



**IMPERIUM
CROWN**

IMPERIUM CROWN LIMITED
Annual Report 2022

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This annual report has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**").

This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Bernard Lui
Telephone number: (65) 6389 3000
Email address: bernard.lui@morganlewis.com



CORPORATE PROFILE

Imperium Crown Limited (the "**Company**") is listed on the SGX-ST Catalist Board (stock code: 5HT) on 19 January 2006. The Company's main business is in property investment and property development in Asia.



THE ART OF RESILIENCE

With perseverance, determination and fortitude, we endeavour to develop the art of resilience that will enable the Group to move forward towards new horizons.

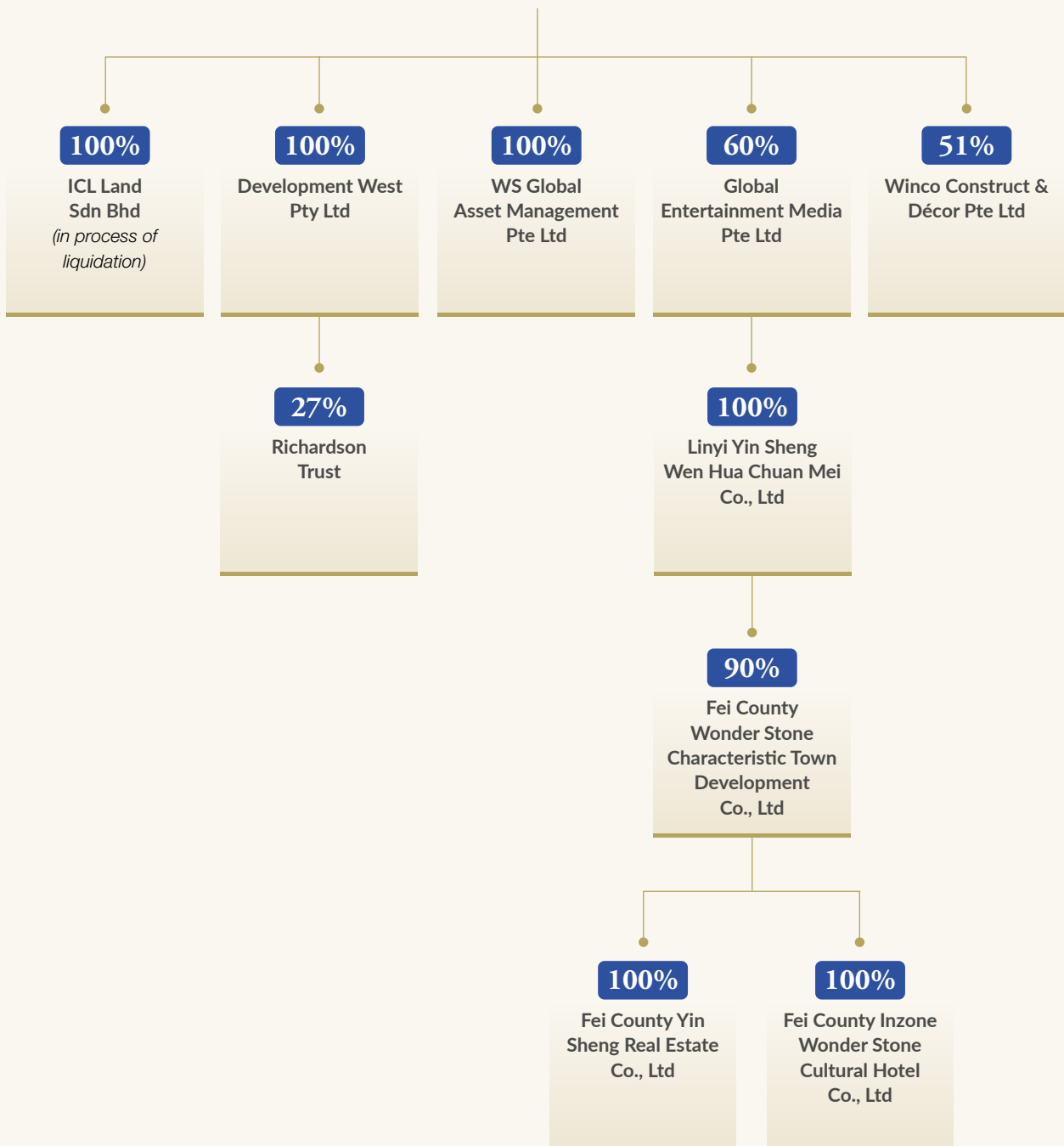


THE ART OF
FOCUS

With an unwavering commitment
to the long-term growth of
the Group, we understand the art of
focusing on the future.



IMPERIUM CROWN LIMITED





Dear Shareholders,

On behalf of my fellow board members, I would like to present to you the annual report for Imperium Crown Limited and its subsidiaries (the “**Company**” or collectively the “**Group**”) for the financial year ended 30 June 2022 (“**FY2022**”).

FY2022 continued to be a challenging year for the Group. With the zero-COVID policy in place in the People’s Republic of China (the “**PRC**”) during FY2022, businesses and the movement of people remained affected as COVID cases continued to surface throughout the PRC. While the Wonder Stone Park Hotel (the “**WSP Hotel**”) was able to continue its operations, the re-tightening of measures in FY2022 to contain COVID-19 led to a decline in hotel room bookings, seminar bookings as well as banquet events. The number of visitors to the Wonder Stone Park (the “**WSP**”) was also adversely affected. As COVID cases did not show signs of abating, COVID-related containment measures based on the zero-COVID policy were still in place in FY2022. While there had been recent indications about the easing of border rules and COVID-19 loosening measures, such plans had not been implemented country-wide and may still be subject to change.

In June 2022, the local government of Fei County (the “**Local Government**”) decided to withdraw the operating rights of the WSP (the “**Operating Rights**”). The Operating Rights were originally granted by the Local Government in May 2017 for a period of 50 years with



The Group completed the acquisition of a 51% stake in Winco Construct & Décor Pte Ltd (“Winco”) in August 2022. Engaged in the business of interior designing and renovation, the Group is in the midst of assimilating the operations of Winco into the Group and is optimistic of the potential growth of Winco going forward in the Singapore market.

a view for the Group to develop and commercialise the WSP. Since the onset of the COVID-19 pandemic in the PRC in early 2020, the COVID-19 precautionary measures had adversely impacted the visitorship to the WSP. Notwithstanding that the Group remains confident of the long-term commercial viability of the WSP, the Local Government was of the view that it may not be in the best interest of Fei County (where the Group operates in) for the Group to continue with the development and commercialisation of the WSP. Subsequently, the Local Government held discussions to acquire the Group’s property portfolio in the PRC, comprising the WSP Hotel and the land which the WSP Hotel is situated on, as well as the 2 plots of land situated within the WSP previously acquired by the Group for the purpose of property development (the “**Group’s China Portfolio**”). As announced on 5 December 2022, the Group had then entered into 2 sale and purchase agreements with the related entities of the Local Government to dispose of the Group’s China Portfolio (the “**Disposals**”), subject to, amongst others, the Company convening a general meeting and obtaining the approval of its shareholders to approve the Disposals. For further information on the Disposals, please refer to the Company’s announcements dated 5 December 2022 and 9 December 2022. The Disposals are expected to complete by 27 January 2023.

Separately, the Group completed the acquisition of a 51% stake in Winco Construct & Décor Pte Ltd (“**Winco**”) in August 2022. Engaged in the business of interior designing and renovation, the Group is in the midst of assimilating the operations of Winco into

the Group and is optimistic of the potential growth of Winco going forward in the Singapore market. As stated in the announcement dated 9 December 2022, the Group is currently considering other opportunities for growth and continues to evaluate its options and the Board is currently assessing as to whether the Company will be a cash company under Rule 1017 of the Catalist Rules pursuant to the completion of the Disposals.

The Company will provide an update to shareholders pursuant to such consultation via announcements and/or in the circular to be issued in relation to the Disposals, in compliance with the Catalist Rules. For further information on the potential business investments, please refer to the Company’s announcement dated 9 December 2022.

On behalf of our board of directors, we would like to thank our stakeholders, business partners and especially to you, our dear shareholders, for your unwavering support throughout the course of this financial year. Under the stewardship of the board of directors and our management team, we will continue to work hard and are confident that we will harvest the fruits of our investments together going forward.

Yours truly,

Sun Bowen
Executive Chairman



致尊敬的股东们：

我谨代表董事会成员，向各位呈交新加坡皇冠有限公司及其子公司(以下简称“**本公司**”或“**本集团**”)截至2022年6月30日财政年度(“**2022财年**”)的年度报告。

2022 财年对本集团来说仍然是充满挑战的一年。随着中华人民共和国(“**中国**”)实施清零新冠病毒政策，新冠病毒病例在中国各地不断出现，企业和人员流动仍然受到影响。尽管如此，本集团所持有的中华奇石城的酒店(“**奇石公园文化酒店**”)继续运作。但为遏制新型冠状病毒肺炎(“**冠状肺炎**”)采取的收紧措施导致2022 财年酒店客房预订、研讨会预订以及宴会活动下降。本集团所经营的中华奇石城(“**奇石城**”)也受到客流量的下降。由于冠状肺炎病例没有减少的迹象，在可预见的未来，与冠病毒相关的防疫措施将会持续到位。



另一方面,本集团于2022年8月完成收购Winco Construct & Décor Pte Ltd (“Winco”) 51%股权。从事室内设计及装修业务,本集团对Winco 进军新加坡市场的未来发展保持乐观。

2022年6月,费县地方政府(“**地方政府**”)决定解除本集团在奇石城P的委托经营权(“**经营权**”)。经营权最初由当地市政府于2017年5月授予,为期50年,旨在让集团开发和商业化WSP。自2020年初COVID-19大流行在中国爆发以来,COVID-19预防措施对WSP的访客产生了不利影响。尽管本集团对WSP的长期商业可行性仍然充满信心,但当地政府认为本集团继续进行该项目可能不符合费县(本集团经营所在地)的最佳利益。随后,当地政府就收购本集团于中国的物业组合进行磋商,包括WSP酒店及WSP酒店所在的土地,以及本集团先前为该项目收购的位于WSP内的两幅土地。正如2022年12月5日公布的那样,集团随后与当地政府和/或其相关实体签订了两份买卖协议,以出售集团的中国投资组合(“**出售**”),前提是公司召开股东大会和获得其股东批准这些出售事项。有关出售事项的更多信息,请参阅公司日期为2022年12月5日和2022年12月9日的公告。出售事项预计将于2023年1月27日完成。

另一方面,本集团于2022年8月完成收购Winco Construct & Décor Pte Ltd (“**Winco**”) 51%股权。从事室内设计及装修业务,本集团对Winco进军新加坡市场的未来发展保持乐观。致2022年12月9日的公告所述,集团目前正在考虑其他增长机会并继续评估其选择权,董事会目前正在评估公司是否将成为凯利板规则第1017条下的现金公司。

根据凯利板规则,公司将根据此类磋商通过公告和/或就出售事项发布的股民通知书提供最新信息。有关潜在业务投资的更多信息,请参阅公司致2022年12月9日的公告。

我们谨代表我们的董事会,感谢我们的股东、业务合作伙伴,特别是我们各位亲爱的股东们,在本财政年度期间给予我们坚定不移的支持。在董事会和我们的管理团队领导下,我们将继续努力工作,并有信心在未来的日子里,共同收获我们的投资成果。

孙博文
执行主席

The background of the page features a sunset sky with silhouettes of people celebrating. A large blue circle with a brushstroke effect is centered on the page, containing the title text. A thin white vertical line extends from the bottom of the blue circle down to the start of the main text block.

THE ART OF PRUDENCE

In a challenging operating environment,
we are cultivating the art of prudence in
exploring opportunities with potential
for sustainable growth.

OPERATING RESULTS

The Group's revenue for the financial year ended 30 June 2022 ("FY2022") was S\$1.854 million compared to S\$2.429 million for the financial year ended 30 June 2021 ("FY2021").

The Group's revenue was derived from its management of the Wonder Stone Park (the "WSP") and the Wonder Stone Hotel (the "WSP Hotel"). The decrease was primarily due to the continuation of the COVID-19 safety measures in China which affected the movement of people within China. While the WSP Hotel was able to continue its operations, the loosening of COVID-19 measures in FY2021 had led to a period of gradual recovery in FY2021. Notwithstanding, the re-tightening of measures arising from the zero-COVID policy adopted in China in FY2022 led to the decline in hotel room bookings, seminar bookings as well as banquet events in FY2022. That led to the decrease in revenue in FY2022 compared to FY2021.

Other income decreased from S\$63,000 in FY2021 to S\$39,000 in FY2022 mainly due to the absence of government subsidy grants received from Fei County government in FY2021.

Depreciation and amortisation expenses remained relatively consistent and had increased from S\$3.901 million in FY2021 to S\$4.115 million in FY2022.

Employee benefits expense remained relatively consistent and had decreased from S\$1.345 million in FY2021 to S\$1.318 million in FY2022.

Allowance for impairment loss on intangible assets increased from S\$6.300 million in FY2021 to S\$93.973 million in FY2022. Following the withdrawal of the operating rights for the WSP by the local government of Feixian county in June 2022, the Group has recognised the impairment allowance to write down the carrying value of operating rights associated with the WSP cash-generating unit ("CGU") to its recoverable value as at 30 June 2022.

Allowance for impairment loss on trade receivables is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimate. At the end of the financial year ended 30 June 2022, the historical observed default rates were updated and changes in the forward-looking estimates were analysed. A loss allowance balance of S\$95,000 for the Group was recognized.



FINANCIAL REVIEW

Income tax benefit increased from S\$2.356 million in FY2021 to S\$24.014 million in FY2022 due to the withdrawal of the operating rights for the WSP by the local government of Feixian county in June 2022 where the deferred tax liability of S\$24.014 million which had arisen from the initial recognition of the operating rights was reversed entirely and presented as deferred tax benefit.

In FY2021, income tax benefit comprised 25% deferred tax liabilities on the amortisation of the fair value of WSP operating rights over 50 years.

Exchange differences on translating foreign operations decreased from S\$391,000 in FY2021 to S\$38,000 in FY2022 mainly due to the lower level of fluctuation of exchange rates in FY2022 compared to FY2021.

Overall, the net loss for FY2022 was S\$76.675 million, compared to a net loss of S\$10.559 million in FY2021.

FINANCIAL POSITION AND CASHFLOW OF THE GROUP

Overall, non-current assets decreased from S\$122.811 million as at 30 June 2021 to S\$20.962 million as at 30 June 2022.

Property, plant and equipment (“PPE”) had decreased from S\$19.493 million as at 30 June 2021 to S\$13.979 million as at 30 June 2022 mainly due to the remeasurement of assets amounting to S\$3.467 million.

At the Company level, PPE decreased following the winding down of the remaining lease period of the operating leases.

Intangible assets decreased from S\$103.318 million as at FY2021 to S\$6.983 million as at 30 June 2022. Following the withdrawal of the operating rights by the local government of Feixian county, the Group has made an impairment allowance of S\$93.973 million (FY2021: S\$6.300 million) to write down the carrying value of operating rights associated with the WSP CGU to its recoverable value as at 30 June 2022.

Investments in subsidiaries had decreased from S\$38.108 million as at 30 June 2021 to S\$6,006 million as at 30 June 2022. Following the withdrawal of the operating rights for the WSP by the local government of Feixian county in June 2022, the Company has made an impairment allowance of S\$32.125 million (FY2021: S\$7.073 million) to write down the carrying value its investment in its subsidiary which was managing the development of WSP based on the expected recoverable value as at 30 June 2022.





Overall, current assets decreased from S\$1.908 million as at 30 June 2021 to S\$1.568 million as at 30 June 2022.

Trade and other receivable decreased from S\$1.587 million as at 30 Jun 2021 to S\$1.163 million as at 30 Jun 2022 in tandem with the corresponding decrease in revenue.

Non-current liabilities decreased from S\$24.046 million as at 30 June 2021 to nil as at 30 June 2022.

Deferred tax liabilities had decreased from S\$24.014 million as at 30 June 2021 to nil as at 30 June 2022. As explained in the preceding paragraphs, the withdrawal of the operating rights for the WSP by the local government of Feixian county in June 2022 led to the reversal of the deferred tax liability of S\$24.014 million which had previously arisen from the initial recognition of the operating rights.

Current liabilities decreased from S\$18.296 million as at 30 June 2021 to S\$16.790 million as at 30 June 2022. In tandem with the lower revenue in FY2022, trade payables at a Group level had correspondingly decreased. Trade and other payables in the Company increased from S\$0.573 million as at 30 June 2021 to S\$1.591 million as at 30 June 2022 due to the unsecured and interest-free loan extended by the controlling shareholder and the voluntary partial withholding of the payment of director fees and the salary for the Executive Chairman.

Following the adoption of SFRS(I) 16 Leases ("**SFRS(I)16**") in FY2020, the operating leases which the Group has entered into are examined and a finance cost is computed for FY2022. The value of the remaining lease period beyond FY2023 is recognised in non-current assets and a corresponding liability of S\$31,000 is recognised in current liabilities as lease liability.

The net working capital is a negative S\$15.222 million (as at 30 June 2021: S\$16.388 million). The increase in negative working capital was due to the losses incurred by the WSP Hotel and the administrative expenses incurred by the Company as a listed entity. The Group is able to meet its working capital needs in view of the undertaking by related parties to provide continued financial support as required to meet its liabilities as and when they fall due and subordinate their claims to those of the other creditors and not to demand payment from the Group until the Group is in a financial position to do so. In addition, management will continue its efforts to improve its financial position.

Net cash flows from operating activities was S\$0.842 million as at 30 June 2022 as compared to net cash flow used in operating activities of S\$2.435 million as at 30 June 2021. The increase was mainly due to a decrease in trade and other receivables as well as a decrease in trade and other payables in the FY2022.



Net cash flows used in investing activities was S\$0.045 million as at 30 June 2022 as compared to net cash flow used in investing activities S\$0.294 million as at 30 June 2021. The decrease was mainly due to lower additions of PPE.

Net cash flows used in financing activities was S\$0.713 million as at 30 June 2022 as compared to net cash flows from financing activities of S\$2.223 million as at 30 June 2021. The movement was due to repayments made to related parties.

OUTLOOK

The zero-COVID policy in China had been ongoing and presented unprecedented challenges to the Group's business environment in FY2022. Notwithstanding, the recent policies pertaining to the easing of COVID-19 measures should enable a gradual recovery of business sentiment. Subsequent to the withdrawal of the operating rights in June 2022, the Local Government proceeded to initiate discussions to acquire the Group's China Portfolio¹. Pursuant to these discussions and as announced on 5 December 2022, the Group had entered into 2 sale and purchase agreements with the related entities of the Local Government to dispose of the Group's China Portfolio¹ (the "**Disposals**"), subject to, amongst others, the Company convening a general meeting and obtaining the approval of its shareholders to approve the Disposals. For further information on the Disposals, please refer to the

Company's announcements dated 5 December 2022 and 9 December 2022. The Disposals are expected to complete by 27 January 2023.

Separately with the completion of the acquisition of 51% of the total issued share capital of Winco Construct & Décor Pte Ltd ("**Winco**") on 19 August 2022, the Group looks to tap on the growth opportunities in Singapore as it continues to navigate in the aftermath of the COVID-19 pandemic. For further information on the Company's acquisition of 51% of the total issued share capital of Winco, including the information required under Catalist Rule 706A(1), please refer to the Company's announcements dated 27 June 2022, 30 June 2022, 22 July 2022 and 19 August 2022.

As stated in the announcement dated 9 December 2022, the Group is currently considering other opportunities for growth and continues to evaluate its options and the Board is currently assessing as to whether the Company will be a cash company under Rule 1017 of the Catalist Rules pursuant to the completion of the Disposals. The Company will provide an update to shareholders pursuant to such consultation via announcements and/or in the circular to be issued in relation to the Disposals, in compliance with the Catalist Rules. For further information on the potential business investments, please refer to the Company's announcement dated 9 December 2022.

¹ Comprising the WSP Hotel and the land which WSP Hotel is situated on, as well as the 2 plots of land situated within the WSP previously acquired by the Group for the purpose of property development.

BOARD OF DIRECTORS



SUN BOWEN

Executive Chairman

Mr Sun is our Executive Chairman. He joined the Board on 22 November 2017 as Non-Executive Director and was re-designated to Executive Director on 22 February 2018 and subsequently re-designated to Executive Chairman on 1 March 2019. He is responsible for the implementation of the Group's strategies to improve overall corporate performance and the achievement of the Group's goals in The People's Republic of China. Mr Sun also works closely with the Board in evaluating and developing new business opportunities to ensure continuous growth of the Group.

Mr Sun graduated from the Qingdao University of Science & Technology with a degree in Chemical Engineering.



TAN KENG KEAT

Executive Director and Chief Financial Officer

Mr Tan joined the Company as Chief Financial Officer (Designate) on 1 September 2016 and took over the role of Chief Financial Officer on 13 October 2016. He was also appointed as the Acting Chief Executive Officer on 24 January 2018, a position he had held until 13 October 2021 where he relinquished the position and joined the Board as an Executive Director. His key responsibilities include assisting the Board in the Group's business development activities and capital management strategy, overall financial reporting, compliance to listing requirements and management of the finance functions of the Group.

