



**IMPERIUM
CROWN**

STAYING **THE COURSE**

IMPERIUM CROWN LIMITED Annual Report 2020



CONTENTS

	01	Corporate Profile
Group Structure	03	
	04	Letter to Shareholders
Financial Review	09	
	13	Board of Directors
Key Management	15	
	16	Corporate Information
Corporate Governance Report and Financial Statements	17	
	109	Statistics of Shareholding
Notice of Annual General Meeting and Proxy Form	111	

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.

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STAYING THE COURSE

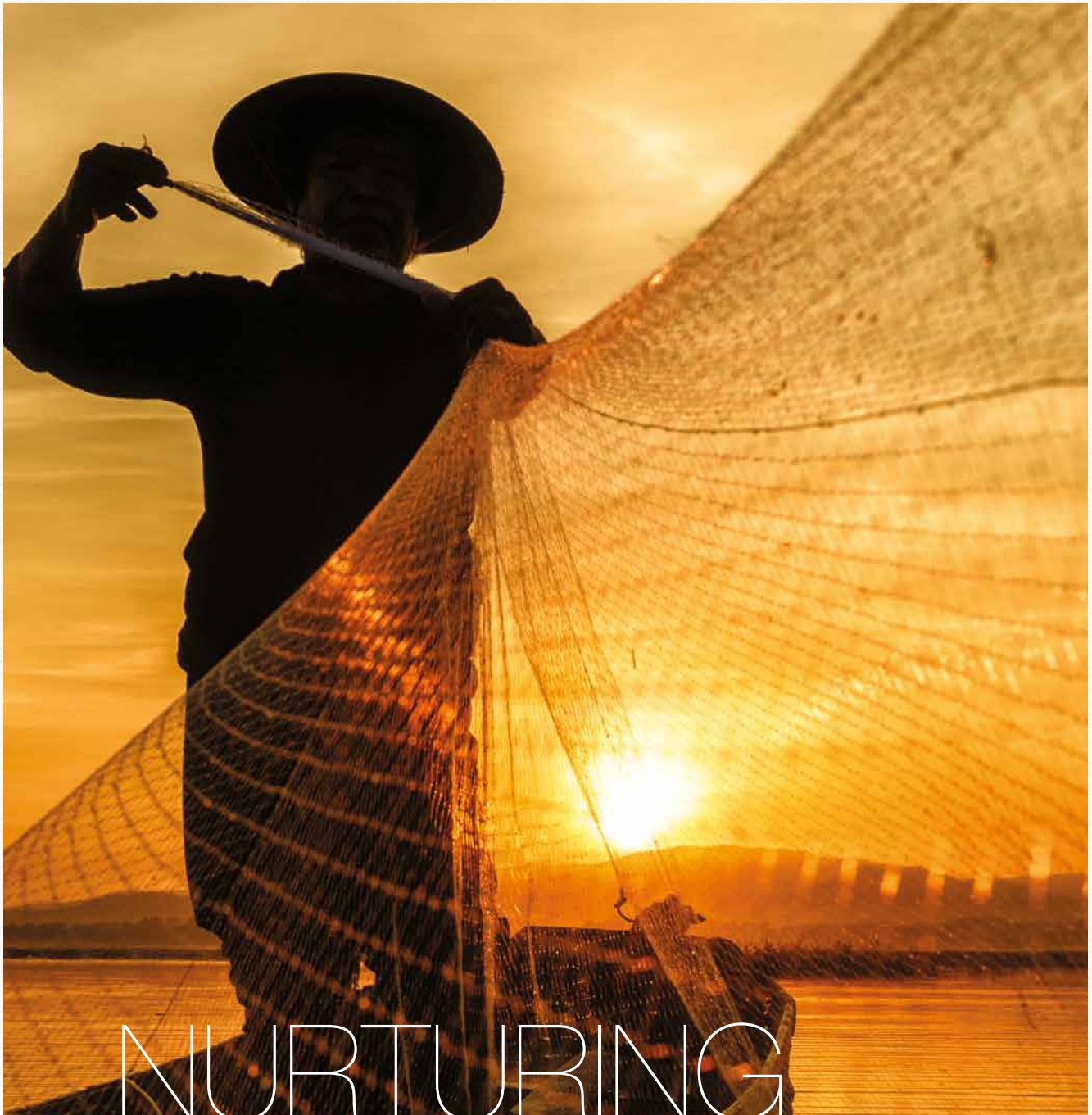
The global pandemic has exacerbated the challenging operating environment for many businesses, including Imperium Crown.

Undaunted by the challenges and strengthened by sound fundamentals and guided by prudent investment strategy, we will continue to stay the course in nurturing our investments in cultural tourism in Shandong while remaining alert to other investment opportunities.

CORPORATE PROFILE

Imperium Crown Limited (the “**Company**”) is listed on the SGX-ST Catalist Board (stock code: 5HT) and became a component stock of the FTSE ST Catalist Index on 21 September 2015. It was listed on the SGX-ST (Catalist Board) on 19 January 2006. The Company’s main business is in property investment and property development in Asia.

The Company aims to build up a portfolio of well-located properties with a view towards generating attractive returns for our shareholders. We constantly seek growth opportunities in the real estate sector, especially through experienced and trusted partners in various markets.



NURTURING

OUR **FUNDAMENTALS**

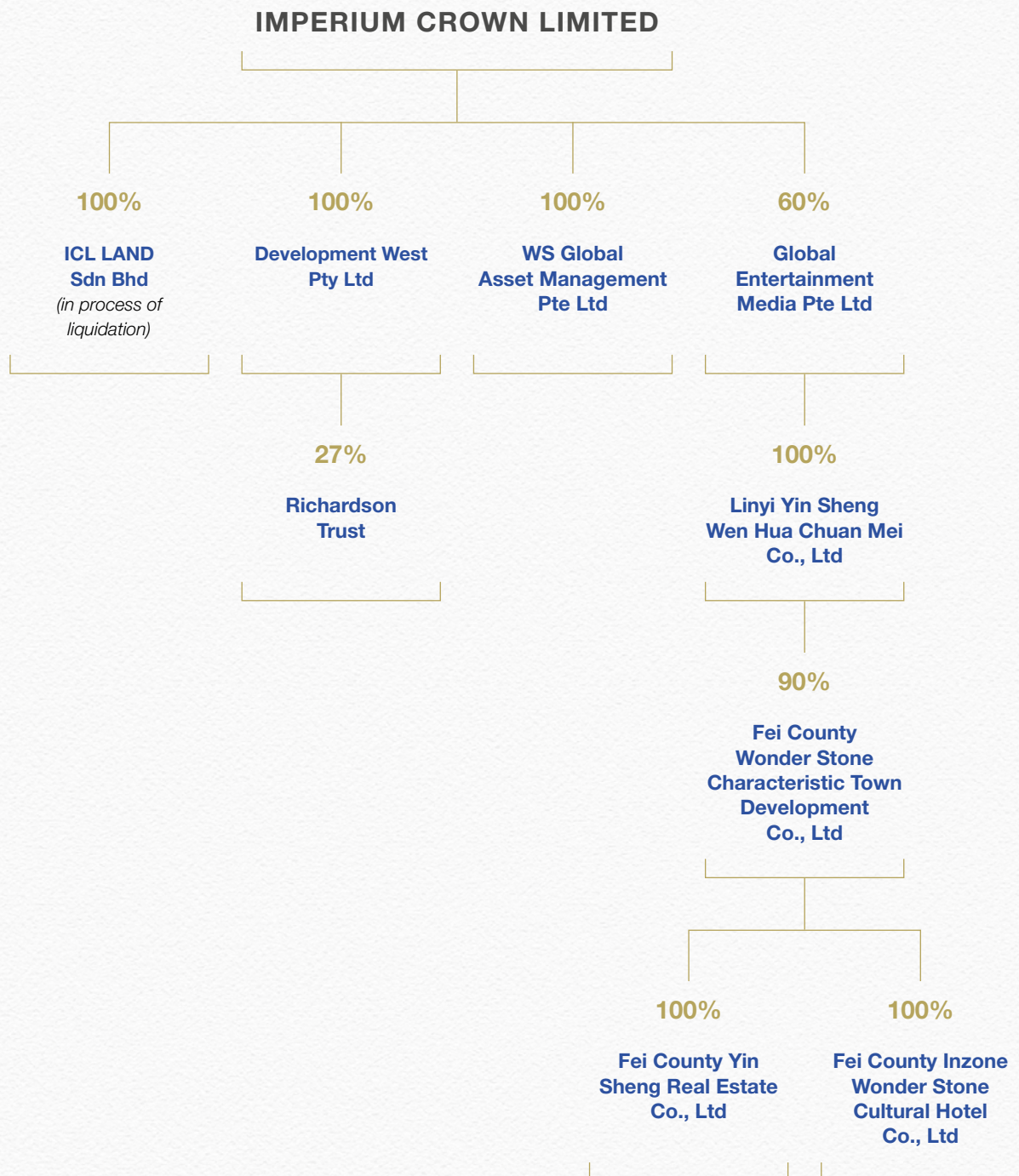
Our investment in cultural tourism has begun to bear fruits with the opening of the Wonder Stone Hotel, equipped with plush rooms and restaurants, conference and banquet facilities, welcoming leisure and business visitors.



GROUP STRUCTURE



IMPERIUM CROWN



LETTER TO SHAREHOLDERS



The Group continues to build on the foundations that it had put in place. Amidst the backdrop of COVID-19 and another potential outbreak, uncertainties may surface from time to time.

Dear Stakeholders,

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 2020 (“**FY2020**”).

The 2019 Novel Coronavirus (“**COVID-19**”) has blighted the world in 2020 and brought about unprecedented disruptions to the global economy. As global efforts continue to contain the outbreak, COVID-19 has adversely affected tourism and the movement of people globally.

We believe that the restriction on international travel coupled with the lifting of lockdowns within the People’s Republic of China (“**PRC**”) will lead to an increase in domestic travel and tourism. With the resumption of operations of our hotel at the Wonder Stone Park (the “**WSP Hotel**”) in late March 2020, we remain poised to continue with our development plans at the Wonder Stone Park (the “**WSP**”).

INVESTMENTS

In September 2019, the WSP Hotel officially commenced operations. Operating under the “Inzone” brand, the WSP Hotel is managed by the Inzone Hotels & Resorts Group. The WSP Hotel has approximately 100 hotel rooms including suites, as well as a range of complementary facilities such as restaurants, conference rooms and banquet halls. In accordance to local regulatory requirements, the WSP Hotel temporarily suspended operations from late January 2020 due to COVID-19 and resumed operations in late March 2020. While revenue was affected during the period of suspension, the WSP Hotel experienced a gradual recovery in room occupancy and also a surge in banquet hall bookings during the National Labour Day holidays in May 2020 as a number of wedding ceremonies previously cancelled during the Chinese Lunar New Year holidays were re-scheduled to May 2020. With the Mid-Autumn Festival coinciding with the National Day holidays in October 2020, the WSP Hotel has received confirmed bookings to hold a number of wedding banquets during this period.

The Group is also in the midst of developing the WSP in phases and will be charging entry fees to visitors of the WSP within the financial year ending 30 June 2021, barring any unforeseen circumstances or any outbreak of another wave of COVID-19. Currently, a tourist site with an “AAAA” rating under the Tourist Attraction Rating Categories of China (旅游景区质量等级)¹, the WSP features naturally occurring stone boulders and rocks of a wide variety of sizes, colours and patterns which are native to Shandong province. The WSP will also be a commercial development encompassing retail shops and food and beverage outlets as well as a tourist attraction with a theme park featuring rides and attractions.

In conjunction with development of the WSP, the Group expects to commence the development of the 2 plots of land previously acquired in the WSP during the next 12 months. It will comprise commercial and retail outlets which would be complementary to visitors of the WSP. More details will be announced when we launch the project.

¹ Based on the list (as of 24 April 2020) compiled by the Ministry of Culture and Tourism of the People’s Republic of China (Shandong province) http://whhly.shandong.gov.cn/art/2020/4/24/art_100526_9032316.html The Tourist Attraction Rating Categories of China (旅游景区质量等级) is a rating system administered by the China National Tourism Administration to determine the quality of the attraction in terms of the following factors, including but not limited to basic amenities, transportation and number of visitors. There are five categories, of which AAAA is the second highest rating.

OUTLOOK

The Group continues to build on the foundations that it had put in place. Amidst the backdrop of COVID-19 and another potential outbreak, uncertainties may surface from time to time. With the high speed rail station at Feixian, which is situated within five kilometres from the WSP, commencing operations in December 2019, the accessibility of the WSP has been enhanced. Together with the upcoming developments mentioned in the preceding paragraphs, we remain optimistic of the future of the WSP.

