

IMPERIUM CROWN LIMITED

(The “Company”)



**Condensed Interim Financial Statements
For the six months
Ended 31 December 2021**

11 February 2022

Company Registration Number: 1995-05053-Z

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Note:

- Numbers in all tables may not exactly add due to rounding

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group		Increase/ (Decrease) %
		6 months ended 31 December 2021 Unaudited S\$'000	2020 Unaudited S\$'000	
Revenue	4	1,061	1,313	(19.2)
Other income		38	98	(61.2)
Depreciation and amortisation expenses		(2,096)	(2,009)	4.3
Employee benefits expense		(712)	(939)	(24.2)
Other operating expenses		(747)	(988)	(24.4)
Finance costs		(1)	–	*n.m.
Loss before tax	6	(2,457)	(2,525)	(2.7)
Income tax benefit		262	266	(1.5)
Loss after income tax		(2,195)	(2,259)	(2.8)
<u>Other comprehensive income</u>				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations, net of tax		114	245	(53.5)
Other comprehensive loss for the period, net of tax		114	245	(53.5)
Total comprehensive loss for the period		(2,018)	(2,014)	3.3
Net loss attributable to:				
Equity holders of the Company		(1,445)	(1,472)	(1.8)
Non-controlling interests		(750)	(787)	(4.7)
		(2,195)	(2,259)	(2.8)
Total comprehensive loss attributable to:				
Equity holders of the Company		(1,332)	(1,232)	8.1
Non-controlling interests		(749)	(782)	(4.2)
		(2,081)	(2,014)	3.3
Loss per share				
Currency unit		Cents	Cents	
Basic and diluted		(0.18)	(0.19)	*n.m.

*n.m. – not meaningful

B. Condensed interim statement of financial position

		Group			Company		
		31 December 2021	30 June 2021	Increase/ (Decrease)	31 December 2021	30 June 2021	Increase/ (Decrease)
		S\$'000	S\$'000		S\$'000	S\$'000	
	Note	Unaudited	Audited	%	Unaudited	Audited	%
ASSETS							
Non-current assets							
Property, plant and equipment	10	18,941	19,493	(2.8)	54	77	(29.9)
Intangible assets	8	102,307	103,318	(1.0)	–	–	–
Amount due from subsidiaries		–	–	–	3,311	3,311	–
Investments in subsidiaries	9	–	–	–	38,121	38,108	–
Goodwill	8	–	–	–	–	–	–
Total non-current assets		121,248	122,811	(1.3)	41,527	41,496	–
Current assets							
Trade and other receivables		817	1,587	(48.5)	23	26	(11.5)
Cash and cash equivalents		92	321	(71.3)	18	208	(91.3)
Total current assets		909	1,908	(52.4)	41	234	(82.5)
Total assets		122,157	124,719	(2.1)	41,527	41,730	(0.5)
EQUITY AND LIABILITIES							
Equity							
Share capital	12	84,190	84,190	–	84,190	84,190	–
Treasury shares		(58)	(58)	–	(58)	(58)	–
Accumulated losses		(42,364)	(40,919)	3.5	(48,207)	(47,650)	1.2
Other reserves		2,838	2,725	4.1	4,598	4,598	–
		44,606	45,938	(2.9)	40,523	41,080	(1.4)
Non-controlling interests		35,690	36,439	(2.1)	–	–	–
Total equity		80,296	82,377	(2.5)	40,523	41,080	(1.4)
Non-current liabilities							
Deferred tax liabilities		23,753	24,014	(1.1)	–	–	–
Lease liability, non-current		9	32	(71.9)	9	32	(71.9)
Total non-current liabilities		23,762	24,046	(1.2)	9	32	(71.9)
Current liabilities							
Income tax payable		104	103	1.0	–	–	–
Trade and other payables		17,950	18,148	(1.1)	950	573	65.8
Lease liability, current		45	45	–	45	45	–
Total current liabilities		18,099	18,296	(1.1)	995	618	61.0
Total liabilities		41,861	42,342	(1.1)	1,004	650	54.5
Total equity and liabilities		122,157	124,719	(2.1)	41,527	41,730	(0.5)

