IMPERIUM
CROWN

NEW HORIZONS,
NEW OPPORTUNITIES

Annual Report 2018

This annual report has been prepared by the Company and its contents have been reviewed by the Company's continuing sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by 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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Corporate Profile

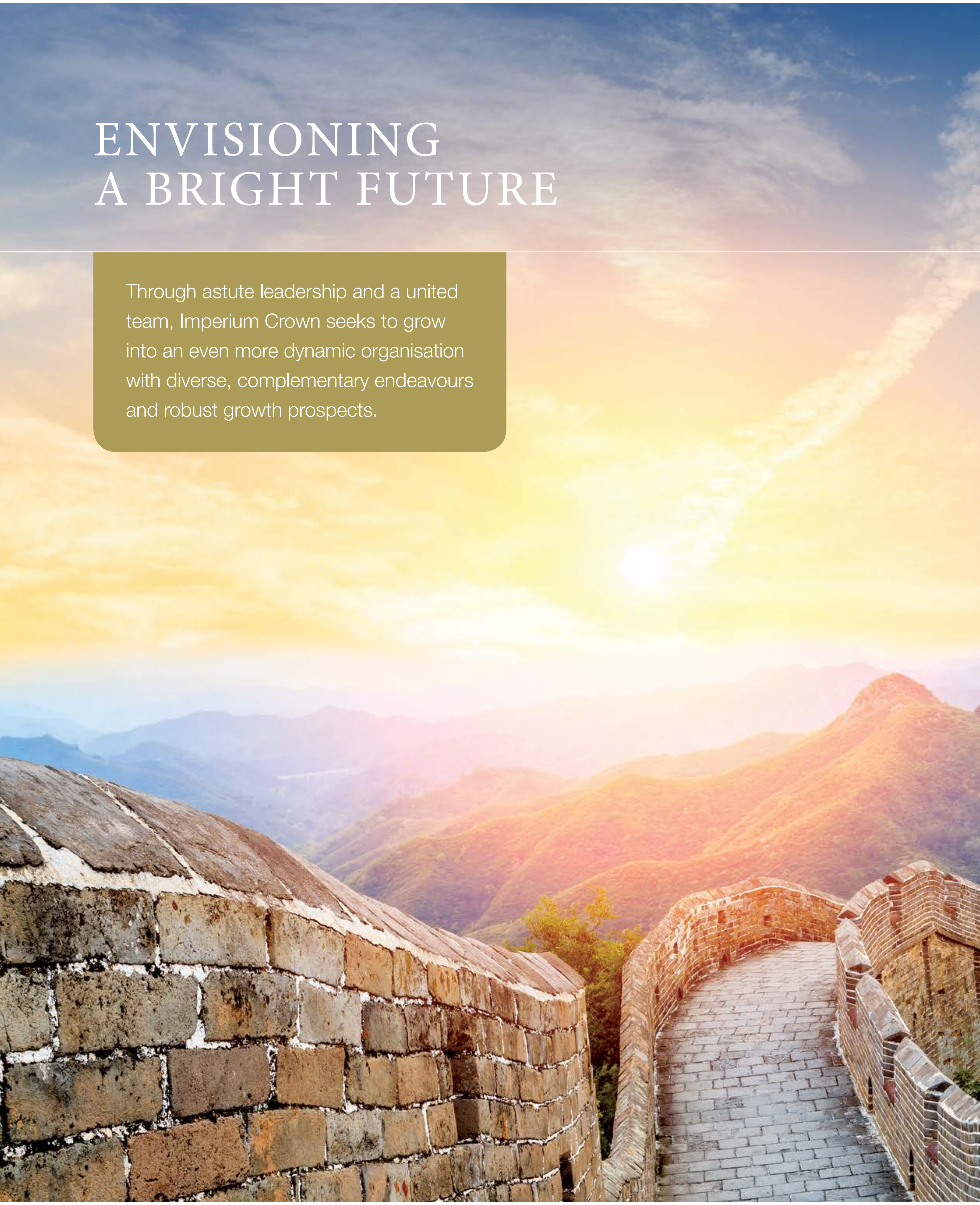
Imperium Crown Limited (the "**Company**") is listed on the SGX-ST Catalist Board (stock code: 5HT) and became a component stock of the FTSE ST Catalist Index on 21 September 2015. It was listed on the SGX-ST (Catalist Board) on 19 January 2006. The Company's main business is in property investment and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

The Company aims to build up a portfolio of well-located residential, commercial and mixed residential/commercial development 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.

Contents

ENVISIONING A BRIGHT FUTURE

Through astute leadership and a united team, Imperium Crown seeks to grow into an even more dynamic organisation with diverse, complementary endeavours and robust growth prospects.



Letter to Shareholders

“We will continue to nurture and nourish the seeds of investment that we had planted in FY2018. The process will be managed carefully and challenges will be encountered from time to time.”

Dear Shareholders,

On behalf of my fellow board members, I would like to present to you the annual report for Imperium Crown Limited and its subsidiaries (the “**Company**” or collectively the “**Group**”) for the financial year ended 30 June 2018 (“**FY2018**”).

As you are aware, FY2018 continues to be a year of transformation as the Group, having identified potential growth areas, embarked on the strategic allocation of its resources with a view to enhance and create shareholders’ value.

Opportunities present themselves on many fronts but it is important to understand whether we are able to capitalise on the opportunities presented. This requires an innate understanding of where our strengths lie and also an understanding of what our weaknesses are. To this end, we have commenced the journey of planting the seeds of investment in areas where we believe we will be successful.

The Group has identified cultural tourism as an area of growth in China. Under the auspices of the Shandong provincial government, tourism has been identified as a major sector for growth. “好客山东” (or “Hospitable Shandong”) is one of the highest accolade and branding that aptly describes Shandong province and it ranks highly among provinces in terms of tourist visitorship. Blessed with a richness of cultural heritage, the amalgamation of culture and tourism is a natural attraction to visitors within China and from overseas.

According to official statistics, Shandong province has the 3rd highest GDP[1] (after Guangdong province and Jiangsu province) among the provinces in China. Linyi city, a city located in Shandong province, is the largest city by land size[2] and also by population[2]. While it is not a top tier Chinese city, its economy is fast growing and poised to grow even further.

The above combination fulfils the criteria of an increasing affluent population of a critical size and equipped with opportunities that the Group is able to capitalise on.

As a property investment, development and management company, the Group has planted the seeds of investment in the following areas.

Letter to Shareholders

INVESTMENTS

The Group acquired 60% of Global Entertainment Media Pte Ltd ("**GEM**") which holds a 50-year operating rights to the Wonder Stone Park (the "**WSP**"), a park exhibiting naturally occurring stone boulders and rocks of a wide variety of sizes, colour and patterns and which are specifically native to Fei county (a county of Linyi city). The WSP will be developed into a mixed-use development and a tourist attraction with a theme park featuring rides and attractions. Additionally, we believe that the ease of people moving around is important. With the WSP situated within a five-minute drive from the city centre, bus terminal and major expressways, connectivity is going to be enhanced even further with the opening of the high speed rail station, which is within a three-minute drive, in 2019[3].

As part of the acquisition of a 60% stake in GEM, a hotel located strategically within the WSP was also acquired. On 18 July 2018, the Group signed a license agreement with the Frontier Group for the hotel to operate under the "Days" brand (the "**Brand**"). The Brand is part of the USA Wyndham Hotel Group which is the world's largest and most diverse hotel company, encompassing approximately 8,000 hotels and more than 600,000 rooms in 66 countries under fifteen hotel brands. The exclusive rights to the Brand in China is owned by the Frontier Group, which has also been appointed to manage the hotel. We believe that the operations of the hotel will benefit from the connectivity that it brings as part of a global chain as well as the professional management by the Frontier Group.

Further to the Group's attempt to seek out collaborations with professional business partners, a memorandum of understanding was signed with Sim Leisure Group ("**SLG**") on 1 September 2018 where SLG will invest and operate a theme park that is designed based on their "ESCAPE" brand of theme park in Penang, Malaysia. We are excited about the opportunities that an ESCAPE Theme Park would bring, including the spill over effects of tourism to our hotel and also the showcasing of our WSP as an international venue.

As our WSP sits on a prime area located within Fei county, we have also embarked on promoting the WSP as a venue equipped to meet the standards of an international venue capable of holding large-scale events. At the date of this report, the Group is in the midst of holding the Beerfest Asia – Shandong edition from 1 October 2018 to 7 October 2018. The Shandong edition represents the first time that the Beerfest Asia will be organised outside of Singapore, having successfully organised its 10th edition in Singapore this year. The Beerfest Asia Shandong edition will allow us to showcase an unprecedented variety of international beer brands and have received strong support from the Chinese market. Concurrently, it also provides a platform for both domestic and international visitors to know more about our WSP. With the invaluable experience gathered and the close working relationship fostered between Sphere Exhibits Pte Ltd, a subsidiary of Singapore Press Holdings Limited, and UnUsUaL Productions Pte Ltd, a subsidiary of UnUsUaL Limited, we intend to explore the holding of future Beerfest editions in other cities as well.

On 11 June 2018, the Company also announced the incorporation of Fei County Yin Sheng Real Estate Co., Ltd ("**Yin Sheng Real Estate**") to spearhead the property development and investment segment. As its maiden project, Yin Sheng Real Estate is holding discussions with potential collaboration partners to jointly undertake the development of the 2 plots of land, measuring 13,409 square meters and 27,681 square meters respectively, acquired in WSP. Zoned for commercial and mixed-use in the WSP, the Group is confident of the prospects of the development and will continuously review the property market to identify future opportunities.

OUTLOOK

We will continue to nurture and nourish the seeds of investment that we had planted in FY2018. The process will be managed carefully and challenges will be encountered from time to time. Where strategic tie-ups present themselves, we will review such opportunities carefully to ensure such collaborations are beneficial to the Group.

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 Director

1 National Bureau of Statistics of China http://data.stats.gov.cn/easyquery.htm?cn=E0102&zb=A0101&reg=110000&sj=2018B
2 People's Government of Shandong province http://www.shandong.gov.cn/col/col2996/index.html
3 http://sd.dzwww.com/sdxwjxs/cfzx/201704/t20170427_15850655.htm

致股东函

“我们将继续培育我们在2018年财政年度所播下的投资种子。我们将谨慎地管理这个过程，并不断迎接各种挑战。”

致敬爱的股东们，

我谨代表其他董事会成员向各位提交新加坡皇冠有限公司及其子公司（“**公司**”或统称“**集团**”）截止到2018年6月30日的2018年财政年度的年度报告。

如大家所知，2018年仍然是转型的一年，因为集团落实了潜在的发展领域，开始战略性地配置资源，以便提高和创造股东价值。

商机出现在许多方面，但重要的是要了解我们是否能够把握这些商机。这需要我们对于我们的优势有一个清晰的认识，也需要了解我们的弱点是什么。为此，我们已经开始在我们认为会成功的领域播下投资的种子。

集团已确定文化旅游为中国的一个增长领域。在山东省政府领导下，旅游业已被确定为一个重要的增长领域。“好客山东”最贴切地描述了对山东省的赞赏和品牌特色。在旅游观光方面，山东在全国各省份中名列前茅。山东拥有丰富的文化遗产，文化和旅游的融合对来自中国和海外的游客来说是一个自然的吸引力。

根据官方统计数据，山东GDP是在全国各省中排名第三（仅次于广东省和江苏省）。临沂市位于山东省，是山东省面积最大、人口最多的城市。它虽然不是一个顶级城市，但其经济正在快速增长，并将进一步增长。

上述内容符合富足人口日益增加的标准，人口规模非常重要，具备集团可把握的商机。

作为一家房地产投资、开发和管理公司，集团已在以下方面播下投资种子。

致股东函

投资方面

集团收购了新加坡国际娱乐公司60%的股权，公司拥有中华奇石城50年的经营权，奇石城是一个公园，展示出各种大小、颜色和图案的天然形成的石头，这些石头特别的地方是原产于费县（临沂市的一个县）。奇石城将发展成为一个有主题功能性的综合开发和旅游景点，奇石城以游乐设施和旅游景点为特色。同时，我们认为人们出行的便利也很重要，因为奇石城距离市中心、公交总站和高速公路只有五分钟的车程。随着2019年高速铁路的开通，出行的便捷将进一步得到加强，距离高铁站的车程仅为3分钟。

在收购新加坡国际娱乐公司60%股权的同时，位于奇石城内重要位置的一家酒店也被一并收购。2018年7月18日，集团与Frontier Group签署了一份协议，该酒店将以"戴斯酒店"品牌经营。该品牌是美国温德姆酒店集团的一部分，美国温德姆酒店集团是全球最大的酒店集团，是最大和最多样化的酒店公司，包括大约8000家酒店和66个国家的60多万间客房，拥有15个酒店品牌。品牌在中国的专有权由Frontier Group拥有，该集团也被任命作为管理酒店。我们相信，作为全球连锁酒店的一部分，酒店的业务将受益于它作为全球连锁酒店的一部分所带来的连通性，以及Frontier Group的专业管理。

为了进一步寻求与专业商业伙伴的合作，2018年9月1日与马来西亚Sim Leisure集团（"**SLG**"）签署了一份合作意向书，SLG将投资并经营一个主题公园，该主题公园是根据在马来西亚槟城的主题公园的"世外逃园"品牌设计的。我们对"世外逃园"主题公园带来的商机会感到兴奋，主题公园将给我们的酒店带来旅游业等积极影响，同时也能够呈现奇石城为一个国际场所。

由于我们的奇石城位于费县的黄金地带，我们也已着手推广奇石城，使之成为一个符合国际标准、能够举办大型活动的场所。在本报告撰写之日，本集团正在准备举办2018年10月1日至2018年10月7日的亚洲啤酒节山东版。今年在新加坡成功举办了第十届亚洲啤酒节，山东版是第一次在新加坡以外举办亚洲啤酒节。亚洲啤酒节山东版使我们能够展示前所未有的各种国际啤酒品牌，并得到中国市场的大力支持。同时，它也为国内外游客提供了一个平台，让访客更多地了解我们的奇石城。凭借我们所取得的宝贵经验，以及新加坡报业公司的子公司—全球展览私人有限公司与非凡公司的附属公司之间的密切合作关系，我们打算探讨今后在中国其他城市举办啤酒节的事宜。

2018年6月11日，公司还宣布成立费县银升置业有限公司（"**银升置业**"），作为其首个项目，银升置业公司正在与潜在合作伙伴进行合作，在奇石城内共同开发面积分别为13,409平方米和27,681平方米的2块土地。该区域已作为奇石城的商业用途及混合用途地带。集团对发展前景充满信心，并会继续探讨房地产开发市场，以寻求未来的发展机会。

展望未来

我们将继续培育我们在2018年财政年度所播下的投资种子。我们将谨慎地管理这个过程，并不断迎接各种挑战。当战略合作伙伴出现时，我们将仔细审核这些机会，以确保合作使得集团受益。

致谢

我们谨代表我们的董事会，感谢我们的利益相关者、商业伙伴，特别是你们，我们亲爱的股东们，感谢你们在本财政年度的坚定支持。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，并相信我们将在未来共同收获我们投资的成果，共同前进。

谢谢！

执行董事
孙伯文

Financial Review

OPERATING RESULTS

The Group has been focusing on reallocating capital to its projects in Shandong province, the People's Republic of China (the "**PRC**") as it completed the divestment of all its properties in Japan in the early part of the financial year ended 2018 ("**FY2018**").

In FY2018, the Group's revenue was mainly derived from the divestment of the Japanese properties. Revenue was S$0.875 million for FY2018 compared to S$4.866 million for FY2017. The decrease was due to lower revenue contribution following the divestment of the Japanese properties in the early part of FY2018. Property operating expenses decreased by S$1.13 million to S$1.06 million for FY2018 compared to S$2.19 million for FY2017 mainly due to the divestment of the Japanese properties in the early part of FY2018. Notwithstanding, the decrease was offset by the consolidation of Global Entertainment Media Pte Ltd ("**GEM**") and its subsidiaries where its property operating expenses were consolidated following the acquisition of 60% of the equity interest in GEM in August 2017.

Other income increased by S$0.269 million from S$0.097 million in FY2017 to S$0.366 million in FY2018 mainly due to the settlement agreement entered into with Mr Bay Cheow Guan David ("**Mr Bay**") in respect of the Company's previous payment of certain director's emoluments to Mr Bay. As announced by the Company on 8 November 2017, the settlement amount of S$185,000 has been received by the Company from Mr Bay; a government subsidy income received from Fei County government to our subsidiary in the PRC amounting to S$103,000.

Depreciation and amortisation expenses increased by S$2.343 million from S$0.012 million in FY2017 to S$2.355 million in FY2018 mainly due to increase in office equipment and the amortisation of the Wonder Stone Park operating rights over 50 years which was acquired pursuant to the acquisition of 60% of the equity interest in GEM in August 2017.

Other operating expenses increased by S$4.142 million from S$7.678 million in FY2017 to S$11.820 million in FY2018.

This was largely due to the loss on divestment of the Japanese properties for S$7.668 million. As the collective selling price for both properties was JPY 3.05 billion (approximately S$36.9 million) and the corresponding collective fair value for sold Japanese properties was JPY 3.68 billion (approximately S$44.5 million), the divestment resulted in a loss of S$7.668 million.

Additionally, the payment of legal and professional fees of S$2.8 million arising from the acquisition of 60% of the equity interest in GEM, the aforementioned placement exercise, the legal suit against Mr Bay for irregularities in relation to the payment of director's emoluments to Mr Bay and the legal suit against certain former directors for irregularities in respect of interim dividend for the financial period ended 31 December 2015, as well as an increase in operating and administrative costs following the consolidation of GEM and its subsidiaries.

Also, there is a recognition of S$4.598 million of share option expenses arising from the grant of share options to Mr Sun Bowen (the "**Share Options**") as approved by shareholders of the Company at the Extraordinary General Meeting held on 29 March 2018. The Share Options have been accounted for as an equity transaction that falls within the scope of FRS 102 Share-based Payment and the fair value of the Share Options had been estimated at S$4.598 million by an independent professional valuer.

Notwithstanding the above, other operating expenses were offset by the realisation of translation reserve on liquidation of foreign subsidiaries gain of S$5.240 million for both Godo Kaisha Three Line and Godo Kaisha Halekulani following the divestment of all the Japanese properties.