An experienced accountant with over 20 years of experience in the financial sector, he started his professional career with PricewaterhouseCoopers Singapore and later moved on to public listed companies. He has held key positions such as Director, Chief Financial Officer and Company Secretary in companies listed on the Singapore Exchange Securities Trading Limited, the London Stock Exchange and the Australian Securities Exchange and is experienced in financial reporting, corporate finance, treasury, audit, taxation and company secretarial matters.

Mr Tan graduated from the Nanyang Technological University with a degree in Accountancy (Honours) and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.



WEE PHUI GAM

Lead Independent Director

Mr Wee joined the Board on 19 October 2017 as Lead Independent Director and is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Wee is a practising Chartered Accountant of Singapore. He has been the sole proprietor of P G Wee & Partners since 1984. P G Wee & Partners was converted to P G Wee Partnership LLP ("**P G Wee**"), an Accredited Training Organisation, in January 2013 and he has since been appointed as managing partner. He is also the managing partner of Y.C. Lee & Co ("**Y.C. Lee**"), a position he has held since 1990. P G Wee and Y.C. Lee are public accounting firms in Singapore. Mr Wee started his career in 1978 as an audit assistant with Foo, Kon & Tan, a public accounting firm in Singapore. Shortly after, he joined Peat Marwick Mitchell & Co, an international accounting firm as an audit assistant, becoming a Manager when he left in 1984.

Mr Wee holds a Bachelor of Accountancy degree from the University of Singapore, a Fellow Member of the Institute of Chartered Accountants of Singapore and is an Accredited Tax Advisor (Income Tax & GST).



HAU KHEE WEE

Independent Director

Mr Hau joined the Board on 19 October 2017 as Independent Director and is the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee.

Mr Hau is currently the Chief Financial Officer of YSQ International Pte Ltd, a company focused in technological investment, financial services, merger and acquisition, asset management, intellectual property and wholesale and distribution of tobacco-related products. With over 20 years of experience in the financial sector, he started his professional career with Ernst & Young Singapore and has thereafter held senior financial positions in other companies in various industries.

Mr Hau is currently also the lead independent director of China Kunda Technology Holdings, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

He graduated from the Nanyang Technological University with a degree in Accountancy (Honours) and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

BOARD OF DIRECTORS



DR DANNY OH BENG TECK

Independent Director

Dr Oh joined the Board on 1 December 2017 as Independent Director and is a member of the Audit, Nominating and Remuneration Committees.

Dr Oh is currently the Managing Director of Cambrian Group of companies which is involved in geotechnical instrumentation, geophysical surveys, training and laboratory calibration services. He is also an independent director of ecoWise Holdings Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

Dr Oh is a qualified geologist, trainer, arbitrator, adjudicator, mediator and expert witness and holds a PhD from the University of South Australia. He is a Fellow of the Geological Society, and a Member of the Geological Society of Malaysia.

SENIOR MANAGEMENT



SUN BOWEN

Executive Chairman

Please refer to page 13.



TAN KENG KEAT

Executive Director and Chief Financial Officer

Please refer to page 13.

CORPORATE INFORMATION

DIRECTORS

Sun Bowen

Executive Chairman

Tan Keng Keat

Executive Director and Chief Financial Officer

Wee Phui Gam

Lead Independent Director

Hau Khee Wee

Independent Director

Dr Danny Oh Beng Teck

Independent Director

AUDIT COMMITTEE

Wee Phui Gam (Chairman)

Hau Khee Wee

Dr Danny Oh Beng Teck

NOMINATING COMMITTEE

Hau Khee Wee (Chairman)

Wee Phui Gam

Dr Danny Oh Beng Teck

REMUNERATION COMMITTEE

Hau Khee Wee (Chairman)

Wee Phui Gam

Dr Danny Oh Beng Teck

COMPANY SECRETARY

Kiar Lee Noi

(Appointed on 11 March 2022)

REGISTERED OFFICE

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SPONSOR

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10 Collyer Quay
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Singapore 049315

AUDITORS

RSM Chio Lim LLP

8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

AUDIT PARTNER-IN-CHARGE

Ng Thiam Soon

(Appointed since financial year ended 30 June 2018)

SHARE REGISTRAR

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CORPORATE GOVERNANCE REPORT AND FINANCIAL STATEMENTS

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CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**” or “**Directors**”) and the management (the “**Management**”) of Imperium Crown Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) recognises the importance of corporate governance and are committed to ensuring the practices recommended in the Code of Corporate Governance 2018 (the “**Code**”) are practiced by the Group. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment that will maximise long term shareholders’ value and protect the interests of shareholders.

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 30 June 2022 (“**FY2022**”), with specific reference made to the principles and the provisions of the Code and accompanying Practice Guidance, which forms part of the continuing obligations under the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchanges Securities Trading Limited (“**SGX-ST**”).

The Board is pleased to confirm that for FY2022, the Company has complied with the principles and provisions as set out in the Code and the Practice Guidance, where applicable. In areas where the Company’s practices vary from any provisions of the Code and/or the Practice Guidance, the Company has stated herein the provision of the Code and Practice Guidance (as applicable) from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant principles of the Code and Practice Guidance. The Company will continue to assess its needs and implement appropriate practices accordingly.

I. BOARD MATTERS

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

The company is headed by an effective Board which is collectively responsible and works with the Management for the long-term success of the company.

Provision 1.1

Board’s Role and Duties

The Company is headed by an effective Board to lead and control its operations and affairs. The key responsibilities of the Board include charting and reviewing the Group’s overall business strategy, supervising the Management of the Company and reviewing the Group’s financial performance and managerial performance while considering sustainability issues as part of its strategic formulation.

The Board is collectively responsible for the long-term success of the Group and delivery of sustainable value to the shareholders and other stakeholders. Thus, written terms of reference have been put in place to assist the Board and Management in clarifying responsibilities and ensuring effective communication between the Board and Management.

The terms of reference of the Board sets out its authority and responsibilities. Its duties shall pervade key areas in the Group, amongst them, including:

Corporate Governance

- (a) Review and ensure that the appropriate policies and practices on corporate governance are in place;
- (b) Perform such duties and responsibilities as may be required by laws, regulations, and the Constitution of the Company;
- (c) Review and monitor the Group policies and practices on compliance with legal and regulatory requirements;
- (d) Ensure that the required disclosures on corporate governance and related matters required by laws and regulations are made in the annual report and accounts, and to the regulatory authorities;
- (e) Ensure prudent policies for carrying on business while promoting fair practices and high standards of business conduct;
- (f) Assess annually the effectiveness of the Board and the Board Committees (as defined below), and contributions of each Director;
- (g) Receive a comprehensive and tailored induction on joining the Board, the coverage of which is supervised by the Board. In addition, Directors with no relevant experience or expertise as a Director of an SGX-ST-listed entity are to be provided with training on the roles and responsibilities of a Director of an SGX-ST-listed entity, as prescribed by the SGX-ST;
- (h) Monitor and ensure the training and continuous professional development of Directors and senior management. As the Code places on Directors the onus of understanding the business of the Group and their duties, Directors should inform the Secretary or Board Chairman of Director development opportunities they wish to pursue at the Group’s expense; and
- (i) Establish an investor relations policy to promote regular, effective and fair communication with the shareholders.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Strategy

- (a) Set long-term strategy goals, review and assess the strategies from time to time, and monitor the progress towards achieving these goals; and
- (b) Consider sustainability issues, including issues relating to the environment and social factors, when formulating its strategies.

Finance

- (a) Review and approve the annual business plan and budget;
- (b) Monitor the financial performance of the Company;
- (c) Determine an appropriate capital and debt structure for the Company to meet its long-term business objective;
- (d) Set the dividend policy and declare dividends; and
- (e) Review and approve significant acquisitions and divestments.

Risk Management and Internal Controls

- (a) Oversee the establishment and operation of an enterprise risk management framework to identify, assess, manage, monitor and report the Company's risks;
- (b) Determine and review the Company's risk profile, risk tolerance level and risk strategy of the Company; and
- (c) Conduct an annual, rigorous assessment of the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, the effectiveness of its internal audit, risk management and compliance functions, and the adequacy of the resources allocated to these functions;

Human Resources

- (a) Approve the organisational structure of the Company and its key management positions;
- (b) Approve, in consultation with the Remuneration Committee (as defined below), the compensation packages and incentive payment structure for key management positions;
- (c) Oversee the design and operation of the Company's remuneration policy and compensation framework; and
- (d) Develop a succession plan for directors including the Chief Executive Officer ("CEO"), and oversee, through the Nominating Committee (as defined below), the succession plans for senior management.

Code of Business Conduct and Ethics

The Company strives to uphold the highest levels of business conduct and integrity in all transactions and interactions. All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company and hold the Management accountable for the performance of the Group.

The Board has thus put in place a Code of Business Conduct and Ethics which serves to guide the Directors on the areas of ethical risk and sets a framework where integrity and accountability are paramount. The Company is also committed to ensuring that its affairs are conducted with the highest standard of probity and in compliance with the law.

Conflicts of Interest

The Board acts in good faith and in the best interests of the Company by exercising due care, skills and diligence, and avoiding conflicts of interest. The Directors are cognisant of their fiduciary duties at law. Pursuant to Section 156 of the Companies Act 1967 (the "**Companies Act**"), each Director is to declare to the Company his interests (direct or indirect) in all transactions with the Company and provide details on the nature of such interests as soon as practicable after the relevant facts have come to his knowledge. On an annual basis, each Director is also required to submit details of his associates for the purpose of monitoring interested persons transactions ("**IPs**"). Where a Director has a conflict or a potential conflict of interest in relation to any matter, he is required to immediately declare his interest when the conflict-related matter is discussed, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he is required to abstain from voting in relation to the conflict-related matters.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Provision 1.2

Director Competencies

All Directors have a good understanding of the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors).

While the duties imposed by law are the same for all directors, the board of directors of a listed company will generally have different classes of directors with different roles:

- **Executive Directors (EDs)** are usually members of the management who are involved in the day-to-day running of the business. Executive Directors are expected to:
 - (a) provide insights on the company's day-to-day operations, as appropriate;
 - (b) provide the management's views without undermining the management's accountability to the board of directors; and
 - (c) collaborate closely with Non-Executive Directors for the long-term success of the company.
- **Non-Executive Directors (NEDs)** are not part of the management. They are not employees of the company and do not participate in the company's day-to-day management. Non-Executive Directors are expected to:
 - (a) be familiar with the business and stay informed of the activities of the company;
 - (b) constructively challenge the management and help develop proposals on strategy;
 - (c) review the performance of the management in meeting agreed goals and objectives; and
 - (d) participate in decisions on the appointment, assessment and remuneration of the Executive Directors and key management personnel ("**KMP**") generally.
- **Independent Directors (IDs)** are Non-Executive Directors who are deemed independent by the board of directors. Independent Directors have the duties of the Non-Executive Directors, and additionally provide independent, and objective advice and insights to the board of directors and the management.

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities (as described below) to develop and maintain their skills and knowledge at the Company's expense.

Appointment Letter

Upon appointment of each Director, the Company shall provide a formal letter of appointment to the Director, setting out the Director's roles, obligations, duties and responsibilities, and the expectations of their contribution to the Company as a member of the Board.

Continuous Training and Development of Directors

The Company does not have a formal training program for the Directors but all incoming Directors will undergo a comprehensive and tailored induction on joining the Board. This includes his duties as a Director and how to discharge those duties, and an orientation programme to ensure that they are familiar with the Company's business and governance practices. To get a better understanding of the Group's businesses, the incoming Directors will also be given the opportunity to meet with the Management.

The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a Director of a public listed company in Singapore as prescribed by the SGX-ST and in areas such as accounting, legal and industry-specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

The Company encourages all the Directors to attend training courses organised by Singapore Institute of Directors (“**SID**”) or other training institutions which are aimed at providing them with the latest updates on changes in relevant regulations, accounting standards, corporate governance practices and guidelines from the SGX-ST that affect the Group and/or the Directors in connection with their duties and responsibilities as a Director of a public-listed company in Singapore, and such training is funded by the Company. Pursuant to Rule 720(6) of the Catalist Rules effective 1 January 2022, all Directors of the Company must undergo training on sustainability matters as prescribed by the SGX-ST. If the NC is of the view that training is not required because the Director has expertise in sustainability matters, the basis of its assessment must be disclosed. The Company is required to confirm in its sustainability report for the financial year ending 30 June 2023 (“**FY2023**”) that all its Directors have attended the mandatory training on sustainability. Except for Dr Danny Oh Beng Teck who had attended sustainability training, the remaining Directors will be attending mandatory training on sustainability training during FY2023.

All Directors are provided with regular briefings from time to time on changes in the relevant laws and regulations in relation to accounting standards, Catalist Rules, corporate governance and other regulations or statutory requirements. In FY2022, the Directors were briefed by external auditors on changes in accounting standards and other regulatory updates.

Provision 1.3

Internal Guidelines on Matters Requiring Board Approval

The Board has adopted internal guidelines on matters which specifically require the Board’s decision or approval, which has been clearly communicated to the Management, including but not limited to the following:

- (a) appointment of Directors and key management (as recommended by the NC (as defined below) and the remuneration packages of Directors and key management (as recommended by the RC (as defined below);
- (b) any matters relating to general meetings, Board and Board Committees (as defined below);
- (c) material transactions, including investment in and disposal of securities, investment properties, subsidiaries, associates and property development companies;
- (d) operation of banking accounts, credit facilities, bank deposits and provision of corporate guarantees;
- (e) provision, capitalization, and denomination of loans to subsidiaries, associates and property development companies;
- (f) approval of all announcements released via SGXNet, including financial results announcements and IPTs;
- (g) approval of annual and interim reports, financial statements, Directors’ statement and annual report; and
- (h) dividend matters.

Provision 1.4

Delegation of Authority to Board Committees

To assist the Board in the execution of its responsibilities and to provide independent oversight of the Management, the Board has established three (3) Board committees, namely the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”) (collectively, the “**Board Committees**”). Each of the Board Committees functions within clearly defined terms of references and operating procedures endorsed by the Board, which are reviewed from time to time, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the governance and legal environment. The Board Committees will also review their terms of reference from time to time to ensure their continued relevance and the effectiveness. The composition and description of each Board Committee is set out in this report. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board. The responsibilities and authority of the Board Committees set out in their respective terms of reference are revised for alignment with the Code as and when necessary.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and the Group. The Board Committees report its activities regularly to the Board. Minutes of the Board Committees are regularly provided to the Board and are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation of the Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or senior management to attend their meetings.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Provision 1.5

Meetings of Board and Board Committees

The schedule of all the Board and Board Committees meetings as well as the annual general meeting (“AGM”) of the Company for the next calendar year is planned well in advance. The Board meets at least twice a year. Ad-hoc and/or non-scheduled Board and/or Board Committees meetings may be convened to deliberate on urgent substantial matters. In addition to the scheduled meetings, the Board has informal discussions on corporate events and/or actions, which would then be formally confirmed and approved by circulating resolutions in writing. The Board members also communicate frequently with the Management to discuss the business operations of the Group.

Article 118 of the Company’s Constitution allows Board meetings to be conducted by means of conference telephone, videoconferencing, audio visual, or other similar communication by means of which all persons participating in the meeting can hear one another. Decisions of the Board and Board Committees may also be obtained through circular resolutions.

The attendance of the Directors at the Board and Board Committees meetings held in FY2022 is set out in the table below:

Name of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr Sun Bowen	2	2	3	NA	1	NA	1	NA
Mr Tan Keng Keat [#]	2	1	3	2 [*]	1	NA	1	NA
Mr Wee Phui Gam	2	2	3	3	1	1	1	1
Mr Hau Khee Wee	2	2	3	3	1	1	1	1
Dr Danny Oh Beng Teck	2	2	3	3	1	1	1	1

[#] Appointed as Executive Director on 6 October 2021

^{*} Attendance by invitation of the relevant Board Committees
“NA” denotes “not applicable” as he is not a member of the respective Board Committees

Multiple Board Representations

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his knowledge. When a Director has multiple board representations, and in considering the nomination of Directors for appointment or re-appointment, the NC will evaluate whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director’s number of listed company board representations and other principal commitments.

The NC has reviewed all the declarations from the Directors and evaluated the competing time commitments faced by Directors serving on multiple boards during FY2022, and is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company, as well as sufficient time and attention are given to the affairs of the Company, after taking into consideration each of the Directors’ number of listed company board representations and other principal commitments in FY2022. In view of this, the NC and the Board were of the views that each individual Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director of the Company, and believes that it would not be necessary to put a maximum limit on the number of listed company board representations that each individual Director may hold. The Board and the NC will review the requirement to determine the maximum number of listed company board representations as and when they deem fit.

Provision 1.6

Access to Information

All Directors have unrestricted access to the Company’s records and information. From time to time, they are provided with complete, adequate and timely information, on an on-going basis, in order for the Directors to discharge their duties efficiently and effectively.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Detailed Board papers are prepared and circulated to the Directors before each Board meeting. The Board papers include sufficient information on financial, budgets, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting.

The Board receives half-yearly financial management reports, annual budgets and explanation pertaining to the operational and financial performance of the Group, including updates on the Group's financial performance and position, cash flow position and operational performance of the Group's assets as well as quarterly management reports on the Group's receivables position. In respect of annual budgets, any material variance between the projections and actual results is also disclosed and explained.

The Board is also updated on the industry trends and developments surrounding the Group's various business segments to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group.

Provision 1.7

Access to Management and Company Secretary

The Directors have separate and independent access to the Management and the Company Secretary, who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied, at all times through email, telephone and face-to-face meetings.

The Directors are also entitled to request for additional information and the Management is required to provide them such information on a timely basis. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished.

The Company Secretary assists the Chairman of the Board and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees meetings. The Company Secretary and/or his representatives attends all meetings of the Board and Board Committees. The Company Secretary prepares the minutes after each meeting and ensures that good information flows within the Board and its Board Committees and between the Management and Non-Executive Directors. The Company Secretary also facilitates the orientation of the Board and the Management and assists with professional development as and when required. The appointment and removal of the Company Secretary is decided by the Board as a whole.

Access to Independent Professional Advice

Should Directors, whether as a group or individually, require independent professional advice in furtherance of their duties and responsibilities, the cost of such professional advice is borne by the Company.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1

Independence of Directors

The criterion for independence is based on the definition set out in the Code and Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules of the SGX-ST. The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to uphold the best interests of the Company.

The NC is responsible for reviewing the independence of each of the Independent Directors according to the Code and Rule 406(3)(d) of the Catalist Rules of the SGX-ST. The NC conducts the review annually and considers all nature of relationships and circumstances that could influence the judgement and decisions of the Independent Directors before tabling its finding and recommendations to the Board for approval.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

For FY2022, the Independent Directors have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Independent Directors' independent business judgment with a view to uphold the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalyst Rules of the SGX-ST. The Independent Directors did not own shares of the Company and were not in any foreseeable situation that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said Directors are independent.

Duration of Independent Directors' Tenure

The independence of any Director who has served on the Board beyond nine (9) years since the date of his first appointment will be subject to particularly rigorous review and the mandatory two-tier voting process to be sought at an AGM. As at the date of this report, none of the Independent Directors has served on the Board beyond nine (9) years since the date of his first appointment.

Provision 2.2

Proportion of Independent Directors

As at the date of this report, the Board consists of one (1) Executive Chairman, one (1) Executive Director and three (3) Independent Directors. The Company has complied with Provision 2.2 of the Code as Independent Directors make up a majority of the Board where the Chairman of the Board is an Executive Director.

The Board is able to exercise objective judgments on corporate affairs independently and constructively challenge key decision, taking into consideration the long-term interest of the Group and its shareholders. Further, the Company has in place an internal guideline for matters requiring Board's approval. Therefore, no individual or a small group of individuals be allowed to dominate the Board's decision making.

Provision 2.3

Proportion of Non-Executive Directors

A majority of three (3) out of five (5) Directors on the Board are Non-Executive Directors.

Provision 2.4

Composition and Size of the Board

As at the date of this report, the Board comprises the following five (5) Directors, two (2) of whom are Executive Directors and three (3) of whom are Independent Directors:

Executive Directors

Mr Sun Bowen	-	Executive Chairman
Mr Tan Keng Keat	-	Executive Director (appointed on 6 October 2021)

Non-Executive Directors

Mr Wee Phui Gam	-	Lead Independent Director
Mr Hau Khee Wee	-	Independent Director
Dr Danny Oh Beng Teck	-	Independent Director

The NC is responsible for examining the composition and size of the Board and Board Committees to determine the impact of the composition and size on its effectiveness and deciding on what is considered as an appropriate composition and size for the Board and Board Committees to facilitate effectiveness in the decision making.

The Board, in concurrence with the NC, is satisfied that the existing composition and size of the Board and Board Committees effectively serve the Group, taking into account the size, scope and nature of the operations of the Group.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Board Diversity

With a view to achieving a sustainable and balanced development, the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company is accordingly committed to promoting diversity of the Board. The Board has adopted its diversity policy (the “**Board Diversity Policy**”), which has been published on the Company’s corporate website for public information. In designing the Board’s composition, the Board Diversity Policy requires the NC and the Board to consider a number of aspects, including but not limited to gender, age, nationalities, ethnicity, cultural background, educational background, experience, skills, knowledge, independence and length of service. Any search firm engaged to assist the Board or the NC in identifying candidates for appointment to the Board will be specifically directed to include diverse candidates and women candidates in particular.

