitted,

AVA Associates Limited

Statement of General Assumption and Limiting Conditions

This analysis is subject to the following general assumptions and limiting conditions:

1. No investigation has been made of, and no responsibility is assumed for, the legal description of the property being valued or legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is assumed to be free and clear of any liens, easements, encroachments, and other encumbrances unless otherwise stated.
2. Information furnished by others, upon which all or portions of this valuation is based, is believed to be reliable but has not been verified except as set forth in this report. No warranty is given as to the accuracy of such information.
3. This report has been made only for the purpose stated and shall not be used for any other purpose.
4. Neither AVA nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.
5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.
6. The date of value to which the estimate expressed in this report applies is set forth in the beginning of this report. This valuation is valid only for the valuation date indicated.
7. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity or organization have been or can readily be obtained or renewed for any use on which the value estimate provided in this report is based.
8. Responsible ownership and competent management are assumed.

NOTICE OF EXTRAORDINARY GENERAL MEETING

IMPERIUM CROWN LIMITED

(Incorporated in Singapore)
(Unique Entity Number 199505053Z)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“**EGM**”) of Imperium Crown Limited (the “**Company**”) will be held on 30 June 2017 at 10 a.m. at Singapore Polytechnic Graduates’ Guild, Poolside Events Room, Level 1, 1010 Dover Road, Singapore 139658 for the purpose of considering and, if thought fit, passing, with or without modifications, the following ordinary resolutions:

*All capitalised terms in this Notice which are not defined herein shall have the same meaning as ascribed to them in the Company’s circular dated 15 June 2017 (the “**Circular**”).*

ORDINARY RESOLUTION 1:

THE PROPOSED ALLOTMENT AND ISSUE OF 300,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.125

That:

- (a) the subscription agreement dated 23 May 2017 (the “**Subscription Agreement**”) entered into between the Company and each of Sino Achieve Enterprises Limited, Soochow Securities CSSD (Singapore) Pte. Ltd., Sun Xiaohui and Li Shanhua (collectively “**Subscribers**” and each a “**Subscriber**”) in connection with the allotment and issue (“**Proposed Placement**”) by way of placement of 300,000,000 new ordinary shares of the Company at S\$0.125 per share (“**Placement Shares**”) and all the transactions contemplated thereunder and all other matters of and incidental thereto or in connection therewith be and are hereby approved, confirmed and ratified in all respects;
- (b) the Proposed Placement and the transactions contemplated thereunder be and are hereby approved;
- (c) the directors of the Company (“**Directors**”) be and are authorised to allot and issue the Placement Shares to the Subscribers pursuant to the terms of the Subscription Agreement; and
- (d) any two (2) or more of the Directors be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Subscription Agreement and the transactions contemplated thereunder including but not limited to the allotment and issue of the Placement Shares.

ORDINARY RESOLUTION 2:

THE PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF THE GROUP TO INCLUDE PROPERTY DEVELOPMENT AND INVESTMENT OF ENTERTAINMENT AND LIFESTYLE PROPERTIES

That:

- (a) approval be and is hereby given for the diversification of the Existing Business of the Group to include property development and property investment of entertainment and lifestyle properties such that the proposed new business of the Group shall comprise property development and property investment including but not limited to (i) the development of properties for sale and the holding of residential, hospitality, commercial (retail and office), industrial, entertainment, lifestyle and other types of properties as investment (the “**Property Related Assets**”) and (ii) the holding of the Property Related Assets as investment for the collection of rent, capital growth potential and/or (iii) the provision of property related services and facilities including but not limited to building and complex management, and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) any two (2) of the Directors be and are hereby authorised to complete and to do all acts and things as they may consider necessary or expedient for the purposes of or in connection with the Proposed Diversification and to give effect to this Ordinary Resolution 2 as they shall think fit and in the interests of the Company.