Finance cost decreased by S$0.194 million from S$0.617 million in FY2017 compared to S$0.423 million in FY2018. The decrease was due to the full repayment of the outstanding loans of the Japanese properties in the early part of FY2018.

Net fair value gain on financial derivatives of S$0.101 million in FY2018 related to unrealised exchange gain on cross currency swaps, which had previously been entered in to hedge the Japanese Yen-denominated income arising from Japan. This unrealised exchange gain was due to favourable exchange rates movement in relation to the aforesaid swap in FY2018. The cross currency swaps had since matured in July 2018.

Following the divestment of the Japanese properties, no further fair value measurement of investment properties was required. That resulted in the nil figure for FY2018.

Income tax expense comprised of 20.42% withholding tax paid and payable upon the repatriation of proceeds from Godo Kaisha Threeline and Godo Kaisha Halekulani, the TK Operators, and asset managers of our Japan properties.

In FY2018, the withholding tax paid was higher due to the higher amount of repatriated funds (the sales proceeds from the divestment of the Japanese properties).

Following the divestment of the Japanese properties, the previously recorded net fair value gain of S$1.099 million, the corresponding deferred tax liabilities (which had previously been recognised for the financial year ended 30 June 2017) were reversed, leading to an income tax benefit to offset income tax in FY2018.

Overall, the net loss for FY2018 was S$14.866 million, compared to a net loss of S$6.685 million in FY2017.

Financial Review

FINANCIAL POSITION AND CASHFLOW OF THE GROUP

On 11 August 2017, the Group acquired 60% of the equity interest in GEM (the "**GEM Acquisition**"), a company incorporated in Singapore, for a total consideration of S$53,500,000. GEM owns 100% of the equity interest in Linyi Yin Sheng Wen Hua Chuan Mei Co., Ltd. ("**Linyi Yin Sheng**"), an entity established in the PRC. Linyi Yin Sheng, in turn, owns 80% of the equity interest in Fei County Wonder Stone Characteristic Town Development Co., Ltd ("**Fei County Wonder Stone**"), an entity established in the PRC. Fei County Wonder Stone holds the operating rights to Wonder Stone Park, which is located in Shandong Province of the PRC, and also owns a hotel (the "**Wonder Stone Hotel**") situated in Wonder Stone Park.

Subsequent to the GEM Acquisition, the Company completed the purchase price allocation ("**PPA**") exercise in June 2018 to reflect the fair values of assets and liabilities of GEM and its subsidiaries on acquisition date.

The Group's total assets increase by approximately 96.8% from S$77.6 million in FY2017 to S$152.7 million in FY2018.

This was attributable to increase of Intangible assets of S$122.059 million mainly relate to the 50 years of property development rights that the Group holds over the Wonder Stone Park and Goodwill of S$6.856 million is recognised following the completion of the PPA exercise.

Total liabilities of the Group increased by approximately 10.7% from S$33.6 million in FY2017 to S$37.1 million in FY2018, mainly as Trade and other payables increased due to a shareholder's loan of S$6.000 million loan extended by the minority shareholder of GEM via a related company of the minority shareholder, to enable Fei County Wonder Stone to fund the development of the Wonder Stone Park and Wonder Stone Hotel.

Borrowings relate to loans pertaining to the acquisition of the Japanese properties. With the divestment of the Japanese properties, these borrowings had also correspondingly been repaid.

The Group has a positive working capital of S$1.157 million as at 30 June 2018.

During the financial year under review, net cash flows used in operating activities was S$1.212 million as at 30 June 2018 mainly due to the operating cash outflows arising from higher expenses incurred in the form of travelling costs and professional and legal fees as the Company completed the GEM Acquisition and higher withholding taxes paid due to the repatriation of proceeds from the divestment of the Japanese properties.

Net cash flows used in investing activities was S$6.276 million as at 30 June 2018 mainly due to the receipt of the proceeds from the divestment of the Japanese properties and offset by the GEM Acquisition.

Net cash flows from financing activities was S$15.468 million as at 30 June 2018 mainly due to the repayment of the outstanding loan for the Japanese properties and offset by the proceeds from the placement exercise.

OUTLOOK

The Company continues its strategic reallocation of capital to new projects as it completed the divestment of its Japan properties.

On the Company's investment in One Richardson, the developer has continued to be proactive on recommencing the development as soon as possible. In particular the residential sales, where possible have had their sunset clauses extended to ensure they extend beyond the completion of the development and the subsequent settlement period.

Work is currently underway on the development of the Wonder Stone Park and the Wonder Stone Hotel. As announced on 18 July 2018, Fei County Wonder Stone had signed a license agreement with the Frontier Group for our hotel at the Wonder Stone Park to operate under the "Days" brand.

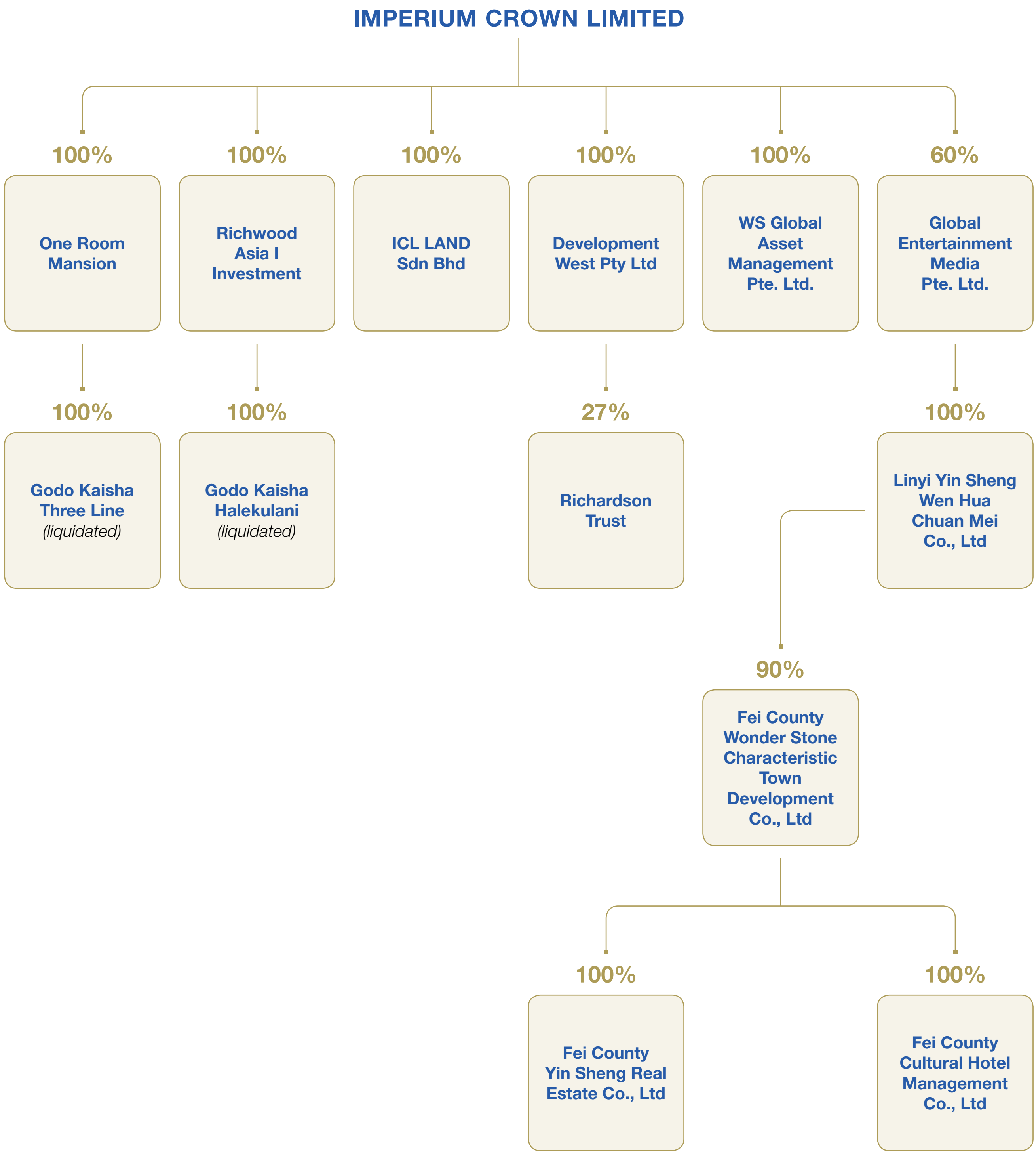
In addition, new collaborations with potential business partners in tourism, hospitality and entertainment with a view to enhance the value of our properties are also being sought out. As announced on 13 June 2018, the Company intends to hold the Shandong Province edition of the Mark at the Wonder Stone Park from 1 to 7 October 2018 (the "**Event**"). Entitled "Beerfest Shandong", the Event will be organised based on the technical rider, concept and programme plan provided by Beerfest Asia and UnUsUaL Productions Pte Ltd, a subsidiary of UnUsUaL Limited.

As announced by the Company on 1 September 2018, the Company signed a memorandum of understanding ("**MOU**") with Sim Leisure Group ("**SLG**") to collaborate on the building of an ESCAPE Theme Park at our Wonder Stone Park. The MOU is subject to the signing of an operating lease agreement (the "**Operating Lease Agreement**") with SLG which will set out the exact terms of developing and operating the ESCAPE Theme Park and are subject to further negotiations.

On 27 September 2018, the Company entered into a sale and purchase agreement to acquire the remaining 40% of GEM (the "**Proposed Acquisition**"). The Company recognises the potential and, in a bid to enhance the value of the shareholders of the Company, seeks to consolidate its control over GEM. Further announcements will be released on the Proposed Acquisition as and when there are any material developments in relation to this.

While the Company envisage challenges in our push towards a different market, the Company remains driven towards improving the efficiencies of our portfolio assets and enhancing the value and growth over the longer term.

Group Structure



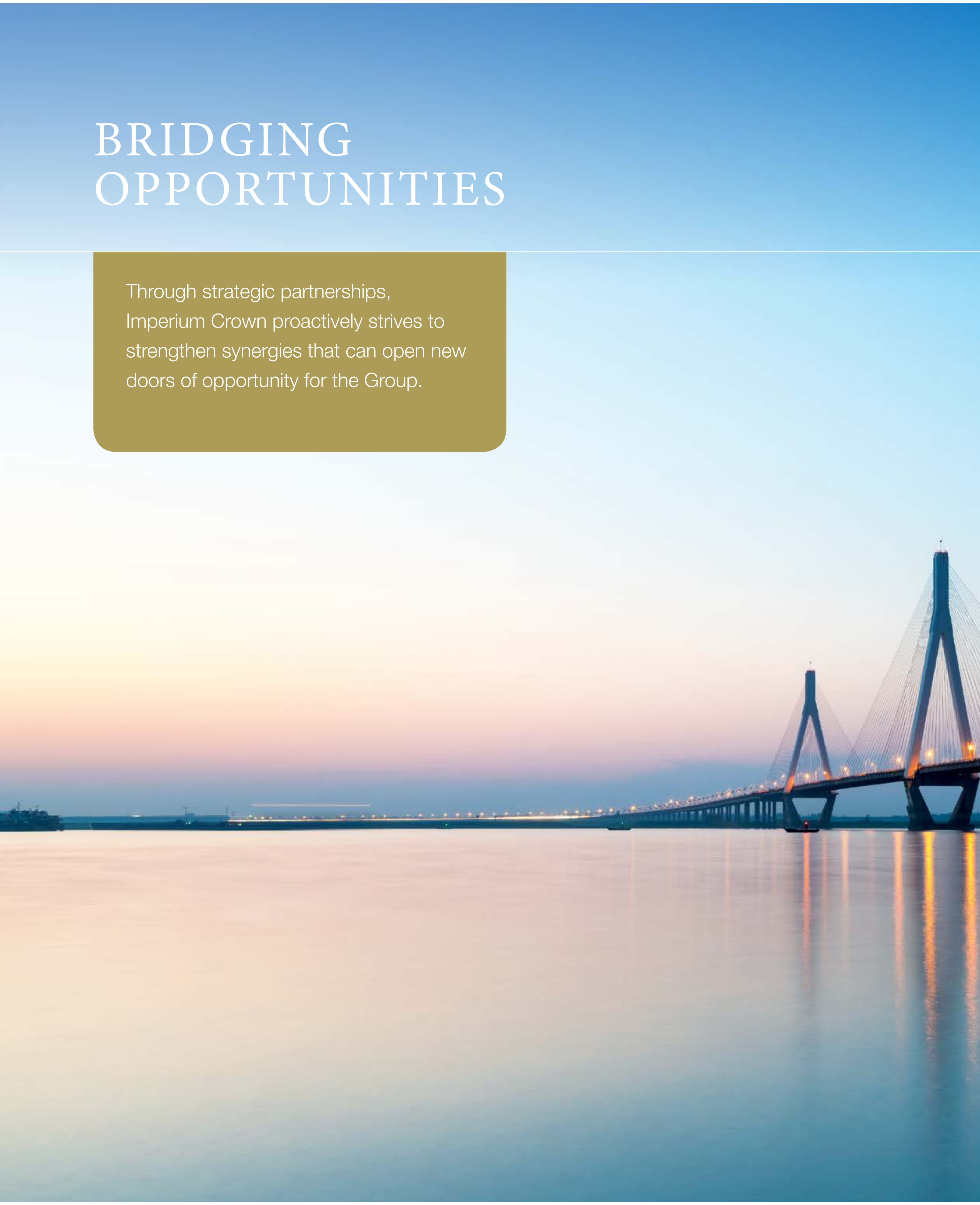
Significant Events

BEERFEST ASIA SHANDONG EDITION

ESCAPE THEME PARK MOU SIGNING CEREMONY

BRIDGING OPPORTUNITIES

Through strategic partnerships, Imperium Crown proactively strives to strengthen synergies that can open new doors of opportunity for the Group.



Board of Directors

SUN BOWEN

Executive Director

Mr Sun is the Group's Executive Director. He joined the Board on 22 November 2017 as Non-Executive Director and was re-designated to Executive Director on 22 February 2018. He is responsible for the implementation of the Group's strategies to improve overall corporate performance and the achievement of the Group's goals in The People's Republic of China (the "**PRC**"). Mr Sun also works closely with the Board of Directors 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 and is currently an executive director of Fabchem China Limited, a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

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 in the interim 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 some 6 years later, 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 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 Limited, 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 a non-executive director of China Kunda Technology Holdings Limited 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. He has more than 31 years of management experiences across the construction, manufacturing, tourism and training industries. He is a specialist in geotechnical engineering, training and safety.

Dr Oh is a qualified geologist, trainer, arbitrator, adjudicator, mediator and expert witness and holds a Ph.D from the University of South Australia. He is a Fellows of the Geological Society, a Fellow of the Chartered Institute of Arbitrators, a Fellow of the Singapore Institute of Arbitrators, and a Member of the Geological Society of Malaysia.

Key Management

SUN BOWEN

Executive Director

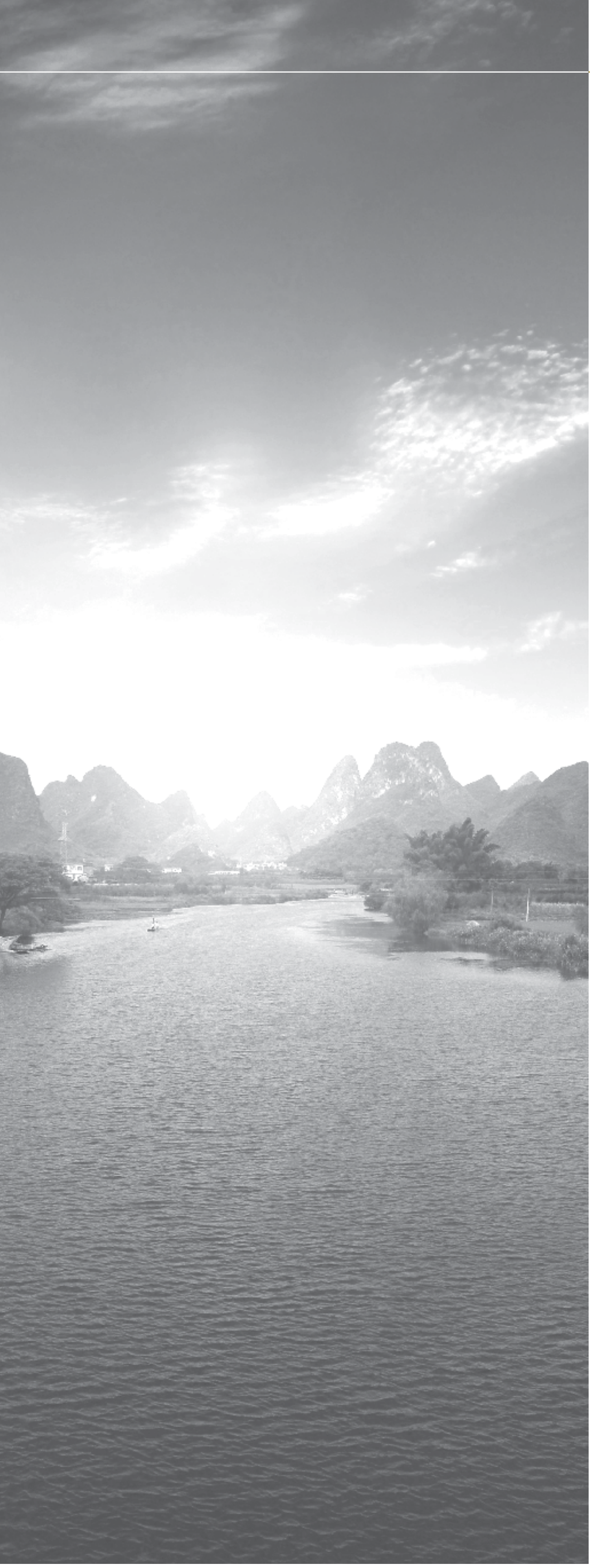
Please refer to page 14.

TAN KENG KEAT (CHEN QINGJIE)

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 18 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 Governance Report and Financial Statements

Contents

Corporate Governance Report

The board of directors (the "**Board**" or the "**Directors**") of Imperium Crown Limited (the "**Company**" and together with its subsidiaries, the "**Group**") firmly believes in maintaining a high level of corporate governance and has adopted appropriate practices in its business and operational policies to promote greater transparency and to safeguard the interests of shareholders.