ACKNOWLEDGEMENTS

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



致股东函

“
该集团继续在其已建立的基础上再接再厉。
在新冠肺炎可能再次潜在爆发的背景下,不确定因素
可能会不时浮出水面。”

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2020年6月30日财政年度(“**2020财政年度**”)的年度报告。

2019年新型冠状病毒(“**新冠肺炎**”)在2020年肆虐全球,给全球经济带来前所未有的颠覆。随着全球努力继续控制疫情蔓延,新冠肺炎对全球旅游业和人员流动产生了不利影响。

尽管如此,对国际旅行的限制,加上中华人民共和国(“**中国**”)境内封锁的解除,预计会导致国内旅游和旅游业的恢复。随着我们位于中华奇石城的酒店(“**奇石公园文化酒店**”)于2020年3月恢复运营,我们仍准备继续我们在中华奇石城的发展计划。

投资方面

2019年9月,奇石公园文化酒店正式开业。奇石公园文化酒店以“银座”品牌运营,由银座酒店及度假村集团管理。奇石公园文化酒店拥有包括套房在内的大约100间酒店客房,以及一系列配套设施,如餐厅、会议室和宴会厅。按照当地监管要求,奇石公园文化酒店因新冠肺炎原因,自2020年1月下旬起暂停营业,并于2020年3月下旬恢复营业。虽然暂停营业期间的收入受到影响,但酒店的客房入住率逐渐恢复,2020年5月全国五一假期期间宴会厅的预订量也出现飙升,因为之前在中国农历新年假期取消的婚礼被重新安排到2020年5月。由于中秋节恰逢2020年10月的国庆假期,奇石公园文化酒店将在此期间举办多场婚宴。

此外,集团现正分阶段发展进一步项目建设计划,并会在本财政年度内向参观的游客收取入场费,除非有任何意外情况或爆发另一波新冠肺炎潮。目前,我们的中华奇石城旅游景点被评为中国旅游景区级别中的“AAAA”级旅游景区(旅游景区质量等级)¹,其特色是中国山东省原产的各种大小、颜色和图案的天然巨石和岩石。其实中华奇石城也将是一个商业发展项目,包括零售店和餐饮店,以及一个带有主题公园的旅游景点,主题公园以游乐设施和景点为特色。

为配合项目计划的发展,本集团亦正落实先前在该计划中收购的两幅土地的发展计划。它将由商业和零售网点组成,与中华奇石城的游客相辅相成。更多细节将在我们启动该项目时公布。

1 基于中华人民共和国文化和旅游部(山东省)编制的名单(截至2020年4月24日) http://whhly.shandong.gov.cn/art/2020/4/24/art_100526_9032316.html 中国旅游景区评级类别(旅游景区质量等级)是由中国国家旅游局管理的评级系统,根据以下因素确定景点的质量,包括但不限于基本便利设施、交通和游客数量。共有五个类别,其中AAAA是第二高评级。

前景

该集团继续在其已建立的基础上再接再厉。在新冠肺炎可能再次潜在爆发的背景下，不确定因素可能会不时浮出水面。随着距离中华奇石城不到5公里的费县高铁站于2019年12月开始运营，中华奇石城的通达性得到了提高。加上中华奇石城有能力举办具有国际或全国水平的重大活动，我们对中华奇石城的未来持乐观态度。

致谢

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的领导下，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。

孙伯文

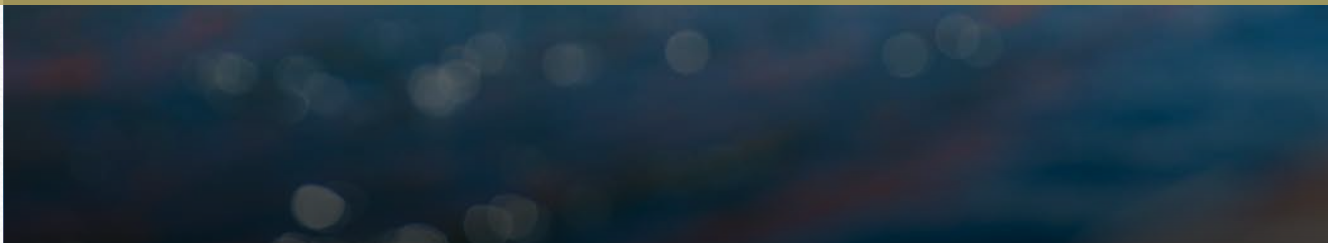
执行董事长





STRENGTHENING OUR **VIGILANCE**

As we continue to execute our investment strategy with caution, we will strengthen our vigilance and enhance our agility to respond appropriately to new challenges decisively.



FINANCIAL REVIEW



OPERATING RESULTS

In financial year ended 30 June 2020 (“**FY2020**”), the Group’s revenue was mainly derived from the Group’s management of the Wonder Stone Park (the “**WSP**”) and the Wonder Stone Hotel (the “**WSP Hotel**”). Revenue was S\$1.487 million for FY2020 compared to S\$0.115 million for the financial year ended 30 June 2019 (“**FY2019**”).

The increase was primarily due to the official commencement of operations of the WSP Hotel in September 2019 in the WSP. Operating under the “Inzone” brand, the WSP Hotel is managed by the Inzone Hotels & Resorts Group. The WSP Hotel has approximately 100 hotel rooms including suites, as well as a range of complementary facilities such as restaurants, conference rooms and banquet halls and contributed S\$1.409 million in revenue for FY2020. In accordance to local regulatory requirements, the WSP Hotel temporarily suspended operations from late January 2020 due to COVID-19 and resumed operations in late March 2020. During the period of suspension, revenue was adversely affected. Notwithstanding, the WSP Hotel experienced a gradual recovery in room occupancy and also a surge in banquet hall bookings during the National Labour Day Holidays in May 2020 as wedding ceremonies previously cancelled during the Chinese Lunar New Year holidays were re-scheduled to May 2020.

Other income increased by S\$0.442 million from S\$0.044 million in FY2019 to S\$0.486 million in FY2020 mainly due to a one-off government subsidy income received from Fei County government to our subsidiary in the People’s Republic of China (“**PRC**”) amounting to S\$0.4 million in relation to our increased investment from our Singapore head office to our PRC subsidiary in the preceding financial year. In addition, interest income decreased due to lower bank balances which resulted in lower fixed deposits being placed.

Depreciation and amortisation expenses increased by S\$0.896 million from S\$2.631 million in FY2019 to S\$3.527 million in FY2020 mainly due to increase in property, plant and equipment of the WSP Hotel which commenced operations in September 2019.

Employee benefits expense increased by S\$0.295 million from S\$1.090 million in FY2019 to S\$1.385 million in FY2020 mainly due to a higher headcount in FY2020 following the commencement of operations of the WSP Hotel. In accordance to local regulatory requirements, the WSP Hotel temporarily suspended operations from late January 2020 due to COVID-19 and resumed operations in late March 2020. During the suspension period, staff costs were lower as the WSP Hotel operated with a minimal headcount. Notwithstanding, no staff was laid off during the COVID-19 suspension and the staff had since returned to work upon resumption of operations.

FINANCIAL REVIEW

Other operating expenses increased by S\$8.305 million from S\$2.093 million in FY2019 to S\$10.398 million in FY2020 mainly due to an impairment allowance of S\$7.488 million recognised and elaborated in the next paragraph and the commencement of operations of the WSP Hotel which increased from S\$0.214 million in FY2019 to S\$1.496 million in FY2020. In addition, the increase was offset by lower legal and professional fees incurred in FY2020.

An assessment for impairment for property, plant and equipment (“**PPE**”) and other intangible assets, goodwill (at Group level) and investment in subsidiaries (at Company level) was performed. The Company engaged an independent valuation expert to assist in evaluating the assumptions and methodologies used in a discounted cash flow (“**DCF**”) analysis based on the value-in-use (“**VIU**”) approach and assessed that an impairment allowance of S\$7.488 million was recognised at the Group level. The DCF analysis considered, among other matters, a delay in the completion of the development of the WSP due to COVID-19 which affected the timing in which future forecasted revenue arising from the WSP could be derived.

Finance costs incurred for FY2020 is due to the adoption of SFRS (I) 16 Leases (“**SFRS (I) 16**”) in FY2020. Accordingly, the operating leases which the Group has entered into are examined and a finance cost is computed for FY2020. The value of the remaining lease period beyond FY2020 is recognised in non-current assets and a corresponding liability is recognised in non-current liabilities.

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

Exchange differences on translating foreign operations decreased from S\$3.8 million in FY2019 to S\$0.012 million in FY2020 mainly due to the smaller fluctuation of exchange rates in FY2020 compared to FY2019.

Following the divestment of all the Japanese Properties in FY2019, the realization of translation reserve on liquidation of foreign subsidiaries resulted in the nil figure for FY2020.

Overall, the net loss for FY2020 was S\$12.852 million, compared to a net loss of S\$5.083 million in FY2019.

FINANCIAL POSITION AND CASHFLOW OF THE GROUP

Overall, non-current assets decreased by S\$7.827 million from S\$140.228 million as at 30 June 2019 to S\$132.401 million as at 30 June 2020.

PPE at the Group level increased due to renovations and asset enhancements to the WSP and the WSP Hotel. The 11.9% increase in PPE for FY2020 was lower than the 32% increase in FY2019 primarily due to the bulk of the WSP Hotel construction work occurring in FY2019.



FINANCIAL REVIEW



PPE at the Company level increased following the adoption of SFRS (I) 16 where the remaining lease period of the operating leases which the Company has entered into was recognised as an asset.

Goodwill relates to the 60% acquisition of the equity interest in Global Entertainment Media Pte Ltd ("**GEM**") and its group of companies in 2017 and is recognised following the completion of the purchase price allocation exercise in 2018. As elaborated in the preceding paragraphs, an impairment allowance of S\$6.607 million was provided for using the DCF analysis based on the VIU approach.

Intangible assets of S\$111.660 million relate mainly to the 50 years of property development rights that the Group holds over the WSP. The intangible assets decreased by S\$3.425 million mainly due to the amortisation of the property development rights amounting to S\$2.530 million and the impairment allowance amounting to S\$0.881 million.

At the Company level, investments in subsidiaries decreased by S\$14.582 million following the assessment for impairment exercise as elaborated in the preceding paragraphs.

The loan receivable from a subsidiary at the Company level remains at S\$3.911 million as at 30 June 2019 and 30 June

2020. This amount is an interest-free loan and is repayable in March 2028.

Overall, current assets decreased by S\$0.719 million from S\$3.695 million as at 30 June 2019 to S\$2.976 million as at 30 June 2020.

Notwithstanding that the WSP Hotel commenced operations during FY2020, the development of the WSP is being undertaken in phases. The WSP was not fully operational in FY2020. This led to a decrease in cash and cash equivalents from S\$2.310 million as at 30 June 2019 to S\$0.737 million as at 30 June 2020. The decrease was mainly due to administrative expenses incurred by the PRC subsidiaries of approximately S\$0.3 million as well as the administrative expenses incurred by the Company of approximately S\$1.3 million as a listed entity.

Trade and other receivable increased from S\$1.385 million as at 30 Jun 2019 to S\$2.239 million as at 30 Jun 2020. The increase was mainly due to an increase in low valued spare parts and items of S\$0.3 million and S\$0.1 million of prepayments made by the WSP Hotel. Trade receivables of approximately S\$0.3 million from corporate clients of the WSP Hotel was also recorded following the commencement of operations of the WSP Hotel.

FINANCIAL REVIEW

Non-current liabilities decreased by S\$0.585 million from S\$26.956 million as at 30 June 2019 to S\$26.371 million as at 30 June 2020.

Consistent with preceding financial years, deferred tax liabilities of S\$26.371 million relate to the 25% deferred tax (PRC tax) on the fair value of the 50 years of property development rights.

Following the amortisation of the property development rights, the deferred tax liabilities which had been computed previously on the property development rights had correspondingly decreased.

Current liabilities increased by S\$4.903 million from S\$11.558 million as at 30 June 2019 to S\$16.461 million as at 30 June 2020. This was mainly due to an increase in trade payables of approximately S\$2.0 million following the commencement of operations of the WSP Hotel and an increase in other payables of approximately S\$2.5 million arising from a loan advanced from our Executive Chairman to the Group.

Following the adoption of SFRS(I)16 in FY2020, the operating leases which the Group has entered into are examined and a finance cost is computed for FY2020. The value of the remaining lease period beyond FY2020 is recognised in non-current assets and a corresponding liability of S\$32,000 is recognised in current liabilities as lease liability.

Notwithstanding that the WSP Hotel commenced operations during FY2020, the development of the WSP is being undertaken in phases, and the WSP was not fully operational in FY2020. This led to a negative working capital of S\$13.485 million as at 30 June 2020 as compared to S\$7.863 million as at 30 June 2019. The decrease was mainly due to administrative expenses incurred by the Group of approximately S\$1.6 million, increase in payables incurred by the WSP Hotel of S\$2.0 million following its commencement of operations as well as an increase in the loan amount of S\$2.5 million extended by our Executive Chairman to our PRC subsidiary, and the administrative expenses incurred by the Company of approximately S\$1.3 million as a listed entity. The Group is able to meet its working capital needs in view of the on-going support from its Executive Chairman as well as the on-going efforts by management to improve its financial position.

Net cash flows from operating activities was S\$1.623 million as at 30 June 2020 as compared to net cash flow used in operating activities amounting to S\$1.529 million as at 30 June 2019. The increase was mainly due to the absence of the liquidation of our Japanese subsidiaries in this current year which contributed an outflow of S\$1.3 million; and an increase in trade and other payables in FY2020.

Net cash flows used in investing activities was S\$3.149 million as at 30 June 2020 as compared to S\$5.301 million as at 30 June 2019 mainly due to renovations and asset enhancements at the WSP Hotel. The amount in FY2020 was lower than FY2019 as the bulk of the purchases had occurred in FY2019 and the WSP Hotel commenced operations in September 2019.

Net cash flows from financing activities was S\$0.047 million as at 30 June 2020 due to adoption of SFRS (I) 16 in FY2020.

OUTLOOK

The COVID-19 pandemic has adversely affected tourism and the movement of people globally. While the WSP Hotel has resumed operations, safety measures in compliance with the regulations as prescribed by the local authorities remain in place. Barring unforeseen circumstances or any outbreak of another wave of the COVID-19 pandemic within the PRC, the WSP Hotel expects to continue its normal operations. Notwithstanding, we believe that the restriction on international travel coupled with the lifting of lockdowns within the PRC is envisaged to lead to an increase in domestic travel and tourism. The Group continues to monitor the situation closely and will take the necessary measures to safeguard the interests of its employees and the Group.

The Group continues to engage the local authorities on the development plans of the WSP. Barring unforeseen circumstances or any outbreak of another wave of the COVID-19 pandemic within the PRC, the Group expects to commence charges for entry into the WSP as well as to commence the development of the 2 plots of land previously acquired in the WSP during the next 12 months.

On the proposed acquisition of the remaining 40% equity interest in GEM, the Company is pending a response from the SGX-ST on the relevant rules that are applicable to the transaction and subsequently, subject to the convening of an extraordinary general meeting to seek the approval of shareholders of the Company. The long-stop date is 31 October 2020 and should the Company successfully negotiate any changes to the existing terms with the vendor, an announcement will be released upon the formalisation of a revised agreement.

Concurrently, discussions with the PRC regulatory authorities are also underway on the proposed development and operation of an "ESCAPE" theme park.