ORDINARY RESOLUTION 3:

THE PROPOSED ACQUISITION OF 60% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF GLOBAL ENTERTAINMENT MEDIA PTE. LTD. WHICH CONSTITUTES A MAJOR TRANSACTION UNDER THE CATALIST RULES

That, subject to and contingent upon the passing of Ordinary Resolution 1 and Ordinary Resolution 2:

- (a) approval be and is hereby given for the proposed acquisition of 60% of the issued and paid up share capital of Global Entertainment Media Pte. Ltd. (the “**Target**”) from Fortsmith Investments Limited (the “**Vendor**”), upon the terms and conditions of the sale and purchase agreement entered into by the Company and the Vendor on 27 February 2017, as amended by the first addendum dated 5 May 2017 and the second addendum dated 18 May 2017 (the “**Sale and Purchase Agreement**”); and
- (b) any two (2) of the Directors be and are hereby authorised to complete and to do all acts and things as they may consider necessary or expedient for the purposes of or in connection with the Proposed Acquisition and to give effect to this Ordinary Resolution 3 (including any amendment to the Sale and Purchase Agreement, execution of any other agreements or documents and procurement of third party consents) as they shall think fit and in the interests of the Company.

BY ORDER OF THE BOARD

Wan Jinn Woei
Executive Chairman and Chief Executive Officer
15 June 2017

Notes:

- (1) A member of the Company entitled to attend and vote at the Extraordinary General Meeting of the Company may appoint not more than two (2) proxies to attend and vote in his/her stead. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
- (2) Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- “Relevant intermediary” means:
- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100.0% of the shareholding and any second named proxy as an alternate to the first named.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (4) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 1 Commonwealth Lane #06-20 One Commonwealth Singapore 149544 not less than 72 hours before the time set for holding the Extraordinary General Meeting.
- (5) The instrument appointing a proxy must be signed by the appointer or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy, failing which the instrument may be treated as invalid.
- (6) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited not less than 72 hours before the time fixed for holding the Extraordinary General Meeting in order for the Depositor to be entitled to attend and vote at the Extraordinary General Meeting.

Personal Data Privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the personal data of the member by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the proxy(ies) and/or representative(s) of the member to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of the proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the breach of warranty of the member.

PROXY FORM

IMPERIUM CROWN LIMITED

(Incorporated in Singapore)
(Unique Entity Number: 199505053Z)

PROXY FORM

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Act"), a Relevant Intermediary may appoint more than two (2) proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For investors who have used their Central Provident Fund ("CPF") monies ("CPF Investors") and/or monies in the Supplementary Retirement Scheme ("SRS") accounts ("SRS Investors") to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors may attend and cast their votes in person at the Extraordinary General Meeting of the Company. If they are unable to attend but wish to vote, they may contact their CPF and/or SRS Approved Nominees to appoint the Chairman of the Extraordinary General Meeting to act as their proxy, in which case, the CPF/SRS Investor shall be precluded from attending the meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting.

*I/We _____ (Name) _____ (NRIC/Passport Number)
of _____ (Address)

being *a member/members **IMPERIUM CROWN LIMITED** (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the Meeting as my/our proxy/proxies* to vote for me/us* on my/our* behalf at the Extraordinary General Meeting of the Company ("EGM") to be held on 30 June 2017 at 10 a.m. at Singapore Polytechnic Graduates' Guild, Poolside Events Room, Level 1, 1010 Dover Road, Singapore 139658 and at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without amendment, the Ordinary Resolutions proposed as indicated hereunder.

ORDINARY RESOLUTION	No. of votes For	No. of votes Against
Resolution 1 To approve Proposed Placement and the proposed allotment and issue of the Placement Shares		
Resolution 2 To approve the Proposed Diversification		
Resolution 3 To approve the Proposed Acquisition		

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" in the relevant box provided below. Alternatively, if you wish to vote some of your shares "For" and some of your shares "Against" the relevant resolution, please insert the relevant number of shares in the relevant boxes provided below. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the Extraordinary General Meeting.)

Dated this _____ day of June 2017

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal
of Corporate Shareholder

*Delete where inapplicable

Important: Please read notes overleaf.



PROXY FORM

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where a member appoints more than one (1) proxy, the proportion of his/her concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

"Relevant intermediary" means:
 - (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a member of the Company.
4. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 1 Commonwealth Lane #06-20 One Commonwealth Singapore 149544 not less than 72 hours before the time set for the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Companies Act, (Chapter 50) of Singapore authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a shareholder of the Company, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to attend the Extraordinary General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Extraordinary General Meeting.
11. CPF/SRS Investors who buy shares in the Company may attend and cast their vote at the meeting in person. CPF/SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF/SRS Approved Nominees to appoint Chairman of the Meeting to act as their proxy, in which case, the CPF/SRS Investor shall be precluded from attending the meeting.