The Company has adopted practices based on the Code of Corporate Governance 2012 (the "**Code**") issued by the Monetary Authority of Singapore and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 to aid companies in compliance with the Code (the "**SGX Guide**") through effective self-regulatory corporate practices to protect and enhance the interests and value for its shareholders.

The Company confirms that it has, for the financial year ended 30 June 2018 ("**FY2018**") substantially adhered to the principles and guidelines as set out in the Code and the SGX Guide, and where applicable, it has specified and explained the areas and reasons for non-compliance, where applicable.

I. BOARD MATTERS

The Board's conduct of its affairs

Principle 1: Effective Board to lead and control the Company

The Board is committed to reviewing the business plans and the financial performance of the Group regularly and is responsible for setting the strategic direction and establishing goals for the management team of the Company ("**Management**"). The Board has the overall responsibility for, *inter alia*, providing entrepreneurial leadership, setting strategic objectives, ensuring that necessary financial and human resources are in place for the Company to meet its objectives, identifying key stakeholders groups and recognising that their perceptions affect the Company's reputation and putting in place a framework of good corporate governance in the Group, including the processes for financial reporting and compliance. All Board members bring their independent judgement, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct. All Directors are required to use reasonable diligence in discharging their duties and responsibilities at all times as fiduciaries and act in good faith in the best interests of the Group.

The Group has adopted a set of guidelines on matters that require Board approval. Matters which are specifically reserved for the Board's decision include those involving business plans and budgets, material acquisitions and disposals of assets and companies, financial restructuring, corporate strategy, share issuances, dividends, reviewing Management performance, setting company's values and standards, establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets, ensuring that obligations to shareholders and other stakeholders are understood and met, and considering sustainability issues.

The Board has delegated specific responsibilities to three (3) committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). These Board Committees have the authority to examine and report to the Board on their decisions and/or recommendations made on particular issues but the ultimate responsibility and decision on all matters lies on the entire Board.

The Board conducts a series of scheduled meetings throughout the financial year. Ad-hoc meetings are convened whenever circumstances require. The Company's Constitution allows a Board Meeting to be conducted by way of telephonic and video-conference or any other electronic means of communication.

Corporate Governance Report

I. BOARD MATTERS (cont'd)

The attendance of the Directors at meetings of the Board and Board Committees during FY2018, as well as the frequency of such meetings, held are summarised in the table below:

	Board of Directors		Audit Committee				Nominating Committee		Remuneration Committee	
No. of meeting held	2		3				1		1	
	1/2	2/2	Membership	1/3	2/3	3/3	Membership	1/1	Membership	1/1
Present Directors										
Sun Bowen (appointed on 22 November 2017)	N.A.	✔	No	N.A.	N.A.	N.A.	No	N.A.	No	N.A.
Wee Phui Gam (appointed on 19 October 2017)	N.A.	✔	Yes (Chairman)	N.A.	✔	✔	Yes	N.A.	Yes	N.A.
Hau Khee Wee (appointed on 19 October 2017)	N.A.	✔	Yes	N.A.	✔	✘	Yes (Chairman)	N.A.	Yes (Chairman)	N.A.
Dr Danny Oh Beng Teck (appointed on 1 December 2017)	N.A.	✔	Yes	N.A.	✔	✔	Yes	N.A.	Yes	N.A.
Past Directors										
Wan Jinn Woei (resigned on 24 January 2018)	✔	N.A.	No	*	N.A.	N.A.	No	*	No	*
Yong Chor Ken (resigned on 31 October 2017)	✔	N.A.	No	*	N.A.	N.A.	Yes	*	No	*
Chen Yeow Sin (resigned on 6 October 2017)	✔	N.A.	Yes (Chairman)	✔	N.A.	N.A.	Yes	✔	Yes	✔
Poh Wee Chiow, Roger (resigned on 6 October 2017)	✔	N.A.	Yes	✔	N.A.	N.A.	Yes (Chairman)	✔	Yes (Chairman)	✔
Pok Mee Yau (resigned on 1 December 2017)	✔	N.A.	Yes	✔	N.A.	N.A.	Yes	✔	Yes	✔

N.A. – Attendance at the meetings whilst as a member
✔ – Present
✘ – Absent
* – Attended by invitation

The Board is familiar with the Group's business and governance practices and has been briefed on their responsibilities as Directors of a listed company. To keep abreast with developments in corporate, financial, legal and other compliance requirements, Directors are encouraged to attend relevant training courses, particularly on relevant new laws, regulations and changing commercial risks, from time to time, arranged and funded by the Company. Any updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts.

During FY2018, the AC is kept abreast, during the AC meetings, by Management and the external auditors of changes to accounting standards, Listing Manual Section B: Rules of the Catalist ("**Catalist Rules**") of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

Incoming Directors, when appointed, will receive a comprehensive and tailored induction on joining the Board. They will undergo an orientation that includes a briefing by Management on the Group's structure, business, operations and policies, as well as their duties as a director and how they are to discharge those duties. First-time Directors of listed companies in Singapore will be encouraged to attend relevant training seminars and courses organised by the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**"), the SGX-ST and the Singapore Institute of Directors ("**SID**").

Newly appointed Directors had been and will be provided with a formal letter setting out their duties and obligations.

Corporate Governance Report

I. BOARD MATTERS (cont'd)

Board Composition and Guidance

Principle 2: Strong and independent element on the Board

As at 30 June 2018, the Board comprises four (4) Directors, three (3) of whom are Independent Non-Executive Directors:

Executive Director:

Sun Bowen	– Executive Director *(Appointed as Non-Executive Director on 22 November 2017 and re-designated to Executive Director on 22 February 2018)*

Non-Executive Directors:

Wee Phui Gam	– Lead Independent Director *(Appointed on 19 October 2017)*
Hau Khee Wee	– Independent Director *(Appointed on 19 October 2017)*
Dr Danny Oh Beng Teck	– Independent Director *(Appointed on 1 December 2017)*

On an annual basis, each Independent Director is required to complete a "Confirmation of Independence" form to confirm his/her independence. The said form, which was drawn up based on the definitions and guidelines set forth in Guideline 2.3 of the Code and the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee, requires each Director to assess whether he/she considers himself/herself independent despite not having any of the relationships identified in the Code. The criterion of independence is based on the definition given by the Code, which stipulates that an Independent Director is one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, in the conduct of the Company's affairs.

The NC has reviewed the forms completed by each Independent Director and confirmed that more than half of the Board comprises of independent directors. As such, the Company is in compliance with Guideline 2.2 of the Code. The Board, having taken into account the views of the NC and having considered whether the director in question is independent in character and judgment and whether there are any relationships or circumstances which are likely to affect or could appear to affect the said Directors' judgment, is of the view that all its Independent Directors are independent for the purposes of the Code.

As a Group, the Directors bring with them a broad range of diverse skills, industry knowledge, expertise and experience in areas such as accounting, finance, business and management, strategic planning and customer service, which are relevant to the direction of an expanding group.

The NC is of the view that the current Board comprises persons who as a Group, provide capabilities required for the Board to be effective.

The Board's policy in identifying potential Directors is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The Board has taken the necessary steps to maintain or enhance its balance and diversity. An annual review had been conducted by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

The Board has reviewed the size of the Board, and is of the view that, after taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the present Board size is considered appropriate for the current scope and nature of the Group's operations and facilitates effective decision making. The Board size is not too large as to be unwieldy and no individual or group is able to dominate the Board's decision-making process.

Corporate Governance Report

I. BOARD MATTERS (cont'd)

The Non-Executive Directors will constructively challenge and help to develop proposals on strategy and review the performance of Management in meeting the agreed goals and objectives, and monitor the reporting of Company's performance. To facilitate a more effective check on Management, Non-Executive Directors and Independent Directors are encouraged to meet regularly without the presence of Management. In FY2018, the Non-Executive and Independent Directors have met at least once without the presence of Management.

None of the Independent Directors has served on the Board beyond nine years from the date of his/her appointment.

Chairman and CEO

Principle 3: Clear division of responsibilities and balance of power and authority

The role of the Chairman and Chief Executive Officer ("**CEO**") had been held by Mr Wan Jinn Woei, the former Executive Chairman and CEO of the Company who had resigned on 24 January 2018. Following his resignation, the Company does not have a Chairman to preside over the Board and a CEO to establish the direction and strategic development of the Group.

The role of the CEO has thus been assumed by Mr Tan Keng Keat, the Chief Financial Officer ("**CFO**") of the Company, who was appointed as the Acting CEO of the Company on 24 January 2018. The Board believes that Mr Tan Keng Keat has extensive knowledge of the Company's operations and with the full support of the Board and Management, he plays an instrumental role in the overall management of the Company's existing core business of property investment and property development.

The Board has re-designated Mr Sun Bowen from Non-Executive Director to Executive Director on 22 February 2018. Mr Sun Bowen works closely with the Board and management of the Group to implement and drive the Group's growth in strategies. Mr Sun Bowen ensures that the Directors receive complete, adequate and timely information, ensures effective communication with shareholders and promotes high standards of corporate governance of the Group.

In line with the Code's recommendation, the Board has appointed Mr Wee Phui Gam as the Lead Independent Director of the Company. The Lead Independent Director leads and coordinates the activities of the Independent Directors and serve as a principal liaison on Board issues between the Independent Directors and the Executive Director. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Executive Director or the CFO has failed to resolve or is inappropriate.

Led by the Lead Independent Director, the Independent Directors met at least once to discuss the Company's matters without the presence of Management and the Lead Independent Director has provided feedback, if any, to the Board after such meetings.

Board Membership

Principle 4: Formal and transparent process for the appointment and re-appointment of Directors to the Board

As at the date of this report, the NC comprises three (3) members, all of whom, including the NC Chairman, are Independent Non-Executive Directors:

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

The Chairman of the NC is an Independent Director who is not a substantial shareholder nor directly associated with a substantial shareholder.

The NC is guided by its terms of reference that sets out its duties and responsibilities. These include the following:

(a) To make recommendations to the Board on the appointment and re-appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board.

(b) To regularly review the Board structure, size and composition having regards to the scope and nature of the operations and the core competencies of the Directors as a group. The NC shall make recommendations to the Board with regards to any adjustments that are deemed necessary.

Corporate Governance Report

I. BOARD MATTERS (cont'd)

(c) (i) To establish and review the criteria on the determination of the maximum number of directorship of listed companies any Director may hold.

(ii) To decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations and other principal commitments.

(d) To review, assess and recommend nominee(s) or candidate(s) for appointment or election of the Board, having regard to his/her qualifications, competency, other principal commitments and whether or not he/she is independent and in the case of a re-nomination, to his/her contribution and performance.

(e) To review the board succession plans for Directors, in particular, the Chairman and CEO and the progressive renewal of the Board.

(f) To determine, on an annual basis, if a Director is independent bearing in mind the circumstances set forth in Guideline 2.3 and 2.4 of the Code, factors as contained in 1.2.2 if the AC Composition under the ACGC Guidebook as well as other salient factors. If the NC determines that a Director, who has one or more of the relationships mentioned therein can be considered independent, the Company should disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he/she should be considered independent. Conversely, the NC has the discretion to determine that a Director is non-independent even if the said Director does not fall under the circumstances set forth in Guideline 2.3 and 2.4 of the Code.

(g) To recommend Directors who are retiring by rotation to be put forward for re-election.

(h) To conduct a rigorous review and determine whether an Independent Director who has served the Board for a period of nine years since his date of appointment, can still remain independent.

(i) The NC or the Board should carefully consider the length of term each member should serve, bearing in mind that rotation introduces new perspectives to the AC processes and allows greater number of Board members to gain a better understanding of the functions of the AC. The NC is recommended to stagger such rotations to ensure continuity of the AC's work and orderly transfer of accumulated knowledge under AC Composition.

(j) The NC shall recommend to the Board internal guidelines to address the competing time commitments faced by the Directors who serve on multiple boards.

(k) To assess the effectiveness of the Board as a whole, its Board Committees and the contribution of each Director to the effectiveness of the Board.

The NC shall develop a process for evaluation of the performance of the Board, its Board Committees and each individual Director and propose objective performance criteria to enhance long-term shareholder value. The performance criteria should not be changed from year to year.

The Chairman of the NC should act on the results of the performance evaluation and where appropriate, propose new members be appointed to the Board or seek the resignation of Directors, in consultation with the NC.

The NC also in its recommendation to the Board for the re-election of retiring Directors, should consider feedback provided to the Board based on evaluation of the NC.

(l) To review the training and professional development programs for the Board.

In its search, nominating and selection process for new directors, the NC will identify the key attributes that an incoming Director should have, based on a matrix of attributes of the existing Board and the requirements of the Company. The NC taps on the resources of Directors' personal contacts and recommendations of potential candidates, and goes through a short listing process. The NC will then nominate the most suitable candidate for appointment to the Board for approval.

In its deliberations on the re-nomination of existing directors, the NC takes into consideration the individual Director's contribution and performance (including, if applicable, his/her contribution and performance as an Independent Director). The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees.

Corporate Governance Report

I. BOARD MATTERS (cont'd)

In accordance with Article 117 of the Company's Constitution, one-third of the Directors shall retire from office by rotation at each Annual General Meeting ("**AGM**"). In addition, Article 118 of the Company's Constitution provides that the Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and that the retiring Directors are eligible to offer themselves for re-election and Article 122 provides that all newly appointed Directors shall hold office only until the next AGM and are eligible to offer themselves for re-election.

The Board has accepted the NC's nomination of the following Directors, being appointed to the Board during FY2018, who would be retiring pursuant to Article 122 of the Company's Constitution at the forthcoming AGM of the Company:

(i) Mr Wee Phui Gam;
(ii) Mr Hau Khee Wee;
(iii) Mr Sun Bowen; and
(iv) Dr Danny Oh Beng Teck.

The aforesaid four (4) retiring Directors have given their consent for re-election.

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

Mr Wee Phui Gam, Mr Hau Khee Wee and Dr Danny Oh Beng Teck, being members of the NC, had abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of their own contributions or re-election as Directors.

The NC is also responsible for determining annually, the independence of Directors. In doing so, the NC takes into account the circumstances set forth in Guidelines 2.3 and 2.4 of the Code and any other salient factors. The Independent Directors, namely Mr Wee Phui Gam, Mr Hau Khee Wee and Dr Danny Oh Beng Teck, have confirmed that they do not have any relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. The NC has reviewed and determined that the said Directors are independent.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations and other principal commitments. It was noted that only three (3) Directors, being Mr Sun Bowen, Mr Wee Phui Gam and Mr Hau Khee Wee hold not more than one other directorship in other listed companies. As such, the NC is of the view that there is presently no need to implement internal guidelines to address their competing time commitments and fix the maximum number of listed company directorships a Director should hold. The Board concurs with the view of the NC. The NC and the Board would review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. The NC and the Board would also review from time to time if there is a need to set a maximum number of listed company directorships a director should hold. The considerations in assessing the capacity of Directors would include the following:

- Expected and/or competing time commitments of Directors;
- Geographical location of Directors;
- Size and composition of the Board; and
- Nature and scope of the Group's operations and size.

Currently, the Company does not have alternate Directors on the Board.

Corporate Governance Report

I. BOARD MATTERS (cont'd)

Key information regarding the Directors are set out below:

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	Not applicable	Nil	Present Fabchem China Limited *(Executive Director and Senior Advisor)* Preceding 3 years Nil	• Fabchem China Limited *(Executive Director and Senior Advisor)* • Shandong Yinguang Wen Chuang Yuan Co., Ltd *(Director)*
Wee Phui Gam	19 October 2017	Not applicable	Nil	Present: Fabchem China Limited *(Acting Chairman and Lead Independent Director)* Preceding 3 years Nil	• P G Wee Partnership *(Managing Partner)* • P G Tax Services Pte Ltd *(Director)* • Y. C. Lee & Co. *(Partner)*
Hau Khee Wee	19 October 2017	Not applicable	Nil	Present: China Kunda Technology Holdings Limited *(Non-Executive Director)* Preceding 3 years China Kunda Technology Holdings Limited *(Executive Director and CFO)*	• Go Game Pte Ltd *(Finance Director)*
Dr Danny Oh Beng Teck	1 December 2017	Not applicable	Nil	Present Nil Preceding 3 years Nil	• NM Backer Corporation Pte Ltd *(Chief Executive Officer)* • Cambrian Academy Pte Ltd *(Managing Director)* • Cambrian Engineering Corporation Pte Ltd *(Managing Director)* • Cables & Utilities Detection Services Pte Ltd *(Managing Director)*

The profile and relevant information of the members of the Board are set out on pages 14 to 15 of the Annual Report. The Directors' interests in shares are as disclosed on page 37 of the Statement by Directors.

Board Performance

Principle 5: Formal annual assessment of the effectiveness of the Board as a whole and the contributions by each Director to the effectiveness of the Board

The Board has implemented a collective questionnaire assessment process for assessing its effectiveness as a whole. The collective assessment process will comprise a questionnaire (covering areas such as the size and composition of the Board, the Board's access to information, the Board's process and accountability, communications with Senior Management, the Directors' standard of conduct and the effectiveness of the Board in its monitoring role and the attainment of the strategic and long term objectives set by the Board, including the enhancement of shareholders' value) which is to be completed by each Director individually. The results and conclusions will be presented to the Board by the NC and an action plan will be drawn up to address any areas for improvement.

Corporate Governance Report

I. BOARD MATTERS (cont'd)

The Board has established an evaluation criteria based on established criteria set by the boards of other listed companies. The evaluation criteria allow for comparison with industry peers and will not be changed from year to year but only where circumstances deem it necessary for any criteria to be changed. If such a change should occur, the Board will justify such decision.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for FY2018 and is of the view that the Board as a whole has met its performance objectives.

The NC had concurred that it was difficult to evaluate the performance of the Board Committees or an individual Director given the changes to the composition of the Board and Board Committees during FY2018. As such, no assessment was carried out for the Board Committee and each individual Director for FY2018. The NC would consider implementing such performance evaluation for each Board Committee and individual Director at a time deemed appropriate.

Access to information

Principle 6: Board members should be provided with complete, adequate and timely information

All Directors receive a set of Board and Board Committees papers prior to the Board and Board Committees meetings. This is generally provided to them in a timely manner prior to the meetings so that there is sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meetings. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions, and Management shall provide the same in a timely manner. The Board papers include the following documents and details:

- Background or explanations on matters brought before the Board for decision or information, including issues being dealt with by Management, and relevant financial statements, budgets (including any material variances between projections and actual results and the accompanying explanations), forecasts and projections;
- Minutes of the previous Board meetings; and
- Minutes of meetings of all Board Committees held since the previous Board Committee meetings.