BOARD OF DIRECTORS



SUN BOWEN

Executive Chairman

Mr Sun is the Group's 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 Group's strategies to improve overall corporate performance and the achievement of the Group's goals in The People's Republic of China (the "**PRC**"). 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. He was an executive director of Fabchem China Limited, a company listed on the Mainboard of The Singapore Exchange Securities Trading Limited from 2006 to 2018 before he was re-designated to non-executive and non-independent director in 2018, a position that he has since held.



WEE PHUI GAM

Lead Independent Director

Mr Wee is the Group's Lead Independent Director. He joined the Board on 19 October 2017 as Lead Independent Director, 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. 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 is also an independent director of Fabchem China Limited, a company listed on the mainboard of The Singapore Exchange Securities Trading Limited. Mr Wee was also appointed as the Acting Chairman of Fabchem China Limited on 2 September 2018. 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).

BOARD OF DIRECTORS



HAU KHEE WEE

Independent Director

Mr Hau is the Group's Independent Director. He 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 Group Finance Controller of Scigen Pte Ltd. He was the Finance Director of Go Game Pte Ltd from October 2018 to September 2019 and was the Greater China Financial Controller of Fullerton Healthcare Corporation Limited from April 2016 to September 2018. From May 2007 to March 2016, he was an Executive Director (with effect from 26 December 2007) and Chief Financial Officer of China Kunda Technology Holdings, a company listed on the Catalist Board of The Singapore Exchange Securities Trading Limited. From 2000 to 2007, he held a senior financial position in China Powerplus Limited and was an auditor with Ernst & Young.

Mr Hau is currently also an independent director of China Kunda Technology Holdings and is a non-practising member of Institute of Singapore Chartered Accountants. He graduated as a Bachelor of Accountancy from Nanyang Technological University of Singapore in 2000.



DR DANNY OH BENG TECK

Independent Director

Dr Oh is the Group's Independent Director. He 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.

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.

KEY MANAGEMENT



SUN BOWEN

Executive Chairman

Please refer to page 13.



TAN KENG KEAT

Acting Chief Executive Officer 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. Mr Tan was also appointed as the Acting Chief Executive Officer on 24 January 2018. His key responsibilities include assisting the board of directors in the Group's capital management strategy, overseeing the Group's accounting and financial reporting functions, compliance with listing requirements and the Group's administrative matters.

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.

CORPORATE INFORMATION

DIRECTORS

Sun Bowen

Executive Chairman

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

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AUDIT PARTNER-IN-CHARGE

Ng Thiam Soon

(Appointed since financial year ended 30 June 2018)

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CORPORATE GOVERNANCE REPORT AND FINANCIAL STATEMENTS

CONTENTS

	18	Corporate Governance Report
Statement by Directors	52	
	56	Independent Auditor's Report
Consolidated Statement of Profit or Loss and Other Comprehensive Income	61	
	62	Statements of Financial Position
Statements of Changes in Equity	63	
	65	Consolidated Statement of Cash Flows
Notes to the Financial Statements	66	

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 throughout 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 2020 (“**FY2020**”), 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 FY2020, 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.

In addition, the Board is entrusted with the following responsibilities for the overall management and corporate governance of the Group including:

- (a) provide entrepreneurial leadership, set strategic objectives, which include appropriate focus on value creation, innovation and sustainability;
- (b) ensure that the necessary financial and human resources are in place for the Group to meet its strategic objectives;
- (c) establish and maintain a framework of prudent and effective controls which enables risks to be assessed and managed, and to achieve an appropriate balance between risks and Group performance;
- (d) constructively challenge the Management and review the Management’s performance;
- (e) identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- (f) set the Company’s values and standards (including ethical standards), and ensure that the obligations to shareholders and other stakeholders are understood and met; and
- (g) ensure transparency and accountability to key stakeholder groups and consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Board is collectively responsible for the long-term success of the Company 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 the Management in clarifying responsibilities and ensuring effective communication between the Board and the Management.

The terms of reference of the Board sets out its authority and responsibilities. Its duties shall pervade key areas in the Company such as corporate governance, strategy, finance, risk management and internal controls and human resources.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

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 performance.

The Board has thus put in place a Code of Business Conduct and Ethics which serves to guide the Directors on the area 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 cognizant of their fiduciary duties at law. When a potential conflict of interest situation arises, the affected Director will recuse himself or herself from the discussion and decisions involving the areas of potential conflict, unless the Board is of the opinion that his or her participation is necessary. Where such participation is permitted, the conflicted Director excuses himself or herself for an appropriate period during the discussions to facilitate full and frank exchange by the other Directors, and will in any event recuse himself or herself from the decision-making.

Pursuant to Section 156 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), each Director is to declare to the Company his or her 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 or her knowledge. On an annual basis, each Director is also required to submit details of his or her associates for the purpose of monitoring interested persons transactions (“**IPTs**”). Where a Director has a conflict or potentially conflict of interest in relation to any matter, he or she is required to immediately declare his or her interest when the conflict-related matter is discussed, unless the Board is of the opinion that his or her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he or she is required to abstain from voting in relation to the conflict-related matters.

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; 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.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

- **Independent Directors (IDs)** are Non-Executive Directors who are deemed independent by the Board. Independent Directors have the duties of the Non-Executive Directors, and additionally provide independent, and objective advice and insights to the Board and the Management.

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities 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 or her 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.

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.

All Directors are provided with regular briefings from time to time on changes in the relevant laws and regulations in relation to accounting standards, Catalyst Rules, corporate governance and other regulations or statutory requirements. In FY2020, 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 announcements released via SGXNet, including financial results announcements and IPTs;
- (g) approval of annual and interim reports, financial statements, Directors' statement and annual report;
- (h) dividend matters; and
- (i) any matters relating to general meetings, Board and Board committees (as defined below).

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

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 a number of 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 were revised for alignment with the Code.

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.

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-schedule 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 FY2020 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
Sun Bowen	3	3	NA	NA	NA	NA	NA	NA
Wee Phui Gam	3	3	3	3	1	1	1	1
Hau Khee Wee	3	3	3	3	1	1	1	1
Dr Danny Oh Beng Teck	3	3	3	3	1	1	1	1

“NA” denotes “not applicable” as he is not a member of the respective Board Committees

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

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 or her knowledge. When a Director has multiple board representations, and in considering the nomination of Directors for appointment, the NC will evaluate whether or not the Director is able to and has adequately carried out his or her 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 FY2020, 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 FY2020. 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.

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.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

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 or her 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.

For FY2020, 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 Catalist 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

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 or her first appointment. Nonetheless, the independence of any Director who has served on the Board beyond nine (9) years since the date of his or her first appointment will be subject to particularly rigorous review.

Provision 2.2

Proportion of Independent Directors

During FY2020, the Board consisted of one (1) Executive Chairman and three (3) Independent Directors.

In view of the Chairman of the Board being an Executive Director, the Company has complied and ensured that a majority of the Board, three (3) out of four (4) Directors on the Board are Independent Directors.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Provision 2.3

Proportion of Non-Executive Directors

A majority of three (3) out of four (4) 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 four (4) Directors, one (1) of whom is an Executive Director and three (3) of whom are Independent Directors:

Executive Director

Sun Bowen	Executive Chairman
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Non-Executive Directors

Wee Phui Gam	Lead Independent Director
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.

Board Diversity

In view of the principles and provisions set out in the Code, the Board has adopted a Board Diversity Policy in August 2020 onwards as the Company recognises that board diversity is an essential element contributing to the sustainable development of the Company. The Board intends for the policy to foster an inclusive and diverse culture that introduces different perspectives and experiences that will ultimately promote better corporate governance.

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 or her skills, experience and knowledge, and is expected to bring forth his or her 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.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

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 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.

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 FY2020, the Independent Directors have met informally at least once without the presence of the Management.

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 Chief Executive Officer ("**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. Mr Sun Bowen is the Executive Chairman and Mr Tan Keng Keat is Acting CEO of the Company.

Notwithstanding the above, there is a clear division of responsibilities between the leadership of the Chairman and the Acting CEO.

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 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 Chairman in respect of the Board proceedings include:

- (a) in consultation with the Acting CEO, scheduling meetings, setting the agenda (with the assistance of the Company Secretary and/or his or her 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 Acting CEO of the Company, Mr Tan Keng Keat is responsible for the business direction and operational decisions of the Group and steering the strategic direction and growth of the Group's businesses. Mr Tan Keng Keat regularly communicates with the Chairman of the Board to update him on corporate issues and developments. The performance and remuneration package of the Acting CEO is reviewed periodically by the NC and the RC. As each of the AC, NC and RC consist of all Independent Directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Provision 3.3

Lead Independent Director

In view of the fact that the 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 Chairman and the Board.

The Lead Independent Director's role may include chairing Board meetings in the absence of the Chairman, working with the 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 Chairman and the Acting CEO and help the RC design and assess the Chairman's remuneration.

The Lead Independent Director also makes himself available at all time when shareholders have concerns and for which contact through normal channels of the Chairman, Acting CEO or 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 FY2020.

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. Details of the whistle blowing policy and arrangements have been made available to all employees and the public at the Company's website.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

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 Chairman of the Board after such meetings, if it necessary.

During FY2020, 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 Chairman after such meetings.

Terms of Reference for Chairman, CEO and Lead Independent Director

Pursuant to Provision 3.2 of the Code, the Board has put in place the terms of reference for the Chairman, CEO and Lead Independent Director, which sets out in writing the division of responsibilities between the Chairman and the CEO. It also spells out the role and responsibilities of the Lead Independent Director.

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;
- (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 or her roles and responsibilities, authority, and the Board's expectations in respect of his or her 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 Catalist Rules 406(3)(d)(i), (ii), and (iii) 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 or her 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 or her 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 or her 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;

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

- (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:

Hau Khee Wee	Chairman
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.

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 Mr Sun Bowen and Dr Danny Oh Beng Teck, who would be retiring by rotation pursuant to Article 117 of the Company's Constitution at the forthcoming AGM of the Company.

Mr Sun Bowen has given his consent for re-election and he will, upon re-election as a Director of the Company, remain as Executive Director and Executive Chairman of the Company.

Dr Danny Oh Beng Teck has given his consent for re-election and he will, upon re-election as a Director of the Company, remain as Independent Director and a member of each 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.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

In making the recommendation, the NC has considered the Directors' overall contributions and performance. 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	Sun Bowen	Dr Danny Oh Beng Teck
Date of Appointment	22 November 2017	1 December 2017
Date of last re-appointment (if applicable)	31 October 2018	31 October 2018
Age	70	58
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 Executive Chairman and the Board 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
Working experience and occupation(s) during the past 10 years	<p>2016 to present:</p> <ul style="list-style-type: none"> Director, Global Entertainment Media Pte Ltd Group <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 present:</p> <ul style="list-style-type: none"> Non-Executive and non-Independent Director, Fabchem China Limited 	<p>2017 to present:</p> <ul style="list-style-type: none"> Chief Executive Officer, NM Backer Corporation Pte Ltd <p>2015 to present:</p> <ul style="list-style-type: none"> Managing Director, Cambrian Aerospace Myanmar Co. Ltd. <p>2012 to present:</p> <ul style="list-style-type: none"> Managing Director/Principal/Master Trainer, Cambrian Academy Pte Ltd <p>1993 to present:</p> <ul style="list-style-type: none"> Managing Director – Workplace Safety and Health Officer, 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

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Name of Director	Sun Bowen	Dr Danny Oh Beng Teck
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)	1. Hebei Yinguang Chemical Co., Ltd 2. Feixian Yinguang Transport Co., Ltd	None
Present	1. Fabchem China Limited 2. Shandong Yinguang Wen Chuang Yuan Co., Ltd 3. Global Entertainment Media Pte Ltd	1. Cambrian Academy Pte Ltd 2. Cambrian Engineering Corporation Pte Ltd 3. 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

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Name of Director	Sun Bowen	Dr Danny Oh Beng Teck
(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
(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

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Name of Director	Sun Bowen	Dr Danny Oh Beng Teck
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(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	No	No
(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	No	No
(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,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

Name of Director	Sun Bowen	Dr Danny Oh Beng Teck
(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?	No	No

Alternate Director

During FY2020, 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 changes 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 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 FY2020, 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, 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 changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointment and in the case of an Independent Director, to also ensure that his or her independence would not be affected.

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
Sun Bowen	22 November 2017	31 October 2018	Nil	<p><u>Present</u> Fabchem China Limited (<i>Non-Executive and Non-Independent Director</i>)</p> <p><u>Preceding 3 years</u> Nil</p>	<ul style="list-style-type: none"> Fabchem China Limited (<i>Non-Executive and Non-Independent Director</i>) Shandong Yinguang Wen Chuang Yuan Co., Ltd (<i>Director</i>) Global Entertainment Media Pte. Ltd. (<i>Director</i>)
Wee Phui Gam	19 October 2017	25 October 2019	Nil	<p><u>Present</u> Fabchem China Limited (<i>Acting Chairman/ Independent Director</i>)</p> <p><u>Preceding 3 years</u> Nil</p>	<ul style="list-style-type: none"> P G Wee Partnership (<i>Managing Partner</i>) P G Tax Services Pte Ltd (<i>Director</i>) Y. C. Lee & Co. (<i>Managing Partner</i>) P G Advisory Services Pte Ltd (<i>Director</i>) Yeng Management Services Pte Ltd (<i>Managing Partner</i>)
Hau Khee Wee	19 October 2017	25 October 2019	Nil	<p><u>Present</u> China Kunda Technology Holdings Limited (<i>Independent Director</i>)</p> <p><u>Preceding 3 years</u> Nil</p>	<ul style="list-style-type: none"> Scigen Pte Ltd (<i>Group Financial Controller</i>) Scigen (Australia) Pty Ltd (<i>Director</i>) Evive Biotechnology Singapore Pte Ltd (<i>Director</i>)
Dr Danny Oh Beng Teck	1 December 2017	31 October 2018	Nil	<p><u>Present</u> Nil</p> <p><u>Preceding 3 years</u> Nil</p>	<ul style="list-style-type: none"> 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 14 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.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

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 effort 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 or her 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.

The assessment parameters for each Director include his or her 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 FY2020, 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.

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 FY2020 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 FY2020.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

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.

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 FY2020 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 FY2020.

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 Committee procedures and processes and the changes which should be made to enhance the effectiveness of the Board and Board Committees.