The Board recognises the importance of diversity, regardless of genders, age groups, skillsets, experiences and nationalities, and the importance of having an effective and diverse Board. The main objective of the Board Diversity Policy is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company. As the Group is primarily operating in the People’s Republic of China (the “**PRC**”), the Board members are currently of Chinese-ethnicity and proficient in the Chinese language with an understanding of the culture in the PRC. Notwithstanding that the Board comprises members of the same gender, the Board Diversity Policy provides that the NC and the Board shall endeavour to enable gender diversity to be included for consideration when identifying candidates to be appointed as new directors, in achieving gender equality.

In identifying nominees for directorship, the Board Diversity Policy aims to have an appropriate mix of expertise with complementary skills, core competencies and experience for facilitating effective decision making. Each Director has been appointed based on his skills, experience and knowledge, and is expected to bring forth his experience and expertise to the Board for the continuous development of the Group. The Board Diversity Policy provides that the NC will consider all aspects of diversity in reviewing the Board composition and succession planning.

All Directors possess the right core competencies and diversity of experience that enable them to effectively contribute to the Board. Their varied experiences are particularly important in ensuring that the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Company, the Group and shareholders.

The NC is of the view that the current Board comprises members with diverse competencies, experience and skills that match the demands of the Group. The Board comprises Directors who provide core competencies in accounting and finance, business experience, industry knowledge, strategic planning, legal knowledge and customer-based experience and knowledge.

The NC will review periodically and/or as appropriate, to ensure the effectiveness of the Board Diversity Policy and alignment with the requirements of the Code and taking into consideration the scope and nature of the operations as well as the evolving operating environment of the Group. The NC will recommend any required revisions to the Board for approval. With the introduction of Rule 710A of the Catalist Rules of the SGX-ST effective from 1 January 2022, the NC is also preparing for the new disclosures on board diversity and describe such disclosures in its annual report for FY2023.

Board Guidance

An effective and robust board of directors, whose members engage in open and constructive debates and challenge the management on its assumptions and proposals, is fundamental to good corporate governance. Board of directors should also aid in the development of strategic proposals and oversee effective implementation by the management to achieve set objectives.

The Directors, in particular the Non-Executive Directors, are kept informed of the Company’s business and affairs as well as about the industry in which the Company operates in. This knowledge is essential for the Directors to engage in informed and constructive discussions. To ensure that Non-Executive Directors are well supported by accurate, complete and timely information, Non-Executive Directors have unrestricted access to the Management. Besides receiving regular Board briefings on latest market developments and trends, and key business initiatives, periodic information papers, industry and market reports, the Non-Executive Directors are regularly briefed by the Management on major decisions and prospective business deals.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Provision 2.5

Meetings of Independent Directors with Management

Although all Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by the Management are constructively challenged, fully discussed and rigorously examined, assessing the performance of the Management in meeting the agreed goals and objectives, as well as monitoring the reporting of performance.

The Independent Directors are encouraged to meet regularly without the presence of the Management, so as to facilitate a more effective check on the Management. During FY2022, the Independent Directors have met informally at least once without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of Directors and KMP. Thereafter, the Chairman of such meeting will provide feedback to the Board and/or Executive Chairman of the Company as appropriate.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE DIRECTOR

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

Separate Roles of Chairman and Chief Executive Officer

The Chairman of the Board and the CEO should in principle be separate persons to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and the Management responsible for managing the Group's business operations.

For FY2022, Mr Sun Bowen was the Executive Chairman and Mr Tan Keng Keat was the Acting CEO of the Company and there was a clear division of responsibilities between the leadership of the Executive Chairman and the Acting CEO.

However, Mr Tan Keng Keat had relinquished his position as Acting CEO of the Company subsequent to his appointment as an Executive Director of the Company with effect from 6 October 2021. The Company has not appointed any CEO thereafter due to the size of its current operations. Mr Tan Keng Keat, being the Executive Director of the Company, assists and supports the finance team in China to discharge their duties and responsibilities for the financial and operational performance of the Group, including reviewing and charting the Group's corporate directions and strategies, financial planning and related investment activities. He assists to ensure that corporate policies are properly complied with and work closely with the Executive Chairman to review corporate and other business issues. He also ensures the quality and timeliness of the flow of information between the finance team in China and the Board.

The Board is of the opinion that the process of decision making by the Board has been independent and has been based on collective decisions without any individual exercising any considerable concentration of power or influence. All Directors ensure that they have collectively taken decisions in the interests of the Company. Taking into consideration the development and execution of the Company's long-term strategies and plans, which include maximising value creation for its stakeholders, the Board will continue to review the role of the CEO and will consider filling up the post of the CEO when deemed appropriate or a suitable candidate(s) is sought.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Provision 3.2

Role of Chairman and CEO

As the Executive Chairman of the Company, Mr Sun Bowen is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of information flow between the Board and the Management, effective communication with shareholders and leads the Board to ensure its effectiveness on all aspects of its role. In addition, Mr Sun Bowen also encourages constructive relations among the Directors and the Board's interaction with the Management, as well as facilitates effective contribution by the Non-Executive Directors. At the same time, Mr Sun Bowen is also involved with providing the strategic direction of the Group, business development and enhancing ties with the Group's customers and business associates.

Responsibilities of Mr Sun Bowen as the Executive Chairman in respect of the Board proceedings include:

- (a) in consultation with the Executive Director, scheduling meetings, setting the agenda (with the assistance of the Company Secretary and/or his representatives) and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues;
- (b) ensuring that all agenda items are adequately and openly debated at the Board meetings;
- (c) ensuring that all Directors receive complete, adequate and timely information; and
- (d) assisting in ensuring that the Group complies with the Code and maintains high standards of corporate governance.

As the Company does not have a CEO to carry out the executive functions, the finance team in the PRC is responsible for the business direction and operational decisions of the Group and steering the strategic direction and growth of the Group's businesses with the assistance and support receive from the Executive Director, Mr Tan Keng Keat. The finance team in China regularly communicates with the Executive Chairman, Mr Sun Bowen and Mr Tan Keng Keat to update them on corporate issues and developments. As announced by the Company on 29 August 2022 in its update to shareholders on developments of the Group in the PRC and on 5 December 2022 regarding the proposed disposal by the Group of land use rights in respect of two (2) plots of land located in the Shandong Province of the PRC and the Wonder Stone Hotel and the land on which the Wonder Stone Hotel is situated (the "**Proposed Disposals**"), the Group has entered into definitive agreements in relation to, and will be seeking shareholders' approval for, the Proposed Disposals. Should the Proposed Disposals be completed (following receipt of the requisite shareholder approvals), the finance team in both the PRC and Singapore will be responsible to steer the strategic direction and growth of the Group's businesses with the continued assistance and support received from the Executive Director, Mr Tan Keng Keat. Hence, the Board is of the view that despite the fact that the Company does not have a CEO, there is sufficient independent representation in the Board Committees, which comprises all Independent Directors, to provide diversity of thought, and an independent and objective element to the Group and strategic level decision making, which enable the Board to make decisions in the best interest of the Company.

Provision 3.3

Lead Independent Director

In view of the fact that the Executive Chairman is part of the management team and is not independent, the Board has a Lead Independent Director, Mr Wee Phui Gam, to provide leadership in situations where the Executive Chairman, who is not independent, is conflicted. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between shareholders, the Executive Chairman and the Board.

The Lead Independent Director's role may include chairing Board meetings in the absence of the Executive Chairman, working with the Executive Chairman in leading the Board, and providing a channel to Independent Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

In addition, the Lead Independent Director may also help the NC conduct annual performance evaluation and development succession plans for the Executive Chairman and the Executive Director and help the RC design and assess the remuneration of the Executive Chairman and the Executive Director.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

The Lead Independent Director also makes himself available at all times when shareholders have concerns and for which contact through normal channels of the Executive Chairman, Executive Director or Chief Financial Officer (“CFO”) have failed or is inappropriate. The Lead Independent Director makes himself available to shareholders at the Company’s general meeting.

There were no queries or requests on any matters which required the Lead Independent Director’s attention in FY2022.

The Company has established a Whistle-Blowing Policy where employees may, in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to the Lead Independent Director. The contact details for reporting of incidents under the Whistle-Blowing Policy have been made available to all employees and the Company’s corporate website.

Independent Director Meetings in Absence of Other Directors

After meeting with shareholders or when there are issues to be discussed, the Lead Independent Director will lead meetings with other Independent Directors, without the presence of other Directors, and provide feedback to the Executive Chairman of the Board after such meetings, if it necessary.

During FY2022, the Independent Directors have met unofficially at least once to discuss the Company’s matters without the presence of the other Directors, and the Lead Independent Director has also provided the feedback, where appropriate, to the Executive Chairman after such meetings.

Terms of Reference for Chairman, CEO and Lead Independent Director

Pursuant to Provision 3.2 of the Code, for FY2022, the terms of reference for the Chairman, CEO and Lead Independent Director were set out in writing, including the division of responsibilities between the Chairman and the CEO. It also spells out the role and responsibilities of the Lead Independent Director.

Notwithstanding that the Company has not appointed any CEO to the Board, the Board takes a strategic approach to ensure appropriate resources, requisite competencies and sound systems and processes are in place to facilitate effective decision making and create value for its stakeholders. The Executive Chairman and Executive Director, who are knowledgeable in the business of the Group, provide the Group with strong and consistent leadership and allow for more effective planning and execution of long-term business strategies. They perform their executive functions to enable the Group to conduct its business efficiently and ensure that its decision-making process is not unnecessarily hindered. Further, the Lead Independent Director plays an additional facilitative role within the Board, and where necessary, he may also facilitate communication between the Board and shareholders or other stakeholders of the Company.

In view of the above, the Company is of the view that the intent of Principle 3 of the Code is met as no one individual of the Board has unfettered powers of decision making.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

Roles and Duties of Nominating Committee

The Board established the NC with written terms of reference which clearly set out its authority and duties. The NC reports to the Board directly.

The terms of reference of the NC, which was revised and adopted for alignment with the Code and Catalist Rules of the SGX-ST, sets out its duties and responsibilities. Amongst them, the NC is responsible for:

- (a) regularly and strategically review the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees (taking into account Rule 406(3)(c) of the Catalist Rules of the SGX-ST and Provisions 2.1 to 2.4 of the Code) and recommend changes, if any, to the Board;

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

- (b) identifying and nominating candidates to fill Board vacancies as they occur;
- (c) requesting nominated candidates to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is included in any recommendation to the Board;
- (d) sending the newly-appointed Director a formal appointment letter which clearly sets out his roles and responsibilities, authority, and the Board's expectations in respect of his time commitment as a Director of the Company;
- (e) recommending the membership of the Board Committees to the Board;
- (f) reviewing the independent status of Non-Executive Directors (in accordance with Rules 406(3)(d)(i), (ii), and (iii) of the Catalist Rules of the SGX-ST, and the Provision 2.1 of the Code) and that of the alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest;
- (g) developing the performance evaluation framework for the Board, the Board Committees and individual Directors and propose objective performance criteria for the Board, the Board Committees and individual Directors;
- (h) recommending that the Board removes or reappoints a Non-Executive Director at the end of his term, and recommending the Directors to be re-elected under the provisions of the Company's Constitution on the policy of retirement by rotation. In making these recommendations, the NC considers the Director's performance, commitment and his ability to continue contributing to the Board;
- (i) reviewing other directorships held by each Director and deciding whether or not a Director is able to carry out, and has been adequately carrying out, his duties as a Director;
- (j) identifying and developing training programmes/schedules for the Board and Board Committees and ensuring all Board appointees undergo appropriate induction programme;
- (k) reviewing and ensuring that there is a clear division of responsibilities between the Chairman and CEO of the Company in place;
- (l) reviewing with the Board its succession plans for the Board Chairman, Directors, CEO and KMP of the Company;
- (m) keeping up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates; and
- (n) undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules of the SGX-ST (where applicable).

Provision 4.2

Nominating Committee Composition

As at the date of this report, the NC comprises the following three (3) members, all of whom, including the NC Chairman, are Independent Directors and Lead Independent Director is a member of the NC:

Mr Hau Khee Wee	Chairman
Mr Wee Phui Gam	Member
Dr Danny Oh Beng Teck	Member

Provision 4.3

Nomination and Selection of Directors

In the event of a vacancy arising pursuant to an expansion of the Board or such other circumstances as they may occur, or where it is considered that the Board will benefit from the services of a new Director with particular skills, the NC will, in consultation with the Board, determine the selection criteria and select candidates based on their experience and expertise for the position.

The NC may approach relevant institutions, e.g. SID, search consultants or via open advertisements to search for suitable candidates. The search for suitable candidates may also draw from the contacts and network of the existing Directors and the Management. Thereafter, the NC will identify candidates by conducting formal interviews with shortlisted candidates to assess their suitability and ensure that the candidates meet the criteria and expectations. After the selection process, the NC will make the necessary recommendation to the Board for approval. New Directors will be appointed after the NC makes the necessary recommendation to the Board for approval.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new Director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Re-election of Directors

In accordance with Article 117 of the Company's Constitution, one-third of the Directors, or if their number is not in a multiple of three (3), the number nearest to but not less than one-third, shall retire from office at every AGM. In addition, Article 122 of the Company's Constitution provides that all newly appointed Directors shall hold office only until the next AGM and are eligible to offer themselves for re-election.

In this respect, the Board has accepted the NC's nomination of the retiring Directors who had given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors at the forthcoming AGM of the Company are Mr Sun Bowen and Dr Danny Oh Beng Teck, who will retire pursuant to Article 117 of the Company's Constitution.

Dr Danny Oh Beng Teck will, upon re-election as a Director of the Company, remain as Independent Director and a member of the AC, NC and RC of the Company respectively. Dr Danny Oh Beng Teck is considered by the Board to be independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

In making the recommendation, the NC has considered the Directors' overall contributions and performance and whether the Director has adequate time and attention to devote to the Company, in the case of Directors with multiple board representations. Each member of the NC shall abstain from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of their own performance or re-election as a Director.

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the retiring Directors as set out in Appendix 7F of the Catalist Rules is disclosed below:

Name of Director	Mr Sun Bowen	Dr Danny Oh Beng Teck
Date of Appointment	1 March 2019 <i>(re-designated as Executive Chairman)</i> 1 March 2018 <i>(re-designated as Executive Director)</i> 22 November 2017 <i>(appointed as Non-Executive Director)</i>	1 December 2017
Date of last re-appointment (if applicable)	30 October 2020	30 October 2020
Age	72	60
Country of principal residence	China	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Sun Bowen as the Executive Chairman of the Board was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his expertise, past experiences and overall contribution since he was appointed as the Non-Executive Director of the Company.	The re-election of Dr Danny Oh Beng Teck as the Independent Director, a member of the AC, NC and RC of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as the Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Independent Director
Professional qualifications	Not applicable	Not applicable

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Name of Director	Mr Sun Bowen	Dr Danny Oh Beng Teck
Working experience and occupation(s) during the past 10 years	<p>2018 to present:</p> <ul style="list-style-type: none"> Executive Director, Imperium Crown Limited <p>2016 to present:</p> <ul style="list-style-type: none"> Director, Global Entertainment Media Pte Ltd <p>2013 to present:</p> <ul style="list-style-type: none"> Director, Shandong Yinguang Wen Chuang Yuan Co., Ltd <p>2005 to 2018:</p> <ul style="list-style-type: none"> Executive Director, Fabchem China Limited <p>2018 to 2022:</p> <ul style="list-style-type: none"> Non-Executive and non-Independent Director, Fabchem China Limited 	<p>2022 to present:</p> <ul style="list-style-type: none"> Independent Director, Ecowise Holdings Limited <p>2012 to present:</p> <ul style="list-style-type: none"> Managing Director, Cambrian Academy Pte Ltd Managing Director, Cambrian Engineering Corporation Pte Ltd Managing Director, Cables & Utilities Detection Services Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	The Company owns 60% equity interest in Global Entertainment Media Pte Ltd and the remaining 40% owned by Fortsmith Investments Limited (" Fortsmith "). Mr Sun Bowen is the sole director of Fortsmith and owns 100% equity interest in Fortsmith.	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships		
Past (for the last 5 years)	<ol style="list-style-type: none"> Director, Hebei Yinguang Chemical Co., Ltd Director, Feixian Yinguang Transport Co., Ltd Non-Executive and non-Independent Director, Fabchem China Limited Director, New Capital Arts and Culture Pte. Ltd. Director, Shandong Yinguang Technology Co., Ltd. Director, Feixian Yinguang Magnesium Co., Ltd. Director, Wulian Hanyue Mining Services Co., Ltd. 	Managing Director, Cambrian Aerospace Myanmar Co. Ltd

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Name of Director	Mr Sun Bowen	Dr Danny Oh Beng Teck
Present	<ol style="list-style-type: none"> 1. Director, Shandong Yinguang Wen Chuang Yuan Co., Ltd 2. Director, Global Entertainment Media Pte Ltd 3. Director, Fortsmith Investments Limited 4. Director, Fei County Wonder Stone Characteristics Town Development Co., Ltd 5. Director, Shandong Yinguang Chemical Co., Ltd 6. Director, Shandong Yinguang Tianhong Property Development Co., Ltd 7. Director, Shandong Yinguang Machinery Manufacturing Co., Ltd 	<ol style="list-style-type: none"> 1. Independent Director, Ecowise Holdings Limited 2. Managing Director, Cambrian Academy Pte Ltd 3. Managing Director, Cambrian Engineering Corporation Pte Ltd 4. Managing Director, Cables & Utilities Detection Services Pte Ltd
Information required pursuant to Catalist Rules 704(6) and/or 704(7)		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
Information required pursuant to Catalist Rules 704(6) and/or 704(7)		
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Name of Director	Mr Sun Bowen	Dr Danny Oh Beng Teck
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
Information required pursuant to Catalist Rules 704(6) and/or 704(7)		
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Name of Director	Mr Sun Bowen	Dr Danny Oh Beng Teck
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	<p>No</p>	<p>No</p>

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Alternate Director

During FY2022, there were no alternate Directors on the Board.

Provision 4.4

Continuous Review of Directors' Independence

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any change in their external appointments that could affect their independence on the Board.

The NC reviews the independence of each Director annually in accordance with the definition of independence in the Code, Practice Guidance and Catalist Rule 406(3)(d) of the Catalist Rules of the SGX-ST. Each Independent Director has submitted their confirmation of independence for the NC's reviews on an annual basis. For FY2022, the NC has reviewed and confirmed the independence of the Independent Directors of the Company, namely Mr Wee Phui Gam, Mr Hau Khee Wee and Dr Danny Oh Beng Teck, the Board is of the view that they are independent, taking into account the circumstances set forth in the Code and Rule 406(3)(d) of the Catalist Rules of the SGX-ST.

Provision 4.5

Directors' Time Commitments

In addition to the current procedures for the review of the attendance records and analysis of directorships, a policy has also been put in place for Directors to notify the Board of any change in their external appointments. This would allow the Director to review his time commitments with the proposed new appointment and in the case of an Independent Director, to also ensure that his independence would not be affected.

Name of Director	Date of First Appointment	Date of Last Re-election	Relationship with Directors, the Company or Substantial Shareholders	Directorships and/or Chairmanships both present and those held over the preceding three years in other Listed Companies	Other Principal Commitments
Mr Sun Bowen	22 November 2017	30 October 2020	Nil	<p>Present Nil</p> <p>Preceding 3 years Fabchem China Limited (Non-Executive and Non-Independent Director)</p>	<ul style="list-style-type: none"> Shandong Yinguang Wen Chuang Yuan Co., Ltd (Director) Global Entertainment Media Pte. Ltd. (Director)
Mr Tan Keng Keat	6 October 2021	29 October 2021	Nil	<p>Present Camsing Healthcare Limited (Independent Director)</p> <p>Preceding 3 years Nil</p>	Nil
Mr Wee Phui Gam	19 October 2017	29 October 2021	Nil	<p>Present Nil</p> <p>Preceding 3 years Fabchem China Limited (Acting Chairman/Independent Director)</p>	<ul style="list-style-type: none"> P G Wee Partnership (Managing Partner) P G Tax Services Pte Ltd (Director) Y. C. Lee & Co. (Managing Partner)

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Name of Director	Date of First Appointment	Date of Last Re-election	Relationship with Directors, the Company or Substantial Shareholders	Directorships and/or Chairmanships both present and those held over the preceding three years in other Listed Companies	Other Principal Commitments
Mr Hau Khee Wee	19 October 2017	29 October 2021	Nil	<p>Present China Kunda Technology Holdings Limited <i>(Independent Director)</i></p> <p>Preceding 3 years Bioton S.A. <i>(Supervisory board member)</i> AGV Group Limited <i>(Independent Director)</i></p>	<ul style="list-style-type: none"> YSQ International Pte Ltd (CFO)
Dr Danny Oh Beng Teck	1 December 2017	30 October 2020	Nil	<p>Present Ecowise Holdings Limited</p> <p>Preceding 3 years Nil</p>	<ul style="list-style-type: none"> Ecowise Holdings Limited Cambrian Academy Pte Ltd <i>(Managing Director)</i> Cambrian Engineering Corporation Pte Ltd <i>(Managing Director)</i> Cables & Utilities Detection Services Pte Ltd <i>(Managing Director)</i>

The profile and relevant information of the members of the Board are set out on pages 13 to 15 of the annual report. Information of the interests of the Directors who held office at the end of the financial year in shares, debentures and share options in the Company and its related corporations (other than the wholly-owned subsidiaries) are set out in the Directors' Statement on page 52 of this annual report.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2

Performance Criteria

The Board, through the NC, has used its best efforts to ensure that Directors appointed to the Board and Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his special contributions, brings the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has been tasked to assist the Board to develop a performance evaluation framework for the Board, Board Committees and individual Directors, propose performance criteria and assist in the conducting of the evaluation, analyse the findings and report the results to the Board.