The Directors have separate and independent access to the Management, the CFO and other key management personnel, as well as the Company's external auditors.

All Directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary and/or her representatives or a nominee attend all meetings of the Board and the Board Committees, and ensure that Board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Executive Director, the Company Secretary is responsible for ensuring good information flow within the Board and its Board Committees and between Management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required.

The Board may take independent professional advice, where necessary in the furtherance of their duties, at the Company's expense.

Under the Constitution of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

Corporate Governance Report

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedure for development policy on executive remuneration and for fixing the remuneration packages of individual Directors

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

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

The RC is regulated by a set of written terms of reference. Its principal responsibilities are:

(a) To review and submit its recommendations for endorsement by the entire Board, a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment (where applicable) for each Director and key management personnel including but not limited to senior executives/ divisional directors/those reporting directly to the Managing Director/Chairman/CEO/employees related to the Executive Directors and Controlling Shareholders of the Group and any other employees who are related to the Controlling Shareholders.

(b) To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

(c) To ensure that all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share based incentives and awards, and benefits-in-kind are covered.

(d) To review and approve the policy for authorising claims for expenses incurred by the CEO and the Chairman of the Board.

(e) As part of its review, the RC shall take into consideration:

(i) that the remuneration packages should be comparable with the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Directors and key management personnel's performance. A significant proportion of Executive Directors and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance. It should take account of the risk policies of the Company, be symmetric with risk outcomes and be sensitive to time horizon of risks.

(ii) the remuneration packages for Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, as well as the responsibilities of Directors. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised.

(iii) that the remuneration packages of employees related to Executive Directors and Controlling Shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

(iv) the Company's obligation arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

(v) the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

(vi) the RC should aim to be fair and avoid rewarding poor performance.

(vii) Principle 8 and Guidelines 8.1 and 8.4 of the Code.

Corporate Governance Report

II. REMUNERATION MATTERS (cont'd)

The RC recommends to the Board for endorsement, a framework of remuneration for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate senior management to run the Company successfully in order to maximize shareholder value. The framework covers all aspects of executive remuneration (including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind). There is a formal and transparent procedure for fixing the remuneration packages of the Directors. No individual Director is involved in deciding his/her own remuneration. Independent Directors are paid annual Directors' fees every quarter in arrears on a standard fee basis.

While none of the members of the RC specialises in the field of executive remuneration, they do possess general knowledge in this area and will seek external professional advice in relation to such remuneration matters, at the expense of the Company, if necessary.

The Company did not engage any remuneration consultants during FY2018.

The RC reviews the terms and conditions of the service agreement of the Executive Director before their execution. In the course of such review, the RC will consider the Group's obligations arising in the event of termination of Executive Directors and key management personnel, to ensure that the service agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance.

The service agreement entered into between the Company and Mr Sun Bowen, Executive Director 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, CFO of the Company, has been renewed for a further period of two years with effect from 1 September 2018 and will automatically be renewed for a further term of one year unless otherwise terminated by either party giving not less than three months' notice in writing to the other in accordance with the terms of the said agreement.

Level and Mix of Remuneration

Principle 8: Level of remuneration of Directors should be appropriate but not excessive

In setting remuneration packages for the Executive Director and key management personnel of the Company, the pay and employment conditions within the industry and in comparable companies, the Group's relative performance, the risk policies of the Company, the time horizons of such risk and the performance of the individual Executive Director and key management personnel, are taken into account to maintain an appropriate and competitive level of remuneration that is symmetric with the risk outcomes and at the same time attract, retain and motivate the Directors and key management personnel. The Executive Director does not receive any Directors' fees. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and fixed allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The performance-related elements of remuneration are designed to align interests of the Executive Director and key management personnel with those of shareholders and link rewards to corporate and individual performance and promote the long-term success of the Company. The Company is generally encouraged to grant the long-term incentive schemes to the Executive Director and key management personnel.

At present, the Company does not have plans for either the implementation of an Employee Share Option Scheme ("**ESOS**") or a Performance Share Plan ("**PSP**"). As the Company is in a transitional stage with the acquisition of new assets, new performance criteria will need to be established for the Executive Director and key management personnel of the Company. Notwithstanding, the RC believes in aligning the interest of Executive Director and key management personnel with those of shareholders and plans to discuss the establishment of an ESOS and PSP in the coming year.

The remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of Directors. Non-Executive Directors will not be over-compensated to the extent that their independence may be compromised.

Corporate Governance Report

II. REMUNERATION MATTERS (cont'd)

The RC has recommended to the Board an amount of S$196,000 as Directors' fees for the financial year ending 30 June 2019, to be paid quarterly in arrears. The aforementioned recommendations will be tabled for shareholders' approval at the forthcoming AGM of the Company as separate and distinct resolutions.

No Director is involved in deciding his own remuneration.

The RC may recommend the Company to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Disclosure on Remuneration

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The Board has not included a separate annual remuneration report to shareholders in the annual report on the remuneration of Directors and the top five key management personnel (who are not Directors or the CEO of the Company) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this annual report and in the financial statements of the Company.

The exact dollar remuneration figure of each individual Director and key management personnel of the Company is however not disclosed as the Company believes that disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in. Additionally, the Company has experienced turnover in Directors during FY2018 and the disclosure of remuneration does not give a meaningful picture to shareholders. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

A breakdown of the level and mix of the remuneration payable to each individual Director for FY2018 is as follows:

Name of Director	Remuneration Band	Director's Fees[10] (%)	Salary Remuneration[11] (%)	Performance Based Bonus (%)	Other Benefits (%)	Total (%)
Sun Bowen[1]	>$4,500,000	–	2	–	98[12]	100
Wan Jinn Woei[2]	<$250,000	–	100	–	–	100
Yong Chor Ken[3]	<$250,000	–	55	–	45	100
Poh Wee Chiow, Roger[4]	<$250,000	100	–	–	–	100
Chen Yeow Sin[5]	<$250,000	100	–	–	–	100
Wee Phui Gam[6]	<$250,000	100	–	–	–	100
Hau Khee Wee[7]	<$250,000	100	–	–	–	100
Pok Mee Yau[8]	<$250,000	100	–	–	–	100
Dr Danny Oh Beng Teck[9]	<$250,000	100	–	–	–	100

Notes:

1. Mr Sun Bowen was appointed as Non-Executive Director of the Company on 22 November 2017 and was subsequently re-designated as Executive Director on 22 February 2018.
2. Mr Wan Jinn Woei resigned as Executive Chairman and CEO of the Company on 24 January 2018.
3. Mr Yong Chor Ken resigned as Executive Director of the Company on 31 October 2017.
4. Mr Poh Wee Chiow, Roger resigned as Independent Director on 6 October 2017. Prior to his resignation as a director of the Company, he was Chairman of the NC and a member of the AC and RC.
5. Mr Chen Yeow Sin resigned as Lead Independent Director of the Company on 6 October 2017. Prior to his resignation as a director of the Company, he was the Lead Independent Director, Chairman of AC and a member of NC and RC.
6. Mr Wee Phui Gam was appointed as Lead Independent Director of the Company and Chairman of the AC on 19 October 2017.
7. Mr Hau Khee Wee was appointed as Independent Director and Chairman of the NC on 19 October 2017. He was subsequently appointed Chairman of the RC on 1 December 2017.
8. Ms Pok Mee Yau resigned as Independent Director on 1 December 2017. Prior to her resignation as a director of the Company, she was Chairman of the RC and a member of the AC and NC.
9. Dr Danny Oh Beng Teck was appointed as Independent Director and member of the AC, NC and RC on 1 December 2017.
10. The Directors' fees were approved by shareholders at the last AGM held on 6 October 2017.
11. The salary remuneration shown are inclusive of Central Provident Fund ("**CPF**").
12. On 29 March 2018, the Company convened an extraordinary general meeting ("**EGM**") and obtained the approval of shareholders for the grant of 300,000,000 million share options to Mr Sun Bowen. The share options granted have been accounted for as an equity transaction that falls within the scope of FRS 102 Share-based Payment and the fair value of these share options granted have been estimated at S$4.598 million by an independent professional valuer. There was no cash payment made by the Company to Mr Sun Bowen.

Corporate Governance Report

II. REMUNERATION MATTERS (cont'd)

Disclosure on Key Management Personnel's Remuneration

The following table shows a breakdown (in percentage terms) of the key management personnel remuneration (in bands of S$250,000) who are not directors or the CEO for FY2018:

Name of key management personnel	Remuneration Band	Salary[1] (%)	Bonus[1] (%)	Other Benefits (%)	Total (%)
Tan Keng Keat	<S$250,000	90	7	3	100%

Note:

1 The salary and bonus are inclusive of CPF.

The remuneration of key management personnel for FY2018 falls below S$250,000. The Company believes that the disclosure in bands of S$250,000 provides sufficient overview of the remuneration of the key management personnel. For competitive reasons and confidentiality of staff remuneration, the Board believes it is unwise to disclose the breakdown in dollar terms and aggregate amount of the remuneration paid to key management personnel.

None of the Directors (including the CEO) and the key management personnel (who are not Directors or the CEO) of the Company has received any termination, retirement and post-employment benefits for FY2018.

There is no employee of the Group who was an immediate family member of any of the Directors and/or the CEO whose remuneration exceeded S$50,000 for FY2018. Based on the Catalist Rules, "Immediate family" in relation to a person, means the person's spouse, child, adopted child, step-child, sibling and parent.

No remuneration or compensation was paid or is to be paid in the form of share options, since the Company does not currently have any plan to implement share option or share incentive plans. However, this does not rule out the possibility of the Company doing so in the future.

The Executive Director does not receive any Directors' fee. The Company advocates a performance-based remuneration system for Executive Director and key management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

III. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: Presentation of a balanced and understandable assessment of the Company's performance, position and prospects

The Board is accountable to the shareholders and provides the shareholders with a detailed and balanced explanation and analysis of the Group's performance, position and prospects on a half-yearly basis via SGXNet. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board takes steps to ensure compliance with legislative and regulatory requirements with all of the Group's operational practices and procedures and relevant regulatory requirements under the Catalist Rules, where appropriate. The Independent Directors will also obtain advice from Management when establishing written policies for any particular matter that is deemed to be essential to form part of management control.

Management is accountable to the Board and presents financial statements/management accounts and its accompanying explanations of the Group's performance, position and prospects to the AC and the Board for review and/or approval on a quarterly basis or as the Board may require from time to time to enable the Board to make a balanced and informed assessments of the Company's performance, position and prospects.

Corporate Governance Report

III. ACCOUNTABILITY AND AUDIT (cont'd)

Risk Management and Internal Controls

Principle 11: Sound system of risk management and internal controls

The Board recognises the importance of a sound system of internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for determining the Group's level of risk tolerance, and ensuring that the Group's systems of internal controls and risk management policies are in place. The Board oversees Management in the design, implementation and monitoring of the internal controls and risk management policies and reviews the adequacy and integrity of those systems (including financial, operational, compliance and information technology controls) on an annual basis. It should however, be noted that such systems are designed to manage rather than to eliminate the risk of failure. Accordingly, the systems can provide only reasonable, and not absolute assurance against occurrence of material errors, poor judgement in decision-making, losses resulting from human error, fraud and non-compliance with all relevant legislation or other irregularities.

The Board has received assurance (the "**Assurance**") from Mr Sun Bowen, Executive Director of the Company, and Mr Tan Keng Keat, Acting CEO and CFO of the Company, in respect of FY2018 that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the system of risk management and internal control in place within the Group (including financial, operational, compliance and information technology) are sufficiently adequate and effective in addressing the material risks in the Group in its current business environment.

Based on the internal controls and risk governance practices established and maintained by the Group, work performed by the internal auditors and external auditors, the Assurance received from the Executive Director and the Acting CEO and the CFO, and reviews performed by Management and various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the systems of internal controls established addressing the financial, operational, compliance and information technology risks, and risk management systems of the Group are adequate and effective for FY2018 for the type and volume of business that the Group currently operates in.

The Company does not currently have a risk management committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks.

The Company has appointed Messrs BDO LLP as its internal auditors to perform the internal audit functions of the Group including the review and test of controls of its processes.

Audit Committee

Principle 12: Establishment of Audit Committee with written terms of reference

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	(Lead Independent Director)
Hau Khee Wee	Member	(Independent Director)
Dr Danny Oh Beng Teck	Member	(Independent Director)

None of the members of the AC were previous partners or directors of the Company's existing auditing firm within the previous twelve months or hold any financial interest in the auditing firm.

The Board is of the opinion that the majority of members of the AC are appropriately qualified to discharge their responsibilities and have recent and relevant accounting, financial management and/or legal related expertise and experience.

Corporate Governance Report

III. ACCOUNTABILITY AND AUDIT (cont'd)

The AC has adopted a written terms of reference endorsed by the Board, setting out its duties and responsibilities. The AC is authorised by the Board to investigate any matter within its terms of reference and has full access to, and cooperation of Management, with full discretion to invite any Director or key management personnel to attend its meetings. It has reasonable resources to enable it to discharge its functions properly. During the meetings of the AC held during the financial year, the AC performed its functions and responsibilities as set out in its terms of reference, which include the following:

- Reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor on an annual basis;
- Reviewing the nature and extent of the external auditor's non-audit services to the Group, seeking to balance the maintenance of objectivity and value for money;
- Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- Reviewing the adequacy of the Group's internal controls including financial, operational, compliance and information technology risk, and risk management systems of the Group (hereinafter referred to collectively as "**internal controls**") at least annually;
- Reviewing the adequacy and effectiveness of the Group's internal audit function, where applicable;
- Making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- Reviewing the external auditor's audit plan, audit report and the external auditor's evaluation of the system of internal accounting controls with the external auditor, as well as the assistance given by Management to the external auditor; and
- Reviewing the half-yearly and full-year financial reports of the Group, prior to their submission to the Board.

The AC met three times during FY2018 to review the audit plan/report, the audit findings, the reports on interested persons transactions ("**IPTs**"), the reports on internal audit activities for the year (including updates on the findings in relation thereto) and the announcements of the half-year and full-year financial results before being approved by the Board for release on the SGX-ST.

The AC has full access to and the co-operation of Management and reasonable resources to enable it to discharge its functions properly. The AC meetings are held with the external auditors and by invitation, any Director and representatives from Management. The AC also meets with the external auditors, Messrs RSM Chio Lim LLP, without the presence of Management, at least annually, to discuss any problems and concerns they may have.

The AC has met with the internal auditors and the external auditors without the presence of the Company's Management in FY2018.

The AC has conducted an annual review of the volume and nature of all non-audit services of the Group provided by the external auditors, Messrs RSM Chio Lim LLP, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, is pleased to recommend to the Board that Messrs RSM Chio Lim LLP be nominated for re-appointment as external auditors of the Company at the forthcoming AGM of the Company.

The amount of fees payable to Messrs RSM Chio Lim LLP for FY2018 amounted to S$64,000 for audit services and S$5,800 for non-audit services.

The Company's external auditors are a firm of Chartered Accountants in Singapore registered with ACRA. The Company's external auditors are engaged to audit the financial statements of the Company and its Singapore-incorporated subsidiary. The Company has engaged a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies where necessary. Accordingly, the Company complies with the requirements of Rules 712 and 715 of the Catalist Rules of the SGX-ST.

Corporate Governance Report

III. ACCOUNTABILITY AND AUDIT (cont'd)

The AC members take measures to keep abreast of changes of accounting standards and issues which have a direct impact on financial statements through attending training and seminars as well as receiving updates from the Group's external auditors.

In the review of the financial statements for FY2018, the AC had discussed with 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 Management and the external auditor and were reviewed by the AC:

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Accounting for business combination	The AC considered the competency, objectivity and capabilities of the independent professional valuer, and the approach and methodology applied to the measurement of fair value of the acquired assets and liabilities. The AC was satisfied with the purchase price allocation ("**PPA**") exercise, the methodologies used and the underlying key assumptions as adopted and disclosed in the financial statements. The PPA exercise was 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 FY2018. Please refer to The Independent Auditor's Report contained in this annual report.
Impairment assessment of goodwill and intangible assets	The AC considered the management's assumptions and estimates used to determine the impairment assessment of goodwill and intangible assets and had also discussed such assumptions and assessment with the management. The AC was satisfied with the management's assumptions and estimates used on the impairment assessment of goodwill and intangible assets. The impairment assessment of goodwill and intangible assets was 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 FY2018. Please refer to The Independent Auditor's Report contained in this annual report.

Management has put in place, with the AC's endorsement, arrangements by which staff of the Group may, in confidence, contact the independent Company Secretary, allowing any staff to raise concerns about possible improprieties in matters of financial reporting or other matters. The Company has also extended the whistle-blowing policy to external parties via the Company's website where the email addresses of the Chairman of the AC and the Company Secretary 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. There were no whistle-blowing letters received during FY2018 and up to the date of this report.

Internal Audit

Principle 13: Effective and independent internal audit function

The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets.

As the size of the current operations of the Company does not warrant the Company to have an in-house internal audit function, the Company has outsourced its internal audit function to an external independent accounting firm, Messrs BDO LLP who reports directly to the AC Chairman, as well as to the Acting CEO for administrative matters.

Corporate Governance Report

III. ACCOUNTABILITY AND AUDIT (cont'd)

The AC is satisfied that the appointed internal auditors are adequately qualified (given, *inter alia*, its adherence to standards such as the Standards for the Professional Practices of Internal Auditing set by The Institute of Internal Auditors) and resourced, and has the appropriate standing in the Company to discharge its duties effectively (given, *inter alia*, involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC).

The AC reviews and approves the internal audit plan on an annual basis, to ensure the adequacy of the scope of audit. The AC also reviews the needs of the internal audit function on a regular basis, including overseeing and monitoring the implementation of the improvements required for various internal control weaknesses identified by Management and the external auditors.

IV. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders' Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholder Meetings

The Board recognises that it is accountable to shareholders for the Group's performance, believes in transparency and strives towards timeliness in the dissemination of material information to the Company's shareholders and the public. The information, including a review of the Group's performance and prospects in the half-year and full-year results announcements, is disseminated to shareholders through the SGXNet.