CORPORATE GOVERNANCE REPORT

I. BOARD MATTERS (cont'd)

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.

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.

Based on the summary of the evaluation for FY2020 together with the feedback and recommendations from the respective individual Directors, the NC is satisfied that each of the individual Directors had met its performance objective in FY2020.

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 or her 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;

CORPORATE GOVERNANCE REPORT

II. REMUNERATION MATTERS (cont'd)

- (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. 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 Catalist Rules of the SGX-ST (where applicable).

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 Non-Executive Directors:

Hau Khee Wee	Chairman
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 Director, the Acting CEO and CFO 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 or her 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 Director 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.

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 FY2020.

CORPORATE GOVERNANCE REPORT

II. REMUNERATION MATTERS (cont'd)

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 and 7.3

Remuneration of Executive Directors and KMPs

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 Director and KMP. It also motivates the Executive Director 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 Director and KMP.

The remuneration structure of the Executive Director 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.

No Director is involved in determining his or her own remuneration. The service agreement entered into between the Company and Mr Sun Bowen, Executive Chairman of the Company, is for an initial period of three years with effect from 1 March 2018 and will automatically be renewed for a further term of one year unless otherwise terminated by either party giving not less than six months' notice in writing to the other in accordance with the terms of the said agreement. The service agreement entered into between the Company and Mr Tan Keng Keat, Acting CEO and CFO of the Company, had been renewed for a further period of two years with effect from 1 September 2018 and had been automatically renewed for a further term of one year in accordance with the terms of the said agreement.

Having reviewed and considered the variable components in the remuneration packages of the Executive Director and KMP, the RC is of the view that the remuneration packages of the Executive Director 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.

Apart from the above, the Company does not have any long-term incentives, including share option schemes, nor contractual provisions to reclaim incentive components of remuneration from Executive Director 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 or her 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\$190,000 for FY2020 had been approved by shareholders at the last AGM of the Company held on 25 October 2019. For the financial year ending 30 June 2021 ("FY2021"), the Independent Directors had volunteered a fee reduction in support of the Group's cost cutting and cash conservation measures amid the 2019 Novel Coronavirus ("COVID-19") pandemic which impacted the Group's business operation. Hence, Directors' fees for the Independent Directors had been reduced to S\$160,000 for FY2021 as recommended by the Board and will be tabled for approval by shareholders at the forthcoming AGM of the Company.

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

The compensation packages for employees including the Executive Director 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 Director 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 Director 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.

Disclosure on Fees and Remuneration of Directors and CEO

A breakdown showing the level and mix of the remuneration payable to each individual Director for FY2020 is as follow:

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

Notes:

- The Directors' fees were approved by shareholders at the last AGM held on 25 October 2019.
- The salary remuneration shown are inclusive of CPF, where applicable.

Disclosure on Remuneration of Key Management Personnel

The Group only had one KMP (who is the Acting CEO and CFO) for FY2020. A breakdown of the remuneration bands 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 FY2020, is as follows:

Name of key management personnel	Remuneration Band	Salary ¹ (%)	Bonus ¹ (%)	Other Benefits (%)	Total (%)
Tan Keng Keat	<S\$250,000	100	–	–	100%

Note:

- The salary and bonus are inclusive of CPF.

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

CORPORATE GOVERNANCE REPORT

II. REMUNERATION MATTERS (cont'd)

Save as disclosed above, the Code recommends that:

- (a) the Company should fully disclose the remuneration of each individual Director and the CEO on a named basis;
- (b) the Company should disclose the details of the remuneration of employees who are immediate family members of a Director or the CEO, in incremental bands of S\$100,000; and
- (c) the Company should disclose in aggregate the total remuneration paid to the top five (5) KMP (who are not Directors or the CEO).

In view of the sensitive and confidential nature of the remuneration packages for Directors and KMP, the Board has decided not to disclose the aforesaid details as recommended by the Code. The total remuneration of the KMP (who are not Directors or the CEO), including the immediate family member of a Director or CEO, was not disclosed to prevent poaching of KMP.

Given the competitive business environment and possible negative impact on the Group's business interest, the Board is of the view that the disclosure of the indicative range of the Directors' remuneration with a breakdown into fees, salary, bonus and other benefits in percentage terms, provides a reasonable amount of information on the Company's remuneration framework to enable the shareholders to understand the link between the Company's performance and the remuneration of the Directors. Accordingly, the Board believes it is unwise to disclose the breakdown of remuneration for Directors in dollar terms and the aggregate amount of remuneration paid to KMP.

All Directors and KMP are remunerated on an earned basis and there were no termination, retirement and post-employment benefits granted during FY2020.

After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board has determined that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation and accordingly, the Board believes that the existing practices adopted by the Company are consistent with the intent of Principle 8 of the Code.

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 CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2020.

Provision 8.3

Long-Term Incentive Schemes

The Company had no long-term incentive schemes in place during FY2020.

CORPORATE GOVERNANCE REPORT

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.

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 acknowledge 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 CEO, 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.

The Board has received written assurance from the Executive Chairman and the Acting CEO and CFO that, as at 30 June 2020, 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.

The Board has also received written assurance from the Executive Chairman and the Acting CEO and CFO 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 2020 to address the risks that the Group considers relevant and material to its business operations.

CORPORATE GOVERNANCE REPORT

III. ACCOUNTABILITY AND AUDIT (cont'd)

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 2020 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.

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.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an AC 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 Catalist 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 Catalist 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.

CORPORATE GOVERNANCE REPORT

III. ACCOUNTABILITY AND AUDIT (cont'd)

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 Non-Executive Directors:

Wee Phui Gam	Chairman
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 current size of the operations of the Group does not warrant the Group to have an in-house internal audit function. The Company outsources its internal audit function to an external independent accounting firm, Messrs BDO LLP. The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The internal auditors report their findings and recommendations primarily to the AC and the AC is empowered to review any of the accounting, auditing and financial practices of the Company and the Group. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including unrestricted direct access to the AC.

The internal auditors will submit their annual audit planning for approval by the AC and report their findings to the AC. During the internal audit, the internal auditors carried out the review which is consistent with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors on certain key areas to assess and evaluate:

- (a) whether adequate systems of internal controls are in place;
- (b) whether operations of the business processes under review are conducted efficiently and effectively; and
- (c) internal control improvement opportunities.

The AC has reviewed with the internal auditors their audit plan and their evaluation of the system of internal controls and has evaluated their audit findings and the Management's responses to those findings, the effectiveness of material internal controls, including financial, operational, compliance and information technology controls and overall risk management of the Company and the Group for FY2020. The AC is satisfied that the outsourced internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group. The AC is also of the view that the outsourced internal audit function is adequately staffed with persons with the relevant qualifications and experience and adheres to professional standards including those promulgated by The Institute of Internal Auditors.

The annual audits conducted by the internal auditors aim to assess the effectiveness of the Group's internal control procedures and to provide reasonable assurances to the AC and the Management that the Group's risk management, controls and governance processes are adequate and effective.

On an annual basis, the AC reviews the adequacy and effectiveness of the internal audit function.

CORPORATE GOVERNANCE REPORT

III. ACCOUNTABILITY AND AUDIT (cont'd)

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**"), an auditing firm registered with the Accounting and Corporate Regulatory Authority ("**ACRA**"), was re-appointed as the external auditors on 25 October 2019 until the conclusion of the forthcoming AGM of the Company. The aggregate amount of audit fees paid to RSM in FY2020 was S\$72,000 and non-audit fees as an external consultant in sustainability reporting and tax services was S\$14,500.

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 FY2021, 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 ensuing year be tabled for shareholders' approval at the forthcoming AGM of the Company.

For FY2020, 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 both the internal and external 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 and internal 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 and internal auditors without the presence of the Management, to review any matters that might be raised privately.

The AC had separately met with the internal and external auditors once without the presence of the Management for FY2020.

In the review of the financial statements for FY2020, the AC had discussed with the Management the accounting principles that were applied and their judgement of matters that might affect the integrity of the financial statements and also considered the appropriateness of the critical accounting estimates and judgements made in preparing the financial statements. The following significant matters impacting the financial statements were discussed with the Management and the external auditors and were reviewed by the AC:

CORPORATE GOVERNANCE REPORT

III. ACCOUNTABILITY AND AUDIT (cont'd)

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Impairment assessment of property, plant and equipment, intangible assets and investment in subsidiaries (“ Impairment Assessment Exercises ”)	<p>The AC considered the competency, objectivity and capabilities of the independent professional valuer, and the approach and methodology applied to the Impairment Assessment Exercises. The AC also considered the assumptions and estimates used in the Impairment Assessment Exercises and had also discussed such assumptions and assessment with the Management.</p> <p>The AC was satisfied with the approach and methodology applied by the independent professional valuer and the Management’s assumptions and estimates used on the Impairment Assessment Exercises.</p> <p>The Impairment Assessment Exercises were also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2020. Please refer to The Independent Auditor’s Report contained in this annual report.</p>

Whistle-Blowing Policy

The AC 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 such as the encounter of any improper conduct within the Group. Procedures are in place for the proper follow-up and investigations of such whistle-blowing incidents, as and when they arise. The Group also extended the Whistle-Blowing Policy to members of the public as well by means of the Company’s 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 AC oversees the administration of the policy. Where a complaint has been made, a report will be submitted to the AC for investigation and follow-up.

The AC did not receive any report during FY2020 and up to the date of this report.

Audit Committee Activities

In FY2020, 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.

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 or her 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 Central Provident Fund Board which purchases shares on behalf of the Central Provident Fund 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.

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 SGXNet and the Company's 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.

CORPORATE GOVERNANCE REPORT

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT (cont'd)

During the AGM of the Company held on 25 October 2019, the Management, as well as the respective Chairperson of the Board, AC, RC and NC were present and available to address all comments or queries raised by shareholders. The external auditors of the Company will also be present at the AGM 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 25 October 2019, there were no other general meetings of the Company held during FY2020.

Provision 11.4

Absentia Voting

Voting in absentia, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

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.

Forthcoming AGM to be Convened and Held by Electronic Means

In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of FY2020, will be convened and held by way of electronic means 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. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance in relation to any resolutions set out in the notice of AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM.

Provision 11.5

Minutes of General Meetings

The Company prepares minutes of general meetings which incorporate substantial comments and queries from shareholders and responses from the Board and the Management. These minutes are made available upon request by shareholders. The minutes will be published on the Company's website as soon as practicable.

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 FY2020, the Company will not be paying any dividends to shareholders as the Company has no distributable profits to declare dividends.

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.

CORPORATE GOVERNANCE REPORT

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT (cont'd)

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. The annual report is sent to all shareholders on a timely basis and notices of all general meetings are advertised in newspapers and announced via the SGXNet. 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 Acting CEO will meet all 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 and 13.2

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.

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.

Detailed approach to the stakeholder engagement and materiality assessment (including commitments, key areas of focus and activities) will be disclosed in the Sustainability Report, which will be issued by 30 November 2020.

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.

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 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 FY2020 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 Company's disclosure in accordance with Rule 907 of the Catalist Rules of the SGX-ST in respect of IPTs for FY2020 is as follows:

CORPORATE GOVERNANCE REPORT

VI. INTERESTED PERSON TRANSACTIONS (cont'd)

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Mr Sun Bowen	Mr Sun Bowen is the Executive Chairman of the Company. IPTs – Acquisition of 40% of the issued and paid-up share capital of Global Entertainment Media Pte. Ltd. (" GEM ") ^{1,2}	24,000	–

Notes:

- This relates to the proposed acquisition of the remaining 40% equity interest in GEM which is pending a response from the SGX-ST on the relevant rules that are applicable to the transaction and subsequently, subject to the convening of an EGM to seek the approval of shareholders of the Company. The long-stop date is 31 October 2020 and should the Company successfully negotiate any changes to the existing terms with the vendor, an announcement will be released upon the formalisation of a revised agreement.
- Mr Sun Bowen, through companies related to him, has extended an interest-free RMB-denominated loan, to be formalised in due course, amounting to S\$5,974,000 to the Group for working capital purposes. The amount at risk of the interest-free loan is zero.

VII. MATERIAL CONTRACTS

Save for the option agreement between the Executive Chairman as approved by shareholders of the Company at the extraordinary general meeting convened on 29 March 2018, the service contracts between the Executive Chairman, the Acting CEO and CFO and the Company, transactions as disclosed in the "Interested Person Transactions" section above, and the Directors' Statement and Financial Statements, there were no material contracts entered into by the Group involving the interests of the Directors or controlling shareholders which are either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year.

VIII. 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.

IX. 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 (the "**Sponsor**") for FY2020. Payments of approximately S\$17,414 were made to Morgan Stamford LLC, a related corporation of the Sponsor, for work in connection with the Proposed Acquisition of the remaining 40% stake in Global Entertainment Media Pte. Ltd.

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 2020.

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 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, Chapter 50 (the “**Act**”) except as follows:

<u>Name of directors and Company in which interests are held</u>	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>
	<u>Number of unissued shares under option</u>	
<u>The Company</u>		
Mr Sun Bowen	300,000,000	300,000,000
	<u>Number of shares of no par value</u>	
<u>The Subsidiary</u>		
<u>(Global Entertainment Media Pte. Ltd.)</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 2020 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 mention below.

5. OPTIONS

During the reporting year, no option to take up unissued shares of the Company or its subsidiaries was granted except for the following:

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 are vested immediately.

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

Exercise price per share	Date of grant of options	Exercise period	Number of shares at	
			30.06.2020 '000	30.06.2019 '000
\$0.085	29 March 2018	From 26 February 2018 to 25 February 2023	600,000	600,000

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

Participants	Options granted for reporting year ended 30 June 2020 '000	Aggregate options granted since commencement to 30 June 2020 '000	Aggregate options exercised since commencement to 30 June 2020 '000	Aggregate options outstandings as at 30 June 2020 '000
Mr Sun Bowen (Director of the Company)	–	300,000	–	300,000
Mr Wee Henry (Controlling shareholder of the Company)	–	300,000	–	300,000

No participant has received 5% or more of the total number of the options available under the Scheme except for the above director, Mr Sun Bowen and a controlling shareholder, Mr Wee Henry.