The NC, together with the Board, has established a formal process setting out the performance criteria for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each individual Director to the effectiveness of the Board. Thereby aligning with the applicable principles and provisions set out in the Code.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

The assessment parameters for each Director include his knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the intensity and quality of participation at meetings. The NC and the Board have relied on the abovementioned parameters to evaluate the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors.

On an annual basis, all the Directors are required to complete individually each of the following:

- Board Performance Evaluation Questionnaire;
- AC Performance Evaluation Questionnaire;
- NC Performance Evaluation Questionnaire;
- RC Performance Evaluation Questionnaire; and
- Individual Director Self-Assessment Form.

For FY2022, the NC conducted a formal review of the performance evaluation of the Board, Board Committees and individual Directors, by way of circulating the questionnaires to the Board and Board Committees and self-assessment form to each individual Director for completion. The summary of findings of each evaluation together with the feedback and recommendations from the Board, Board Committees and each individual Director had been discussed and reviewed by the NC which then decided on any follow-up or action plans that may be required.

Board Evaluation Process

The evaluation serves to assess the effectiveness of the Board as a whole on the following parameters:

- (a) Board composition;
- (b) Board conduct of affairs;
- (c) Internal controls and risk management;
- (d) Board accountability;
- (e) CEO; and
- (f) Standards of conduct.

Based on the summary of findings of the evaluation for FY2022 together with the feedback and recommendations from each Director, the NC is satisfied that the Board as a whole had met its performance objective in FY2022.

Board Committees Evaluation Process

The evaluation serves to assess the effectiveness of the Board Committees on the following parameters:

Audit Committee

- (a) Membership and appointments;
- (b) Meetings;
- (c) Training and resources;
- (d) Financial reporting;
- (e) Risk management and internal control systems;
- (f) Internal audit process;
- (g) External audit process;
- (h) Compliance;
- (i) Anti-fraud;
- (j) Whistle-blowing;
- (k) IPTs and related party transactions;
- (l) Reporting;
- (m) Standards of conduct; and
- (n) Communication with shareholders.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Nominating Committee

- (a) Membership and appointments;
- (b) Meetings;
- (c) Training and resources;
- (d) Reporting;
- (e) Process for selection and appointment of new Directors;
- (f) Board diversity;
- (g) Nomination of Directors for re-election;
- (h) Independence of Directors;
- (i) Board performance evaluation;
- (j) Succession planning;
- (k) Multiple Board Representations;
- (l) Chairman and CEO;
- (m) Standards of conduct; and
- (n) Communication with shareholders.

Remuneration Committee

- (a) Membership and appointments;
- (b) Meetings;
- (c) Training and resources;
- (d) Remuneration framework;
- (e) Reporting;
- (f) Standards of conduct; and
- (g) Communication with shareholders.

Based on the summary of the evaluation for FY2022 together with the feedback and recommendations from members of the respective Board Committees, the NC is satisfied that each of the Board Committees had met its performance objective in FY2022.

The primary objective of the Board evaluation exercise is to create a platform for the Board and Board Committees members to provide constructive feedback on the Board and Board Committees procedures and processes and the changes which should be made to enhance the effectiveness of the Board and Board Committees.

For FY2022, no external facilitator has been engaged to perform the Board assessment process. The NC has, without the engagement of an external facilitator, assessed the Board and Board Committees overall performance to-date and is of the view that the performance of the Board as a whole and Board Committees were satisfactory. Where relevant and when the need arises, the NC will consider such an engagement.

Individual Directors Evaluation Process

The evaluation serves to assess the effectiveness of each of the individual Directors on the following parameters:

- (a) Attendance at Board meetings and related activities;
- (b) Adequacy of preparation for Board meetings;
- (c) Contribution;
- (d) Initiative;
- (e) Knowledge of the senior management's job scope;
- (f) Knowledge of the Company's business;
- (g) Participation in constructive debate/discussion;
- (h) Maintenance of independence;
- (i) Disclosure of IPTs; and
- (j) Declaration of conflicts of interest.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Based on the summary of the evaluation for FY2022 together with the feedback and recommendations from the respective individual Directors, the NC is satisfied that each of the individual Directors had met his performance objective in FY2022.

The individual Director evaluation exercise assists the NC in determining whether to re-nominate Directors who are due for retirement at the forthcoming AGM of the Company, and in determining whether Directors with multiple board representations are able to and have adequately discharged their duties as Directors of the Company.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or his re-nomination as Director.

II. REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his own remuneration.

Provision 6.1

Roles and Duties of Remuneration Committee

The Board established the RC with written terms of reference which clearly set out its authority and duties. The RC reports to the Board directly.

The terms of reference of the RC, which was revised and adopted for alignment with the Code and Catalyst Rules of the SGX-ST, sets out its duties and responsibilities. Amongst them, the RC is responsible for:

- (a) determining the Company's remuneration policies. In doing so, it considers the Company's risk appetite and ensure that the policies are aligned to long-term goals;
- (b) ensuring that the level and structure of remuneration of the Board and KMP are appropriate and proportionate to the sustained performance and value creation of the Company;
- (c) setting the remuneration policy for Directors (both Executive Directors and Non-Executive Directors) and KMP;
- (d) recommending proposed Non-Executive Directors' fees for shareholders' approval;
- (e) monitoring the level and structure of remuneration for KMP relative to the internal and external peers and competitors;
- (f) ensuring that the remuneration of the Non-Executive Directors is appropriate to the level of contribution;
- (g) reviewing the remuneration of employees related to the Directors, CEO or substantial shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
- (h) reviewing the ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered) and other benefit programmes (where appropriate);
- (i) obtaining reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants;
- (j) overseeing any major changes in employee benefits or remuneration structures;
- (k) reviewing the design of all long-term and short-term incentive schemes for approval by the Board and shareholders;
- (l) ensuring that the contractual terms and any termination payments are fair to the individual and the Company and that poor performance is not rewarded;
- (m) setting performance measures and determining targets for any performance-related pay schemes operated by the Company;
- (n) ensuring that a significant and appropriate proportion of Executive Directors' and KMP remuneration is structured so as to link rewards to corporate and individual performance;
- (o) working and liaising, as necessary, with all other Board Committees on any other matters connected with remuneration matters; and
- (p) undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalyst Rules of the SGX-ST (where applicable).

CORPORATE GOVERNANCE REPORT

II. REMUNERATION MATTERS (cont'd)

Provision 6.2

Remuneration Committee Composition

As at the date of this report, the RC comprises the following three (3) members, all of whom, including the RC Chairman, are Independent Directors:

Mr Hau Khee Wee	Chairman
Mr Wee Phui Gam	Member
Dr Danny Oh Beng Teck	Member

Provision 6.3

Remuneration Packages and Framework

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Directors and the KMP based on the performance of the Group, the individual Director and the KMP. No Director individually decides or is involved in the determination of his own remuneration. The RC's recommendations are submitted for endorsement by the Board.

The RC also reviews the Company's obligations under the service agreement entered into with the Executive Directors and KMP that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoids rewarding poor performance.

The service agreement entered into between the Company and Mr Sun Bowen, Executive Chairman of the Company, expired on 1 March 2022 had been renewed for a further period of one (1) year in accordance with the terms of the said agreement. The RC and the Board (excluding Mr Sun Bowen) had reviewed and approved the service agreement without any change to the remuneration package.

The service agreement entered into between the Company and Mr Tan Keng Keat, Executive Director of the Company, expired on 1 September 2022 had been renewed for a further period of one (1) year in accordance with the terms of the said agreement. The RC and the Board (excluding Mr Tan Keng Keat) had reviewed and approved the service agreement without any change to the remuneration package.

Provision 6.4

Engagement of Remuneration Consultants

The RC has access to advice from the internal human resource department and, if necessary, the RC may seek advice from external professionals in the field of executive compensation and related matters of which the expenses are borne by the Company. No external consultant was engaged by the Company in FY2022.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1

Remuneration of Executive Directors and KMP

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and to attract, retain and motivate the Executive Directors and KMP. It also motivates the Executive Directors to provide good stewardship of the company and KMP to successfully manage the Company for the long term. The remuneration packages take into account the performance of the Group, the Executive Directors and KMP.

The remuneration structure of the Executive Directors and KMP comprises both fixed and variable components. The variable component is linked to the Group/Company's performance as well as the performance of the individual. Such performance-related remuneration is designed to align with the interests of shareholders and other stakeholders and promote long-term success of the Group.

CORPORATE GOVERNANCE REPORT

II. REMUNERATION MATTERS (cont'd)

At present, the Company does not have an employee share option scheme or a performance share plan.

Having reviewed and considered the variable components in the remuneration packages of the Executive Directors and KMP, the RC is of the view that the remuneration packages of the Executive Directors and KMP, which include a fixed component and a variable component, is aligned to the interest of shareholders and are not excessive. The variable portion is linked to individual performance, and is dependent on the performance of the Group, as well as the contribution of the individual to the Group's performance.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors, and KMP commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with other KMP) is reviewed periodically by the RC and the Board.

Claw-back Provisions

Apart from the above, the Company does not have any long-term incentives, including share option schemes, nor contractual provisions to allow the Group to reclaim incentive components of remuneration from Executive Directors and KMP as the incentives do not make up a significant percentage of their remuneration.

Provision 7.2

Remuneration of Non-Executive Directors

The Board comprises of three (3) Non-Executive Directors who are independent. The Independent Directors are paid a fixed remuneration appropriate to their level of contribution, taking into account factors such as effort, time spent and their responsibilities. No Director is involved in deciding his own remuneration. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

The total remuneration of the Independent Directors is recommended for shareholders' approval at each AGM of the Company. Directors' fees for the Independent Directors of S\$160,000 for FY2022 had been approved by shareholders at the last AGM of the Company held on 29 October 2021. For FY2023, Directors' fees for the Independent Directors will remain as S\$160,000 to continue support of the Group's cost cutting and cash conservation measures aftermath of the 2019 Novel Coronavirus ("COVID-19") pandemic which impacted the Group's business operation. The said Directors' fees for FY2023, as recommended by the RC and endorsed by the Board, will be tabled for approval by shareholders at the forthcoming AGM of the Company.

Provision 7.3

Comparative, Attractive, and Motivative Remuneration Package

The RC also considered, in consultation with the Executive Directors, amongst other things, their responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain and motivate Directors and KMP. The remuneration packages take into account the performance of the Group, the individual Directors and individual KMP.

The Company advocates a performance-based remuneration system for Executive Directors and KMP that is flexible and responsive to the market, comprises primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits based on the Group's performance and the individual's performance such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

CORPORATE GOVERNANCE REPORT

II. REMUNERATION MATTERS (cont'd)

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

Remuneration Criteria

Although the Code recommends full disclosure of the total remuneration paid to each individual Director and the CEO on a named basis, the Board, after reviewing the industry practice and analyzing the advantages and disadvantages in relation to the disclosure of remuneration of each Director, is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.

Remuneration paid/payable to Executive Directors and KMP is determined by the Board after considering the performance of the individual, the Company and against comparable organisations. The RC has also reviewed the practice of the industry and considered the pros and cons of such disclosures. The compensation packages for employees including the Executive Directors and KMP comprised a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

An annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Directors and KMP is commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors and CEO (together with other KMP) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

The Company has also disclosed the remuneration paid to each Director, the Chairman and the KMP using bands of S\$250,000 for transparency. The procedure for setting remuneration is clearly disclosed and the relationships between remuneration, performance and value creation are disclosed through the Company's disclosure on its remuneration policies, as well as the disclosed remuneration in bands of no wider than S\$250,000 and the breakdown of the components of their remuneration. The Board is of the view that in light of the above and despite its deviation from Provision 8.1 of the Code, the Company has provided a high level of transparency on remuneration matters, as information on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation had been disclosed in detail in the preceding paragraphs. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director and KMP will not be prejudicial to the interest of shareholders and complies with Principle 8 of the Code.

Disclosure on Fees and Remuneration of Directors

A breakdown showing the level and mix of the remuneration payable to each individual Director for FY2022 is as follow:

Name of Director	Remuneration Band	Director's Fees ¹ (%)	Salary Remuneration ² (%)	Performance Based Bonus (%)	Other Benefits (%)	Total (%)
Mr Sun Bowen	<\$250,000	-	100	-	-	100
Mr Tan Keng Keat	<\$250,000	-	100	-	-	100
Mr Wee Phui Gam	<\$250,000	100	-	-	-	100
Mr Hau Khee Wee	<\$250,000	100	-	-	-	100
Dr Danny Oh Beng Teck	<\$250,000	100	-	-	-	100

Notes:

¹ The Directors' fees were approved by shareholders at the last AGM held on 29 October 2021.

² The salary remuneration shown are inclusive of Central Provident Fund ("CPF"), where applicable.

CORPORATE GOVERNANCE REPORT

II. REMUNERATION MATTERS (cont'd)

Disclosure on Remuneration of Key Management Personnel

Mr Tan Keng Keat was the only KMP (who was the Acting CEO and CFO) for FY2022. A breakdown of the remuneration payable to the KMP (who are not Directors or the CEO), including the immediate family members of a Director or the CEO exceeding S\$100,000 for FY2022, is as follows:

Name of KMP	Remuneration Band	Salary ¹ (%)	Bonus ¹ (%)	Other Benefits (%)	Total (%)
Mr Tan Keng Keat [#]	<S\$250,000	100	-	-	100%

[#] Relinquished as the Acting CEO on 6 October 2021

Note:

¹ The salary and bonus are inclusive of CPF.

The RC will review the remuneration of the Directors and the KMP from time to time.

The aggregate total remuneration for the top KMP (who are not Directors or CEO), including the immediate family member of a Director or CEO, is not disclosed as the Board is of the view that such disclosure may affect the retention or recruitment of competent personnel in a highly competitive business environment the Company operates in as well as the competitive pressures in the talent market due to limited talent pool. The Company needs to maintain stability and business continuity and any attrition in the KMP team would not benefit the Company. Accordingly, due to confidentiality and sensitivity issues attached to remuneration matters, especially in the case where the key management team is small, it would not be in the best interests of the Company to disclose the aggregate total remuneration for the top KMP (who are not Directors or CEO), including the immediate family member of a Director or CEO, as recommended by the Code.

The Company is transparent on remuneration policies as it has been disclosed not only as part of its compliance with Principle 8 but also in respect of Principle 7 of the Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of Executive Directors and KMP and the factors taken into account for the remuneration of the Non-Executive Directors.

All Directors and KMP are remunerated on an earned basis and there were no termination, retirement and post-employment benefits granted during FY2022.

Provision 8.2

Disclosure on Remuneration of Employee related to Directors/CEO/Substantial Shareholders

There were no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the Executive Chairman or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2022.

Provision 8.3

Long-Term Incentive Schemes

The Company had no long-term incentive schemes in place during FY2022.

III. ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1

Nature and Extent of Risks

The Board oversees the Company's risk management framework and policies, and ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

CORPORATE GOVERNANCE REPORT

III. ACCOUNTABILITY AND AUDIT (cont'd)

The Board has determined the Group's levels of risk tolerance and risk policies and oversees the Management in the design, implementation and monitoring of the risk management and internal control systems.

Risk Management

The Board has ultimate responsibility for approving the strategy of the Group in addressing shareholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks.

As the Group does not have a risk management committee, the AC assumes the responsibility of the risk management function. The Board monitors the Group's risks through the AC, internal and external auditors. Having considered the size and scale of the Group's business operations as well as its existing internal controls and risk management system, the Board is of the view that a separate risk committee is not required at the moment.

Internal Controls

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the effectiveness of the Company's overall internal control framework. The Board also recognises that an effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material loss or financial misstatement. The Group's internal controls are designed to provide reasonable assurance that assets are safeguarded, the proper accounting records are maintained, and financial information used within the business and for publication is reliable. In designing these controls, the Directors have given regard to the risks to which the businesses are exposed, the likelihood of such risks occurring and the costs of protecting against them.

Provision 9.2

Assurance from the Executive Chairman, CFO and KMP

The Board and the AC has reviewed, with the assistance of the internal and external auditors, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems annually.

For FY2022, as the Acting CEO relinquished his role with effect from 6 October 2021 and was instead de-designated as Executive Director and CFO, the Board has received written assurance from the Executive Chairman and the Executive Director and CFO that, as at 30 June 2022, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

For FY2022, the Board has also received written assurance from the Executive Director and CFO and the Executive Chairman, being the representative of KMP, that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place were adequate and effective as at 30 June 2022 to address the risks that the Group considers relevant and material to its business operations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, various Board Committees and the Board, as well as the said assurance set out above, the Board is satisfied and the AC concurs with the Board that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 30 June 2022 to address the risks that the Group considers relevant and material to its business operations.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board notes that no system of internal controls and risk management systems can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

CORPORATE GOVERNANCE REPORT

III. ACCOUNTABILITY AND AUDIT (cont'd)

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1

Roles and Duties of the AC

The Board established the AC with written terms of reference which clearly set out its authority and duties. The AC reports to the Board directly.

The terms of reference of the AC, which was revised and adopted for alignment with the Code and Catalyst Rules of the SGX-ST, sets out its duties and responsibilities. Amongst them, the AC is responsible for:

- (a) reviewing the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes;
- (b) overseeing and reviewing the adequacy and effectiveness of the Company's risk management function and internal controls in relation to financial reporting and other financial-related risk and controls;
- (c) overseeing the Management in establishing the risk management framework of the Company;
- (d) reviewing and report to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls;
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;
- (f) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (g) recommending to the Board the appointment, reappointment and removal of the external auditors, and its remuneration and terms of engagement;
- (h) ensuring that the Company complies with the requisite laws and regulation;
- (i) ensuring that the Company has programmes and policies in place to identify and prevent fraud;
- (j) overseeing the establishment and operation of the whistleblowing process in the Company;
- (k) reviewing all IPTs and related party transactions; and
- (l) undertaking such other functions and duties as may be required by the Board under the Code, statute or Catalyst Rules of the SGX-ST (where applicable).

The AC has explicit authority to investigate any matters within its terms of reference. The AC also has full access to, and the co-operation of, the Management and full discretion to invite any Director or senior management to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

Provisions 10.2 and 10.3

Audit Committee Composition

As at the date of this report, the AC comprises the following three (3) members, all of whom, including the AC Chairman, are Independent Directors:

Mr Wee Phui Gam	Chairman
Mr Hau Khee Wee	Member
Dr Danny Oh Beng Teck	Member

The Board is of the view that the members of the AC are appropriately qualified and possess the relevant accounting or related financial management expertise or experience to discharge their responsibilities. All AC members have many years of experience in accounting, finance and/or legal expertise and experience.

None of the AC members were previous partners or directors of the Company's existing auditing firms and none of the AC members hold any financial interest in the auditing firms.

Provision 10.4

Internal Audit Function

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the shareholders' investments and the Group's assets. The AC has been assigned to oversee and ensure that such a system has been appropriately implemented and monitored.

CORPORATE GOVERNANCE REPORT

III. ACCOUNTABILITY AND AUDIT (cont'd)

Messrs BDO LLP was previously engaged on a rotational basis and the last engagement was in FY2021. Due to the series of corporate restructuring transactions where the operating rights of the Wonder Stone Park (“WSP”) was withdrawn by the local Fei County Government which had also initiated discussions to acquire the Group’s property portfolio which ultimately resulted in the entry into the definitive agreements for the Proposed Disposals, no internal audit work was performed externally for FY2022. Instead, led by the CFO, an in-house review on internal controls was done by the finance department in FY2022. This in-house internal audit review was reviewed and approved by the AC. For each of the processes where work was undertaken, the review was conducted by a member of staff different from the individual responsible for the particular process. Any matters arising thereto were brought to the attention of the CFO for a collective discussion and all members of the finance department had direct and unfettered access to the AC. The AC has reviewed and is satisfied that the in-house audit function is sufficient and has the appropriate standing within the Group considering the size of the Group’s operations. The AC also confirms that the internal audit function is effective, adequately resourced and independent of the activities that it audits. In view of the Group’s entry into definitive agreements in relation to the Proposed Disposals, and the potential cash Company assessment, the Company will engage internal auditors for internal audit work to be performed externally for FY2023.

External Audit Function

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services.

Messrs RSM Chio Lim LLP (“RSM”) was re-appointed as the external auditors on 29 October 2021 until the conclusion of the forthcoming AGM of the Company. The aggregate amount of audit fees paid RSM in FY2022 was S\$65,000 and non-audit fees was S\$14,500, which related to tax compliance work and sustainability reporting work.

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to shareholders’ approval at the AGM of the Company.