The Company encourages shareholders' participation during the general meetings. Shareholders are able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

All shareholders are entitled to attend and vote at general meetings in person or by appointment of proxy(ies). The rules including the voting procedures are set out in the notice of general meetings. In accordance with the Constitution of the Company, shareholders may appoint one or two proxies to attend and vote at general meetings in their absence. The proxy forms must be deposited with the Company not less than seventy-two (72) hours before the time set for the general meetings.

A Relevant Intermediary[1] may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his/her vote(s) at the general meetings in person. CPF Investors and SRS Investors who are unable to attend the general meetings but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the general meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the general meetings.

The Company does not have any investor relations policy presently and does not practise selective disclosure of material information. To ensure the announcements are descriptive, detailed and forthcoming as possible, the announcements are reviewed by the Company Secretary before they are released. In addition, where appropriate, announcements are prepared with the assistance of other professional advisors, such as legal advisors and financial advisors. The Company has adopted a policy of making all necessary disclosures in public announcements via SGXNet and price-sensitive information is publicly released through timely announcements including via SGXNet and a well-maintained and updated corporate website.

[1] A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Corporate Governance Report

IV. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES (cont'd)

Copies of the Annual Report and the Notice of the AGM and/or EGM, where applicable, are sent to every shareholders of the Company. The Notices of the general meetings are also advertised in the newspapers and released via SGXNet.

Before and after every general meeting, the Chairman and other members of the Board will engage in dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.

The Group believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Group's officers promptly communicate with its shareholders and analysts whenever appropriate and attend to their queries or concerns. The Group'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 Group 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.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results or operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. For FY2018, the Company will not be paying any dividends to shareholders as the Company has no distributable profits to declare dividends.

As the authentication of shareholders' identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Separate resolutions are tabled and passed at every general meeting on each distinct issue and voting on each resolution by poll is carried out systematically with proper recording of votes cast and the resolution passed. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications justifying the same.

At each general meeting, the Board (including Management and the chairpersons of the AC, NC and RC) encourages shareholders to participate in the question and answer session. The external auditors are also present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditors' report.

The minutes of the general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management are prepared and are made available to shareholders upon written request.

In support of greater transparency of the voting process and to enhance shareholders' participation, the Company puts all resolutions proposed at the general meetings to vote by poll since 2016. Shareholders who are present in person or represented by proxies will be entitled to one vote for each share held. A scrutineer is appointed to count and validate the votes cast at the general meetings. The total number of votes cast for and against each resolution and the respective percentage are announced and released to the SGX-ST via SGXNet.

DEALINGS IN SECURITIES

Corporate Governance Report

The Company has complied with Rule 1204(19) of the Catalist Rules of the SGX-ST in relation to dealings in the Company's securities as it has adopted an internal guideline for its officers with regard to dealing with the Company's securities.

The Company issues electronic mails to its Directors, key management personnel and employees that they must not trade in the shares of the Company commencing one month before the announcement of the Company's half-year and full-year financial results and ending on the date of announcement of the results.

In addition, Directors and all key management personnel are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are discouraged from dealing in the Company's securities on short term considerations or if they are in possession of unpublished price sensitive information.

INTERESTED PERSONS 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 FY2018 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 FY2018 is as follows:

Name of Interested Person	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) 2018 $'000	2017 $'000
Mr Wee Henry[1]		
– 300,000,000 Share Options granted for cash consideration of S$1.00, with each Option carrying the right to subscribe for one new ordinary share for the Exercise Price of S$0.085 for each new share	25,500	–
Mr Sun Bowen		
– Acquisition of 60% of the issued and paid-up share capital of GEM[2]	53,500	–
– 300,000,000 Share Options granted for cash consideration of S$1.00, with each Option carrying the right to subscribe for one new ordinary share for the Exercise Price of S$0.085 for each new share[3]	25,500	–
– Transactions between Fei County Wonder Stone Characteristic Town Development Co., Ltd（费县奇石特色小镇发展有限公司）and companies related to Mr Sun Bowen for the development of the Wonder Stone Hotel and Wonder Stone Park	949	–

Notes:

1 Mr Wee Henry is a Substantial Shareholder of the Company. The share option granted was approved by shareholders of the Company at the EGM held on 29 March 2018.

2 This relates to the 60%-acquisition of GEM which was approved by shareholders of the Company at the EGM held on 30 June 2017 and completed on 11 August 2017.

3 The share option granted was approved by shareholders of the Company at the EGM held on 29 March 2018.

Corporate Governance Report

CORPORATE SOCIAL RESPONSIBILITY

For FY2018, the Company does not have a corporate social responsibility ("**CSR**") policy in place. The business of the Company is currently in transition and therefore the Board will consider drawing up a CSR policy after the Company has completed the current transition or reached a meaningful juncture thereof.

MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interests of the Acting CEO, any Director or controlling shareholder, which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

No non-sponsor fees were paid to the Company's sponsor, Stamford Corporate Services Pte Ltd ("**Sponsor**") for FY2018. Payments of approximately S$62,250 were made to Morgan Lewis Stamford LLC, a related corporation of the Sponsor, for work in connection with a renewal of shareholders mandate for properties and renewal of share buyback mandate as well as the granting of options to Mr Sun Bowen, Executive Director of the Company, and Mr Wee Henry, substantial shareholder of the Company.

USE OF PROCEEDS

There are no unutilised proceeds arising from initial public offering and/or any offerings pursuant to Chapter 8 of the Catalist Rules.

Statement by Directors

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 30 June 2018.

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 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	(appointed on 22 November 2017)
Mr Wee Phui Gam	(appointed on 19 October 2017)
Mr Hau Khee Wee	(appointed on 19 October 2017)
Dr Danny Oh Beng Teck	(appointed on 1 December 2017)

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the reporting year and as at 21 July 2018 were not interested in shares or in 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").

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.

Statement by Directors

5. OPTIONS

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted except for the following:

The Company entered into an option agreements dated 26 February 2018 with Mr Sun Bowen and Mr Wee Henry (together, the "Option Subscribers"), pursuant to which 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").

At an Extraordinary General Meeting held on 29 March 2018, shareholders approved the above share options. These options are exercisable between 26 February 2018 and 25 February 2023. The options granted are vested immediately.

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

Exercise price outstanding	Grant date	Exercise period	Number of Shares at 30 June 2018 '000	2017 '000
$0.085	29 March 2018	From 26 February 2018 to 25 February 2023	600,000	–
Balance at the end of the year			600,000	–

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

Participants	Grants in 2018 '000	Grants from start of scheme to end of 2018 '000	Exercised/ lapsed from start of scheme to end of 2018 '000	Balance at 30.06.2018 '000
<u>Director of the Company</u>				
Mr Sun Bowen	300,000	300,000	–	300,000
<u>Substantial shareholder of the Company</u>				
Mr Wee Henry	300,000	300,000	–	300,000
Total	600,000	600,000	–	600,000

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 substantial shareholder, Mr Wee Henry.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option except for those disclosed in the above paragraph.

Statement by Directors

6. REPORT OF AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the date of this report are:

Mr Wee Phui Gam	(Chairman of AC)
Mr Hau Khee Wee	(Independent director)
Dr Danny Oh Beng Teck	(Independent director)

All members of the AC are non-executive directors and are independent.

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

- Reviewed the half yearly and annual financial statements and the independent auditor's report on the annual financial statements of the Company before their submission to the board of directors;
- Reviewed the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the external 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.

Statement by Directors

7. INDEPENDENT AUDITOR

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

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 2018.

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 2018, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report except for those disclosed in Note 33 to the financial statements.

On behalf of the directors

Sun Bowen
Director

Wee Phui Gam
Director

28 September 2018

Independent Auditor's Report

To the Members of Imperium Crown Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Imperium Crown Limited (the "**Company**") and its subsidiaries (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 2018, 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 Financial Reporting Standards in Singapore ("**FRSs**") 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 2018 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.

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) Accouting for business combination

Refer to Note 2 for the relevant accounting policy and Note 31 for the disclosures on the financial statements.

The Group acquired 60% of the equity interest in Global Entertainment Media Pte Ltd, for a total purchase consideration of $53,500,000 during the reporting year ended 30 June 2018.

Such transactions can be complex and judgment is involved in determining whether an acquisition of a controlling interest is a business combination or the acquisition of an asset; and whether an acquisition of a non-controlling interest is an investment in available-for-sale equity interest, associate or joint arrangement, each of which requires different accounting treatments. In accounting for a business combination, there is further judgment involved and inherent uncertainty in the estimation used in allocating the overall purchase price to the assets, liabilities and goodwill that make up the acquisition.

This acquisition is significant to the Group, being a material transaction, it has been identified as a key audit matter.

How we addressed the matter in our audit

As part of our audit procedures, we have reviewed the sales and purchase agreement to obtain an understanding of the transactions. An important element of our audit relates to the identification and measurement of the acquired assets and liabilities (including contingent liabilities). We tested this identification based on our discussion with management and board and understanding of the acquired company's business. Management prepared the purchase price allocation ("PPA") assisted by an external valuation expert. We assessed the competency, capabilities and objectivities of the external valuer engaged by management. With involvement of our internal valuation specialists, we evaluated the reasonableness of management's valuation methodology, key assumptions and inputs used in measuring the provisional fair value of acquired assets. We have also assessed the reasonableness of the closing balances as at the date of acquisition. We undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuer. 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 intangible assets and goodwill

Refer to Note 2C – Critical judgements, assumptions and estimation uncertainties, Note 14A – Intangible assets and Note 14B – Goodwill for disclosures relating to the impairment assessment.

As at 30 June 2018, the intangible asset and goodwill – right to operate the "Wonder Stone Park" arising from the acquisition of Global Entertainment Media Pte Ltd amounting to $116,381,000 and $6,856,000 respectively.

An assessment is made on whether the intangible assets are impaired, pursuant to the identification of certain indicators of impairment, including the impact of the volatile and challenging market conditions on their operating performance.

Goodwill is tested for impairment annually by estimating the recoverable amount of each identifiable cash-generating unit (CGU) which goodwill has been allocated to. Management applies the value in use (discounted cash flow) method to determine the recoverable amount of each CGU. The measurement of value in use as the recoverable amount of each identifiable CGU involves significant judgment and estimation in determining the cash flow forecasts, and risk-free, discount and terminal growth rates.

Management's determination of the recoverable amount is based on the estimation of the value-in-use by forecasting the present value of the expected future cash flows to be derived from the CGU. No impairment loss during the financial year was recognised following management's assessment.

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.

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.

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.

Independent Auditor's Report

To the Members of Imperium Crown Limited

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 FRSs, 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.

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.

Independent Auditor's Report

To the Members of Imperium Crown Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

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.

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

28 September 2018

Engagement partner – effective from year ended 30 June 2018.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 June 2018

	Note	Group 2018 $'000	Group 2017 $'000
Revenue	5	875	4,866
Other income	6	366	97
Direct operating expenses for investment properties		(1,063)	(2,193)
Depreciation and amortisation expenses	7	(2,355)	(12)
Employee benefits expense	8	(5,715)	(691)
Other operating expenses	9	(6,105)	(6,987)
Finance costs	10	(423)	(617)
Net fair value gain on financial derivatives	24	101	301
Net fair value gain on investment properties	13	–	1,099
Loss before tax		(14,319)	(4,137)
Income tax expense	11	(547)	(2,548)
Loss for the year		(14,866)	(6,685)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	23	(304)	(2,859)
Realisation of foreign exchange translation reserve on liquidation of foreign subsidiaries	23	(5,240)	–
Other comprehensive loss for the year, net of tax		(5,544)	(2,859)
Total comprehensive loss for the year		(20,410)	(9,544)
Net loss attributable to:			
Equity holders of the Company		(13,463)	(6,685)
Non-controlling interests		(1,403)	–
		(14,866)	(6,685)
Total comprehensive loss attributable to:			
Equity holders of the Company		(19,007)	(9,544)
Non-controlling interests		(1,403)	–
		(20,410)	(9,544)
Earnings per share		Cents	Cents
Earnings per share currency unit			
Basic and diluted	26	(1.80)	(1.37)

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

Statements of Financial Position

As at 30 June 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	14,012	5	2	5
Investment properties	13	–	–	–	–
Intangible assets	14	128,915	–	–	–
Investments in subsidiaries	15	–	–	53,600	36,211
Trade and other receivables	16	–	6,000	6,000	6,000
Other financial assets	17	–	–	–	–
Total non-current assets		142,927	6,005	59,602	42,216
Current assets					
Assets held for sale	18	–	67,020	–	–
Trade and other receivables	16	650	217	28	14
Cash and cash equivalents	19	9,140	1,160	8,696	731
Restricted cash	20	–	3,196	–	–
Total current assets		9,790	71,593	8,724	745
Total assets		152,717	77,598	68,326	42,961
EQUITY AND LIABILITIES					
Equity					
Share capital	21A	84,190	47,815	84,190	47,815
Treasury shares	21B	(58)	(58)	(58)	(58)
Accumulated losses		(23,359)	(10,353)	(20,711)	(5,379)
Other reserves	23	5,653	6,599	4,598	–
Equity, attributable to owners of the parent		66,426	44,003	68,019	42,378
Non-controlling interests		49,099	–	–	–
Total equity		115,525	44,003	68,019	42,378
Non-current liabilities					
Deferred tax liabilities	11	28,559	2,576	–	–
Other financial liabilities	24	–	50	–	50
Security deposits		–	926	–	–
Total non-current liabilities		28,559	3,552	–	50
Current liabilities					
Trade and other payables	25	8,585	675	259	434
Other financial liabilities	24	48	28,957	48	99
Security deposits		–	147	–	–
Deferred revenue		–	264	–	–
Total current liabilities		8,633	30,043	307	533
Total liabilities		37,192	33,595	307	583
Total equity and liabilities		152,717	77,598	68,326	42,961

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

Statements of Changes in Equity

Year Ended 30 June 2018

	Attributable to equity holders of the Company								
	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Foreign exchange translation reserve $'000	Revaluation reserve $'000	Share options reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group									
Current year									
At 1 July 2017	47,815	(58)	(10,353)	6,599	–	–	44,003	–	44,003
Changes in equity									
Issuance of shares, net of expenses (note 21)	36,375	–	–	–	–	–	36,375	–	36,375
Acquisition of subsidiaries (note 31)	–	–	–	–	–	–	–	50,502	50,502
Total comprehensive loss for the year	–	–	(13,463)	(5,544)	–	–	(19,007)	(1,403)	(20,410)
Share options issued	–	–	–	–	–	4,598	4,598	–	4,598
Recovery of dividends paid in prior year (note 27)	–	–	457	–	–	–	457	–	457
At 30 June 2018	84,190	(58)	(23,359)	1,055	–	4,598	66,426	49,099	115,525
Previous year									
At 1 July 2016	47,815	(58)	(4,172)	9,458	504	–	53,547	–	53,547
Changes in equity									
Total comprehensive loss for the year	–	–	(6,685)	(2,859)	–	–	(9,544)	–	(9,544)
Transferred to retained earnings	–	–	504	–	(504)	–	–	–	–
At 30 June 2017	47,815	(58)	(10,353)	6,599	–	–	44,003	–	44,003

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

Statements of Changes in Equity

Year Ended 30 June 2018

	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Revaluation reserve $'000	Share options reserve $'000	Total equity $'000
Company						
Current year						
At 1 July 2017	47,815	(58)	(5,379)	–	–	42,378
Changes in equity						
Issuance of shares, net of expenses (note 21)	36,375	–	–	–	–	36,375
Loss for the year	–	–	(15,789)	–	–	(15,789)
Share options issued (note 22)	–	–	–	–	4,598	4,598
Recovery of dividend paid in prior year (note 27)	–	–	457	–	–	457
At 30 June 2018	84,190	(58)	(20,711)	–	4,598	68,019
Previous year						
At 1 July 2016	47,815	(58)	(7,243)	504	–	41,018
Changes in equity						
Profit for the year	–	–	1,360	–	–	1,360
Transferred to retained earnings	–	–	504	(504)	–	–
At 30 June 2017	47,815	(58)	(5,379)	–	–	42,378

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

Consolidated Statement of Cash Flows

Year Ended 30 June 2018

	2018 $'000	2017 $'000
Cash flows from operating activities		
Loss before tax	(14,319)	(4,137)
Adjustments for:		
Depreciation of property, plant and equipment	60	12
Amortisation of intangible assets	2,295	–
Interest income	(23)	(11)
Finance costs	423	617
Loss on disposal of property, plant and equipment	–	36
Net fair value gain on financial derivatives	(101)	(301)
Net fair value gain on investment properties	–	(1,099)
Loss on disposal of investment properties	7,668	2,682
Loss on financial assets at fair value through profit or loss	–	2,448
Share options expense	4,598	–
Realisation of foreign translation reserve on liquidation for foreign subsidiaries	(5,240)	–
Operating cash flows before changes in working capital	(4,639)	247
Trade and other receivables	6,024	1,519
Trade and other payables	1,166	(870)
Deferred revenue	(264)	(36)
Net cash flows from operations	2,287	860
Income taxes paid	(3,499)	(1,562)
Net cash flows used in operating activities	(1,212)	(702)
Cash flows from investing activities		
Acquisition of investment properties (including acquisition related costs and capital expenditures)	–	(290)
Deposits	–	(6,000)
Proceeds from disposal of investment properties	59,352	19,210
Interest received	23	11
Acquisition of subsidiaries, net of cash (note 31)	(53,461)	(2,447)
Purchase of intangible assets	(5,026)	–
Purchase of property, plant and equipment	(7,164)	(3)
Net cash flows (used in)/from investing activities	(6,276)	10,481
Cash flows from financing activities		
Repayments of bank borrowings	(28,858)	(14,032)
Advances from a related party	6,251	–
Security deposits refunded	(1,073)	(2)
Interest paid	(423)	(525)
Proceeds from issuance shares, net of expenses, (note 21)	36,375	–
Restricted cash	3,196	712
Net cash flows from/(used in) financing activities	15,468	(13,847)
Net increase/(decrease) in cash and cash equivalents	7,980	(4,068)
Cash and cash equivalents at beginning of year	1,160	5,261
Effect of exchange rate changes on cash and cash equivalents	–	(33)
Cash and cash equivalents at end of year (Note 19)	9,140	1,160

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

Notes to the Financial Statements

Year Ended 30 June 2018

1. GENERAL

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

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The company is an investment holding company. It is listed on the Catalist Board.