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)
Mr Hau Khee Wee	(Independent and non-executive director)
Dr Danny Oh Beng Teck	(Independent and non-executive director)

The AC performs the functions specified by section 201B (5) of the Companies 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 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 (“**SGX-ST**”) Listing Manual.

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 external auditors, 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 2020.

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 28 August 2020, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

Sun Bowen
Director

Wee Phui Gam
Director

2 October 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of IMPERIUM CROWN LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited 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 2020, 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.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

To the Members of IMPERIUM CROWN LIMITED

Key audit matters

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

(a) Impairment assessment of property, plant and equipment and intangible assets

Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired, pursuant to the identification of certain indicators of impairment, including the impact of the volatile and challenging market conditions on their operating performance. The assessment of the recoverable amount requires exercise of significant judgement as disclosed in the Note 2C to the financial statements.

The following assets represent a significant portion of the Group's total assets as at 30 June 2020:

- (i) Property, plant and equipment (Note 12) (15% of Group's total assets)

The Group owns significant property, plant and equipment in the People's Republic of China.

- (ii) Intangible assets (Note 14) (82% of Group's total assets)

Intangible assets comprise of goodwill, land use rights and the rights to operate the "Wonder Stone Park" for a period of 50 years commencing 1 May 2017.

Wonder Stone Park project was still under development.

The management engaged an independent valuation specialist to assess the recoverable amount based on value in use (discounted cash flow) method. The measurement of value in use as the recoverable amount of each identifiable cash-generating unit ("**CGU**") involves significant judgment and estimation in determining the cash flow forecasts, and risk-free, discount and terminal growth rates. If there are indicators of impairment, the deficit between the recoverable amount and their carrying value would be recognised in profit and loss.

The Group has made impairment allowance of \$881,000 and \$6,607,000 to write down the carrying value of operating rights and goodwill respectively to their recoverable value as at 30 June 2020.

This area was significant to our audit because of the significant management judgements involved that require management to make various assumptions in the underlying cash flow forecasts. As such, we determined this to be a key audit matter.

How we addressed the matter in our audit

Our procedures include challenging management's estimates and assumptions used in the value-in-use model through our knowledge of the business and industry. We assessed the competency, capabilities and objectivities of the external valuer engaged by management. We have also involved our internal valuation specialist to assist us with our audit of the valuation models and of unobservable inputs of those models. We have also reviewed the adequacy of disclosures in this area.

INDEPENDENT AUDITOR'S REPORT

To the Members of IMPERIUM CROWN LIMITED

Key audit matters (cont'd)

(b) Impairment assessment of investment in subsidiaries

Refer to Note 2C – Critical judgements, assumptions and estimation uncertainties, Note 15 – Investment in subsidiaries.

Investment in subsidiaries accounts for approximately 99% of the Company's total assets as at 30 June 2020.

As at 30 June 2020, the carrying amount of the Company's investment in subsidiaries comprised mainly investment in Global Media Entertainment (“**GEM**”). One of the subsidiaries indirectly held by GEM, Fei County Wonder Stone Characteristics Town Development Co., Ltd. (“**Wonder Stone**”) (collectively known as “**GEM Group**”) holds the operating rights to Wonder Stone Park. The development of the Wonder Sone Park is set out in Note 1.

As GEM Group has been loss making, management identified these subsidiaries for impairment testing. The impairment testing requires management to determine the recoverable value amount of these subsidiaries. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and the underlying assumptions to be applied.

The Company has made an impairment allowance of \$14,625,000 to write down the carrying value of investment in GEM as at 30 June 2020.

How we addressed the matter in our audit

Our procedures include the review of the external valuer's report and assessed reasonableness of judgements and assumptions considered by the valuer concerned. We assessed the competency, capabilities and objectivities of the valuer engaged by management. We have also involved our internal valuation specialist to assist us with our audit of the valuation models and of the unobservable inputs of those models. We have also reviewed the adequacy of disclosures in this area.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of IMPERIUM CROWN LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, 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

2 October 2020

Engagement partner – effective from year ended 30 June 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2020

	Note	Group	
		2020 \$'000	2019 \$'000
Revenue	5	1,487	115
Other income	6	486	44
Depreciation and amortisation expenses	7	(3,527)	(2,631)
Employee benefits expense	8	(1,385)	(1,090)
Other operating expenses	9	(10,398)	(2,093)
Finance costs	10	(3)	–
Loss before tax from continuing operations		(13,340)	(5,655)
Income tax benefit	11	488	572
Loss for the year from continuing operations		(12,852)	(5,083)
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	(12)	(3,768)
Realisation of foreign currency translation reserve on liquidation of foreign operations	21A	–	(1,265)
Other comprehensive loss for the year, net of tax		(12)	(5,033)
Total comprehensive loss for the year		(12,864)	(10,116)
Net loss attributable to:			
Owners of the Company		(10,992)	(3,472)
Non-controlling interests		(1,860)	(1,611)
		(12,852)	(5,083)
Total comprehensive loss attributable to:			
Owners of the Company		(10,999)	(6,778)
Non-controlling interests		(1,865)	(3,338)
		(12,864)	(10,116)
Loss per share			
Currency unit		Cents	Cents
Basic and diluted	24	(1.39)	(0.44)

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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	20,741	18,536	30	1
Intangible assets	14	111,660	121,692	–	–
Investments in subsidiaries	15	–	–	45,132	59,714
Trade and other receivables	16	–	–	3,911	3,911
Other financial assets	17	–	–	–	–
Total non-current assets		132,401	140,228	49,073	63,626
Current assets					
Trade and other receivables	16	2,239	1,385	23	24
Cash and cash equivalents	18	737	2,310	565	1,838
Total current assets		2,976	3,695	588	1,862
Total assets		135,377	143,923	49,661	65,488
EQUITY AND LIABILITIES					
Equity					
Share capital	19A	84,190	84,190	84,190	84,190
Treasury shares	19B	(58)	(58)	(58)	(58)
Accumulated losses		(35,522)	(24,530)	(39,477)	(23,524)
Other reserves	21	2,340	2,347	4,598	4,598
Equity, attributable to owners of the Company		50,950	61,949	49,253	65,206
Non-controlling interests		41,595	43,460	–	–
Total equity		92,545	105,409	49,253	65,206
Non-current liabilities					
Deferred tax liabilities	11	26,371	26,956	–	–
Total non-current liabilities		26,371	26,956	–	–
Current liabilities					
Income tax payable		97	–	–	–
Trade and other payables	22	16,332	11,558	376	282
Lease liability, current	23	32	–	32	–
Total current liabilities		16,461	11,558	408	282
Total liabilities		42,832	38,514	408	282
Total equity and liabilities		135,377	143,923	49,661	65,488

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2020

Attributable to owners of the Company

Group	Share capital \$'000	Treasury shares \$'000	Accumulated losses \$'000	Foreign currency translation reserve \$'000		Share options reserve \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Current year									
At 1 July 2019	84,190	(58)	(24,530)	(2,251)	4,598	61,949	43,460	105,409	
Changes in equity									
Loss for the year	-	-	(10,992)	-	-	(10,992)	(1,860)	(12,852)	
Other comprehensive loss for the year	-	-	-	(7)	-	(7)	(5)	(12)	
Total comprehensive loss for the year	-	-	(10,992)	(7)	-	(10,999)	(1,865)	(12,864)	
At 30 June 2020	84,190	(58)	(35,522)	(2,258)	4,598	50,950	41,595	92,545	
Previous year									
At 1 July 2018	84,190	(58)	(23,359)	1,055	4,598	66,426	49,099	115,525	
Changes in equity									
Loss for the year	-	-	(3,472)	-	-	(3,472)	(1,611)	(5,083)	
Other comprehensive loss for the year	-	-	-	(3,306)	-	(3,306)	(1,727)	(5,033)	
Total comprehensive loss for the year	-	-	(3,472)	(3,306)	-	(6,778)	(3,338)	(10,116)	
Dilution of non-controlling interest (Note 15)	-	-	2,301	-	-	2,301	(2,301)	-	
At 30 June 2019	84,190	(58)	(24,530)	(2,251)	4,598	61,949	43,460	105,409	

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2020

	Share capital \$'000	Treasury shares \$'000	Accumulated losses \$'000	Share options reserve \$'000	Total equity \$'000
Company					
Current year					
At 1 July 2019	84,190	(58)	(23,524)	4,598	65,206
Changes in equity					
Loss for the year	–	–	(15,953)	–	(15,953)
At 30 June 2020	84,190	(58)	(39,477)	4,598	49,253
Previous year					
At 1 July 2018	84,190	(58)	(20,711)	4,598	68,019
Changes in equity					
Loss for the year	–	–	(2,813)	–	(2,813)
At 30 June 2019	84,190	(58)	(23,524)	4,598	65,206

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2020

	2020 \$'000	2019 \$'000
Cash flows from operating activities		
Loss before tax	(13,340)	(5,655)
Adjustments for:		
Depreciation of property, plant and equipment	987	122
Amortisation of intangible assets	2,540	2,509
Interest income	(7)	(19)
Finance costs	3	–
Allowance for impairment on goodwill	6,607	–
Allowance for impairment on intangible assets	881	–
Realisation of foreign currency translation reserve on liquidation for foreign operations	32	(1,265)
Operating cash flows before changes in working capital	(2,297)	(4,308)
Trade and other receivables	(854)	(735)
Trade and other payables	4,774	3,514
Net cash flows from/(used in) operations	1,623	(1,529)
Income taxes paid	–	–
Net cash flows from/(used in) operating activities	1,623	(1,529)
Cash flows from investing activities		
Interest received	7	19
Purchase of intangible assets	–	(1)
Purchase of property, plant and equipment	(3,156)	(5,319)
Net cash flows used in investing activities	(3,149)	(5,301)
Cash flows from financing activities		
Lease liabilities	(44)	–
Interest paid	(3)	–
Net cash flows used in financing activities	(47)	–
Net decrease in cash and cash equivalents	(1,573)	(6,830)
Cash and cash equivalents at beginning of year	2,310	9,140
Cash and cash equivalents at end of year (Note 18)	737	2,310

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

1. GENERAL

Imperium Crown Limited (the “**Company**”) is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars (“**\$**”), the amounts 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 Catalyst, 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.

At end of the reporting year, the Group reported total comprehensive loss of \$12.86 million; and as of that date, the Group's current liabilities exceeded its current assets by \$13.49 million. The Group's current liabilities as at 30 June 2020 included the amounts owing to a related party of \$11.64 million, in which Executive Chairman has the power and authority to manage the payment obligations to the said related party if the need ever arises.

At the date of this report, the management is satisfied that the financial support will be available when required for at least a year from the end of the reporting year. The validity of the going concern assumption on which the financial statements are prepared depends on the successful conclusion of these matters. If the going concern assumption is inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised for amounts other than those at which they are currently recorded in the statement of financial position. In addition, the Company may have to provide for further liabilities that may arise.

The Wonder Stone Park, the key development project of the Group has an estimated development costs of \$202 million (equivalent to RMB1.01 billion). The estimated development costs has increased by \$2 million (equivalent to RMB10 million) as compared to the last reporting year due to changes in development plan. As of the reporting year end, \$18.55 million (approximate RMB94.11 million) have been incurred. This relates mainly to the hotel which has commenced operation during the reporting year.

The development costs are expected to be funded through bank borrowings, borrowings from related parties and equity. Management has reasonable expectations that adequate financial resources will be available to complete the development of the Park as projected.

Accordingly, the management continues to adopt the going concern basis in preparing the financial statements and the management will continue to monitor the development closely and make adjustments to the development plan where appropriate.

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, Chapter 50 (the “**Act**”) and with the International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

1. GENERAL (cont'd)

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.

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 fair value through profit or loss financial assets in accordance with SFRS(I) 9.

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.

Coronavirus Disease ("COVID-19") pandemic and the aftermath

The COVID-19 pandemic and the aftermath of the pandemic globally forced to suspend or limit business operations during the reporting year and the aftermath is expected for the unforeseeable period ahead. Measures were taken by the governments to contain the spread of COVID-19, including travels, social distancing and closure of non-essential services. This resulted in an economic slowdown, which have adversely impacted on the business of the reporting entity. The economic uncertainties have created questions about the uncertainties relating to the impairment or recoverability of certain assets (including impairment allowances for inventories and receivables) and the completeness or valuation of certain assets and liabilities reflected in these financial statements. An assessment was made by management whether for the current reporting year there were any indications that these assets and liabilities may be impacted adversely. If any such indication of uncertainties existed, an estimate was made of the realisable amount and or fair value of the relevant assets and the completeness of the liabilities (which balances are more fully disclosed in the relevant notes to these financial statements). The recoverability of the assets and the ability of the entity to maintain or pay its debts as they mature are dependent to a large extent on the efficacy of the fiscal and other measures undertaken by China and the affected countries overseas to successfully meet those economic challenges. As the pandemic continues to progress and evolve, it is extremely challenging to predict the full extent and duration of its impact on the entity's businesses and the countries where the reporting entity operates.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

2A. Significant accounting policies (cont'd)

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 except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

2A. Significant accounting policies (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

2A. Significant accounting policies (cont'd)

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 is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and an interest expense on the recognised lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term, a right-of-use asset is recognised. For these leases, a right-of-use asset is recognised.

Leases of lessor

As a lessor the reporting entity classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease receipts from operating leases are recognised as income on either a straight-line basis or another systematic basis over the term of the lease.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

2A. Significant accounting policies (cont'd)

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with the financial reporting standard on financial instruments. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

There were no business combinations during the reporting year.

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

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

Goodwill (cont'd)

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Identifiable intangible assets acquired as part of a business combination are 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. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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%

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%

Impairment 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

2A. Significant accounting policies (cont'd)

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.

Classification and measurement of financial assets

- (i) 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.
- (ii) 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.
- (iii) Financial asset that is an equity investment measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.
- (iv) 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

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

2A. Significant accounting policies (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

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 goodwill

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash-generating units (“CGU”) and the use of estimates. Actual outcomes could vary from these estimates.