In reviewing the nomination of RSM for re-appointment for FY2023, the AC has considered the adequacy of the resources, experience and competence of RSM, and has taken into account the Audit Quality Indicators relating to RSM firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The AC has also reviewed the volume and nature of all non-audit services of the Group provided by RSM and is of the opinion that the nature and extent of such services will not prejudice the independence and objectivity of RSM. The Board also considered the audit team’s ability to work in a cooperative manner with the Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the basis of the above, the AC and the Board are satisfied with the standard and quality of work performed by RSM and have recommended the nomination of RSM for re-appointment as external auditors for the ensuring year be tabled for shareholders’ approval at the forthcoming AGM of the Company. The Board and the AC have also reviewed and are satisfied that the appointment of a different external auditor, Zhongxinghua Certified Public Accountant LLP, for its significant subsidiaries in the PRC would not compromise the standard and effectiveness of the audit of the Group.

For FY2022, the Company confirms that it has complied with Rules 712 and 716 of the Catalist Rules of the SGX-ST in relation to the appointment of audit firms for the Group. The AC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent auditors of the Company and the component external auditors for the Group.

Provision 10.5

Meeting with Internal and External Auditors without the Management

In performing its function, the AC meets with the external auditors and the internal auditors to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audits. The AC also meets regularly with the Management, the CFO, and external auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group’s financial statements. At least once a year and as and when required, the AC meets with the external auditors and the internal auditors without the presence of the Management, to review any matters that might be raised privately.

The AC had separately met with the external auditors and the internal audit function once without the presence of the Management for FY2022.

CORPORATE GOVERNANCE REPORT

III. ACCOUNTABILITY AND AUDIT (cont'd)

Whistle-Blowing Policy

The Company has adopted a Whistle-Blowing Policy which provides well-defined and accessible channels in the Group through which employees may raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

The Group also extended the Whistle-Blowing Policy to members of the public as well by means of the Company's corporate website where the email addresses of the Chairman of the AC and another Independent Director are available for the raising of potential concerns under the Whistle-Blowing Policy. The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken.

The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers, and the whistleblower will not be subject to detrimental or unfair treatment. The whistle-blowing policy and procedures are reviewed by the AC from time to time to ensure they remain relevant. The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

The AC did not receive any reports of whistle-blowing incidents during FY2022 and up to the date of this report.

Audit Committee Activities

In FY2022, the AC had, among others, carried out the following activities:

- (a) reviewed the half-year and full-year financial statements announcements of the Group, and recommended to the Board for approval and release to the SGX-ST via SGXNet;
- (b) reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- (c) reviewed IPTs of the Group;
- (d) reviewed and approved the annual audit plan of the external auditors;
- (e) reviewed and approved the internal audit plan of the internal auditors, having considered the scope of the internal audit procedures;
- (f) reviewed the effectiveness of the Group's internal audit function;
- (g) reviewed the audit findings of the internal auditors and the Management's responses to those findings;
- (h) reviewed the independence of the external auditors;
- (i) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for the Board's approval; and
- (j) met with the internal and external auditors once without the presence of the Management.

CORPORATE GOVERNANCE REPORT

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

2020 AGM and 2021 AGM

Due to the COVID-19 pandemic in 2020, Singapore entered a circuit breaker period during which physical meetings were not allowed to be held. The FY2020 AGM and FY2021 AGM were held by way of electronic means. The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment) Order 2020 (the "**Order**") came into force to provide for alternative arrangements for, amongst others, listed companies in Singapore to hold their general meetings. Pursuant to the Order, the Company adopted certain alternative arrangements in holding its AGM in 2020 and 2021, including:

- (i) the AGMs were held via electronics means;
- (ii) participation in the AGMs electronically by shareholders via "live" audio-visual webcast or "live" audio-only stream;
- (iii) appointment of only the Chairman of the AGMs by shareholders as their proxy to vote on their behalf at the respective AGM if such shareholders wish to exercise their voting rights; and
- (iv) submission of questions on matters relating to the agenda of the respective AGM to the Company in advance.

In addition, the Company was not required to distribute physical copies of the annual report, the notice of the AGMs and related meeting documents. Such documents were available for download from the Company's corporate website and the SGX-ST's website.

2022 AGM

With the easing of COVID-19 safe management measures implemented in Singapore, the 2022 AGM will be held physically to accord shareholders with the full rights to directly and immediately engage with the Board and voting at the general meeting.

This is also in accordance with the SGX Regulator's Column entitled, "Live engagement and voting expected at all AGMs for FYs ending 30 June 2022 or after" and its FAQ released by Singapore Exchange Regulation on 23 May 2022 (the "**Arrangements for Participation in the 2022 AGM**").

Further details about the Arrangements for Participation in the 2022 AGM are set out and explained in the Notice of the 2022 AGM and related announcements, copies of which can be downloaded from the Company's corporate website or the SGX-ST's website.

Provision 11.1

Shareholders' Participation in General Meetings

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in newspapers and posted onto the SGXNet.

In order to provide ample time for the shareholders to review, the notice of AGM, together with the annual report, is distributed to all shareholders fourteen (14) days before the scheduled AGM date. Shareholders are encouraged to attend the general meetings to ensure a high level of participation and accountability.

If a shareholder is not able to attend in person, the shareholder is generally able to appoint one (1) or two (2) proxies to attend and vote in his stead at general meetings. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirements. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors. A proxy need not be a member of the Company.

Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.

Shareholders are also informed of the voting procedures prior to the commencement of voting by poll. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

CORPORATE GOVERNANCE REPORT

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT (cont'd)

Provision 11.2

Conduct of Resolutions and Voting

Separate resolutions are tabled at the general meetings on each substantially separate issue, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting.

The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each item in the AGM/Extraordinary General Meeting ("EGM") agenda is provided in the explanatory notes to the notice of AGM/EGM.

Provision 11.3

Interaction with Shareholders

Directors and the Management are encouraged to be present and available at general meetings to address shareholders' queries relating to the Company's business or performance. The Management is also encouraged to make a presentation to shareholders to update them on the Company's performance, position and prospects at general meetings. Presentation materials will be made available on the SGXNet and the Company's corporate website for the benefit of shareholders.

The respective Chairperson of the AC, NC and RC are present to assist the Directors in addressing any relevant queries raised by shareholders. The external auditors will also be present at the AGM of the Company to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

Save for the last AGM of the Company held on 29 October 2021 which all Directors were present for, there were no other general meetings of the Company held during FY2022.

Provision 11.4

Absentia Voting

Notwithstanding the Company's Constitution provides for voting in absentia (such as voting via mail, electronic mail or facsimile), the Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Provision 11.5

Minutes of General Meetings

The proceedings of each of the general meetings will be properly recorded, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and the Management. All minutes of the general meetings will be made available on the Company's corporate website and the SGXNET within one month after the general meeting.

Provision 11.6

Dividend Policy

In considering dividend payments, the Company takes into account, amongst other factors, current cash position, future cash requirements, profitability, retained earnings and business outlook. In this regard, the Company does not have a fixed dividend policy. For FY2022, the Company will not be paying any dividends to shareholders as the Company has no distributable profits to declare dividends.

CORPORATE GOVERNANCE REPORT

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT (cont'd)

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1

Communication with Shareholders

The AGM is the principal forum for dialogue with shareholders. The Company recognises the value of feedback from shareholders. During the general meetings, shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend the AGMs and EGMs, and shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues.

The Company believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Company's officers promptly communicate with its shareholders and analysts whenever appropriate and attend to their queries or concerns. The Company's officers also manage the dissemination of corporate information to the media, public, institutional investors and public shareholders, and act as a liaison point for such entities and parties.

The Company believes in maintaining regular dialogue with shareholders and it encourages shareholders' participation at general meetings and analyst briefings which also act as a platform to solicit and understand the views of shareholders and to address shareholders' concerns.

Provisions 12.2 and 12.3

Investor Relations Policy

The Company does not have an investor relations policy in place. However, the Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules of the SGX-ST and the Companies Act. There is no dedicated investor relations team in place as the Board is of the view that the current communication channels are sufficient and cost-effective.

Disclosures of Information

The Company endeavors to maintain regular and effective communication with shareholders through timely and comprehensive announcements. It has adopted a policy of making all necessary disclosures in public announcements via SGXNet and the Company's corporate website. The annual report is sent to all shareholders on a timely basis and announced via SGXNet and the Company's corporate website. The Company does not practice selective disclosure of material information.

Communication to shareholders is normally made through:

- (a) annual reports that are prepared and issued to all shareholders;
- (b) annual and half-year financial statements announcements containing a summary of the financial information and affairs of the Group for the period;
- (c) notices and explanatory memoranda for general meetings;
- (d) disclosures to the SGX-ST via SGXNet; and
- (e) press/media releases.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

Outside of the financial announcement periods, when necessary and appropriate, the Executive Chairman and/or the Executive Director will meet with its stakeholders, shareholders, analysts and media who wish to seek a better understanding of the Group's operations.

CORPORATE GOVERNANCE REPORT

V. MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1

Stakeholders' Engagement

The Company and the Group have regularly engaged its stakeholders through various medium and channels, such as conducting analysts briefings and maintaining a corporate website, to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. Five (5) stakeholders' groups have been identified through an assessment of their significance to the business operations. They are namely, shareholders, suppliers, customers, management and employees.

Provision 13.2

Strategy and Key Areas of Focus

The Company and the Group have undertaken a process to determine the economic, environmental, social and governance issues, which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

Sustainability Reporting

The Company upholds high standards of responsible, sustainable and socially aware business practices and is committed to incorporating sustainability in its corporate culture and improving the economic, environmental and social wellbeing of our stakeholders. The Company balances economic viability with sustainability and social progress for future generations. The Company is also cognisant of the challenges caused by the COVID-19 pandemic and remain committed to ensuring the safety of its guests and employees.

Below is a summary table of the material topics in line with the Global Reporting Initiative (GRI) standards that are relevant to the Group and our stakeholders.

Economic	Environmental	Social
Market Presence Indirect Economic Impacts Anti-corruption Tax	Energy Water and Effluents Biodiversity Emissions Waste Environmental Compliance Supplier Environmental Assessment	Employment Occupational Health and Safety Training and Education Diversity and Equal Opportunity Local Communities Supplier Social Assessment Customer Health and Safety Socio-economic compliance Non Discrimination

Detailed information on the Group's efforts on sustainability management in FY2022 is disclosed in the 2022 Sustainability Report, which was issued on 28 November 2022 and also published on the Company's corporate website and available on the SGXNet.

Provision 13.3

Corporate Website

To promote regular, effective and fair communication with shareholders, the Company maintains a current corporate website, www.imperium-crown.com, through which shareholders are able to access up-to-date information on the Group. The website provides annual reports, financial information, profiles of the Group and contact details of the investor relations of the Group.

CORPORATE GOVERNANCE REPORT

VI. INTERESTED PERSON TRANSACTIONS

To ensure compliance with the relevant rules under Chapter 9 of the Catalist Rules of the SGX-ST, the Board and the AC regularly review if the Company will be entering into any IPTs and if it does, to ensure that the Company complies with the requisite rules under Chapter 9 in ensuring that all the IPTs are conducted at arms' length and on normal commercial terms and ensuring that it will not be prejudicial to the interests of the Company and its minority shareholders. The Group does not have a general mandate for IPTs.

The AC has reviewed the IPTs for FY2022 and is of the view that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders. The controlling shareholder of the Company and Mr Sun Bowen, through companies related to him, have extended interest-free loans amounting to S\$490,000 and S\$12.110 million respectively to the Group for working capital purposes. The loans are unsecured and there are no specific repayment terms. The amount at risk of the interest-free loans is zero. Save as disclosed above, there were no IPTs with value of S\$100,000 and above for FY2022.

VII. CORPORATE SOCIAL RESPONSIBILITY

For FY2022, the Company does not have a corporate social responsibility ("CSR") policy in place. The business of the Company is currently in transition following the withdrawal of the operating rights of the WSP by the local government of Fei County and the entry by the Group into definitive agreements regarding the Proposed Disposals. The Company will consider drawing up a CSR policy after the completion of the Proposed Disposals.

VIII. MATERIAL CONTRACTS

Save for (a) the loan agreements between each of Shandong Yinguang Chemical Co., Ltd and Shandong Yinguang Cultural Tourism Enterprise Co., Ltd, being companies related to Mr Sun Bowen (the Executive Chairman), and the Group (in relation to the transactions as disclosed in the "Interested Person Transactions" section above); (b) the option agreements between the company and each of Mr Sun Bowen (the Executive Chairman) and Mr Wee Henry (the Controlling Shareholder), as approved by shareholders of the Company at the EGM convened on 29 March 2018 (as further described in the Directors' Statement); and (c) the service contracts between the Executive Chairman and the Company, and the Executive Director and CFO and the Company, there were no material contracts entered into by the Group involving the interests of the Directors or controlling shareholder, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

IX. DEALINGS IN SECURITIES

The Company has complied with Rule 1204(19) of the Catalist Rules of the SGX-ST in relation to the best practices on dealings in the securities. The Company has established guidelines and a system of controls in monitoring the dealings in its securities by Directors and its officers, by monitoring the monthly shareholders listing to track share transactions by the Directors and its officers.

In addition, the Company has implemented a policy whereby Directors and its officers are prohibited from dealing in the Company's securities during the period commencing one (1) month prior to the release of the half-year and full-year announcements of the Company's financial results and ending on the date of announcement of the relevant results. In addition, Directors and its officers are also discouraged from dealing in the Company's securities on short-term considerations.

X. NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules of the SGX-ST, no non-sponsor fees were paid to the Company's sponsor, Stamford Corporate Services Pte Ltd for FY2022.

STATEMENT BY DIRECTORS

The directors are pleased to present the consolidated financial statements of Imperium Crown Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and statement of financial position and statement of changes in equity of the Company for the reporting year ended 30 June 2022.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Mr Sun Bowen
Mr Tan Keng Keat (Appointed on 6 October 2021)
Mr Wee Phui Gam
Mr Hau Khee Wee
Dr Danny Oh Beng Teck

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the reporting year were not interested in the shares or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act 1967 (the “**Act**”) except as follows:

<u>Name of directors and companies in which interests are held</u>	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>
<u>The Company</u>	<u>Number of unissued shares under option</u>	
Mr Sun Bowen	300,000,000	300,000,000
Mr Tan Keng Keat	<u>Number of shares</u>	
	3,843,000	3,843,000
<u>Subsidiary</u> <u>(Global Entertainment Media Pte. Ltd.)</u>	<u>Number of shares</u>	
Mr Sun Bowen	3,208,354	3,208,354

By virtue of section 7 of the Act, Mr Sun Bowen is deemed to have an interest in Global Entertainment Media Pte. Ltd. and its subsidiaries.

The directors' interests set out above as at 21 July 2022 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the option rights mentioned below.

5. OPTIONS

During the reporting year, no option to take up unissued shares of the Group subsisted and/or was granted except for the following:

The Company had entered into share option agreements on 26 February 2018 with Mr Sun Bowen and Mr Wee Henry (together, the “**Option Subscribers**”), which was approved and adopted by its members at an Extraordinary General Meeting held on 29 March 2018. Pursuant to the share option agreements, the Company issued to the Option Subscribers an aggregate of 600,000,000 share options (the “**Options**”), with each Option carrying the right to subscribe for one new ordinary share in the Company at the exercise price of \$0.085 (the “**Exercise Price**”) for each new share on the terms and conditions of the share option agreements (the “**Grant of Options**”).

These options are exercisable between 26 February 2018 and 25 February 2023. The options granted are vested immediately.

The number of outstanding options at the end of the reporting year was:

Exercise Price	Date of grant of Options	Exercise period	Number of options at	
			30.06.2022 '000	30.06.2021 '000
\$0.085	29 March 2018	From 26 February 2018 to 25 February 2023	600,000	600,000

The following table summarises information about share options outstanding at the end of the reporting year:

Participants	Options granted for reporting year ended 30 June 2022 '000	Aggregate options granted since commencement to 30 June 2022 '000	Aggregate options exercised since commencement to 30 June 2022 '000	Aggregate options outstandings as at 30 June 2022 '000
Mr Sun Bowen (Director of the Company)	–	300,000	–	300,000
Mr Wee Henry (Controlling shareholder of the Company)	–	300,000	–	300,000

Aside from the share option agreements with the Option Subscribers, the Company has not granted any other options to any other persons and does not have any existing share option schemes. Accordingly, no person has received 5% or more of options of the Company, save for the Option Subscribers.

Except for the above, during the reporting year:

- (i) no other option to take up unissued shares of the Company or its subsidiaries was granted; and there were no shares issued by virtue of the exercise of an option to take up unissued shares.
- (ii) there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at end of the reporting year.

STATEMENT BY DIRECTORS

6. REPORT OF AUDIT COMMITTEE

The members of the Audit Committee (“AC”) at the date of this report are as follow:

Mr Wee Phui Gam	(Chairman of AC and Lead Independent Director)
Mr Hau Khee Wee	(Member of AC and Independent Director)
Dr Danny Oh Beng Teck	(Member of AC and Independent Director)

The AC performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed the half-yearly and annual financial statements and the independent auditor’s report on the annual financial statements of the Company before their submission to the board of directors;
- Reviewed the effectiveness of the Company’s material internal controls, including financial, operational and compliance controls, and information technology and risk management via reviews carried out by the internal auditor;
- Met with the independent auditor, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the independent auditor;
- Reviewed the nature and extent of non-audit services provided by the independent auditor;
- Reviewed the scope and results of the audit;
- Reviewed actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist.

Other functions performed by the AC are described in the report on corporate governance included in the annual report. It also includes an explanation of how independent auditor objectivity and independence are safeguarded where the independent auditor provides non-audit services.

The AC has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the Company.

7. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

STATEMENT BY DIRECTORS

8. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

Based on the internal controls established and maintained by the Company, work performed by the independent external auditors and the in-house internal audit review, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the Company's internal controls, addressing financial, operational, compliance risks and information technology controls and risk management systems, are adequate as at and for the reporting year ended 30 June 2022.

9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 29 August 2022, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report other than those disclosed in Note 27 to the financial statements.

On behalf of the directors

Wee Phui Gam

Director

Tan Keng Keat

Director

13 December 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of IMPERIUM CROWN LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the financial statements of Imperium Crown Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Group and statement of financial position and statement of changes in equity of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

As disclosed in Note 1 in the financial statements, which indicates that the Group has incurred a net loss of \$76,675,000 during the reporting year ended 30 June 2022 and, as of that date, the Group's and Company's total current liabilities exceeded its total current assets by \$15,222,000 and \$1,259,000 respectively. These events or conditions indicate that a material uncertainty exists and may cast significant doubt on the Group and the Company's ability to continue as going concerns. Management has however assessed and reached a conclusion that the going concern basis of accounting is appropriate due to the basis and actions by Management as disclosed in Note 1.

The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent upon the enforceability of financial support undertakings provided by the controlling shareholder, the Executive Chairman and the related entities of the Executive Chairman, the approval of the disposal of assets by the shareholders and the ability of the relevant subsidiaries to remit the proceeds from the disposal of the non-current assets to be received in the People's Republic of China to the Company to support the Company's operations in Singapore in the foreseeable future. At the date of this report, we are however unable to obtain sufficient audit evidence regarding the likely outcome of these matters and assumptions. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation for the accompany financial statements of the Group and the Company is appropriate.

If the going concern is inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at the amounts which could differ significantly from the amounts at which they are now recorded in the statement of financial position. In addition, the Group and Company may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Responsibilities of management and directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

To the Members of IMPERIUM CROWN LIMITED

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on other legal and regulatory requirements

In our opinion, in view of the significance of the matter referred to in the Basis for disclaimer of opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ng Thiam Soon.