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

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

As disclosed in note 31 to the financial statements, the Group acquired 60% of the equity interest in Global Entertainment Media Pte Ltd group of companies ("**GEM Group**"), a company incorporated in Singapore, for a total consideration of S$53,500,000. The Group holds the operating rights of Fei County Wonder Stone Park, which is located in Linyi City of Shandong Province of the People's Republic of China ("**PRC**"). The operating rights are for 50 years, commencing on 1 May 2017.

The development cost of the Park is estimated at RMB 650 million, which are expected to be funded by bank borrowings and equity. The whole development is expected to be completed by the end of Year 2019. As of the reporting year end, total development cost incurred, including the acquisition of land use rights, amounted to RMB 100 million (equivalent to S$ 21 million). The Park is expected to generate revenue from Year 2020 onwards.

The management of the Group is currently in negotiation with it principal bank in PRC for a loan of RMB 100 million and has also granted 600 million share options to a substantial shareholder and an executive director at an exercise price of $0.085 each to provide funding for the development (see note 22). The management has reasonable expectations that adequate financial resources will be available to complete the development of the Park as projected. Management will continue to monitor the development closely and make adjustments to the development plan where appropriate.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("**FRSs**") and the related Interpretations to FRS ("**INT FRS**") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

Basis of preparation of the 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.

Notes to the Financial Statements

Year Ended 30 June 2018

1. GENERAL (cont'd)

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 "**Group**"). The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are 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, including income, expenses and cash flows 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. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

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 available-for-sale financial assets in accordance with FRS 39.

The Company's financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, no statement of profit or loss and other comprehensive income is presented for the Company.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Rental revenue 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. Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established. Interest income is recognised using the effective interest method.

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.

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 services 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 2018

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 borrowing of funds. 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 recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. 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 (if any) 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 2018

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.

Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by FRS 105 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

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.

Notes to the Financial Statements

Year Ended 30 June 2018

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

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

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.

Investment property

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the fair value model is used to measure the investment property at fair value as of the end of the reporting year. A gain or loss arising from a change in the fair value of investment property is included in profit or loss for the reporting year in which it arises. The fair values are measured periodically on a systematic basis at least once yearly by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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 FRS 103 (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 this FRS 103.

Notes to the Financial Statements

Year Ended 30 June 2018

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

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

Goodwill (cont'd)

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.

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%

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 2018

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 FRS 32 and FRS 39. 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 FRS 103. 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. For business combinations achieved in stages, any equity interest held in the acquiree is remeasured immediately before achieving control at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

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 Note. 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.

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 2018

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

2A. Significant accounting policies (cont'd)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Notes to the Financial Statements

Year Ended 30 June 2018

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

2A. Significant accounting policies (cont'd)

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.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. 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. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

Notes to the Financial Statements

Year Ended 30 June 2018

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

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

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 2018

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 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 cash-generating units is measured based on value in use calculations. 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 14 could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the intangible assets at the end of the reporting year affected by the assumption are $122 million (2017: $ Nil).

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 as disclosed in Note 14. Actual outcomes could vary from these estimates.

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

FRS 24 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.

Notes to the Financial Statements

Year Ended 30 June 2018

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

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 any financial guarantees 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.

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

Significant related party transactions

	Group	
	2018 $'000	2017 $'000
Related parties		
Rental expenses and deposit		
– Alternative Advisors Pte Ltd ("**Alternative Advisors**")[a]	(30)	(30)
– Wee Henry	–	(9)
Escrow deposit for potential acquisition		
– JLC Advisors LLP[b]	–	(6,000)
Professional charges		
– JLC Advisors LLP[b]	(84)	(151)
Development expenses of the Fei County Wonder Stone Characteristics Town Development Co., Ltd.[c]		
– Feixian Yin Du Dian Ti Co., Ltd. (费县银都电梯有限公司)	(79)	–
– Shandong Yin Guang Bao An Fu Wu Co., Ltd. (山东银光保安服务有限公司)	(145)	–
– Shandong Yin Guang Jian Zhu Zhuang Shi Co., Ltd. (山东银光建筑装饰工程有限公司)	(824)	–
– Zhaozhuang Yin Guang Jian Zhu Co., Ltd. (枣庄银光建筑工程有限公司)	(927)	–

[a] Alternative Advisors is a company controlled by Mr. Yong Chor Ken, a director of the Company, who resigned with effect from 31 October 2017. This related party has no significant influence over the reporting entity.

[b] JLC Advisors LLP is a legal firm where Ms Pok Mee Yau, who is director of the Company, is a partner, who resigned with effect 1 December 2017. This related party has no significant influence over the reporting entity.

[c] These related parties and the Company have common director, Mr Sun Bowen, who has significant influence over the reporting entity.

Notes to the Financial Statements

Year Ended 30 June 2018

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

3C. Key management compensation

	Group	
	2018 $'000	2017 $'000
Salaries and other short-term employee benefits	744	603
Fair value of share options granted to a director of the Company	4,598	–

Included in the above amounts are the following items:

	Group	
	2018 $'000	2017 $'000
Remuneration of directors of the Company	533	416
Fees to directors of the Company	211	135
Over-provision of fees to directors in the prior year	–	(141)
Fair value of share options granted to a director of the Company	4,598	–

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.

3D. Other receivable from and 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 notes to the financial statements.

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

	Other related party	
Group	2018 $'000	2017 $'000
Other payables:		
Balance at beginning of the year	–	–
Amounts paid in and settlement of liabilities on behalf of the company	(6,251)	–
Balance at end of the year (Note 25)	(6,251)	–

Notes to the Financial Statements

Year Ended 30 June 2018

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 FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management purposes, the reporting entity is organised into two strategic operating segments: (i) property development and property investment (ii) leisure and hospitality. 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 property development and property investment segment is to invest for returns solely from capital appreciation and/or investment income

(ii) The leisure and hospitality segment is those of tourism development and tourism management services.

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 earnings from operations before depreciation, amortisation, interests and income taxes (called "**Recurring EBITDA**").

4B. Profit or loss from continuing operations and reconciliations

	Property development and property investment $'000	Leisure and hospitality $'000	Unallocated segment $'000	Group $'000
2018				
Sales to external customers	834	41	–	875
Recurring EBITDA	(187)	(885)	(1,079)	(2,151)
Depreciation and amortisation expenses	–	(2,352)	(3)	(2,355)
Other income	43	108	215	366
Finance costs	(325)	(98)	–	(423)
Net fair value gain on financial derivatives	–	–	101	101
Loss on disposal of investment properties	(7,668)	–	–	(7,668)
Share options expense	–	–	(4,598)	(4,598)
Realisation of foreign exchange translation reserve on liquidation of foreign subsidiaries	5,240	–	–	5,240
Legal and professional fee	–	–	(2,831)	(2,831)
Loss before tax	(2,897)	(3,227)	(8,195)	(14,319)
Income tax expense	(1,081)	534	–	(547)
Loss after tax	(3,978)	(2,693)	(8,195)	(14,866)

Notes to the Financial Statements

Year Ended 30 June 2018

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	Unallocated segment $'000	Group $'000
2017			
Sales to external customers	4,866	–	4,866
Recurring EBITDA	2,505	(2,380)	125
Other income	37	60	97
Depreciation	–	(12)	(12)
Finance costs	(617)	–	(617)
Net fair value gain on financial derivatives	–	301	301
Net fair value gain on investment properties	1,099	–	1,099
Loss on disposal of investment properties	(2,682)	–	(2,682)
Loss on financial assets at fair value through profit or loss	–	(2,448)	(2,448)
Profit/(loss) before tax	342	(4,479)	(4,137)
Income tax expense	(2,548)	–	(2,548)
Loss after tax	(2,206)	(4,479)	(6,685)

Unallocated segment comprise primarily of corporate office expenses that cannot be attributed meaningfully to any particular segment.

4C. Assets and reconciliations

	Property development and property investment $'000	Leisure and hospitality $'000	Unallocated segment $'000	Group $'000
2018				
Total assets for reportable segments				
– Property, plant and equipment	–	14,010	2	14,012
– Intangible assets	–	128,915	–	128,915
– Others	–	1,066	8,724	9,790
				152,717
2017				
Total assets for reportable segments				
– Assets held for sale	67,020	–	–	67,020
– Restricted cash	3,196	–	–	3,196
– Others	–	–	7,382	7,382
				77,598

Notes to the Financial Statements

Year Ended 30 June 2018

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

4D. Liabilities and reconciliations

	Property development and property investment $'000	Leisure and hospitality $'000	Unallocated segment $'000	Group $'000
2018				
Total liabilities for reportable segment				
– Deferred tax liabilities	–	28,559	–	28,559
– Derivative financial instruments	–	–	48	48
– Others	–	8,326	259	8,585
				37,192
2017				
Total liabilities for reportable segment				
– Borrowings	28,858	–	–	28,858
– Security deposits	1,073	–	–	1,073
– Deferred revenue	264	–	–	264
– Deferred tax liabilities	2,576	–	–	2,576
– Derivative financial instruments	–	–	149	149
– Others	–	–	675	675
				33,595

4E. Other material items and reconciliations

	Property development and property investment $'000	Leisure and hospitality $'000	Unallocated segment $'000	Group $'000
2018				
Depreciation and amortisation expenses	–	57	3	60
Expenditure for non-current assets	–	12,190	–	12,190
Net fair value gain on financial derivatives	–	–	(101)	(101)
Loss on disposal of investment properties	7,668	–	–	7,668
Realisation of foreign exchange translation reserve on liquidation of foreign subsidiaries	(5,240)	–	–	(5,240)
Share options expense	–	–	4,598	4,598
2017				
Expenditure for non-current assets	–	–	3	3
Net fair value loss on financial derivatives	–	–	301	301
Net fair value gain on investment properties	(1,099)	–	–	(1,099)
Depreciation of property, plant and equipment	–	–	12	12

Notes to the Financial Statements

Year Ended 30 June 2018

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

4F. Geographical information

	Group 2018 $'000	Group 2017 $'000
Revenue		
– Japan	834	4,821
– China	41	–
– Singapore	–	45
	875	4,866
Total consolidated assets		
– Japan	–	70,848
– China	143,991	–
– Singapore	8,726	6,750
	152,717	77,598

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

The Group's continuing operations mainly comprise of investment properties located in Japan that are primarily used for residential and commercial related purposes.

	Group 2018 $'000	Group 2017 $'000
Top 1 customer	–	308
Top 2 customers	–	596
Top 3 customers	–	809

5. REVENUE

	Group 2018 $'000	Group 2017 $'000
Rental income from properties	834	4,866
Others	41	–
	875	4,866

Notes to the Financial Statements

Year Ended 30 June 2018

6. OTHER INCOME

	Group	
	2018 $'000	2017 $'000
Bank interest income	23	11
Claims settlement by former director	185	–
Government subsidy income	103	–
Others	55	86
	366	97

7. DEPRECIATION AND AMORTISATION EXPENSES

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Depreciation from property, plant and equipment (note 12)	60	12	3	12
Amortisation of intangible assets (note 14A)	2,295	–	–	–
	2,355	12	3	12

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018 $'000	2017 $'000
Wages and salaries	849	616
Contributions to defined contribution plan	57	30
Severance payment	–	48
Directors' fee	211	135
Over-provision of fees to directors in prior year	–	(141)
Share options expense	4,598	–
Others	–	3
	5,715	691

9. OTHER OPERATING EXPENSES

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

	Group	
	2018 $'000	2017 $'000
Audit fees to independent auditors of the company	64	54
Audit fees to independent auditors of the subsidiaries	28	53
Non-audit fees to independent auditors of the company	6	7
EGM expenses	10	95
Internal audit fees	15	15
Legal and professional fees	2,831	934
Loss on financial assets at fair value through profit or loss	–	2,448
Loss on disposal of investment properties	7,668	2,682
Loss on disposal of property, plant and equipment	–	36
(Reversal)/allowance for impairment loss on trade and other receivables	(12)	14

Notes to the Financial Statements

Year Ended 30 June 2018

10. FINANCE COSTS

	Group	
	2018	2017
	$'000	$'000
Interest expenses on bank borrowings	238	525
Amortisation of transaction costs relating to loan facilities	185	92
	423	617

11. INCOME TAX

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

	Group	
	2018	2017
	$'000	$'000
Current tax		
Current tax expense	3,499	1,577
	3,499	1,577
Deferred tax		
Deferred tax (benefit)/expense	(2,901)	1,074
Adjustments in respect of prior years	(51)	(103)
	547	2,548

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2018	2017
	$'000	$'000
Loss before tax	(14,319)	(4,137)
Tax calculated at tax rate of 17% (2017: 17%)	(2,434)	(703)
Non-deductible expenses	940	981
Income not subject to tax	(863)	(56)
Effect of tax rates in different jurisdictions	(2,942)	517
Withholding taxes paid	3,499	1,563
Deferred tax assets not recognised	2,398	–
Adjustments in respect of prior years	(51)	(103)
Others	–	349
	547	2,548

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

Notes to the Financial Statements

Year Ended 30 June 2018

11. INCOME TAX (cont'd)

11B. Deferred tax benefits/(expenses) recognised in profit or loss

	Group 2018 $'000	Group 2017 $'000
Excess of tax value over the net book value of intangible assets	536	–
Excess of tax value over fair value of investment properties	1,821	(720)
Undistributed earnings of subsidiaries	544	(354)
Tax loss carry forwards	2,398	–
Deferred tax assets not recognised	(2,398)	–
	2,901	(1,074)

11C. Deferred tax expense recognised in other comprehensive income

	Group 2018 $'000	Group 2017 $'000
Revaluation of property, plant and equipment	–	(103)
Foreign exchange differences on translation	(211)	103
	(211)	–

11D. Income tax expense recognised directly in equity

	Group 2018 $'000	Group 2017 $'000
Acquisition of subsidiaries (note 31)	29,095	–
	29,095	–

11E. Deferred tax liabilities in statements of financial position

	Group 2018 $'000	Group 2017 $'000
From deferred tax liabilities recognised in profit or loss		
Excess of tax value over the net book value of intangible assets	536	–
Excess of fair value of investment properties over tax value	–	(1,821)
Undistributed earnings of subsidiaries	–	(544)
Tax loss carry forwards	3,686	1,288
Deferred tax assets not recognised	(3,686)	(1,288)
Acquisition of subsidiaries (note 31)	(29,095)	–
From deferred tax liabilities recognised in other comprehensive income		
Foreign exchange differences on translation	–	(211)
Net balance	(28,559)	(2,576)

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.

Notes to the Financial Statements

Year Ended 30 June 2018

11. INCOME TAX (cont'd)

11E. Deferred tax liabilities in statements of financial position (cont'd)

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	
	2018	2017
	$'000	$'000
2022	314	–
2023	755	–
	1,069	–

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
Cost					
At 1 July 2016	–	–	17	67	84
Additions	–	–	3	–	3
Disposals	–	–	(4)	(32)	(36)
Written-off	–	–	(10)	(30)	(40)
At 30 June 2017	–	–	6	5	11
Additions	5,911	71	176	1,006	7,164
Acquisition of subsidiaries (note 31)	6,616	–	230	57	6,903
At 30 June 2018	12,527	71	412	1,068	14,078
Accumulated depreciation					
At 1 July 2016	–	–	12	22	34
Depreciation for the year	–	–	2	10	12
Written-off	–	–	(10)	(30)	(40)
At 30 June 2017	–	–	4	2	6
Depreciation for the year	–	7	33	20	60
At 30 June 2018	–	7	37	22	66
Carrying value					
At 1 July 2016	–	–	5	45	50
At 30 June 2017	–	–	2	3	5
At 30 June 2018	12,527	64	375	1,046	14,012

Construction-in-progress consists of assets under construction. Assets include directly related expenditure incurred during the period of construction and up to the completion of the construction. Construction-in-progress is stated at cost and is not depreciated. Depreciation commences when the assets under construction are ready for their intended use.

Notes to the Financial Statements

Year Ended 30 June 2018

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

Company	Renovations, improvements and furniture $'000	Office and other equipment $'000	Total $'000
Cost			
At 1 July 2016	67	17	84
Additions	–	3	3
Disposals	(32)	(4)	(36)
Written-off	(30)	(10)	(40)
At 30 June 2017 and 30 June 2018	5	6	11
Accumulated depreciation			
At 1 July 2016	22	12	34
Depreciation for the year	10	2	12
Written-off	(30)	(10)	(40)
At 30 June 2017	2	4	6
Depreciation for the year	1	2	3
At 30 June 2018	3	6	9
Carrying value			
At 1 July 2016	45	5	50
At 30 June 2017	3	2	5
At 30 June 2018	2	–	2

The depreciation expense is included under depreciation and amortization expenses (note 7).

13. INVESTMENT PROPERTIES

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At valuation				
At beginning of year	–	94,066	–	880
Disposals	–	(21,892)	–	(880)
Capital expenditures	–	290	–	–
Currency translation differences	–	(6,543)	–	–
Increase in fair value recognised in profit or loss	–	1,099	–	–
Reclassifications to assets held for sale (note 18)	–	(67,020)	–	–
At end of year	–	–	–	–

Notes to the Financial Statements

Year Ended 30 June 2018

13. INVESTMENT PROPERTIES (cont'd)

The following amounts are recognised in profit or loss:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Rental income	834	4,866	–	45
Operating expenses arising from investment properties that generated rental income	(1,063)	(2,193)	–	(7)

The Company, through its subsidiaries, One Room Mansion Limited ("**One Room Mansion**") and Richwood Asia I Investment Limited ("**Richwood Asia I Investment**"), invested in investment properties in Japan by entering into Japanese tokumei kumiai arrangements ("**TK arrangements**") as a tokumei kumiai investor ("**TK investor**") with Japanese limited liability companies known as tokumei kumiai operators ("**TK operators**"), which are the property holding companies. Such TK arrangements are a common method of investing and holding real estate in Japan. The relationship between the TK operators and TK investors is governed by tokumei kumiai agreements ("**TK agreements**"), whereby the TK investors provide funds to the TK operators in return for income derived from the investment properties held by the TK operators (the "**TK business**").

During the year ended 30 June 2017, the Group disposed of the Green Forest Kuramae investment property for a consideration of $18,589,600.

In addition, the Group also entered into a sale and purchase agreement for the sale of New City Apartment Minowa and New City Apartment Kuramae for a consideration of $8,928,000 and $13,086,000, respectively. The sale of these two properties was finalised on 28 July 2017.

Further, the Group has also obtained letters of intent from potential buyers for Hatchobori Place and Green Forest Itabashi and sales of these two properties were completed during the reporting year for consideration of $13,942,000 and $24,558,000 respectively.