As disclosed in Note 14B to the financial statements, the recoverable amounts of the CGUs which goodwill has been allocated to be determined based on value-in-use (“VIU”) calculations using discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in determination of the VIU including a sensitivity analysis, are disclosed and further explained in Note 14B to the financial statements.

The carrying amount of goodwill as at 30 June 2020 is Nil (2019: \$6.61 million).

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. The recoverable amounts of CGUs are measured based on VIU calculations. The VIU calculations are based on a discounted cash flow models. These calculations require the use of estimates. 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 as disclosed in Note 14B 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 \$20.74 million (2019: \$18.54) and \$111.66 million (2019: \$115.08) respectively.

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 \$45.09 million (2019: is \$53.5 million) as disclosed in the Note 15 to the financial statements.

If the revised revenue had been 10% less favourable than management's estimates at the end of the reporting year, the carrying value of the investment would need to reduce by \$30.1 million. If the revised estimated pre-tax discount rate applied to the discounted cash flows increased by 1 percentage point, an impairment of \$33.7 million would have been recognised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

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

Fair value of unquoted investments

If a financial asset is not traded in an active market or if the quoted price is not readily and regularly available, the fair value is established by using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value measurement requires the selection among a range of different valuation methodologies, making estimates about expected future cash flows and discount rates. The carrying amount is disclosed in the Note 17 to the financial statements.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

3B. Related party transactions (cont'd)

Significant related party transactions

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group	
	2020 \$'000	2019 \$'000
Related parties		
Marketing expenses		
– Capital W Pte Ltd ^(a)	–	(29)
Development income/(expenses) of the Fei County Wonder Stone Characteristics Town Development Co., Ltd. ^(b)		
– Feixian Yin Du Dian Ti Co., Ltd. (费县银都电梯有限公司)	127	(131)
– Shandong Yin Guang Bao An Fu Wu Co., Ltd. (山东银光保安服务有限公司)	(65)	(160)
– Shandong Yin Guang Jian Zhu Zhuang Shi Co., Ltd. (山东银光建筑装饰工程有限公司)	(178)	(239)
– Zhaozhuang Yin Guang Jian Zhu Co., Ltd. (枣庄银光建筑工程有限公司)	–	(47)
Operating (expenses)/income of the Fei County Inzone Wonder Stone Cultural Hotel Co., Ltd. ^(b)		
山东银光钰源有限公司	3	–
山东银光化工集团	47	–
费县银光镁业有限公司	1	–
山东银光文化旅游产业集团有限公司	9	–
蒙山旅游区银光麦饭石文化旅游发展有限公司	2	–
山东银光天宏房地产开发有限公司	1	–
山东银光科技有限公司	9	–
山东银光建筑装饰工程有限公司	32	–
费县银光消防服务有限公司	(9)	–
银光麦饭石水厂	(3)	–
山东银光保安服务有限公司	(6)	–
山东银光抽纱有限公司	(158)	–

(a) Capital W Pte Ltd is a company controlled by Ms Tan Geok Bee, an immediately family member of Mr Wee Henry who is a Controlling Shareholder of the Company. This related party has no significant influence over the reporting entity.

(b) These related parties refer to companies in which Mr Sun Bowen or his immediate family has significant or controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

3C. Key management compensation

	Group	
	2020	2019
	\$'000	\$'000
Salaries and other short-term employee benefits	642	670

Included in the above amounts are the following items:

	Group	
	2020	2019
	\$'000	\$'000
Remuneration of directors of the Company	452	474
Fees to directors of the Company	190	196

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.

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	
	2020	2019
	\$'000	\$'000
At beginning of year	(5,978)	(6,251)
Foreign exchange adjustments	4	273
At end of year (Note 22)	(5,974)	(5,978)

Other related parties refer to companies in which Mr Sun Bowen or his immediate family has significant or controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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) property development and property investment segment. 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) The property development and property investment segment is to invest for returns solely from capital appreciation and/or investment income. However, this segment was discontinued in reporting year ended 30 June 2018.

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	Unallocated segment \$'000	Group \$'000
<u>2020</u>			
Sales to external customers	1,487	–	1,487
Recurring EBITDA	(8,424)	(1,005)	(9,429)
Depreciation and amortisation expenses	(3,451)	(76)	(3,527)
ORBIT	(11,875)	(1,081)	(12,956)
Interest income	1	6	7
Finance costs	–	(3)	(3)
Legal and professional fee	(98)	(290)	(388)
Loss before tax	(11,972)	(1,368)	(13,340)
Income tax expense	488	–	488
Loss after tax	(11,484)	(1,368)	(12,852)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

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

	Property development and property investment \$'000	Leisure and hospitality \$'000	Unallocated segment \$'000	Group \$'000
<u>2019</u>				
Sales to external customers	–	115	–	115
Recurring EBITDA	–	(1,393)	(2,568)	(3,961)
Depreciation and amortisation expenses	–	(2,630)	(1)	(2,631)
ORBIT	–	(4,023)	(2,569)	(6,592)
Interest income	–	–	19	19
Legal and professional fee	–	(52)	(295)	(347)
Realisation of foreign currency translation reserve on liquidation of foreign operations	1,265	–	–	1,265
Loss before tax	1,265	(4,075)	(2,845)	(5,655)
Income tax expense	–	572	–	572
Loss after tax	1,265	(3,503)	(2,845)	(5,083)

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

4C. Assets and reconciliations

	Leisure and hospitality \$'000	Unallocated segment \$'000	Group \$'000
<u>2020</u>			
Total assets for reportable segments			
– Property, plant and equipment	20,711	30	20,741
– Intangible assets	111,660	–	111,660
– Trade and other receivables	2,216	23	2,239
– Cash and cash equivalent	172	565	737
			<u>135,377</u>
<u>2019</u>			
Total assets for reportable segments			
– Property, plant and equipment	18,535	1	18,536
– Intangible assets	121,692	–	121,692
– Trade and other receivables	1,361	24	1,385
– Cash and cash equivalent	445	8,696	2,310
			<u>143,923</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

4D. Liabilities and reconciliations

	Leisure and hospitality \$'000	Unallocated segment \$'000	Group \$'000
<u>2020</u>			
Total liabilities for reportable segment			
– Income tax payable	–	97	97
– Deferred tax liabilities	26,371	–	26,371
– Trade and other payables	15,956	376	16,332
– Lease liability, current	–	32	32
			<u>42,832</u>
<u>2019</u>			
Total liabilities for reportable segment			
– Deferred tax liabilities	26,956	–	26,956
– Trade and other payables	11,276	282	11,558
			<u>38,514</u>

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

4E. Other material items and reconciliations

	Property development and property investment \$'000	Leisure and hospitality \$'000	Unallocated segment \$'000	Group \$'000
<u>2020</u>				
Allowance for impairment on goodwill	–	(6,607)	–	(6,607)
Allowance for impairment on intangible assets	–	(881)	–	(881)
Depreciation and amortisation expenses	–	(3,451)	(76)	(3,527)
Expenditure for non-current assets	–	(3,162)	(70)	(3,232)
<u>2019</u>				
Depreciation and amortisation expenses	–	(2,630)	(1)	(2,631)
Expenditure for non-current assets	–	(5,319)	–	(5,319)
Realisation of foreign currency translation reserve on liquidation of foreign operations	1,265	–	–	1,265

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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

4F. Geographical information

	Group	
	2020 \$'000	2019 \$'000
Revenue		
– China	1,487	115
Total consolidated assets		
– China	134,759	142,060
– Singapore	618	1,863
	135,377	143,923

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	
	2020 \$'000	2019 \$'000
Revenue from contracts with customers		
– Sale of goods	78	115
– Hotel operations	1,409	–
	1,487	115

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	
	2020 \$'000	2019 \$'000
Interest income	7	19
Government subsidy income	390	17
Others	89	8
	486	44

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

7. DEPRECIATION AND AMORTISATION EXPENSES

	Group	
	2020	2019
	\$'000	\$'000
Depreciation from property, plant and equipment (Note 12)	987	122
Amortisation of intangible assets (Note 14)	2,540	2,509
	3,527	2,631

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2020	2019
	\$'000	\$'000
Salaries and wages	1,110	830
Contributions to defined contribution plan	85	64
Directors' fee	190	196
	1,385	1,090

9. OTHER OPERATING EXPENSES

The following items have been included in arriving at other operating expenses from continuing operations:

	Group	
	2020	2019
	\$'000	\$'000
Audit fees to independent auditors of the Company	72	72
Audit fees to independent auditors of the subsidiaries	20	20
Non-audit fees to independent auditors of the Company	22	16
Internal audit fees	20	8
Legal and professional fees	388	347
Loss on disposal of property, plant and equipment	30	–
Allowance for impairment on goodwill	6,607	–
Allowance for impairment on intangible assets	881	–
Allowance for impairment loss on trade and other receivables	26	–
	26	–

10. FINANCE COSTS

	Group	
	2020	2019
	\$'000	\$'000
Interest on lease liability	3	–
	3	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

11. INCOME TAX

11A. Components of tax (benefit)/expense recognised in profit or loss

	Group	
	2020	2019
	\$'000	\$'000
<hr/>		
<u>Current tax</u>		
Current tax expense	97	–
	97	–
<hr/>		
<u>Deferred tax</u>		
Deferred income tax benefit	(585)	(572)
Income tax benefit	(585)	(572)
	(585)	(572)
<hr/>		
Total income tax benefit	(488)	(572)

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% (FY2019: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2020	2019
	\$'000	\$'000
<hr/>		
Loss before tax	(13,340)	(5,655)
<hr/>		
Income tax at the above rate	(2,268)	(961)
Non-deductible expenses	2,316	552
Income not subject to tax	–	(576)
Effect of tax rates in different jurisdictions	(1,575)	(557)
Deferred tax assets not recognised	1,036	967
Others	3	3
	(488)	(572)

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

11B. Deferred tax recognised in profit or loss

	Group	
	2020	2019
	\$'000	\$'000
<hr/>		
Excess of book over tax depreciation on intangible assets	585	572
Tax loss carry forwards	(1,036)	–
Deferred tax assets not recognised	1,036	–
	585	572

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

11. INCOME TAX (cont'd)

11C. Deferred tax recognised in other comprehensive income

	Group	
	2020 \$'000	2019 \$'000
Foreign exchange differences on translation of foreign operations	1,031	(1,031)
	<u>1,031</u>	<u>(1,031)</u>

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

	Group	
	2020 \$'000	2019 \$'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	(26,371)	(27,987)
Tax loss carry forwards	3,302	2,266
Deferred tax assets not recognised	(3,302)	(2,266)
<u>From deferred tax liabilities recognised in other comprehensive income</u>		
Foreign exchange differences on translation of foreign operations	–	1,031
Net balance	<u>(26,371)</u>	<u>(26,956)</u>

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 dates of tax losses carryforwards are as follows:

	Group	
	2020 \$'000	2019 \$'000
2022	157	157
2023	247	247
2024	3,885	3,885
2025	4,048	–
	<u>8,337</u>	<u>4,289</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

12. PROPERTY, PLANT AND EQUIPMENT

Group	Construction in-progress \$'000	Motor vehicles \$'000	Office and other equipment \$'000	Renovations, improvements and furniture \$'000	Total \$'000
<u>Cost</u>					
At 1 July 2018	12,527	71	412	1,068	14,078
Additions	5,005	–	283	31	5,319
Foreign exchange adjustments	(602)	(3)	(26)	(47)	(678)
At 30 June 2019	16,930	68	669	1,052	18,719
Additions	–	–	1,807	1,425	3,232
Reclassification	(16,898)	–	–	16,898	–
Foreign exchange adjustments	(32)	–	2	(18)	(48)
At 30 June 2020	–	68	2,478	19,357	21,903
<u>Accumulated depreciation</u>					
At 1 July 2018	–	7	37	22	66
Depreciation for the year	–	16	55	51	122
Foreign exchange adjustments	–	(1)	(2)	(2)	(5)
At 30 June 2019	–	22	90	71	183
Depreciation for the year	–	16	230	741	987
Foreign exchange adjustments	–	–	–	(8)	(8)
At 30 June 2020	–	38	320	804	1,162
<u>Carrying value</u>					
At 1 July 2018	12,527	64	375	1,046	14,012
At 30 June 2019	16,930	46	579	981	18,536
At 30 June 2020	–	30	2,158	18,553	20,741
<u>Company</u>					
<u>Cost</u>					
At 1 July 2018, 30 June 2019			5	6	11
Additions			–	76	76
At 30 June 2020			5	82	87
<u>Accumulated depreciation</u>					
At 1 July 2018			3	6	9
Depreciation for the year			1	–	1
At 30 June 2019			4	6	10
Depreciation for the year			–	47	46
At 30 June 2020			4	53	56
<u>Carrying value</u>					
At 1 July 2018			2	–	2
At 30 June 2019			1	–	1
At 30 June 2020			1	29	30

The depreciation expense is included under depreciation and amortisation expenses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

13. RIGHT-OF-USE ASSETS

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

Group and Company	Office premises \$'000
<u>Cost</u>	
Adoption of SFRS (I) 16 at 1 July 2019 and at 30 June 2020 (Note 27)	76
<u>Accumulated depreciation</u>	
At 1 July 2019	–
Depreciation for the year	47
At 30 June 2020	47
<u>Carrying value</u>	
At 1 July 2019	–
At 30 June 2020	29

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

	Office premises
Number of right-to-use assets	1
Remaining term	1 year

For the aforesaid right-of-use assets, management has elected to measure the right-of-use asset as if the new standard had been applied since the start of the lease, but using the incremental borrowing rate at 1 July 2019 (see Note 23).