RSM Chio Lim LLP

Public Accountants and
Chartered Accountants
Singapore

13 December 2022

Engagement partner - effective from year ended 30 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 30 June 2022

	Note	Group	
		2022 \$'000	2021 \$'000
Revenue	5	1,854	2,429
Other income	6	39	63
Depreciation and amortisation expenses	7	(4,115)	(3,901)
Employee benefits expense	8	(1,318)	(1,345)
Allowance for impairment loss on intangible assets	9	(93,973)	(6,300)
Other expenses	9	(3,173)	(3,859)
Finance costs	10	(3)	(2)
Loss before tax from continuing operations		(100,689)	(12,915)
Income tax benefit	11	24,014	2,356
Loss for the year from continuing operations		(76,675)	(10,559)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations, net of tax	21A	38	391
Other comprehensive income for the year, net of tax		38	391
Total comprehensive loss for the year		(76,637)	(10,168)
Net loss attributable to:			
Owners of the Company		(41,903)	(5,397)
Non-controlling interests		(34,772)	(5,162)
		(76,675)	(10,559)
Total comprehensive loss attributable to:			
Owners of the Company		(41,865)	(5,012)
Non-controlling interests		(34,772)	(5,156)
		(76,637)	(10,168)
Loss per share			
Currency unit		Cents	Cents
Basic and diluted	24	(5.31)	(0.68)

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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	13,979	19,493	31	77
Intangible assets	14	6,983	103,318	-	-
Investments in subsidiaries	15	-	-	6,006	38,108
Trade and other receivables	16	-	-	3,111	3,311
Other financial assets	17	-	-	-	-
Total non-current assets		20,962	122,811	9,148	41,496
Current assets					
Trade and other receivables	16	1,163	1,587	26	26
Cash and cash equivalents	18	405	321	337	208
Total current assets		1,568	1,908	363	234
Total assets		22,530	124,719	9,511	41,730
EQUITY AND LIABILITIES					
Equity					
Share capital	19A	84,190	84,190	84,190	84,190
Treasury shares	19B	(58)	(58)	(58)	(58)
Accumulated losses		(82,822)	(40,919)	(80,841)	(47,650)
Other reserves	21	2,763	2,725	4,598	4,598
Equity, attributable to owners of the Company		4,073	45,938	7,889	41,080
Non-controlling interests		1,667	36,439	-	-
Total equity		5,740	82,377	7,889	41,080
Non-current liabilities					
Deferred tax liabilities	11	-	24,014	-	-
Lease liabilities, non-current	23	-	32	-	32
Total non-current liabilities		-	24,046	-	32
Current liabilities					
Income tax payable		102	103	-	-
Trade and other payables	22	16,657	18,148	1,591	573
Lease liabilities, current	23	31	45	31	45
Total current liabilities		16,790	18,296	1,622	618
Total liabilities		16,790	42,342	1,622	650
Total equity and liabilities		22,530	124,719	9,511	41,730

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 30 June 2022

Attributable to owners of the Company

	Attributable to owners of the Company							Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Accumulated losses \$'000	Foreign currency translation reserve \$'000	Share options reserve \$'000	Total \$'000	Non-controlling interests \$'000	
Group								
Current year								
At 1 July 2021	84,190	(58)	(40,919)	(1,873)	4,598	45,938	36,439	82,377
Changes in equity								
Loss for the year	-	-	(41,903)	-	-	(41,903)	(34,772)	(76,675)
Other comprehensive income for the year	-	-	-	38	-	38	-	38
Total comprehensive loss for the year	-	-	(41,903)	38	-	(41,865)	(34,772)	(76,637)
At 30 June 2022	84,190	(58)	(82,822)	(1,835)	4,598	4,073	1,667	5,740
Previous year								
At 1 July 2020	84,190	(58)	(35,522)	(2,258)	4,598	50,950	41,595	92,545
Changes in equity								
Loss for the year	-	-	(5,397)	-	-	(5,397)	(5,162)	(10,559)
Other comprehensive loss for the year	-	-	-	385	-	385	6	391
Total comprehensive loss for the year	-	-	(5,397)	385	-	(5,012)	(5,156)	(10,168)
At 30 June 2021	84,190	(58)	(40,919)	(1,873)	4,598	45,938	36,439	82,377

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 30 June 2022

	Share capital \$'000	Treasury shares \$'000	Accumulated losses \$'000	Share options reserve \$'000	Total equity \$'000
Company					
Current year					
At 1 July 2021	84,190	(58)	(47,650)	4,598	41,080
Changes in equity					
Loss for the year	-	-	(33,191)	-	(33,191)
At 30 June 2022	84,190	(58)	(80,841)	4,598	7,889
Previous year					
At 1 July 2020	84,190	(58)	(39,477)	4,598	49,253
Changes in equity					
Loss for the year	-	-	(8,173)	-	(8,173)
At 30 June 2021	84,190	(58)	(47,650)	4,598	41,080

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 30 June 2022

	2022 \$'000	2021 \$'000
<u>Cash flows from operating activities</u>		
Loss before tax	(100,689)	(12,915)
Adjustments for:		
Depreciation of property, plant and equipment	1,804	1,460
Amortisation of intangible assets	2,311	2,441
Interest income	-	(1)
Finance costs	3	2
Loss on disposal of property, plant and equipment	-	1,213
Loss on written off of property, plant and equipment	247	-
Allowance for impairment loss on trade receivables	95	118
Allowance for impairment on intangible assets	93,973	6,300
Unrealised foreign exchange losses	331	228
Operating cash flows before changes in working capital	(1,925)	(1,154)
Trade and other receivables	329	534
Trade and other payables	2,438	(1,725)
Net cash flows from/(used in) operating activities	842	(2,345)
<u>Cash flows from investing activities</u>		
Interest received	-	1
Purchase of property, plant and equipment	(45)	(295)
Net cash flows used in investing activities	(45)	(294)
<u>Cash flows from financing activities</u>		
Lease liabilities	(49)	(48)
Advances from related parties	(664)	2,271
Net cash flows (used in)/from financing activities	(713)	2,223
Net increase/(decrease) in cash and cash equivalents	84	(416)
Cash and cash equivalents at beginning of year	321	737
Cash and cash equivalents at end of year (Note 18)	405	321

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

1. GENERAL

Imperium Crown Limited (the “**Company**”) is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars (“**\$**”), the amount are rounded to the nearest thousand, unless otherwise stated and they cover the Company and its subsidiaries (collectively the “**Group**”).

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The Company is an investment holding company and listed on Catalist, which is a shares market on Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

The address of registered office is 1 Commonwealth Lane, #06-20 One Commonwealth, Singapore 149544. The Company is situated in Singapore.

Uncertainties relating to the Covid-19 pandemic and going concern:

The Group incurred a net loss of \$76,675,000 during the reporting year ended 30 June 2022 and, as of that date, the Group's and Company's total current liabilities exceeded its total current assets by \$15,222,000 and \$1,259,000 respectively.

The COVID-19 pandemic and the aftermath of the pandemic has caused and continues to cause disruptions resulting in uncertainties surrounding the Group's business, including its relationships with its existing and future customers, suppliers and employees and the operations of the Wonder Stone Park Hotel owned by the Group. The pandemic had and will continue to have an adverse effect on the Group's financial position, financial performance, cash flows and prospects for the foreseeable future. There is still significant uncertainty around the medium to long term impact of the COVID-19 pandemic. The extent to which the Group will be impacted is presently difficult to ascertain. Improvements may be expected when and to the extent the prevailing restrictions in China are lifted.

These events or conditions appear to cast significant doubt upon the Group and Company's ability to continue as going concerns. However management has reached a conclusion that the going concern basis of accounting is appropriate due to the following actions:

- i. Obtaining financial support from a controlling shareholder, the Executive Chairman, Sun Bowen and two related entities of the Executive Chairman

A substantial part of the Group's outstanding liabilities as at the reporting year end date were due to related parties, namely; (i) amounts due to directors and executives (mainly for salary and fees) of S\$917,0000; (ii) amount advanced from a controlling shareholder of S\$490,000 and (iii) amounts due to companies related to the Executive Chairman of S\$12.8 million.

The Group has obtained written letters of undertakings from the controlling shareholder, the Executive Chairman and the two related entities of the Executive Chairman which account for S\$12.1 million of the total amounts due to the related entities concerned, to provide continued financial support to the Group as and when is needed within the next twelve months from the reporting year end date and to subordinate the amounts due to them to amounts payable to external parties.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

1. GENERAL (cont'd)

Uncertainties relating to the Covid-19 pandemic and going concern: (cont'd)

- ii. Assessment of the Group's cash requirements and the ability of the controlling shareholder and the two related entities to provide financial support

Management has projected the Group's cash requirements for the next twelve months from the reporting year end date and has assessed the controlling shareholder, the Executive Chairman and the two related entities' ability to provide financial support to the Group to meet its financial obligations. Management is of the view that the financial support providers should be able to honour their commitments. Subsequent to the balance sheet date, the controlling shareholder has advanced an additional S\$250,000 to the Group to meet its operational needs in Singapore. With regard to the two related entities and the Executive Chairman, management has however noted there were legal claims in the People's Republic of China ("PRC") against these entities as well as the Executive Chairman. Management discussed with the Executive Chairman on the matter and obtain an understanding that negotiations are on-going for amicable settlements. The Executive Chairment represented that the situation would not affect the related entities ability in honouring their commitment on their undertakings.

- iii. Disposal of non-current assets

As disclosed in Note 27 of the financial statements, the Group has on 28 and 29 November 2022 entered into two separate agreements, namely; Land Use Rights Re-acquisition Agreement and Asset Transfer Agreement with the local government of Fei County in PRC and its related entity to dispose the Group's non-current assets including the hotel and the land use rights. The total disposal consideration was RMB 116 million (about S\$23 million).

The Company will convene an extraordinary general meeting to seek shareholders' approval for these transactions and management has obtained letters of irrevocable undertaking from shareholders representing 50.5% of the total and issued shares of the Company to vote in favour of these transactions. In accordance with the terms of the two separate agreements, the disposal consideration of RMB 116 million (about S\$23 million) will be paid in the following manner:

- RMB 29 million by 27 January 2023;
- RMB 61 million by 28 January 2023; and
- RMB 26 million within 60 days of the payment (no later than 27 March 2023) of the RMB 61 million

Based on the above considerations, management has reasonable expectations that the Group will have adequate resources to be in operational existence for at least the next 12 months after the reporting year end date.

If the going concern is inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at the amounts which could differ significantly from the amounts at which they are now recorded in the statement of financial position. In addition, the Group and Company may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I)s ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 (the "Act") and with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

1. GENERAL (cont'd)

Basis of preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Act, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Revenue from hotel operation

Hotel revenue from room rental is recognised at the point in time when service is provided to the customers. Revenue from food and beverage sales and other ancillary services is generally recognised at the point in time when the services are rendered.

Sale of goods

Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer generally on delivery of the goods (in this respect, incoterms are considered).

Other income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2A. Significant accounting policies (cont'd)

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan).

For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have each participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute to a certain percentage to the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group.

Share based compensation

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("**equity-settled transactions**"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's shares (or an estimated market price, if the entity's shares are not publicly traded). This fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, and exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2A. Significant accounting policies (cont'd)

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Motor vehicles	-	10%
Office and other equipment	-	3% - 10%
Renovations, improvements and furniture	-	3% - 20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

Construction-in-progress relating to assets and property under construction is reclassified to the respective categories of property, plant and equipment upon completion of the project. Depreciation only begin when the relevant assets are available for use.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment.

The annual rates of depreciation are as follows:

Office premises	-	33.3%
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Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded (or included in property, plant and equipment). Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant notes. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intangible assets

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the remaining lease terms. The annual rate of amortisation is as follows:

Land use rights	-	2.5%
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NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

Operating rights

Operating rights represents the identifiable intangible assets acquired as part of a business combination and initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. Subsequently, the operating rights are amortised over the remaining lease terms. The annual rate of amortisation is as follows:

Operating rights – Over the terms of rights which is 2.0%

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration.

When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial assets:

- #1 Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- #2 Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.
- #3 Financial asset that is an equity investment measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.
- #4 Financial asset classified as measured at FVTPL: There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Impairment assessment of property, plant and equipment and finite intangible assets

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset.

In assessing the recoverable amounts of assets, management applied the fair value less cost of disposal method and engaged an independent valuer to assist in determining the fair value. The independent valuer possesses recognised and relevant professional qualifications and experience within the local market and the category of assets to be valued. Management has exercised high degree of judgement and determined that depreciated replacement cost approach and direct market comparison approach are the most appropriate techniques in determining the fair value for property, plant and equipment and land use rights respectively, due to the nature of the assets and the potential acquisition by the local government of Fei Country in PRC. The replacement cost approach aims to reflect the amount that would be currently required to replace in the property adjusted for obsolescence (e.g. physical deterioration, functional or economic obsolescence). The direct market comparison method where the assets are valued using the recent market prices of assets with similar used conditions adjusted for differences in location, tenure, size and condition of the assets. The determination of fair value included use of unobservable inputs and significant estimation. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions as disclosed in Notes 12 and 14 could require a material adjustment to the carrying amount of the balances affected.

The carrying amount of the property, plant and equipment and finite intangible assets at the end of the reporting year affected by the assumption are \$13.98 million (2021: \$19.49 million) and \$6.98 million (2021: \$103.32 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Impairment assessment of investment in subsidiaries

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of investment in subsidiaries at the end of the reporting year affected by the assumption is \$0.99 million (2021: is \$38.11 million) as disclosed in the Note 15 to the financial statements.

Classification of property, plant and equipment and finite intangible assets

On 29 August 2022, the Company announced that the local government of PRC has initiated discussion to acquire the Group's property, plant and equipment and finite intangible assets, comprising Wonder Stone Park ("WSP") Hotel (including the land on which the WSP Hotel sits on and owned by the Group), as well as the 2 plots of land situated within WSP. Management exercised judgement and concluded that the property, plant and equipment and finite intangible assets and its related liabilities are not assets held for sale as there was no formal or definitive offer from the local government as at the reporting year end date and the subsidiary continues to operate the hotel as a continuing operation. The carrying amount of the property, plant and equipment and finite intangible assets as at the end of the reporting year are disclosed in Notes 12 and 14 respectively.

Income taxes

The entity recognises tax liabilities and assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments.

This involves management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the note on income tax.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Members of a group

Related companies in these financial statements include the members of the Group.

3B. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

Significant related party transactions

Other than the transactions and balances disclosed elsewhere in the notes to the financial statements, there are no other significant related party transactions.

3C. Key management compensation

	Group	
	2022	2021
	\$'000	\$'000
Salaries and other short-term employee benefits	592	592

Included in the above amounts are the following items:

	Group	
	2022	2021
	\$'000	\$'000
Remuneration of directors of the Company	432	432
Fees to directors of the Company	160	160

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for all the directors and key department heads.

Further information about the remuneration of individual directors is provided in the report on corporate governance.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (cont'd)

3D. Other payables to related parties

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the relevant notes to the financial statements.

The movements in other payables to related parties are as follows:

	Group	
	Related Parties	
	2022	2021
	\$'000	\$'000
At beginning of the year	13,741	10,850
Repayments to/(advances from) related parties	(1,593)	2,271
Foreign exchange adjustments	(38)	620
At end of the year (Note 22)	12,110	13,741

Related parties refer to a controlling shareholder of the Company and companies in which Mr Sun Bowen, Executive Chairman of the Company, has significant or controlling interest.

	Group and Company	
	Shareholder	
	2022	2021
	\$'000	\$'000
At beginning of the year	-	-
Advances from shareholder	490	-
At end of the year (Note 22)	490	-

	Group and Company	
	Directors	
	2022	2021
	\$'000	\$'000
At beginning of the year	440	191
Amounts paid in and settlement of liabilities on behalf of the company	477	249
At end of the year (Note 22)	917	440

3E. Financial support

The Group incurred a net loss of \$76,675,000 during the reporting year ended 30 June 2022 and, as of that date, the Group's and Company's total current liabilities exceeded its total current assets by \$15,222,000 and \$1,259,000 respectively. At the date of this report, the management is satisfied that the financial support from the controlling shareholder, the Executive Chairman and the related parties will be available when required for at least a year from the end of reporting year due to the actions and basis disclosed in Note 1.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

4A. Information on reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management purposes, the Group is organised into two major operating segments: (i) leisure and hospitality segment, and (ii) others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

- (i) The leisure and hospitality segment is those of tourism development and tourism management services.
- (ii) Other segment is those of corporate office function and investment holdings.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation and amortisation, interests and income taxes (called "**Recurring EBITDA**") and (2) operating result before interests and income taxes and other unallocated items (called "**ORBIT**").

4B. Profit or loss from continuing operations and reconciliations

	Leisure and hospitality \$'000	Other segment \$'000	Group \$'000
<hr/>			
2022:			
Revenue by segments	1,854	-	1,854
Recurring EBITDA	(95,553)	(1,018)	(96,571)
Depreciation and amortisation expenses	(4,069)	(46)	(4,115)
ORBIT	(99,622)	(1,064)	(100,686)
Finance costs	-	(3)	(3)
Loss before tax	(99,622)	(1,067)	(100,689)
Income tax expense	24,014	-	24,014
Loss after tax	(75,608)	(1,067)	(76,675)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (cont'd)

4B. Profit or loss from continuing operations and reconciliations (cont'd)

	Leisure and hospitality \$'000	Other segment \$'000	Group \$'000
<u>2021:</u>			
Revenue by segments	2,429	-	2,429
Recurring EBITDA	(7,917)	(1,095)	(9,012)
Depreciation and amortisation expenses	(3,855)	(46)	(3,901)
ORBIT	(11,772)	(1,141)	(12,913)
Finance costs	-	(2)	(2)
Loss before tax	(11,772)	(1,143)	(12,915)
Income tax expense	2,356	-	2,356
Loss after tax	(9,416)	(1,143)	(10,559)

Other segment comprised primarily corporate office expenses which cannot be attributed meaningfully to any particular segment.

4C. Assets and reconciliations

	Leisure and hospitality \$'000	Other segment \$'000	Group \$'000
<u>2022:</u>			
Total assets for reportable segments			
- Property, plant and equipment	13,948	31	13,979
- Intangible assets	6,983	-	6,983
- Trade and other receivables	1,137	26	1,163
- Cash and cash equivalent	68	337	405
			<u>22,530</u>
<u>2021:</u>			
Total assets for reportable segments			
- Property, plant and equipment	19,416	77	19,493
- Intangible assets	103,318	-	103,318
- Trade and other receivables	1,561	26	1,587
- Cash and cash equivalent	69	252	321
			<u>124,719</u>

Other segment comprised primarily assets which cannot be reasonably allocated to an identified segment.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (cont'd)

4D. Liabilities and reconciliations

	Leisure and hospitality \$'000	Other segment \$'000	Group \$'000
<u>2022:</u>			
Total liabilities for reportable segment			
- Income tax payable	102	-	102
- Trade and other payables	15,066	1,591	16,657
- Lease liability	-	31	31
			<u>16,790</u>
<u>2021:</u>			
Total liabilities for reportable segment			
- Income tax payable	103	-	103
- Deferred tax liabilities	24,014	-	24,014
- Lease liability	-	77	77
- Trade and other payables	17,559	589	18,148
			<u>42,342</u>

Other segment comprised primarily liabilities which cannot be reasonably allocated to an identified segment.

4E. Other material items and reconciliations

	Leisure and hospitality \$'000	Other segment \$'000	Group \$'000
<u>2022:</u>			
Allowance for impairment on intangible assets	(93,973)	-	(93,973)
Depreciation and amortisation expenses	(4,115)	-	(4,115)
Expenditure for non-current assets	(251)	-	(251)
<u>2021:</u>			
Allowance for impairment on intangible assets	(6,300)	-	(6,300)
Depreciation and amortisation expenses	(3,855)	(46)	(3,901)
Expenditure for non-current assets	(202)	(93)	(295)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (cont'd)

4F. Geographical information

	Group	
	2022 \$'000	2021 \$'000
<u>Revenue</u>		
- China	1,854	2,429
<u>Non-current assets</u>		
- China	22,931	122,734
- Singapore	31	77
	<u>22,962</u>	<u>122,811</u>

Revenue is attributed to countries on the basis of the customer's location. Total assets are analysed by the geographical areas in which the assets are located.

4G. Information about major customers

There is no customers with revenue transactions of over 10% of the Group's revenue.

5. REVENUE

	Group	
	2022 \$'000	2021 \$'000
Revenue from contracts with customers		
- Park admissions	48	101
- Hotel operations	1,806	2,328
	<u>1,854</u>	<u>2,429</u>

The revenue from contracts with customers are recognised based on point in time. All the contracts are less than 12 months. The customers include commercial consumers, individuals and government authorities.

This is consistent with the revenue information that disclosed for each reporting segment in Note 4 to the financial statements.

6. OTHER INCOME

	Group	
	2022 \$'000	2021 \$'000
Interest income	-	1
Government subsidy income	21	16
Jobs Support Scheme	-	31
Others	18	15
	<u>39</u>	<u>63</u>

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

7. DEPRECIATION AND AMORTISATION EXPENSES

	Group	
	2022 \$'000	2021 \$'000
Depreciation from property, plant and equipment (Note 12)	1,804	1,460
Amortisation of intangible assets (Note 14)	2,311	2,441
	<u>4,115</u>	<u>3,901</u>

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2022 \$'000	2021 \$'000
Salaries and wages	1,070	1,093
Contributions to defined contribution plan	88	92
Directors' fee	160	160
	<u>1,318</u>	<u>1,345</u>

9. OTHER EXPENSES

The major components and other selected components include the following:

	Group	
	2022 \$'000	2021 \$'000
Allowance for impairment loss on intangible assets	93,973	6,300
Allowance for impairment loss on trade and other receivables	95	118
Audit fees to independent auditors of the Company	65	69
Audit fees to independent auditors of the subsidiaries	20	20
Internal audit fees	-	20
Legal and professional fees	126	136
Loss on disposal of property, plant and equipment	-	1,213
Loss on written off of property, plant and equipment	247	-
Non-audit fees to independent auditors of the Company	15	15

10. FINANCE COSTS

	Group	
	2022 \$'000	2021 \$'000
Interest on lease liability	<u>3</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

11. INCOME TAX

11A. Components of tax benefit recognised in profit or loss

	Group	
	2022 \$'000	2021 \$'000
Deferred tax		
Deferred income tax benefit	(24,014)	(2,356)
Total income tax benefit	(24,014)	(2,356)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore statutory income tax rate of 17% (2021: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2022 \$'000	2021 \$'000
Loss before tax	(100,689)	(12,915)
Income tax at the above rate	(17,117)	(2,196)
Non-deductible expenses	25	-
Income not subject to tax	(60)	(5)
Effect of tax rates in different jurisdictions	(8,137)	(1,376)
Deferred tax assets not recognised	1,275	1,221
	(24,014)	(2,356)

There are no income tax consequences of dividends to owners of the Company.