Accordingly, as at 30 June 2017, New City Apartment Minowa, New City Apartment Kuramae, Hatchobori Place and Green Forest Itabashi have been reclassified to assets held for sale (note 18).

The fair value of the investment properties at Hatchobori Place and Green Forest Itabashi were measured in June 2017 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value of the properties are based on valuations made by Jones Lang LaSalle K.K, a firm of independent professional valuers, on a systematic basis at least once yearly. The firm holds recognised and relevant professional qualifications with sufficient recent experience in the location and category of the investment property being valued.

The bank borrowings are secured by investment properties of the Group with fair value amounting to nil (2017: $67,020,000) (note 24A).

As of the reporting year, the Group does not hold any investment properties.

Notes to the Financial Statements

Year Ended 30 June 2018

14. INTANGIBLE ASSETS

	Group 2018 $'000	Group 2017 $'000
Other intangible assets (note 14A)	122,059	–
Goodwill (note 14B)	6,856	–
	128,915	–

14A. Other intangible assets

Group	Land use rights $'000	Operating rights $'000	Total $'000
Cost:			
At 1 July 2016 and 30 June 2017	–	–	–
Additions	5,026	–	5,026
Acquisition of subsidiaries (note 31)	2,947	116,381	119,328
At 30 June 2018	7,973	116,381	124,354
Accumulated amortisation:			
At 1 July 2016 and 30 June 2017	–	–	–
Amortisation for the year	151	2,144	2,295
At 30 June 2018	151	2,144	2,295
Net book value:			
At 1 July 2016 and 30 June 2017	–	–	–
At 30 June 2018	7,822	114,237	122,059

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 Group has obtained legal titles to these land use rights during the reporting year.

Notes to the Financial Statements

Year Ended 30 June 2018

14. INTANGIBLE ASSETS (cont'd)

14B. Goodwill

	Group 2018 $'000	Group 2017 $'000
Cost		
At beginning of year	–	–
Arising from acquisition of subsidiaries (note 31)	6,856	–
At end of year	6,856	–

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

	Group 2018 $'000	Group 2017 $'000
Subsidiaries: "Global Entertainment Media Pte Ltd Group"		
Goodwill	6,856	–

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 cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs to sell or its value in use. The recoverable amounts of cash-generating units have been determined based on its value in use methods as appropriate for the separate CGUs. Management believes that any reasonably possible change in the key assumptions on which this segment's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

The value in use was determined by a firm of independent financial advisers. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit is analysed as follows:

	Range (weighted average) 2018	Range (weighted average) 2017
Asset		
Valuation technique and Unobservable inputs		
Discounted cash flow method:		
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs.	14.5%	–
Growth rates based on industry growth forecasts by management based on expectations.	40% – 80%	–
Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	18 years	–

Notes to the Financial Statements

Year Ended 30 June 2018

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 $'000	2017 $'000
At beginning of year	36,211	36,357
Additions	53,500	2,460
Repayment of TK Equity	(9,988)	–
Allowance for impairment	(21,019)	(2,448)
Quasi-equity loans recovered	(5,104)	(158)
At end of year	53,600	36,211
Total cost comprising:		
Unquoted equity shares at cost	76,972	33,460
Less: Allowance for impairment	(23,467)	(2,448)
Quasi-equity loans receivable	95	5,199
	53,600	36,211
Analysis of above amount in non-functional currencies:		
– JPY	–	2,940
– USD	–	28
– MYR	52	50
– AUD	27	–
Movements in allowance for impairment		
At beginning of year	2,448	–
Impairment allowance change	21,019	2,448
At end of year	23,467	2,448

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 2018

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the company's subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective percentage of equity held by the Group		Cost of investment	
			2018	2017	2018	2017
			%	%	$'000	$'000
Held by the Company						
One Room Mansion(1)	Cayman Islands	Investment holding	100	100	11,792	19,237
Richwood Asia I Investment(1)	British Virgin Islands	Investment holding	100	100	9,227	16,907
ICL Land Sdn Bhd(1)	Malaysia	Dormant	100	100	53	50
Development West Pty Ltd(2)	Australia	Investment holding	100	100	2,477	2,450
WS Global Asset Management Pte Ltd(3)	Singapore	Dormant	100	100	18	15
Global Entertainment Media Pte Ltd(3)	Singapore	Investment holding	60	–	53,500	–
					77,067	38,659
Held by One Room Mansion						
Godo Kaisha Three Line (TK Operator)(4)	Japan	Special purpose entity – real estate agent	–	100	–*	–*
Held by Richwood Asia I Investment						
Godo Kaisha Halekulani (TK Operator)(4)	Japan	Special purpose entity – real estate agent	–	100	–*	–*
Held by Global Entertainment Media Pte Ltd						
Linyi Yinsheng Wen Hua Chuan Mei Co., Ltd 临沂银升文化传媒有限公司(5)	People's Republic of China	Investment holding	80	–	8,000	–
Held by Linyi Yin Sheng Wen Hua Chuan Mei Co., Ltd						
Fei County Wonder Stone Characteristic Town Development Co., Ltd 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	48#	–	8,020	–
Held by Fei County Wonder Stone Characteristic Town Development Co., Ltd						
Fei County Yinsheng Real Estate Co., Ltd 费县银升置业有限公司(6)	People's Republic of China	Real estate development	48#	–	–	–

Notes to the Financial Statements

Year Ended 30 June 2018

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Notes:

* Amount less than $1,000.

The Company retained management control over the entity and the entity regards the Company as its ultimate parent company.

(1) Not audited as it is immaterial.

(2) Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

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

(4) Liquidated during the reporting year.

(5) For the purpose of preparing the Group's 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. The statutory financial statements for compliance with the laws of PRC were audited by Xinlianyi Certified Public Accountants Co., Ltd, Linyi Office.

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) Incorporated during the reporting year. No capital has been injected as at 30 June 2018.

Non-controlling interest

The following subsidiaries have material non-controlling interest ("**NCI**").

Name	Principal place of business	Ownership interest held by NCI	Loss allocated to non-controlling interests during reporting year $'000	Accumulated non-controlling interests at end of reporting year $'000
Held by the Company				
Global Entertainment Media Pte Ltd	Singapore	40%	*	31,095
Held by Global Entertainment Media Pte Ltd				
Linyi Yinsheng Wen Hua Chuan Mei Co., Ltd 临沂银升文化传媒有限公司	People's Republic of China	20%	2	*
Held by Linyi Yin sheng Wen Hua Chuan Mei Co., Ltd				
Fei County Wonder Stone Characteristic Town Development Co., Ltd 费县奇石特色小镇发展有限公司	People's Republic of China	52%	1,401	18,004
Held by Fei County Wonder Stone Characteristic Town Development Co., Ltd				
Fei County Yinsheng Real Estate Co., Ltd 费县银升置业有限公司	People's Republic of China	52%	*	–

* Amount less than $1,000.

Notes to the Financial Statements

Year Ended 30 June 2018

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Summarised financial information of subsidiaries with material non-controlling interests

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

	Group	
	2018 $'000	2017 $'000
Summarised statement of financial position		
Current assets	7,149	–
Non-current assets	35,757	–
Current liabilities	(14,495)	–
Non-current liabilities	(5,442)	–
Summarised statement of comprehensive income		
Revenues	41	–
Total comprehensive loss	(2,699)	–
Other summarised information		
Operating cash flows, decrease	(583)	–
Net cash flows, decrease	(617)	–

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade receivables				
Outside parties	–	158	–	–
Loan receivables from a subdiary* (note 3)	–	–	6,000	–
Less: Allowance for impairment	–	(18)	–	–
	–	140	6,000	–
Other assets				
Deposits#	254	6,014	10	6,014
Prepayments	373	17	7	–
Others	23	46	11	–
	650	6,077	28	6,014
Total trade and other receivables	650	6,217	6,028	6,014
Presented as:				
Current portion	650	217	28	14
Non-current portion	–	6,000	6,000	6,000
	650	6,217	6,028	6,014

Notes to the Financial Statements

Year Ended 30 June 2018

16. TRADE AND OTHER RECEIVABLES (cont'd)

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Movements in allowance for impairment				
At beginning of year	18	32	–	28
(Reversal)/Allowance made	(12)	14	–	–
Written-off	(6)	(28)	–	(28)
At end of year	–	18	–	–

This amount includes a deposit of $6,000,000 placed by the Company in an escrow account during the year ended 30 June 2017 for the purpose of acquisition of Global Entertainment Media Pte Ltd (note 15).

* The loan receivable from a subsidiary is interest-free and is repayable in March 2028. However, the repayment is dependent on the cash flows of the borrowers. The fair value is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably.

17. OTHER FINANCIAL ASSETS

	Level	Group 2018 $'000	Group 2017 $'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.

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.

Movements during the year are as follows:

	Group 2018 $'000	Group 2017 $'000
At beginning of year	–	–
Additions	–	2,448
Less: Decrease in fair value through profit or loss under other losses (note 9)	–	(2,448)
At end of year	–	–

Notes to the Financial Statements

Year Ended 30 June 2018

17. OTHER FINANCIAL ASSETS (cont'd)

The fair value of the financial asset as at end of reporting year is determined as follows:

	Group 2018 $'000	Group 2017 $'000
Properties under development	11,000	12,692
Loans and receivables	338	338
Cash and cash equivalents	1	1
Loans and payables	(23,963)	(23,963)
Net deficit	(12,624)	(10,932)
Fair value held by the Group at 27% equity interest	–	–

The fair value of the financial assets as at 30 June 2018 is nil (2017: nil) which was due to delays in the construction of the property development project.

18. ASSETS HELD FOR SALE

As set out in note 13, the investment properties are presented as assets held for sale following management's decision to divest the Group's property portfolio in Japan.

	Group 2018 $'000	Group 2017 $'000
At beginning of year	67,020	–
Disposal during the year	(67,020)	–
Reclassifications from investment properties (note 13)	–	67,020
At end of year	–	67,020

19. CASH AND CASH EQUIVALENTS

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Cash at bank and on hand	8,135	1,160	7,691	731
Fixed deposits with banks	1,005	–	1,005	–
	9,140	1,160	8,696	731

The interest bearing balances are not significant.

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

20. RESTRICTED CASH

Restricted cash relates to trust account reserves and lender's account reserves, which are required to be maintained based on the agreements with the banks providing the loans. These cash are restricted for use in specific operating expenses, capital expenditure and tenant deposits and the bank's approval is required for the utilisation of such restricted cash.

The restricted cash have been discharged during the reporting year.

Notes to the Financial Statements

Year Ended 30 June 2018

21. SHARE CAPITAL AND TREASURY SHARES

21A. Share capital

	Company	
	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value		
At 30 June 2016 and 2017	490,000	47,815
Issue of shares	300,000	37,500
Share issue expenses	–	(1,125)
At 30 June 2018	790,000	84,190

During the reporting year, 300,000,000 ordinary shares of no par value were issued for cash at $0.125 each. These issuance of shares have been approved by the shareholders of the Company at the Extraordinary General Meeting held on 30 June 2017.

In connection with the issuance of shares during the reporting year, the Group has paid an commission of $1,125,000 to a third party (the "**Introducer**") for introducing the subscribers to subscribe for the Company's shares.

The ordinary shares of no par value which are fully paid carry no right to fixed income.

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.

21B. Treasury shares

	Company	
	Number of shares issued '000	Treasury shares $'000
Balance at beginning and end of the reporting year 30 June 2017 and 2018	1,000	58

Treasury shares relate to ordinary shares of the Company 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.

The Group and the Company are in compliance with all externally imposed capital requirements for the reporting years ended 30 June 2017 and 2018.

Notes to the Financial Statements

Year Ended 30 June 2018

22. SHARE BASED PAYMENTS

22A. Share options – the scheme:

The Company entered into an option agreements dated 26 February 2018 with Mr Sun Bowen and Mr Wee Henry (together, the "**Option Subscribers**"), pursuant to which 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**").

At an Extraordinary General Meeting held on 29 March 2018, shareholders approved the above share options. These options are exercisable between 26 February 2018 and 25 February 2023. The options granted are vested immediately.

22B. Activities under the share options scheme:

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

Exercise price outstanding	Grant date	Exercise period	Number of Shares at 30 June 2018 '000	Number of Shares at 30 June 2017 '000
$0.085	29 March 2018	From 26 February 2018 to 25 February 2023	600,000	–
Balance at the end of the year			600,000	–

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

Participants	Grants in 2018 '000	Grants from start of scheme to end of 2018 '000	Exercised/ lapsed from start of scheme to end of 2018 '000	Balance at 30.06.2018 '000
<u>Director of the Company</u>				
Mr Sun Bowen	300,000	300,000	–	300,000
<u>Substantial shareholder of the Company</u>				
Mr Wee Henry	300,000	300,000	–	300,000
Total	600,000	600,000	–	600,000

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 substantial shareholder, Mr Wee Henry.

Notes to the Financial Statements

Year Ended 30 June 2018

22. SHARE BASED PAYMENTS (cont'd)

22C. Accounting for the share options:

Share options reserve:

	Group and Company 2018 $'000	Group and Company 2017 $'000
At beginning of the year	–	–
Expense recognised in other operating expenses	4,598	–
At end of the year – included in share options reserve (note 22)	4,598	–

These expensed amounts are also included employee benefits expense (note 8).

The estimate of the grant date fair value of each option issued is based on a binomial lattice model.

Inputs to the model included:

	2018	2017
Share price (cents)	6.70	–
Grant date	26 February 2018	–
Exercise price (cents)	8.50	–
Historical and expected volatility	52.43%	–
Dividend yield	0.00%	–
Risk-free interest rate	2.00%	–
Time to expiration (years)	5.0	–

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 a Mr Sun Bowen, the director of the Company have been accounted for as an equity transaction that falls within the scope of FRS 102 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.

Notes to the Financial Statements

Year Ended 30 June 2018

23. OTHER RESERVES

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Foreign exchange translation reserve (Note 23A)	1,055	6,599	–	–
Revaluation reserve (Note 23B)	–	–	–	–
Share options reserve (Note 23C)	4,598	–	4,598	–
Total at the end of the year	5,653	6,599	4,598	–

23A. Foreign exchange translation reserve

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	
	2018 $'000	2017 $'000
At beginning of year	6,599	9,458
Exchange differences on translating foreign operations	(304)	(2,859)
Realisation of foreign translation reserve on liquidation of foreign subsidiaries	(5,240)	–
At end of year	1,055	6,599

23B. Revaluation reserve

	Group and Company	
	2018 $'000	2017 $'000
At beginning of year	–	504
Transferred to retained earnings	–	(504)
At end of year	–	–

On the transfer of the owner-occupied property from property, plant and equipment to investment property that is carried at fair value, the change in fair value up to date of change in use is recognised as revaluation reserve. When the property is subsequently derecognised, the revaluation reserve is transferred to retained earnings.

23C. Share options reserve

	Group and Company	
	2018 $'000	2017 $'000
At beginning of year	–	–
Share options expense	4,598	–
At end of year (see note 22)	4,598	–

Notes to the Financial Statements

Year Ended 30 June 2018

24. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Floating interest rate				
Bank borrowings (note 24A)	–	17,242	–	–
Fixed interest rate				
Bank borrowings (note 24A)	–	11,616	–	–
Derivative financial instruments (note 24B)	48	99	48	99
	48	28,957	48	99
Non-current				
Fixed interest rate				
Derivative financial instruments (note 24B)	–	50	–	50
	–	50	–	50
	48	29,007	48	149

24A. Borrowings

The exposure of the borrowings of the Group and the Company to interest rate changes and the contractual repricing dates at the end of the reporting years are as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Less than 12 months	–	28,858	–	–
	–	28,858	–	–

Securities

Total borrowings are secured by specific assets of the Group valued at $67,020,000 as at 30 June 2017. The borrowings were fully settled during the year.

Interest rates

The interest rates paid were as follows:

	Group	
	2018	2017
Bank borrowings (floating rate)	–	0.96% to 1.00%
Bank borrowings (fixed rate)	–	1.07%

Fair value of non-current borrowings

The fair value of non-current borrowings is a reasonable approximation of the carrying amount as they are floating rate instruments that are frequently re-priced to market interest rates.

Notes to the Financial Statements

Year Ended 30 June 2018

24. OTHER FINANCIAL LIABILITIES (cont'd)

24B. Derivative financial instruments

	Group and Company	
	2018 $'000	2017 $'000
Liabilities – Derivatives with negative fair value		
Currency swap contracts	48	149
Presented in statement of financial position as:		
Other financial liabilities – non-current	–	50
Other financial liabilities – current	48	99
	48	149

Movements during the year are as follows:

	Group and Company	
	2018 $'000	2017 $'000
Fair value at beginning of year	149	450
Additions	–	–
Settlement	(101)	(301)
Fair value at end of year	48	149

Currency swap contracts

These include the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

	Reference currency	Level	Notional amount		Fair value	
			2018 $'000	2017 $'000	2018 $'000	2017 $'000
Currency swaps	SGD	2	444	1,333	48	149

There are contractual agreements or currency swaps with other parties to exchange streams of payments over time based on specified notional amounts. The entity pays a specified amount in one currency and receives a specified amount in another currency. The currency swaps for which gross cash flows are exchanged are shown gross. The increases or decreases in the fair values of the foreign currency denominated financial assets and liabilities are partially offset by gains and losses on the economic hedging instruments.

Notes to the Financial Statements

Year Ended 30 June 2018

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade payables				
Outside parties	871	57	19	55
Subsidiary (note 3)	–	–	–	10
Related parties (note 3)	1,223	–	–	–
	2,094	57	19	65
Other payables				
Amount owing to a related party (note 3)*	6,251	–	–	–
Accrued expenses	240	618	240	369
	6,491	618	240	369
Total trade and other payables	8,585	675	259	434

* Amount owing to a related party of $6,251,000 is unsecured, interest-free and repayable on demand.

26. EARNINGS PER SHARE

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

	Group	
	2018 $'000	2017 $'000
Numerator: Loss attributable to equity holders of the Company		
Total basic and diluted earnings	(13,463)	(6,685)

	Group	
	2018 '000	2017 '000
Denominator: Weighted average number of equity shares*		
Basic and diluted	746,260	489,000

* The weighted average number of equity shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

During the year, the Company has granted 600,000,000 (2017: nil) share options at exercise price of $0.085 (2017: nil) 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.