14. INTANGIBLE ASSETS

	Group	
	2020	2019
	\$'000	\$'000
Other intangible assets (Note 14A)	111,660	115,085
Goodwill (Note 14B)	–	6,607
	<u>111,660</u>	<u>121,692</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

14. INTANGIBLE ASSETS (cont'd)

14A. Other intangible assets

Group	Land use rights \$'000	Operating rights \$'000	Total \$'000
<u>Cost</u>			
At 1 July 2018	7,973	116,381	124,354
Additions	1	–	1
Foreign exchange adjustments	(348)	(4,238)	(4,586)
At 30 June 2019	7,626	112,143	119,769
Foreign exchange adjustments	(4)	–	(4)
At 30 June 2020	7,622	112,143	119,765
<u>Accumulated amortisation</u>			
At 1 July 2018	151	2,144	2,295
Amortisation for the year	223	2,286	2,509
Foreign exchange adjustments	(10)	(110)	(120)
At 30 June 2019	364	4,320	4,684
Amortisation for the year	191	2,349	2,540
At 30 June 2020	555	6,669	7,224
<u>Accumulated impairment</u>			
At 1 July 2018 and 30 June 2019	–	–	–
Impairment for the year	–	881	881
At 30 June 2020	–	881	881
<u>Net book value</u>			
At 1 July 2018	7,822	114,237	122,059
At 30 June 2019	7,262	107,823	115,085
At 30 June 2020	7,067	104,593	111,660

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.

During the reporting year, the Group has made an impairment allowance of \$881,000 to write down the carrying value of operating rights associated with the Wonder Stone Park cash-generating unit ("CGU") to its recoverable value as at 30 June 2020. See Note 14B for details.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

14. INTANGIBLE ASSETS (cont'd)

14B. Goodwill

	Group	
	2020	2019
	\$'000	\$'000
<hr/>		
Carrying value comprising		
At cost	6,607	6,856
Allowance for impairment on goodwill	(6,607)	–
Foreign exchange adjustments	–	(249)
At end of year	–	6,607

	Group	
	2020	2019
	\$'000	\$'000
<hr/>		
Movement during the year, at carrying value		
At beginning of year	6,607	6,856
Allowance for impairment on goodwill	(6,607)	–
Foreign exchange adjustments	–	(249)
At end of year	–	6,607

Goodwill is allocated to a CGU for the purpose of impairment testing as follows:

	Group	
	2020	2019
	\$'000	\$'000
<hr/>		
Fei County Wonder Stone Characteristics Town Development Co., Ltd (费县奇石特色小镇发展有限公司)	6,607	6,607

The goodwill was tested for impairment at the end of the reporting year. 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").

The VIU was measured by an independent professional valuer. The key assumptions used in VIU measurement are as follow. The VIU is a recurring fair value measurement that categorised as Level 3 of the fair value hierarchy. The quantitative information about the VIU measurement using significant unobservable inputs for the CGU are consistent with those used for the measurement last performed and is analysed as follows:

	2020	2019
<hr/>		
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs	13.2%	12.0%
Budgeted growth rates forecasts by management based on expectations	3% – 70%	3% – 70%
Terminal value growth rate	3%	3%
Cash flow projections derived from the most recent financial budgets and plans approved by management	11 years	11 years

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

14. INTANGIBLE ASSETS (cont'd)

14B. Goodwill (cont'd)

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.

Sensitivity test

	Other intangible assets \$'000	Property, plant and equipment \$'000
If 10% less favourable in estimated revenue would be a need to reduce pro-rata the carrying value of CGU, by	29,751	5,475
If 10% less favourable in estimated gross margin would be a need to reduce pro-rata the carrying value of CGU, by	24,124	4,439
If estimated pre-tax discount rate increased by 1 percentage point, it would be a need to reduce pro-rata the carrying value of CGU by	15,108	2,780

During the reporting year, an impairment allowance of \$6,607,000 was recognised based on the recoverable amount determined using the above assumptions.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 \$'000	2019 \$'000
<u>Carrying value comprising</u>		
Unquoted equity shares at cost	55,960	65,187
Allowance for impairment	(17,073)	(11,675)
Quasi-equity loans receivable	6,245	6,202
	45,132	59,714

	Company	
	2020 \$'000	2019 \$'000
<u>Movement during the year, at carrying value</u>		
At beginning of year	59,714	53,600
Impairment allowance	(14,625)	–
Quasi-equity loans	43	6,114
At end of year	45,132	59,714

Movements in allowance for impairment

At beginning of year	11,675	23,467
Impairment allowance charged to profit or loss	5,398	–
Impairment allowance written off	–	(11,792)
At end of year	17,073	11,675

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

The Company has made an impairment allowance of \$14,625,000 to write down the carrying value of investment in Global Media Entertainment Pte Ltd. based on the recoverable amount determined using the assumptions in Note 14B.

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

	Company	
	2020 \$'000	2019 \$'000
Chinese RMB	2,089	2,089
Malaysian Ringgit	12	12
Australian Dollars	78	52

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	
	2020 %	2019 %	2020 \$'000	2019 \$'000
<i>Held by the Company</i>				
Richwood Asia I Investment ⁽¹⁾ British Virgin Islands Investment holding	–	100	–	9,227
ICL Land Sdn Bhd ⁽²⁾ Malaysia Dormant	100	100	*	*
Development West Pty Ltd ⁽³⁾ Australia Investment holding	100	100	2,450	2,450
WS Global Asset Management Pte Ltd ⁽⁴⁾ Singapore Dormant	100	100	10	10
Global Entertainment Media Pte Ltd (" GEM ") ⁽⁴⁾ Singapore Investment holding	60	60	53,500	53,500
			55,960	65,187

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Effective percentage of equity held by the Group		Cost of investment	
	2020	2019	2020	2019
	%	%	\$'000	\$'000
<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 ⁽⁵⁾ 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 ("Wonderstone") 费县奇石特色小镇发展有限公司 ⁽⁵⁾ People's Republic of China Tourism development and tourism management services	54	54 ⁽⁸⁾	12,070	12,070
<i>Held by Wonderstone</i>				
Fei County Yinsheng Real Estate Co., Ltd ("Yinsheng Real Estate") 费县银升置业有限公司 ⁽⁵⁾⁽⁶⁾ People's Republic of China Real estate development	54	54	–	–
<i>Fei County Inzone Wonder Stone</i>				
Cultural Hotel Co., Ltd (formerly known as Fei County Cultural Hotel Management Co., Ltd) ("Inzone Wonder Stone Cultural Hotel") 费县银座佳悦奇石文化酒店有限公司 ⁽⁵⁾⁽⁷⁾ People's Republic of China Hotel management services	54	54	291	291

* Amount less than \$1,000.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Notes:

- (1) Struck off during the reporting year.
- (2) Not audited as these subsidiaries are in the midst of liquidations as of the current financial year.
- (3) 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.
- (4) Audited by RSM Chio Lim LLP, Singapore.
- (5) 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.

- (6) Fei County Yin Sheng 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 2020.
- (7) Fei County Inzone Wonder Stone Cultural Hotel Co., Ltd was incorporated on 13 September 2018 with registered share capital of RMB2 million (equivalent to \$400,000). On 16 October 2018, the subsidiary changed its company name from Fei County Cultural Hotel Management Co., Ltd (费县奇石文化酒店管理有限公司) to 费县奇石文化戴斯酒店管理有限公司 and subsequently on 3 April 2019 changed to Fei County Inzone Wonder Stone Cultural Hotel Co., Ltd. (费县银座佳悦奇石文化酒店有限公司).
- (8) During the reporting year ended 30 June 2019, Linyi Yin Sheng injected additional capital, amounting to RMB19.96 million (equivalent to \$4 million) into Wonderstone as a result increased its equity interest in Wonderstone from 80% to 90%, which also effectively increased the Group's effective equity interest in Wonderstone's group from 48% to 54%.

The changes in the ownership interest in a subsidiaries that do not result in change in control are accounted as transactions with owners in their capacity as owners (as equity transactions). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. The proportionate share of the carrying amount of the net assets of Wonderstone's group has been transferred from non-controlling interest amounted to \$2.30 million.

On 27 September 2018, the Company entered into a sale and purchase agreement ("**SPA**") with Fortsmith Investments Limited to further acquire 40% of equity interest in GEM for a consideration of \$24 million. Upon the completion of the acquisition, GEM will become a wholly owned subsidiary of the Company. No consideration has been paid by the Company as at end of the current reporting year and to the date of this report. The acquisition is currently in process and the SPA will be automatically lapse if the acquisition does not take place on or before 31 October 2020.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

15A. Material subsidiaries with non-controlling interests

The following table summarises the accumulated non-controlling interests ("NCI") at end of the reporting year.

	Group	
	2020 \$'000	2019 \$'000
Wonderstone	44,201	45,060
Aggregate of other individually immaterial subsidiaries	(2,601)	(1,600)
	41,600	43,460

Set out below are the summarised financial information of Wonderstone, which is a material subsidiary with NCI to the Group. These are presented before inter-company eliminations.

	2020 \$'000	2019 \$'000
<i>Summarised statement of financial position</i>		
Non-current assets	114,152	113,989
Current assets	2,279	1,804
Current liabilities	(15,998)	(11,314)
Non-current liabilities	(9,999)	(10,001)
Net assets	90,434	94,478
<i>Summarised statement of comprehensive income</i>		
Revenue	1,487	1,093
Loss for the reporting year	(3,997)	(3,498)
Total comprehensive loss	(3,652)	(3,968)
Total comprehensive loss allocated to NCI	(1,865)	(3,338)
Decrease in non-controlling interest	–	(2,301)
<i>Other summarised information</i>		
Operating cash flows, increase/(decrease)	355	(817)
Net cash flows, (decrease)/increase	(303)	93

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Trade receivables</u>				
Related parties (Note 3)	102	–	–	–
Outside parties	199	16	–	–
Allowance for impairment	(26)	–	–	–
Total trade receivables	275	16	–	–
<u>Other receivables</u>				
Loan receivable from a subsidiary	–	–	3,911	3,911
Deposits	246	246	10	10
Prepayments	1,461	1,095	7	7
Others	257	28	6	7
Total other receivables	1,964	1,369	3,934	3,935
	2,239	1,385	3,934	3,935
Presented as:				
Current portion	2,239	1,385	23	24
Non-current portion	–	–	3,911	3,911
	2,239	1,385	3,934	3,935
<u>Movements in above allowance on trade receivables</u>				
At beginning of year	–	–	–	–
Charge for trade receivables to profit or loss included in other operating expenses	(26)	–	–	–
At end of year	(26)	–	–	–

16A. Trade receivables

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (“ECL”) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are 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 expected credit losses. The allowance matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. 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 \$26,000 for the Group is recognised.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor’s credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

16. TRADE AND OTHER RECEIVABLES (cont'd)

16B. Other receivables

Included in other receivables is a loan receivable from a subsidiary amounted to \$3,911,000 (2019: \$3,911,000). The movement in loan receivables from a subsidiary is as follows:

	Company	
	2020	2019
	\$'000	\$'000
<hr/>		
<u>Movements during the year</u>		
At beginning of year	3,911	6,000
Reclassified as quasi loan	–	(2,275)
Unwinding of discount transfer from quasi loan	–	186
At end of year	<u>3,911</u>	<u>3,911</u>

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

The loan is carried at amortised cost at estimated current lending rate of 4.90% (FY2019: 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.

Other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. No loss allowance is necessary.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

17. OTHER FINANCIAL ASSETS

	Level	Group	
		2020 \$'000	2019 \$'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 (2019: \$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.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash at bank and on hand	737	1,297	565	825
Fixed deposits with banks	–	1,013	–	1,013
	<u>737</u>	<u>2,310</u>	<u>565</u>	<u>1,838</u>

The interest bearing balances are not significant.

18A. Reconciliation of liabilities arising from financing activities

	2019 \$'000	Cash flows \$'000	Non-cash changes \$'000		2020 \$'000
Lease liabilities (Note 23)	–	(44)	76	(a)	32
Total liabilities from financing activities	<u>–</u>	<u>(44)</u>	<u>76</u>		<u>32</u>

There are no reconciliation amounts for the non-cash changes in liabilities arising from financing activities for year 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

19. SHARE CAPITAL AND TREASURY SHARES

19A. Share capital

	Company	
	Number of shares issued '000	Share capital \$'000
<u>Ordinary shares of no par value</u>		
Balance at beginning and end of the reporting year 30 June 2019 and 2020	790,000	84,190

The ordinary shares of no par value 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.

19B. Treasury shares

	Company	
	Number of shares issued '000	Treasury shares \$'000
Balance at beginning and end of the reporting year 30 June 2019 and 2020	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).

As of the reporting year end, there are no significant borrowings.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

20. SHARE BASED PAYMENTS

20A. Share options

During the reporting year, no option to take up unissued shares of the Company or its subsidiaries was granted except for the following:

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 per share	Date of grant of options	Exercise period	Number of shares at	
			2020 '000	2019 '000
\$0.085	29 March 2018	From 26 February 2018 to 25 February 2023	600,000	600,000

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

Participants	Options granted for reporting year ended 2020 '000	Aggregate options granted since commencement to 2020 '000	Aggregate options exercised since commencement to 2019 '000	Aggregate options outstandings as at 2019 '000
Mr Sun Bowen (Director of the Company)	–	300,000	–	300,000
Mr Wee Henry (Controlling shareholder of the Company)	–	300,000	–	300,000

No participant has received 5% or more of the total number of the options available under the Scheme except for the above director, Mr Sun Bowen and a controlling shareholder, Mr Wee Henry.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

20. SHARE BASED PAYMENTS (cont'd)

20C. Share options reserve

	Group and Company	
	2020	2019
	\$'000	\$'000
At beginning and end of year	4,598	4,598

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 director 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 (FY2019: Nil).

21. OTHER RESERVES

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve (Note 21A)	(2,258)	(2,251)	–	–
Share options reserve (Note 20C)	4,598	4,598	4,598	4,598
	2,340	2,347	4,598	4,598

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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	
	2020 \$'000	2019 \$'000
At beginning of year	(2,251)	1,055
Foreign exchange differences on translation of foreign operations	(12)	(3,768)
Realisation of foreign translation reserve on liquidation of foreign subsidiaries	–	(1,265)
Attributable to non-controlling interest	5	1,727
At end of year	<u>(2,258)</u>	<u>(2,251)</u>

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Trade payables</u>				
Outside parties	4,334	2,295	22	7
Related parties	5,663	3,010	–	–
Total trade payables	<u>9,997</u>	<u>5,305</u>	<u>22</u>	<u>7</u>
<u>Other payables</u>				
Amount owing to other related parties (Note 3)	5,974	5,978	–	–
Accrued expenses	361	275	354	275
Total other payables	<u>6,335</u>	<u>6,253</u>	<u>354</u>	<u>275</u>
Total trade and other payables	<u>16,332</u>	<u>11,558</u>	<u>376</u>	<u>282</u>

23. LEASE LIABILITY

	Group and Company	
	2020 \$'000	2019 \$'000
Lease liabilities, current	32	–
	<u>32</u>	<u>–</u>

Movements in lease liabilities are as follows:

	Group and Company 2020 \$'000
At 1 July 2019 adoption of SFRS (I) 16	76
Additions	–
Accretion of interest	3
Repayments	(47)
At end of year	<u>32</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

23. LEASE LIABILITY (cont'd)

The new standard on leases has been applied using the modified retrospective transition approach. Therefore no comparative amounts for the year ended 30 June 2019 are presented.