11B. Deferred tax income recognised in profit or loss

	Group	
	2022 \$'000	2021 \$'000
Excess of book over tax depreciation on intangible assets	24,014	2,356
Tax loss carry forwards	(1,275)	(1,221)
Deferred tax assets not recognised	1,275	1,221
	24,014	2,356

11C. Deferred tax recognised in other comprehensive income

	Group	
	2022 \$'000	2021 \$'000
Foreign exchange differences on translation of foreign operations	-	1,326

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

11. INCOME TAX (cont'd)

11D. Deferred tax assets/(liabilities) in statements of financial position

	Group	
	2022	2021
	\$'000	\$'000
<u>From deferred tax liabilities recognised in profit or loss</u>		
Excess of net book value over tax value of intangible assets arising from business combination	-	(26,148)
Tax loss carry forwards	5,769	4,533
Deferred tax assets not recognised	(5,769)	(4,533)
<u>From deferred tax liabilities recognised in other comprehensive income</u>		
Foreign exchange differences on translation of foreign operations	-	2,134
Net balance	-	(24,014)

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

For the People's Republic of China, the realisation of the future income tax benefits from tax loss carryforwards is available for a period of 5 years subject to the conditions imposed by law.

For the China companies, the expiry years of tax losses carryforwards are as follows:

	Group	
	2022	2021
	\$'000	\$'000
2023	247	247
2024	3,885	3,885
2025	4,048	4,048
2026	4,882	4,882
2027	5,101	-
	18,163	13,062

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

12. PROPERTY, PLANT AND EQUIPMENT

Group	Motor vehicles \$'000	Office and other equipment \$'000	Renovations, improvements and furniture \$'000	Total \$'000
<u>Cost:</u>				
At 1 July 2020	68	2,478	19,357	21,903
Additions	-	243	52	295
Disposals	-	(82)	(1,347)	(1,429)
Foreign exchange adjustments	4	140	1,077	1,221
At 30 June 2021	72	2,779	19,139	21,990
Additions	-	2	43	45
Written off	(1)	(72)	(214)	(287)
Remeasurement	-	-	(3,467)	(3,467)
Foreign exchange adjustments	-	(4)	(170)	(174)
At 30 June 2022	71	2,705	15,331	18,107
<u>Accumulated depreciation:</u>				
At 1 July 2020	38	320	804	1,162
Depreciation for the year	17	237	1,206	1,460
Disposals	-	(76)	(140)	(216)
Foreign exchange adjustments	3	19	69	91
At 30 June 2021	58	500	1,939	2,497
Depreciation for the year	10	211	1,583	1,804
Written off	-	(3)	(37)	(40)
Remeasurement	-	-	(110)	(110)
Foreign exchange adjustments	-	-	(23)	(23)
At 30 June 2022	68	708	3,352	4,128
<u>Carrying value:</u>				
At 1 July 2020	30	2,158	18,553	20,741
At 30 June 2021	14	2,279	17,200	19,493
At 30 June 2022	3	1,997	11,979	13,979

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Renovations, improvements and furniture \$'000	Office and other equipment \$'000	Total \$'000
<u>Cost:</u>			
At 1 July 2020	5	82	87
Additions	-	93	93
Disposal	-	(76)	(76)
At 30 June 2021 and 30 June 2022	5	99	104
<u>Accumulated depreciation:</u>			
At 1 July 2020	4	53	57
Depreciation for the year	1	45	46
Disposal	-	(76)	(76)
At 30 June 2021	5	22	27
Depreciation for the year	-	46	46
At 30 June 2022	5	68	73
<u>Carrying value:</u>			
At 1 July 2020	1	29	30
At 30 June 2021	-	77	77
At 30 June 2022	-	31	31

Included in office and other equipment is an amount of \$31,000 (2021: \$76,000) relating to right-of-use assets (Note 13).

The depreciation expense is included under depreciation and amortisation expenses.

Impairment testing

The recoverable amount of the property, plant and equipment was based on each property's fair value less cost to sell, as determined by an independent professional valuer with recognised and relevant professional qualifications and experience within the local market and the category of assets to be valued. The determination of fair values include use of unobservable inputs.

The fair value less cost of disposal of property, plant and equipment (Level 3 fair value hierarchy) was determined based on the depreciated replacement cost approach is based on the cost to reproduce or replace under new condition with current market prices for similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic). The fair value less cost of disposal estimation could vary from the actual realisation value. If the actual realisation value had been 10% less favourable than the estimated fair value less cost of disposal at the end of the reporting year, the recoverable amount will not be lower than the carrying amount of the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

13. RIGHT-OF-USE ASSETS

The right-of-use assets have been included in property, plant and equipment (see Note 12). The details are as follows:

Group and Company	Office premises \$'000	
<u>Cost:</u>		
At 1 July 2020	76	
Additions	91	
Termination	(76)	
At 30 June 2021 and 2022	<u>91</u>	
<u>Accumulated depreciation:</u>		
At 1 July 2020	47	
Depreciation for the year	44	
Termination	(76)	
At 30 June 2021	<u>15</u>	
Depreciation for the year	45	
At 30 June 2022	<u>60</u>	
<u>Carrying value:</u>		
At 1 July 2020	<u>29</u>	
At 30 June 2021	<u>76</u>	85
At 30 June 2022	<u>31</u>	

Other information relating to the right-of-use assets are as follows:

	Office premises
Number of right-to-use assets	1
Remaining term	<u>7 months</u>

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

14. INTANGIBLE ASSETS

<u>Group</u>	Land use rights \$'000	Operating rights \$'000	Total \$'000
<u>Cost:</u>			
At 1 July 2020	7,622	112,143	119,765
Foreign exchange adjustments	435	-	435
At 30 June 2021	8,057	112,143	120,200
Foreign exchange adjustments	(73)	-	(73)
At 30 June 2022	7,984	112,143	120,127
<u>Accumulated amortisation:</u>			
At 1 July 2020	555	6,669	7,224
Foreign exchange adjustments	208	2,233	2,441
Amortisation for the year	36	-	36
At 30 June 2021	799	8,902	9,701
Amortisation for the year	214	2,097	2,311
Foreign exchange adjustments	(12)	(10)	(22)
At 30 June 2022	1,001	10,989	11,990
<u>Accumulated impairment:</u>			
At 1 July 2020	-	881	881
Impairment for the year	-	6,300	6,300
At 30 June 2021	-	7,181	7,181
Impairment for the year	-	93,973	93,973
At 30 June 2022	-	101,154	101,154
<u>Net book value:</u>			
At 1 July 2020	7,067	104,593	111,660
At 30 June 2021	7,258	96,060	103,318
At 30 June 2022	6,983	-	6,983

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

14. INTANGIBLE ASSETS (cont'd)

Detail of the Group's land use rights:

Address	Land Area (Sq m)	Date of grant	Lease expiry date
Ronghe Village, Feicheng Town, Fei County, Linyi City	27,681	29 December 2017	28 December 2057
Gai Jia Dong Village, Feicheng Town, Fei County, Linyi City	13,409	29 December 2017	28 December 2057
Feixian Town, Ronghe Village office area, Fei County, Linyi City	24,158	31 October 2012	31 October 2052

The amortisation charges is included under depreciation and amortisation expenses.

Actual outcomes could vary from these estimates and the management has identified that a reasonably possible change in following key assumptions could cause the carrying amount of the CGU to exceed its recoverable amount as shown in sensitivity test below.

Impairment testing of land use rights:

During the reporting year, the recoverable amount of the land use rights was determined based on the direct market comparison approach, as determined by an independent professional valuer with recognised and relevant professional qualifications and experience within the local market and the category of assets to be valued. The determination of fair values include use of unobservable inputs.

The fair value less cost of disposal of land use rights (Level 2 fair value hierarchy) was based on the direct market comparison method where the assets are valued using recent market prices of assets with similar used conditions adjusted for differences in location, tenure, size and condition of the assets. The fair value less cost of disposal estimation could vary from the actual realisation value. If the actual realisation value had been 10% less favourable than the estimated fair value less cost of disposal at the end of the reporting year, the recoverable amount will not be lower than the carrying amount of the land use rights.

Impairment testing of operating rights:

An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell or its value-in-use ("VIU").

On 22 June 2022, the Group entered into an agreement with a state-owned enterprise representing the local government of Fei County in the People's Republic of China to withdraw the operating rights of the Wonder Stone Park. Accordingly, the Group has made an impairment allowance of \$93,973,000 (2021: \$6,300,000) to fully write down the carrying value of operating rights associated with the Wonder Stone Park cash-generating unit ("CGU") to its recoverable value of nil as at 30 June 2022.

As at 30 June 2021, the intangible assets were tested for impairment. An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The details are available from the audited financial statements for last reporting year.

The intangible assets comprise mainly the operating rights acquired from the acquisition of a subsidiary, Global Entertainment Media Pte Ltd ("GEM") in the financial year ended 30 June 2018. The rights granted the group to operate the Wonder Stone Park for 50 years, commencing from year 2017 to 2067.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 \$'000	2021 \$'000
<u>Carrying value comprising</u>		
Unquoted equity shares at cost	55,960	55,960
Quasi-equity loans receivable	6,317	6,294
Allowance for impairment	(56,271)	(24,146)
	<u>6,006</u>	<u>38,108</u>
<u>Movement during the year, at carrying value</u>		
At beginning of the year	38,108	45,132
Quasi-equity loans	23	49
Impairment allowance	(32,125)	(7,073)
At end of the year	<u>6,006</u>	<u>38,108</u>
<u>Movements in allowance for impairment</u>		
At beginning of the year	24,146	17,073
Impairment allowance charged to profit or loss	32,125	7,073
At end of the year	<u>56,271</u>	<u>24,146</u>

The quasi-equity loans are interest-free loans to subsidiaries for which there are no significant settlements planned or likely to occur in the foreseeable future. They are, in substance, part of the Company's net investment in the subsidiaries.

The Company has made an impairment allowance of \$30,013,000 (2021: \$6,900,000) to write down the carrying value of investment in Global Media Entertainment Pte Ltd based on the recoverable amount determined using the assumptions and conditions in Notes 12 and 14.

Following are the carrying value denominated in non-functional currencies:

	Company	
	2022 \$'000	2021 \$'000
Chinese RMB	-	2,089

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the Company's subsidiaries are as follows:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Effective percentage of equity held by the Group		Cost of investment	
	2022 %	2021 %	2022 \$'000	2021 \$'000
<i>Held by the Company</i>				
ICL Land Sdn Bhd ⁽¹⁾ Malaysia Dormant	100	100	*	*
Development West Pty Ltd (" Development West ") ⁽²⁾ Australia Investment holding	100	100	2,450	2,450
WS Global Asset Management Pte Ltd ⁽³⁾ Singapore Dormant	100	100	10	10
Global Entertainment Media Pte Ltd (" GEM ") ⁽³⁾ Singapore Investment holding	60	60	53,500	53,500
			55,960	55,960
<i>Held by GEM</i>				
Linyi Yin Sheng Wen Hua Chuan Mei Co., Ltd (" Linyi Yin Sheng ") 临沂银升文化传媒有限公司 ⁽⁴⁾ People's Republic of China Investment holding	60	60	12,000	12,000
<i>Held by Linyi Yin Sheng</i>				
Fei County Wonder Stone Characteristics Town Development Co., Ltd (" Wonder Stone ") 费县奇石特色小镇发展有限公司 ⁽⁴⁾ People's Republic of China Tourism development and tourism management services	54	54	12,070	12,070
<i>Held by Wonder Stone</i>				
Fei County Yinsheng Real Estate Co., Ltd (" Yinsheng Real Estate ") 费县银升置业有限公司 ⁽⁴⁾⁽⁵⁾ People's Republic of China Real estate development	54	54	-	-
Fei County Inzone Wonder Stone Cultural Hotel Co., Ltd (" Inzone Wonder Stone Cultural Hotel ") 费县银座佳悦奇石文化酒店有限公司 ⁽⁴⁾ People's Republic of China Hotel management services	54	54	291	291

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Notes:

* Amount less than \$1,000.

(1) Not audited as the subsidiary is in the midst of liquidation.

(2) Not audited as this subsidiary is not significant. However, compilation report prepared by CrossCorp Accounting Pty Ltd, a registered accounting firm in Australia was used for consolidation.

(3) Audited by RSM Chio Lim LLP, Singapore.

(4) For the purpose of preparing the Group's consolidated financial statements, these financial statements as at reporting year end were audited by Zhongxinghua Certified Public Accountant LLP, a member of the Chinese Institute of Certified Public Accountants and an approved firm by the China Securities Regulatory Commission.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited the audit committee and the board of directors of the Company have satisfied themselves that the appointment of different auditors for its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

(5) Fei County Yinsheng Real Estate Co., Ltd was incorporated on 30 May 2018 with registered share capital of RMB30 million (equivalent to \$6 million). However, no capital has been injected as at 30 June 2022.

15A. Material subsidiaries with non-controlling interests

There are subsidiaries that have non-controlling interests that are considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below.

	Group	
	2022	2021
	\$'000	\$'000
GEM and its subsidiaries:		
The loss allocated to NCI of the subsidiaries during the reporting year	(34,772)	(5,156)
Accumulated NCI of the subsidiaries at the end of the reporting year	1,667	36,439

The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before inter-company eliminations) is as follows:

	2022	2021
	\$'000	\$'000
Current assets	1,171	1,640
Non-current assets	21,103	122,077
Current liabilities	(15,164)	(21,720)
Non-current liabilities	(3,111)	(5,394)
Revenues	1,854	2,429
Loss for the reporting year	(75,594)	(3,247)
Total comprehensive income	(75,556)	(2,857)
Operating cash flows, increase / (decrease)	2,129	(2,129)
Net cash flows, decrease	(44)	(62)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Trade receivables</u>				
Related parties	60	162	-	-
Outside parties	219	217	-	-
Allowance for impairment	(226)	(131)	-	-
Net trade receivables – subtotal	53	248	-	-
<u>Other receivables</u>				
Loan receivable from a subsidiary	-	-	3,111	3,311
Deposits	259	259	10	10
Prepayments	684	731	12	12
Outside parties	167	349	4	4
Net other receivables – subtotal	1,110	1,339	3,137	3,337
Total trade and other receivables	1,163	1,587	3,137	3,337
Presented as:				
Current portion	1,163	1,587	26	26
Non-current portion	-	-	3,111	3,311
	1,163	1,587	3,137	3,337
Movements in above allowance on trade receivables:				
At beginning of the year	(131)	(26)	-	-
Charge for trade receivables to profit or loss included in other operating expenses	(95)	(118)	-	-
Foreign exchange adjustment	-	13	-	-
At end of the year	(226)	(131)	-	-

16A. Trade receivables

The expected credit losses (“ECL”) on the above trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates including the impact of the Covid-19 pandemic. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. A loss allowance balance of \$226,000 (2021: \$131,000) for the Group is recognised.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

16. TRADE AND OTHER RECEIVABLES (cont'd)

16B. Other receivables

Included in other receivables is a loan receivable from a subsidiary amounted to \$3,111,000 (2021: \$3,311,000). The movement in loan receivables from a subsidiary is as follows:

	Company	
	2022	2021
	\$'000	\$'000
Movements during the year:		
At beginning of the year	3,311	3,911
Repayment from subsidiary	(200)	(600)
At end of the year	3,111	3,311

The loan receivable from a subsidiary was interest-free and is repayable in March 2028.

The loan is carried at amortised cost at estimated current lending rate of 4.90% (2021: 4.90%) per annum. The carrying amount is a reasonable approximation of fair value (Level 3).

Significant increase or (decrease) in the interest rate in isolation would result in lower or (higher) fair value measurement.

The other receivables shown above are material.

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17. OTHER FINANCIAL ASSETS

		Group	
	Level	2022	2021
		\$'000	\$'000
Investment in a trust	3	-	-

The subsidiary, Development West, owns approximately 27% of the interest in a trust known as Richardson Trust (the "Trust"), established under a trust deed and administered by Richardson 1 Pty Ltd, a company incorporated in Australia, acting as trustee (the "Trustee"). The Trust, through the Trustee, is the developer of a mix property development project in Western Australia. However, the project has been suspended.

Management has assessed the Group's investment in the Trust, including the extent of its voting stakeholding, the relationship between the Group and the Trust, the Trustee and the other stakeholders, the arrangements for the Trust and its Trustee, amongst others. In addition, the Group's maximum exposure to loss is limited to the original investment contributed by Development West in the Trust. Based on these factors, management has determined that this investment in the Trust is to be accounted for as a financial asset measured at fair value through profit or loss.

The fair value of the Trust as at end of the reporting year is determined to be \$Nil (2021: \$Nil).

The management does not have access to the recent financial information of the Trust to-date and the management adopted the assumption that the financial position of the Trust has not changed from the last available financial information as at 30 June 2017 as the development project has been suspended since the previous reporting year.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank and on hand	405	321	337	208

The interest bearing balances are not significant.

18A. Reconciliation of liabilities arising from financing activities

	2021 \$'000	Cash flows \$'000	Non-cash changes \$'000	2022 \$'000
Lease liabilities (Note 23)	77	(49)	3 ^(b)	31
Total liabilities from financing activities	77	(49)	93	31

	2020 \$'000	Cash flows \$'000	Non-cash changes \$'000	2021 \$'000
Lease liabilities (Note 23)	32	(48)	91 ^(a) 2 ^(b)	77
Total liabilities from financing activities	32	(48)	93	77

^(a) Recognition of Right-of-use asset (Note 13)

^(b) Accretion of interest

19. SHARE CAPITAL AND TREASURY SHARES

19A. Share capital

	Company	
	Number of shares issued '000	Share capital \$'000
Ordinary shares		
Balance at beginning and end of the reporting year 30 June 2021 and 2022	790,000	84,190

The ordinary shares carry no right to fixed income and are fully paid and with one vote per share.

In order to maintain its listing on the Singapore Exchange, the Company has to have share capital with at least a free float of 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury shares purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year. Management received a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the year.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

19. SHARE CAPITAL AND TREASURY SHARES (cont'd)

19B. Treasury shares

	Company	
	Number of shares issued '000	Treasury shares \$'000
Balance at beginning and end of the reporting year 30 June 2021 and 2022	1,000	58

Treasury shares relate to ordinary shares purchased and held by the Company.

Capital management

The objectives when managing capital are to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. Management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. Management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves). Also see Note 3E.

As of the reporting year end, there are no significant external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

20. SHARE BASED PAYMENTS

20A. Share options

The Company has share option agreements dated 26 February 2018 with Mr Sun Bowen and Mr Wee Henry (together, the "**Option Subscribers**"), which was approved and adopted by its members at an Extraordinary General Meeting held on 29 March 2018. Pursuant to the share option agreements, the Company shall issue to the Option Subscribers an aggregate of 600,000,000 share options (the "**Options**"), with each Option carrying the right to subscribe for one new ordinary share in the Company at the exercise price of \$0.085 (the "**Exercise Price**") for each new share on the terms and conditions of the Option Agreements (the "**Grant of Options**").

These options are exercisable between 26 February 2018 and 25 February 2023. The options granted were vested upon granting of options.

20B. Activities under the share options scheme

The number of outstanding options at the end of the reporting year was:

Exercise Price	Date of grant of options	Exercise period	Number of options at	
			30.06.2022 '000	30.06.2021 '000
\$0.085	29 March 2018	From 26 February 2018 to 25 February 2023	600,000	600,000

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

20. SHARE BASED PAYMENTS (cont'd)

20B. Activities under the share options scheme (cont'd)

The following table summarises information about share options outstanding at the end of the reporting year:

Participants	Options granted for reporting year ended 30 June 2022 '000	Aggregate options granted since commencement to 30 June 2022 '000	Aggregate options exercised since commencement to 30 June 2022 '000	Aggregate options outstandings as at 30 June 2022 '000
Mr Sun Bowen (Director of the Company)	–	300,000	–	300,000
Mr Wee Henry (Controlling shareholder of the Company)	–	300,000	–	300,000

Aside from the share option agreements with the Option Subscribers, the Company has not granted any other options to any other persons and does not have any existing share option schemes. Accordingly, no person has received 5% or more of options of the Company, save for the Option Subscribers.

20C. Share options reserve

	Group and Company	
	2022	2021
	\$'000	\$'000
At beginning and end of the year	4,598	4,598

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The fair value of the share option issued has been measured based on a binomial lattice model.

The inputs used in the measurement of the fair values at grant date were as follows:

	At grant date on 29 March 2018
Share price (cents)	6.70
Exercise price (cents)	8.50
Historical and expected volatility	52.43%
Dividend yield	0.00%
Risk-free interest rate	2.00%
Time to expiration	5 years

Expected volatility was determined taking into consideration the Company's historical weekly share price volatility from 2 March 2017 (date of announcement of new acquisition) to 26 February 2018.

The granting of options to Mr Sun Bowen, the Executive Chairman of the Company have been accounted for as an equity transaction that falls within the scope of SFRS(I) 2 Share-based Payment and the fair value of the Share Options had been estimated at \$4,598,000 by an independent professional valuer.

No share options were exercised during the reporting year (2021: Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

21. OTHER RESERVES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Foreign currency translation reserve (Note 21A)	(1,835)	(1,873)	-	-
Share options reserve (Note 20C)	4,598	4,598	4,598	4,598
	<u>2,763</u>	<u>2,725</u>	<u>4,598</u>	<u>4,598</u>

21A. Foreign currency translation reserve

Foreign currency translation reserve comprises foreign exchange differences arising from translation of the financial statements of foreign operations where the functional currencies are different from the functional currency of the Company.