Notes to the Financial Statements

Year Ended 30 June 2018

27. DIVIDENDS

On 11 February 2016, the Company announced its unaudited half-year financial statements for the six-month period ended 31 December 2015 (the "**Interim Announcement**") and declared interim dividends of $489,000.

In the Interim Announcement, the statement of changes in equity of the Company stated that the Company had incurred a loss for the six months ended 31 December 2015 and, as of that date, the Company was also in an accumulated loss position.

In previous financial statements, the interim dividends have been appropriated against accumulated losses, thereby increasing accumulated losses by the amount of $489,000.

The Company had sought legal advice on the declaration and payment of the interim dividends, including its right of recourse. On 28 July 2017, the Company announced the settlement of the aforesaid matter and the Company received approximately $457,000 during the reporting year. This has been accounted in the accumulated losses, thereby decreasing the accumulated losses by the amount of $457,000.

28. 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:

	2018 $'000	2017 $'000
Commitment to take up shares in Linyi Yin Sheng Wen Hua Chuan Mei Co., Ltd.	4,000	–
Commitment to take up shares in Fei County Wonder Stone Characteristic Town Development Co., Ltd through Linyi Yin Sheng Wen Hua Chuan Mei Co., Ltd	164	6,095
Commitment to take up shares in Fei County Yin Sheng Real Estate Co., Ltd through Fei County Wonder Stone Characteristic Town Development Co., Ltd	4,937	–
Commitment to develop Project Wonder Stone Park located in Shandong Province of the People's Republic of China	112,000	123,000
	121,101	129,095

29. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Not later than one year	47	64	47	64
Later than one year and not later than five years	*	42	*	42
Rental expenses for the year	62	53	62	53

* Amount less than $1,000.

Operating lease payments are for rentals payable for certain premises and office equipment. The lease rental terms are negotiated for an average term of three years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

Notes to the Financial Statements

Year Ended 30 June 2018

30. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases from commercial tenants are as follows:

	Group	
	2018 $'000	2017 $'000
Not later than one year	–	288
Later than one year and not later than five years	–	–
Rental income for the year	834	4,866

Operating lease income commitments are for the investment properties.

Operating lease commitments that are generally cancellable in nature are not included in the table above. In line with the general practice in Japan's residential and commercial market, the majority of the leases for the investment properties are standard two-year leases for which the leases may be terminated upon one month's notice for residential tenants and six months' notice for commercial tenants. During the reporting year, all the remaining four investments properties were divested.

31. ACQUISITION OF SUBSIDIARIES

For the financial year ended 30 June 2018

On 11 August 2017, the Group acquired 60% of the equity interest in Global Entertainment Media Pte Ltd ("**GEM**"), a company incorporated in Singapore, for a total consideration of S$53,500,000. GEM owns 100% of the equity interest in Linyi Yin Sheng Wen Hua Chuan Mei Co., Ltd. ("**Linyi Yin Sheng**"), an entity established in the People's Republic of China (the "**PRC**"). Linyi Yin Sheng, in turn, owns 80% of the equity interest in Fei County Wonder Stone Characteristic Town Development Co., Ltd ("**Fei County Wonder Stone**"), an entity established in the PRC. Fei County Wonder Stone holds the operating rights to Wonder Stone Park, which is located in Shandong Province of the PRC, and also owns a hotel (the "**Wonder Stone Hotel**") situated in Wonder Stone Park. The transaction was accounted for by the acquisition method of accounting.

The fair value of the identifiable assets acquired and liabilities assumed on the date of acquisition are as follows:

	Pre-acquisition book value under FRS $'000	At fair value $'000
Cash and cash equivalents	39	39
Trade and other receivables	186	186
Property, plant and equipment	6,903	6,903
Intangible assets	2,947	119,328
Trade and other payables	(6,360)	(215)
Deferred tax liability	–	(29,095)
Net identifiable assets	3,715	97,146
Less: Non-controlling interests		(50,502)
Net identifiable assets acquired		46,644
Goodwill arising from acquisition		6,856
Purchase consideration		53,500

Notes to the Financial Statements

Year Ended 30 June 2018

31. ACQUISITION OF SUBSIDIARIES (cont'd)

Goodwill arising on acquisition:

Goodwill arising on acquisition is as follows:

	2018 $'000
Consideration transferred	53,500
Fair value of identifiable net liabilities assumed	(46,644)
Goodwill	6,856

The non-controlling interest of 40 % in the acquiree at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The goodwill is not deductible for tax purposes.

The expenses related to the acquisition of $2,000,000 is included in profit or loss under other operating expenses.

Net cash outflow on acquisition is as follows:

	2018 $'000
Cash consideration paid	53,500
Less: Cash and cash equivalents in subsidiaries acquired	(39)
Net cash outflow on acquisition	53,461

The contributions from the acquired subsidiaries for the period between the date of acquisition and the end of the reporting year were as follows:

	Group	
	From date of acquisition in 2018 $'000	For the reporting year 2018 $'000
Revenue	41	41
Loss before income tax	3,232	3,319

Notes to the Financial Statements

Year Ended 30 June 2018

31. ACQUISITION OF SUBSIDIARIES (cont'd)

For the financial year ended 30 June 2017

On 27 April 2017, the Group acquired 100% of the share capital of Development West Pty Ltd ("**Development West**"). Accordingly, from that date, the Group gained control and Development West became a subsidiary. The transaction was accounted for using the acquisition method of accounting.

The fair value of the identifiable assets acquired and liabilities assumed on the date of acquisition are as follows:

	Pre-acquisition book value under FRS $'000	Restated fair value $'000
Other financial assets	2,870	2,448
Loans and receivables	1	1
Cash and cash equivalents	3	3
Loans and payables	(2)	(2)
Net identifiable assets	2,872	2,450
Less: Non-controlling interests		–
Net identifiable assets acquired		2,450
Goodwill arising from acquisition		–
Purchase consideration		2,450

32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

32A. 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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Financial assets				
Cash and cash equivalents	9,140	4,356	8,696	731
Loans and receivables	650	217	28	14
	9,790	4,573	8,724	745
Financial liabilities				
Derivative financial instruments at fair value through profit or loss	48	149	48	149
Other financial liabilities measured at amortised cost	–	28,858	–	–
Trade and other payables measured at amortised cost	8,585	675	259	434
	8,633	29,682	307	583

Further quantitative disclosures are included throughout these financial statements.

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

Notes to the Financial Statements

Year Ended 30 June 2018

32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (cont'd)

32B. 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.

32C. 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.

32D. 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 consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments 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.

Note 19 discloses the maturity of the cash and cash equivalents balances.

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

Notes to the Financial Statements

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32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (cont'd)

32E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year $'000	Total $'000
2018		
Trade and other payables	8,585	8,585
	8,585	8,585
2017		
Borrowings	29,470	29,470
Trade and other payables	675	675
	30,145	30,145

Company	Less than 1 year $'000	Total $'000
2018		
Trade and other payables	259	259
2017		
Trade and other payables	434	434

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group and Company	Less than 1 year $'000	1 – 5 years $'000	Total $'000
2018			
Gross settled			
Currency swap – gross payments	(492)	–	(492)
Currency swap – gross receipts	444	–	444
	(48)	–	(48)
2017			
Gross settled			
Currency swap – gross payments	(988)	(494)	(1,482)
Currency swap – gross receipts	889	444	1,333
	(99)	(50)	(149)

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. The average credit period taken to settle trade payables is approximately 90 days (2017: 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Notes to the Financial Statements

Year Ended 30 June 2018

32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (cont'd)

32F. Interest rate risk

The interest rate risk exposure is from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2018 $'000	2017 $'000
Financial liabilities		
Fixed rates	–	11,772
Floating rates	–	17,273
	–	29,045

The interest rates are disclosed in the respective notes.

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

32G. Foreign currency risks

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

Group	JPY $'000	USD $'000	Total $'000
2018			
Financial assets			
Cash and cash equivalents	694	23	717
Net financial assets at end of year	694	23	717
2017			
Financial assets			
Cash and cash equivalents	852	30	882
Net financial assets at end of year	852	30	882

Company	JPY $'000	USD $'000	Total $'000
2018			
Financial assets			
Cash and cash equivalents	695	19	714
Net financial assets at end of year	695	19	714
2017			
Financial assets			
Cash and cash equivalents	491	27	518
Net financial assets at end of year	491	27	518

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

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

Notes to the Financial Statements

Year Ended 30 June 2018

33. EVENTS AFTER END OF REPORTING YEAR

(a) On 1 September 2018, the Group has signed a Memorandum of Understanding ("**MOU**") with Sim Leisure Group ("**SLG**") to collaborate on the building of an ESCAPE Theme Park at the Wonder Stone Park ("**WSP**"). Under the terms of MOU, SLG will design and build the ESCAPE Theme Park at its costs and thereafter manage and operate for 40 years. The MOU is subject to the signing of an operating lease agreement with SLG which will set out the exact terms of developing and operating the ESCAPE theme park and are subject to further negotiations.

(b) On 13 September 2018, the Group has incorporated a wholly owned subsidiary, Fei County Cultural Hotel Management Co., Ltd. with a registered capital of RMB 2,000,000 (equivalent to S$400,000). No capital has been paid to date of this report. The principal activities of this subsidiary are hotel management and operation.

(c) On 27 September 2018, the Company entered into a sale and purchase agreement with Fortsmith Investments Limited to acquire the remaining 40% of equity interest in Global Entertainment Media Pte. Ltd ("**GEM**") for a consideration of S$24,000,000. Upon the completion of the acquisition, GEM will become a wholly owned subsidiary of the Company.

34. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("**INT FRS**") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative

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

Companies listed on the Singapore Exchange currently reporting under FRSs are required to comply with new Singapore Financial Reporting Standards (International) (issued by the Singapore Accounting Standards Council) that would be equivalent to the International Financial Reporting Standards ("**IFRS**") (issued by the International Accounting Standards Board ("**IASB**")) for reporting years beginning on or after 1 January 2018. The new framework is referred to as SFRS(I)s. Non-listed companies may elect to voluntarily apply SFRS(I)s. SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be adopted in the financial statements when it becomes mandatory. Based on the current accounting treatment of the account balances management does not anticipate that the application of SFRS(I) 1 will have a material impact on the financial position and / or financial performance of the group. However, as the group is still in the process of assessing the full impact of the application of SFRS(I) 1 on the financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the detailed review is completed.

Notes to the Financial Statements

Year Ended 30 June 2018

35. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (cont'd)

For the future reporting years new or revised SFRS(I)s and the related Interpretations to SFRS(I)s ("**SFRS(I) INT**") 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.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 Jan 2018
SFRS(I) 9	Financial Instruments	1 Jan 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 Jan 2018
SFRS(I) 15	Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 Jan 2018
SFRS(I) 9	Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation	1 Jan 2019
SFRS(I) 16	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 Jan 2019
Various	Annual Improvements to SFRS(I)s 2015-2017 Cycle – Amendments to SFRS(I) 1-12: Income taxes	1 Jan 2019

The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows 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 will have on the entity's financial statements in the period of initial application.

Statistics of Shareholding

As at 21 September 2018

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

Treasury shares and subsidiary holdings

Number of treasury shares	:	1,000,000
Number of subsidiary holdings	:	–
Percentage of 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	26	4.48	13,875	0.00
1,001 – 10,000	61	10.50	355,900	0.05
10,001 – 1,000,000	445	76.59	85,041,999	10.78
1,000,001 and above	49	8.43	703,588,226	89.17
Total	**581**	**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	180,160,625	22.83	–	–
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 Shareholding

As at 21 September 2018

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	UOB Kay Hian Private Limited	123,236,000	15.62
2.	Li Shanhua	100,000,000	12.67
3.	HSBC (Singapore) Nominees Pte Ltd	98,925,925	12.54
4.	Sun Xiaohui	80,000,000	10.14
5.	Nomura Singapore Limited	79,134,700	10.03
6.	Raffles Nominees (Pte.) Limited	24,735,200	3.14
7.	Citibank Nominees Singapore Pte Ltd	17,275,700	2.19
8.	OCBC Securities Private Limited	16,175,900	2.05
9.	Phillip Securities Pte Ltd	14,258,100	1.81
10.	Quek Chek Lan	14,217,900	1.80
11.	Bong Yew Keng (Huang Youqing)	13,240,200	1.68
12.	Lim Seck Yeow	13,000,000	1.65
13.	Ng Khim Guan @Ngadimin	9,000,000	1.14
14.	Wang Zhaoping	8,000,000	1.01
15.	Maybank Kim Eng Securities Pte Ltd	6,540,201	0.83
16.	DBS Nominees (Private) Limited	5,904,300	0.75
17.	Eva Meisanti Ong	5,500,000	0.70
18.	Yap Beo Giap	5,500,000	0.70
19.	United Overseas Bank Nominees (Private) Limited	5,468,000	0.69
20.	David Yeo Yong Herng (Yang Yongxin)	4,500,000	0.57
	Total	**644,612,126**	**81.71**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

46.68% 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 of Imperium Crown Limited (the "**Company**") will be held at Singapore Polytechnic Graduates' Guild, Poolside Events Room, Level 1, 1010 Dover Road, Singapore 139658 on Wednesday, 31 October 2018, 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 2018 together with the Auditors' Report thereon.

(Resolution 1)

2. To re-elect the following Directors of the Company retiring pursuant to Article 122 of the Constitution of the Company:

Mr Wee Phui Gam	(Retiring under Article 122)	**(Resolution 2)**
Mr Hau Khee Wee	(Retiring under Article 122)	**(Resolution 3)**
Mr Sun Bowen	(Retiring under Article 122)	**(Resolution 4)**
Dr Danny Oh Beng Teck	(Retiring under Article 122)	**(Resolution 5)**

Mr Wee Phui Gam will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees respectively, and will be considered independent.

Mr Hau Khee Wee will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating and Remuneration Committees respectively and a member of the Audit Committee, and will be considered independent.

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.

3. To approve the payment of Directors' fees of S$196,000 for the financial year ending 30 June 2019, payable quarterly in arrears (2018: S$221,000).

(Resolution 6)

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 7)

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

Notice of Annual General Meeting

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

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, 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;

(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) and 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 8)

By Order of the Board

Kiar Lee Noi
Secretary
Singapore, 16 October 2018

Notice of Annual General Meeting

Explanatory Note:

(i) The Ordinary Resolution 8 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. A member of the Company, who is not a Relevant Intermediary (as defined below), is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting (the "**Meeting**"). A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.

2. A member who is a Relevant Intermediary (as defined below) is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member (which number and class of shares shall be specified).

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 of Singapore.

3. A proxy need not be a member of the Company.

4. The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Commonwealth Lane, #06-20 One Commonwealth, Singapore 149544 not less than seventy-two (72) hours before the time appointed for holding the Meeting.

5. The instrument appointing a proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

6. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289 of Singapore) maintained by The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting.

Notice of Annual General Meeting

Personal Data Privacy:

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

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

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A Relevant Intermediary may appoint more than two (2) proxies to attend the Annual General Meeting of the Company ("**AGM**") and vote (please see note 4 for the definition of "**Relevant Intermediary**").
2. For investors who have used their Central Provident Fund ("**CPF**") monies ("**CPF Investors**") and/or monies in the Supplementary Retirement Scheme ("**SRS**") accounts ("**SRS Investors**") to buy the Company's shares, this proxy form is not valid for use and shall be ineffective for all intents and purpose if used or purported to be used by them.
3. CPF Investors and SRS Investors may attend and cast their votes in person at the AGM. If they are unable to attend but wish to vote, they may contact their CPF/SRS Approved Nominees to appoint Chairman of the AGM to act as their proxy, in which case, the CPF/SRS Investors shall be precluded from attending the meeting.

I/We, ____

of ____

being a member/members of **Imperium Crown Limited** (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the AGM as my/our* proxy/proxies* to vote for me/us* on my/our behalf* at the AGM to be held on Wednesday, 31 October 2018, at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our proxy/proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	No. of Votes For[(1)]	No. of Votes Against[(1)]
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2018		
2	Re-election of Mr Wee Phui Gam as a Director		
3	Re-election of Mr Hau Khee Wee as a Director		
4	Re-election of Mr Sun Bowen as a Director		
5	Re-election of Dr Danny Oh Beng Teck as a Director		
6	Approval of Directors' fees amounting to S$196,000 for the financial year ending 30 June 2019, payable quarterly in arrears		
7	Re-appointment of Messrs RSM Chio Lim LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration		
8	Authority to allot and issue new shares		

[(1)] *If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ____________________ October 2018

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

* *Delete where inapplicable*

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289)), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary) entitled to attend and vote at the AGM is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member of the Company (other than a Relevant Intermediary) appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member of the Company who is a Relevant Intermediary entitled to attend the AGM and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number and class of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Commonwealth Lane, #06-20 One Commonwealth, Singapore 149544 not less than seventy-two (72) hours before the time appointed for the AGM.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies 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.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 16 October 2018.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name 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.

Corporate Information

DIRECTORS

Sun Bowen
Executive Director
(Appointed as Non-Executive Director on 22 November 2017 and re-designated to Executive Director on 1 March 2018)

Wee Phui Gam
Lead Independent Director
(Appointed on 19 October 2017)

Hau Khee Wee
Independent Director
(Appointed on 19 October 2017)

Dr Danny Oh Beng Teck
Independent Director
(Appointed on 1 December 2017)

AUDIT COMMITTEE

Wee Phui Gam (Chairman)

Hau Khee Wee

Dr Danny Oh Beng Teck

NOMINATING COMMITTEE

Hau Khee Wee (Chairman)

Wee Phui Gam

Dr Danny Oh Beng Teck

REMUNERATION COMMITTEE

Hau Khee Wee (Chairman)

Wee Phui Gam

Dr Danny Oh Beng Teck

COMPANY SECRETARY

Kiar Lee Noi

REGISTERED OFFICE

1 Commonwealth Lane
#06-20 One Commonwealth
Singapore 149544
Tel no.: +65 6250 0925
Fax no.: +65 6250 0903
Email: inquiry@imperium-crown.com
Website: www.imperium-crown.com

SPONSOR

Stamford Corporate Services Pte Ltd
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

AUDITORS

RSM Chio Lim LLP
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

AUDIT PARTNER-IN-CHARGE

Ng Thiam Soon
(Appointed since financial year ended 30 June 2018)

SHARE REGISTRAR

RHT Corporate Advisory Pte. Ltd.
9 Raffles Place #29-01
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