The lease liabilities above do not include short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liabilities and the right-to-use assets. The right-to-use assets are disclosed in Note 13.

Only variable lease payments that depend on an index or a rate, or payments that vary to reflect changes in market rental rates, are included in the measurement of the lease liabilities. Such variable amounts that are unpaid at commencement date are included in the measurement of lease liabilities. Variable lease payments would also include extension options and termination options, residual value guarantees, and leases not yet commenced to which the lessee is committed. Variable lease payments that are based on revenue are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

On transition to the new standard on leases, the weighted average incremental borrowing rate applied to lease liabilities recognised was 5.25% per annum.

Reconciliation of lease commitments and lease liabilities at date of initial application is as follows:

	Group and Company 1 July 2019 \$'000
Operating lease liabilities before discounting	79
Discounted using incremental borrowing rate	(3)
Operating lease liabilities as at 1 July 2019 upon adoption of SFRS (I) 16	<u>76</u>

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2020</u>			
Not later than 1 year	32	*	32
	<u>32</u>	<u>*</u>	<u>32</u>

* Amount less than \$1,000.

Subsequent to initial measurement, the liabilities 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 in in-substance fixed payments. When the lease liabilities are re-measured, the corresponding adjustments are reflected in right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

24. LOSS PER SHARE

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

	Group	
	2020	2019
	\$'000	\$'000
Numerator:		
<u>Loss attributable owners of the Company</u>		
Total basic and diluted earnings	(10,992)	(3,472)
	'000	'000
Denominator:		
<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	
	2020	2019
	\$'000	\$'000
Commitment to take up shares in Linyi Yin Sheng through GEM	8,000	8,000
Commitment to take up shares in Wonderstone through Linyi Yin Sheng	6,068	6,072
Commitment to take up shares in Yin Sheng Real Estate through Wonderstone	5,312	5,315
Commitment to take up shares in Inzone Cultural Hotel through Wonderstone	–	63
Commitment to develop Project Wonder Stone Park located in Shandong Province of the People's Republic of China	202,000	200,000
	221,380	219,450

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial assets				
Financial assets at amortised cost	2,976	3,695	588	5,773
	<u>2,976</u>	<u>3,695</u>	<u>588</u>	<u>5,773</u>
Financial liabilities				
Financial liabilities at amortised cost	16,364	11,558	408	282
	<u>16,364</u>	<u>11,558</u>	<u>408</u>	<u>282</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 2020

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 (2018: 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.

	Group		Company	
	Less than 1 year 2020 \$'000	Less than 1 year 2019 \$'000	Less than 1 year 2020 \$'000	Less than 1 year 2019 \$'000
2020				
Trade and other payables	16,332	11,558	376	282
Gross finance lease obligations	32	–	32	–
At end of year	16,364	11,558	408	282

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 2020

26. FINANCIAL INSTRUMENTS (cont'd)

26G. Foreign currency risks

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

Group	JPY \$'000	USD \$'000	Total \$'000
<u>2020</u>			
Financial assets			
Cash and cash equivalents	–	15	15
Net financial assets at end of year	–	15	15
<u>2019</u>			
Financial assets			
Cash and cash equivalents	214	15	229
Net financial assets at end of year	214	15	229
<u>Company</u>			
	JPY	USD	Total
	\$'000	\$'000	\$'000
<u>2020</u>			
Financial assets			
Cash and cash equivalents	–	14	14
Net financial assets at end of year	–	14	14
<u>2019</u>			
Financial assets			
Cash and cash equivalents	214	14	228
Net financial assets at end of year	214	14	228

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. 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. Those applicable to the reporting entity are listed below.

SFRS No.	Title
SFRS (I) 16	Leases (and Leases – Illustrative Examples & Amendments to Guidance on Other Standards)
SFRS (I) INT 23	Uncertainty over Income Tax Treatments
SFRS (I) 1-12	Improvements (2017) – Amendments: Income Taxes
SFRS (I) 1-23	Improvements (2017) – Amendments: Borrowing Costs
SFRS (I) 3	Improvements (2017) – Amendments: Business Combinations

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2020

27. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS (cont'd)

Adoption of the above applicable new or revised standards did not require any significant modification of the measurement methods or presentation in the financial statements except for:

Changes in accounting policies and restatements of comparative figures

SFRS (I) 16 Leases is effective for annual periods beginning on or after 1 July 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessee, almost all leases are brought onto the statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Thus, the Company has recognised a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. The amount by which each financial statement line item is impacted (debits/(credits)) in the current reporting year by the application of the new standard on leases are disclosed in relevant notes to the financial statements.

The Company elected to apply the modified retrospective approach for this standard new standard on leases. Under the modified retrospective approach, the comparative information is not restated and therefore there is no presentation of a third column for the statement of financial position. Any cumulative effect of initially applying this standard is recorded as an adjustment to the opening balance of retained earnings at the date of initial application.

28. 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) 3	Definition of a Business – Amendments	1 Jan 2020
SFRS (I) 1-1 and 1-8	Definition of Material – Amendments to The Conceptual Framework for Financial Reporting	1 Jan 2020
SFRS (I) 16	Amendment to SFRS (I) 16: COVID-19 Related Rent Concessions	1 Jun 2020

STATISTICS OF SHAREHOLDINGS

As at 25 September 2020

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	:	Nil
Percentage of treasury shares 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	30	4.75	15,975	0.00
1,001 – 10,000	61	9.67	349,100	0.05
10,001 – 1,000,000	482	76.39	104,085,100	13.19
1,000,001 and above	58	9.19	684,549,825	86.76
Total	631	100.00	789,000,000	100.00

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 (“Sino”)	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.

STATISTICS OF SHAREHOLDINGS

As at 25 September 2020

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Nomura Singapore Limited	104,761,900	13.28
2.	HSBC (Singapore) Nominees Pte Ltd	103,925,925	13.17
3.	Li Shanhua	100,000,000	12.67
4.	Sun Xiaohui	80,000,000	10.14
5.	Yap Beo Giap	20,000,000	2.53
6.	Quek Chek Lan	18,217,900	2.31
7.	Raffles Nominees (Pte.) Limited	17,887,000	2.27
8.	DBS Nominees (Private) Limited	15,841,900	2.01
9.	Citibank Nominees Singapore Pte Ltd	15,740,900	2.00
10.	OCBC Securities Private Limited	15,437,900	1.96
11.	CGS-CIMB Securities (Singapore) Pte. Ltd.	14,805,000	1.88
12.	Bong Yew Keng (Huang Youqing)	13,100,000	1.66
13.	Lim Hung	13,000,000	1.65
14.	David Yeo Yong Heng (Yang Yongxin)	11,250,000	1.43
15.	United Overseas Bank Nominees (Private) Limited	9,766,500	1.24
16.	Ng Khim Guan @Ngadimin	9,000,000	1.14
17.	Tan Kay Cheng	8,500,000	1.08
18.	Wang Zhaoping	8,000,000	1.01
19.	Chua Ah Kee	7,567,300	0.96
20.	Maybank Kim Eng Securities Pte. Ltd.	6,240,200	0.79
	Total	593,042,425	75.18

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company on 25 September 2020, 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 convened and held by way of electronics means on Friday, 30 October 2020, 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 2020 together with the Auditors’ Report thereon.
(Resolution 1)

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

Mr Sun Bowen **(Resolution 2)**
Dr Danny Oh Beng Teck **(Resolution 3)**

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 respectively, 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.

3. To approve the payment of Directors’ fees of S\$160,000 for the financial year ending 30 June 2021, payable quarterly in arrears (2020: S\$190,000).
(Resolution 4)

4. 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 5)

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. Authority to allot and issue new shares

That pursuant to Section 161 of the Companies Act, Cap. 50 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

- (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,

NOTICE OF ANNUAL GENERAL MEETING

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 (i)]

(Resolution 6)

By Order of the Board

Kiar Lee Noi

Secretary

Singapore, 15 October 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

- (i) The Ordinary Resolution 6 in item 6 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 by electronic means 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. Printed copies of this Notice of AGM will not be sent to members of the Company (the “**Members**”). Instead, this Notice of AGM will be sent to Members by electronic means via publication on the Company’s website at the URL <https://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. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance in relation to any resolutions set out in this Notice of AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company’s announcement dated 15 October 2020. This announcement may be accessed at the Company’s website at the URL <https://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. **Due to the current COVID-19 safe management measures in Singapore, a Member will not be able to attend the AGM in person. A Member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such Member wishes to exercise his/her/its voting rights at the Meeting.** The accompanying proxy form for the AGM may be accessed at the Company’s website at the URL <https://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>.

Where a Member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which; the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

For investors who have used their Central Provident Fund (“**CPF**”) monies (“**CPF Investors**”) or monies in the Supplementary Retirement Scheme (“**SRS**”) accounts (“**SRS Investors**”) who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Tuesday, 20 October 2020.

4. The Chairman of the Meeting, as proxy, need not be a Member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

5. The instrument appointing the Chairman of the Meeting as proxy 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 agm2020@imperium-crown.com,

in either case, by 10.00 a.m. on Tuesday, 27 October 2020, being not less than seventy-two (72) hours before the time appointed for holding the AGM.

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.

Due to the current COVID-19 safe management measures in Singapore, Members are strongly encouraged to submit completed proxy forms electronically via email.

6. The Company's annual report for the financial year ended 30 June 2020 (the "Annual Report") may be accessed at the Company's website at the URL <https://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) the Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM of the Company and/or any adjournment thereof, or (b) details for the registration to observe the proceedings of the AGM via live audio-visual webcast or live audio-only stream, or (c) questions in advance in relation to any resolution set out in the Notice of AGM, a Member 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:

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (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);
- (ii) processing of the registration for purpose of granting access to Members (or their corporate representatives in the case of Members which are legal entities) to observe and/or listen the proceedings of the AGM via live audio-visual webcast or live audio-only stream and providing them with any technical assistance where necessary;
- (iii) addressing all substantial and relevant questions received from Members relating to the resolutions set out in the Notice of AGM to be tabled for approval at the AGM prior to the AGM and if necessary, following up with the relevant Members in relation to such questions; and
- (iv) 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.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a Member may be recorded by the Company (or its agents or service providers) for such purposes.

IMPORTANT NOTICE FOR ALTERNATIVE ARRANGEMENT FOR ANNUAL GENERAL MEETING

1. The Annual General Meeting (“AGM” or the “Meeting”) of Imperium Crown Limited (the “Company”) will be held by electronic means 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. Printed copies of the Notice of AGM dated 15 October 2020 will not be sent to Members of the Company (the “Members”). Instead, the Notice of AGM will be sent to Members by electronic means via publication on the Company’s corporate website at the URL <https://imperium-crown.com/news>. The Notice of AGM will also be made available on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance in relation to any resolution set out in the Notice of AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company’s announcement dated 15 October 2020. This announcement may be accessed at the Company’s corporate website at the URL <https://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. **Due to the current COVID-19 safe management measures implemented in Singapore, a Member will not be able to attend the AGM in person. A Member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such Member wishes to exercise his/her/its voting rights at the AGM.**
4. For investors who have used their Central Provident Fund (“CPF”) monies (“CPF Investors”) or monies in the Supplementary Retirement Scheme (“SRS”) accounts (“SRS Investors”) who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Tuesday, 20 October 2020.
5. By submitting this proxy form appointing the Chairman of the Meeting as proxy, the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 October 2020.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a Member’s proxy to vote on his/her/its behalf at the AGM.**

*I/We, _____ (Name)

_____ (NRIC/Passport/Company Registration Number)

of _____ (Address)

being a Member/Members of the Company, hereby appoint 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 by electronic means on Friday, 30 October 2020, at 10.00 a.m. and at any adjournment thereof.

* Delete where inapplicable

No.	Ordinary Resolutions relating to:	Number of Shares**		
		For**	Against**	Abstain**
1	Directors’ Statement and Audited Financial Statements for the financial year ended 30 June 2020 together with the Independent Auditors’ Report			
2	Re-election of Mr Sun Bowen as a Director			
3	Re-election of Dr Danny Oh Beng Teck as a Director			
4	Approval of Directors’ fees amounting to S\$160,000 (2020: S\$190,000)			
5	Re-appointment of Messrs RSM Chio Lim LLP as Auditors			
Special Resolution relating to:				
6	Authority to allot and issue shares			

** Note: Voting will be conducted by poll for all resolutions. If you wish the Chairman of the Meeting as 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 the Chairman of the Meeting as 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 the Chairman of the Meeting as your proxy is directed to abstain from voting in the “Abstain” box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of October, 2020

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

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

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. 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, Cap. 289), 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.
2. **Due to the current COVID-19 safe management measures in Singapore, a Member will not be able to attend the AGM in person. A Member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such Member wishes to exercise his/her/its voting rights at the Meeting.** This proxy form may be accessed at the Company's corporate website at the URL <https://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>.

Where a Member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which; the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF Investors or SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Tuesday, 20 October 2020.

3. The Chairman of the Meeting, as proxy, need not be a Member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy 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 agm2020@imperium-crown.com,

in either case, by 10.00 a.m. on Tuesday, 27 October 2020, being not less than seventy-two (72) hours before the time appointed for holding the AGM.

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.

Due to the current COVID-19 safe management measures implemented in Singapore, Members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting 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.
6. The Company shall be entitled to reject the instrument appointing or treated as appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy (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 the Chairman of the Meeting as proxy 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, the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 October 2020.



**IMPERIUM
CROWN**

IMPERIUM CROWN LIMITED

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