	Group	
	2022 \$'000	2021 \$'000
At beginning of the year	(1,873)	(2,258)
Foreign exchange differences on translation of foreign operations	38	391
Attributable to non-controlling interest	-	(6)
At end of the year	<u>(1,835)</u>	<u>(1,873)</u>

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Trade payables</u>				
Outside parties	2,353	3,262	79	15
Related parties	674	580	-	-
Total trade payables	<u>3,027</u>	<u>3,842</u>	<u>79</u>	<u>15</u>
<u>Other payables</u>				
Amount owing to other related parties (Note 3)	12,110	13,741	-	-
Advance from shareholder (Note 3)	490	-	490	-
Directors fee payable (Note 3)	240	80	240	80
Directors remuneration payable (Note 3)	677	360	677	360
Accrued expenses	113	125	105	110
Total other payables	<u>13,630</u>	<u>14,306</u>	<u>1,512</u>	<u>558</u>
Total trade and other payables	<u>16,657</u>	<u>18,148</u>	<u>1,591</u>	<u>573</u>

Amount owing to other related parties are interest-free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

23. LEASE LIABILITIES

	Group and Company	
	2022	2021
	\$'000	\$'000
Lease liabilities, non-current	-	32
Lease liabilities, current	31	45
	<u>31</u>	<u>77</u>

Movements in lease liabilities are as follows:

	Group and Company	
	2022	2021
	\$'000	\$'000
At beginning of the year	77	32
Additions	-	91
Accretion of interest	3	2
Repayments	(49)	(48)
At end of the year	<u>31</u>	<u>77</u>

The reporting entity has a lease relating to the office space. Other information about the leasing activities are summarised as follows: the lease prohibits the lessee from selling or pledging the underlying leased asset as security unless permitted by the owner; with remaining term of 7 months; there are no variable payments linked to an index; there is option to extend the lease for a further term.

A summary of the maturity analysis of lease liabilities is disclosed in Note 26E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use-assets are disclosed in Note 13.

The weighted average incremental borrowing rate applied to lease liabilities recognised was 5.25% (2021: 5.25%) per annum.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

At reporting year date there were no commitments on leases which had not yet commenced.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

24. LOSS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted loss per share:

	Group	
	2022	2021
	\$'000	\$'000
<u>Numerator:</u>		
<u>Loss attributable owners of the Company</u>		
Total basic and diluted earnings	(41,903)	(5,397)
	'000	'000
<u>Denominator:</u>		
<u>Weighted average number of equity shares</u>		
Basic and diluted	789,000	789,000

The Company has granted 600,000,000 share options at exercise price of \$0.085 to Mr Sun Bowen and Mr Wee Henry. There is no dilutive effect from the share options as they are anti-dilutive because their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations.

25. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the financial year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2022	2021
	\$'000	\$'000
Commitment to take up shares in Linyi Yin Sheng through GEM	8,000	8,000
Commitment to take up shares in Wonder Stone through Linyi Yin Sheng	6,397	6,415
Commitment to take up shares in Yinsheng Real Estate through Wonder Stone	5,601	5,616
Commitment to develop Project Wonder Stone Park located in Shandong Province of the People's Republic of China	-	110,000
	19,998	130,031

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

26. FINANCIAL INSTRUMENTS

26A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Financial assets</u>				
Financial assets at amortised cost	1,568	1,908	3,474	3,545
	<u>1,568</u>	<u>1,908</u>	<u>3,474</u>	<u>3,545</u>
<u>Financial liabilities</u>				
Financial liabilities at amortised cost	16,688	18,225	1,622	650
	<u>16,688</u>	<u>18,225</u>	<u>1,622</u>	<u>650</u>

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statements of financial position.

26B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and actions to be taken in order to manage the financial risks. However these are not documented in formal written form. The guidelines include the following:

- (i) Minimise interest rate, currency, credit and market risks for all kinds of transactions.
- (ii) Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
- (iii) All financial risk management activities are carried out and monitored by senior staff.
- (iv) All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

26C. Fair value measurement of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

26. FINANCIAL INSTRUMENTS (cont'd)

26D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 18 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

Other receivables are normally with no fixed terms and therefore there is no maturity.

26E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The average credit period taken to settle trade payables is about 60 days (2021: 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

	Less than 1 year 2022 \$'000	Less than 1 year 2021 \$'000	More than 1 year 2022 \$'000	More than 1 year 2021 \$'000
<u>Group</u>				
Trade and other payables	16,657	18,148	-	-
Gross finance lease obligations	31	48	-	32
At end of the year	<u>16,688</u>	<u>18,196</u>	<u>-</u>	<u>32</u>
<u>Company</u>				
Trade and other payables	1,591	573	-	-
Gross finance lease obligations	31	48	-	32
At end of the year	<u>1,622</u>	<u>621</u>	<u>-</u>	<u>32</u>

26F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position. The interest from financial assets including cash balances is not significant.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

26. FINANCIAL INSTRUMENTS (cont'd)

26G. Foreign currency risks

Analysis of amounts denominated in non-functional currencies is as follows:

	USD \$'000	
Group		
<u>2022:</u>		
<u>Financial assets</u>		
Cash and cash equivalents	14	
Net financial assets at end of the year	<u>14</u>	
<u>2021:</u>		
<u>Financial assets</u>		
Cash and cash equivalents	14	
Net financial assets at end of the year	<u>14</u>	
Company		
<u>2022:</u>		
<u>Financial assets</u>		
Cash and cash equivalents	14	
Net financial assets at end of the year	<u>14</u>	<u>101</u>
<u>2021:</u>		
<u>Financial assets</u>		
Cash and cash equivalents	14	
Net financial assets at end of the year	<u>14</u>	

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis: The effect on pre-tax profit is not significant.

27. EVENTS AFTER THE END OF THE REPORTING YEAR

- (i) On 19 August 2022, the Group acquired 51% of the share capital in Winco Construct & Decor Pte. Ltd. (incorporated in Singapore) for a consideration of \$51,000. The investee's principal activities are that of providing interior design services and renovation contractors. The objective of the acquisition is to allow the Group to expand the opportunities in real estate sector. The transaction will be accounted for by the acquisition method of accounting. The net assets of the investee as at the date of acquisition is \$48,000. This acquisition is not considered material to the Group.
- (ii) On 28 and 29 November 2022, the Group entered into two separate agreements, namely; Land Use Rights Re-acquisition Agreement and Asset Transfer Agreement with the local government of Fei County in PRC and its related entity to dispose the Group's hotel and land use rights. The total disposal consideration agreed is RMB 116 million (about S\$23 million). These transactions are subject to the approval of the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2022

28. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

29. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Presentation of Financial Statements - Amendment relating to Classification of Liabilities as Current or Non-current	1 January 2023
SFRS (I) 1-8	Definition of Accounting Estimates - Amendments to	1 January 2023
Various	Amendments to SFRS (I) 1-1 and SFRS (I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Various	Annual Improvements to FRSs 2018-2020	1 January 2022

STATISTICS OF SHAREHOLDINGS

As at 2 December 2022

Class of equity securities	:	Ordinary Shares
Number of issued shares	:	790,000,000
Number of issued shares excluding treasury shares and subsidiary holdings	:	789,000,000
Voting rights	:	One vote per share

Treasury shares and subsidiary holdings

Number of treasury shares	:	1,000,000
Number of subsidiary holdings	:	-
Percentage of the aggregate number of treasury shares and subsidiary holdings against the total number of issued shares excluding treasury shares and subsidiary holdings	:	0.13%

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares (excluding treasury shares and subsidiary holdings)	%
1 - 99	0	0.00	0	0.00
100 - 1,000	34	5.89	16,775	0.00
1,001 - 10,000	59	10.23	316,500	0.04
10,001 - 1,000,000	429	74.35	82,602,200	10.47
1,000,001 and above	55	9.53	706,064,525	89.49
Total:	577	100.00	789,000,000	100.00

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SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Wee Henry	205,643,225	26.06	-	-
Li Shanhua	100,000,000	12.67	-	-
Sun Xiaohui	80,000,000	10.14	-	-
Sino Achieve Enterprises Limited	60,000,000	7.60	-	-
Wong Koon Lup ⁽¹⁾	-	-	60,000,000	7.60

Note:

⁽¹⁾ Mr Wong Koon Lup is the legal and beneficial owner of Sino and is deemed to have an interest in the 60,000,000 shares held by Sino Achieve Enterprises Limited.

STATISTICS OF SHAREHOLDINGS

As at 2 December 2022

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Normura Singapore Limited	104,761,900	13.28
2.	HSBC (Singapore) Nominees Pte Ltd	102,925,925	13.05
3.	Li Shanhua	100,000,000	12.67
4.	Sun Xiaohui	80,000,000	10.14
5.	Yap Beo Giap	38,486,300	4.88
6.	OCBC Securities Private Limited	31,752,100	4.02
7.	Bong Yew Keng (Huang Youqing)	20,563,300	2.61
8.	Quek Chek Lan	18,217,900	2.31
9.	Citibank Nominees Singapore Pte Ltd	14,475,000	1.83
10.	Ho Beng Siang	14,000,000	1.77
11.	CGS-CIMB Securities (Singapore) Pte. Ltd.	13,305,000	1.69
12.	Lim Hung	13,000,000	1.65
13.	Raffles Nominees (Pte.) Limited	12,439,200	1.58
14.	David Yeo Yong Heng (Yang Yongxin)	11,250,000	1.43
15.	Phillip Securities Pte Ltd	10,758,300	1.36
16.	Ng Khim Guan @Ngadimin	9,000,000	1.14
17.	DBS Nominees (Private) Limited	8,928,400	1.13
18.	Wang Zhaoping	8,000,000	1.01
19.	Tan Kay Cheng	6,550,100	0.83
20.	Maybank Securities Pte. Ltd.	6,163,300	0.78
	Total:	624,576,725	79.16

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

43.52% of the Company's shares is held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**” or the “**Meeting**”) of Imperium Crown Limited (the “**Company**”) will be held at Singapore Polytechnic Graduates Guild, Grand Ballroom, Level 3, 1010 Dover Road, Singapore 139658 on Friday, 30 December 2022, at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2022 together with the Auditors' Report thereon.

(Resolution 1)

2. To receive and adopt the Directors' Statement and the revised and re-issued Audited Financial Statements of the Company for the financial year ended 30 June 2020 together with the Auditors' Report thereon.

[See Explanatory Note (i)]

(Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to Article 117 of the Constitution of the Company:

Mr Sun Bowen

(Resolution 3)

Dr Danny Oh Beng Teck

(Resolution 4)

Dr Danny Oh Beng Teck will, upon re-election as a Director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees, and will be considered independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

*Key information on Mr Sun Bowen and Dr Danny Oh Beng Teck can be found on pages 29 to 33 respectively of the Company's annual report for the financial year ended 30 June 2022 (the “**Annual Report 2022**”).*

4. To approve the payment of Directors' fees of S\$160,000 for the financial year ending 30 June 2023, payable quarterly in arrears (for the financial year ending 30 June 2022: S\$160,000).

(Resolution 5)

5. To re-appoint Messrs RSM Chio Lim LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 6)

6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

7. Authority to allot and issue new shares

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Companies Act**”) and Rule 806 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities;
- (b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (a) and (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 7)

By Order of the Board

Kiar Lee Noi

Secretary

Singapore, 15 December 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) As announced by the Company on 30 March 2022, the Company had revised the audited financial statements of the Company for the financial year ended 30 June 2020 to remediate the final findings of Accounting and Corporate Regulatory Authority (“ACRA”) in relation to the relevant financials pursuant to Section 202A of the Companies Act 1967 of Singapore (the “Companies Act”) and the Companies (Revision of Defective Financial Statements or Consolidated Financial Statements or Balance-Sheet) Regulations 2018. The revision of the audited financial statements of the Company for the financial year ended 30 June 2020 was prompted by the ACRA’s Financial Reporting Surveillance Programme in compliance with the accounting standards under Section 201(5) of the Companies Act. The revised audited financial statements of the Company for the financial year ended 30 June 2020 may be accessed at the Company’s corporate website at the URL <https://www.imperium-crown.com/news>, and will also be available on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>.
- (ii) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. The AGM will be held, in a wholly physical format, at Singapore Polytechnic Graduates Guild, Grand ballroom, Level 3, 1010 Dover Road, Singapore 139658 on Friday, 30 December 2022, at 10.00 a.m. pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for members of the Company (the “Members”) to participate virtually.** A printed copy of this Notice of AGM will not be sent to the Members. Instead, this Notice of AGM will be sent to the Members by electronic means via publication on the Company’s corporate website at the URL <https://www.imperium-crown.com/news>. This Notice of AGM will also be made available on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Arrangements relating to:
 - (a) attendance at the AGM;
 - (b) submission of questions in advance of, or at, the AGM, and addressing of substantial and relevant questions in advance of, or at, the AGM, in relation to any resolutions set out in this Notice of AGM; and
 - (c) voting at the AGM by the Member or through his / her / its duly appointed proxy(ies),are set out in the accompanying Company’s announcement dated 15 December 2022. This announcement may be accessed at the Company’s corporate website at the URL <https://www.imperium-crown.com/news>, and will also be made available on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>.
3. Each of the resolutions to be put to the vote of Members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.
4. (a) A Member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such Member’s instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

NOTICE OF ANNUAL GENERAL MEETING

- (b) A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's instrument appointing a proxy(ies) 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 instrument.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

5. A proxy need not be a Member of the Company.
6. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
- (a) if submitted by post, be deposited at the registered office of the Company at 1 Commonwealth Lane, #06-20 One Commonwealth, Singapore 149544; or
- (b) if submitted electronically, be sent via email to the Company, at agm2022@imperium-crown.com,

in either case, not less than seventy-two (72) hours before the time appointed for holding the AGM.

The proxy form may be accessed at the Company's corporate website at the URL <https://www.imperium-crown.com/news> and SGX's website at the URL <https://www.sgx.com/securities/companyannouncements>. A Member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. Completion and return of the instrument appointing a proxy(ies) by a Member will not prevent him / her from attending, speaking and voting at the AGM if he / she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the Member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
8. Central Provident Fund ("CPF") or Supplemental Retirement Scheme ("SRS") investors who hold the Company's shares through CPF Agent Banks or SRS Operators:
- (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes **by 5.00 p.m. on Monday, 19 December 2022**.
9. The Company's Annual Report 2022 and the Directors' Statement and the revised and re-issued Audited Financial Statements of the Company for the financial year ended 30 June 2020 may be accessed at the Company's corporate website at the URL <https://www.imperium-crown.com/news> and will also be made available on the SGX's website at the URL <https://www.sgx.com/securities/company-announcements>.

Personal data privacy:

By submitting (a) an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, or (b) questions in advance of, or at the AGM, in relation to any resolution set out in the Notice of AGM, a Member of the Company:

- (1) consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the following purposes (collectively, the "Purposes"):

NOTICE OF ANNUAL GENERAL MEETING

- (a) processing and administration and analysis by the Company (or its agents or service providers) of the appointment of a proxy(ies) and/or representative(s) for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes (including questions and answers) and other documents relating to the AGM (including any adjournment thereof);
 - (b) processing of the registration for purpose of granting access to the Members (or their corporate representatives in the case of the Members which are legal entities) to observe the proceedings of the AGM of the Company and providing them with any technical assistance where necessary;
 - (c) addressing all substantial and relevant questions received from the Members relating to the resolutions set out in the Notice of AGM to be tabled for approval at the AGM prior to, or at, the AGM and if necessary, following up with the relevant Members in relation to such questions; and
 - (d) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.
- (2) warrants that where the Member discloses the personal data of the Member's proxy(ies) to the Company (or its agents or service providers), the Member has obtained the prior consent of such proxy(ies) for the Purposes and agrees that the Member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member's breach of warranty.

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IMPERIUM CROWN LIMITED

(Company Registration No.: 199505053Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

Annual General Meeting

IMPORTANT:

- The Annual General Meeting ("AGM" or the "Meeting") of Imperium Crown Limited (the "Company") will be held, in a wholly physical format, at Singapore Polytechnic Graduates Guild, Grand Ballroom, Level 3, 1010 Dover Road, Singapore 139658 on Friday, 30 December 2022, at 10.00 a.m., pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for member of the Company (the "Members") to participate virtually.** Printed copies of the Notice of AGM dated 15 December 2022 and this Proxy Form will not be sent to the Members. Instead, the Notice of AGM and this Proxy Form will be sent to the Members by electronic means via publication on the Company's corporate website at the URL <https://www.imperium-crown.com/news>. The Notice of AGM and this Proxy Form will also be made available on the SGX's website at the URL <https://www.sgx.com/securities/company-announcements>.
- Arrangements relating to:
 - attendance at the AGM;
 - submission of questions in advance of, or at, the AGM, and addressing of substantial and relevant questions in advance of, or at, the AGM, in relation to any resolutions set out in the Notice of AGM; and
 - voting at the AGM by the Member or through his / her / its duly appointed proxy(ies),are set out in the accompanying Company's announcement dated 15 December 2022. This announcement may be accessed at the Company's corporate website at the URL <https://www.imperium-crown.com/news>, and will also be made available on the SGX's website at the URL <https://www.sgx.com/securities/company-announcements>.
- 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 Central Provident Fund ("CPF") or Supplemental Retirement Scheme ("SRS") investors who hold the Company's shares through CPF Agent Banks or SRS Operators. CPF and SRS investors:
 - may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
 - may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes **by 5.00 p.m. on Monday, 19 December 2022**.
- By submitting an instrument appointing a proxy(ies), the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 December 2022.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies) at the AGM.

*I / We, _____ (Name)

_____ (NRIC / Passport / Company Registration Number)

of _____ (Address)

being a Member / Members of the Company, hereby appoint

Name	NRIC / Passport No.	Address	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	NRIC / Passport No.	Address	Proportion of Shareholdings	
			No. of Shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my / our* proxy to vote for me / us* on my / our* behalf, at the AGM of the Company to be convened and held, in a wholly physical format, at Singapore Polytechnic Graduates Guild, Grand Ballroom, Level 3, 1010 Dover Road, Singapore 139658 on **Friday, 30 December 2022, at 10.00 a.m.** and at any adjournment thereof. I / We* direct my / our proxy / proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder.

* Delete where inapplicable

No.	Resolutions relating to:	Number of Shares**		
		For**	Against**	Abstain**
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2022 together with the Auditors' Report			
2	Directors' Statement and revised and re-issued Audited Financial Statements for the financial year ended 30 June 2020 together with the Auditors' Report			
3	Re-election of Mr Sun Bowen as a Director			
4	Re-election of Dr Danny Oh Beng Teck as a Director			
5	Approval of Directors' fees amounting to S\$160,000 (FY2022: S\$160,000)			
6	Re-appointment of Messrs RSM Chio Lim LLP as Auditors			
7	Authority to allot and issue shares			

** Note: Voting will be conducted by poll for all resolutions. If you wish your proxy to cast all your votes "For" or "Against" a resolution, please tick "✓" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish your proxy to abstain from voting on a resolution, please indicate with a tick "✓" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In any other case, the proxy / proxies may vote or abstain as the proxy / proxies deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM and at any adjournment thereof.**

Dated this _____ day of December 2022

Total number of Shares in:	No. of Shares
CDP Register	
Register of Members	

Signature of Shareholder(s)

or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. Each of the resolutions to be put to the vote of the Members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.
2. A Member of the Company should insert the total number of shares held. If the Member has shares entered against his / her / its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), he / she / it should insert that number of shares. If the Member has shares registered in his / her / its name in the Register of Members (maintained by or on behalf of the Company), he / she / it should insert that number of shares. If the Member has shares entered against his / her / its name in the Depository Register and shares registered in his / her / its name in the Register of Members, he / she / it should insert the aggregate number of shares entered against his / her / its name in the Depository Register and registered in his / her / its name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the Member of the Company.
3.
 - (a) A Member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such member's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
 - (b) A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's instrument appointing a proxy(ies) 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 instrument.

"Relevant intermediary" means:

- (i) a banking corporation licensed under the Banking Act 1970 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;
 - (ii) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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 Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. Completion and return of this instrument appointing a proxy shall not preclude a Member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
5. A proxy need not be a Member of the Company.
6. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited at the registered office of the Company at 1 Commonwealth Lane, #06-20 One Commonwealth, Singapore 149544; or
 - (b) if submitted electronically, be submitted via email to the Company, at agm2022@imperium-crown.com,

in either case, not less than seventy-two (72) hours before the time appointed for holding the AGM.

The proxy form may be accessed at the Company's corporate website at the URL <https://www.imperium-crown.com/news> and SGX's website at the URL <https://www.sgx.com/securities/companyannouncements>. A Member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his / her / its attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which; the instrument may be treated as invalid.
8. The Company shall be entitled to reject the instrument appointing or treated as appointing a proxy(ies) if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing or treated as appointing a proxy(ies) (including any related attachment). In addition, in the case of Members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing or treated as appointing a proxy(ies) lodged if such Members, being the appointer, are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies), the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 December 2022.



IMPERIUM
CROWN

IMPERIUM CROWN LIMITED

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