*n.m. – not meaningful

C. Condensed interim statement of changes in equity

← Attributable to owners of the Company →

	Share capital	Foreign currency translation reserve	Treasury shares	Share options reserves	Accumulated losses	Total	Non-Controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group								
Balance as at 1 July 2020 (Audited)	84,190	(2,258)	(58)	4,598	(35,522)	50,950	41,595	92,545
Total comprehensive loss	–	240	–	–	(1,472)	(1,232)	(782)	(2,014)
Balance as at 31 December 2020 (Unaudited)	84,190	(2,018)	(58)	4,598	(36,994)	49,718	40,813	90,531
Total comprehensive loss	–	145	–	–	(3,925)	(3,780)	(4,374)	(8,154)
Balance as at 30 June 2021 (Audited)	84,190	(1,873)	(58)	4,598	(40,919)	45,938	36,439	82,377
Total comprehensive loss	–	113	–	–	(1,445)	(1,332)	(749)	(2,081)
Balance as at 31 December 2021 (Unaudited)	84,190	(1,760)	(58)	4,598	(42,364)	44,606	35,690	80,296

C. Condensed interim statement of changes in equity (cont'd)

	Share capital	Treasury shares	Share options reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>The Company</u>					
Balance as at 1 July 2020 (Audited)	84,190	(58)	4,598	(39,477)	49,253
Loss, net of tax	–	–	–	(535)	(535)
Balance as at 31 December 2020 (Unaudited)	84,190	(58)	4,598	(40,012)	48,718
Loss, net of tax	–	–	–	(7,638)	(7,638)
Balance as at 30 June 2021 (Audited)	84,190	(58)	4,598	(47,650)	41,080
Loss, net of tax	–	–	–	(557)	(557)
Balance as at 31 December 2021 (Unaudited)	84,190	(58)	4,598	(48,207)	40,523

D. Condensed interim consolidated statement of cash flows

	Group 6 months ended	
	31 December 2021 Unaudited S\$'000	31 December 2020 Unaudited S\$'000
Cash Flows From Operating Activities		
Loss before tax	(2,457)	(2,525)
Adjustments for:		
Depreciation of property, plant and equipment	941	836
Amortisation of intangible assets	1,155	1,173
Finance costs	1	–
Unrealised currency translation gain	84	116
Operating cash flows before changes in working capital	(276)	(400)
Trade and other receivables	770	(36)
Trade and other payables	(574)	(707)
Net cash flows used in operations	(80)	(1,143)
Income taxes paid	–	–
Net cash flows used in operating activities	(80)	(1,143)
Cash Flows From Investing Activities		
Purchases of property, plant and equipment	(17)	(295)
Net cash flows used in investing activities	(17)	(295)
Cash Flows From Financing Activities		
Lease liabilities	(23)	(24)
Advances from related parties	–	1,551
Repayment to related parties	(108)	
Interest paid	(1)	–
Net cash flows (used in)/from financing activities	(132)	1,527
Net decrease in cash and cash equivalents	(229)	89
Cash and cash equivalents at beginning of year	321	737
Cash and cash equivalents, consolidated statement of cash flows, end of financial year	92	826

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Imperium Crown Limited (the “**Company**”) is a public company incorporated in Singapore and limited by shares. The condensed interim financial statements as at and for the six months ended 31 December 2021 are presented in Singapore dollars (“**S\$**”), cover the Company and its subsidiaries (collectively the “**Group**”), any unless otherwise stated, amounts stated herein have been rounded to the nearest thousand.

The Company is an investment holding company and listed on Catalist, which is a shares market of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The principal activities of its subsidiaries are:

- (a) Tourism development and tourism management services
- (b) Real estate development
- (c) Hotel management services

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

2. Basis of Preparation

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited annual financial statements for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollars which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 30 June 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

- Note 8 - Impairment assessment of property, plant and equipment and intangible assets
- Note 9 - Impairment assessment of investment in subsidiaries

3. Seasonal operations

The Group's businesses experienced an increase in visitors during the major holidays in the People's Republic of China. Except for the above, the Group's businesses were not affected significantly by seasonal or cyclical factors during the financial period ended 31 December 2021. Please refer to Section F Item 10, Other Information required by Appendix 7C to the Catalist Rules, for further information.

4. Segment and revenue information

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

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

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

- (i) The leisure and hospitality segment is those of tourism development and tourism management services.
- (ii) The property development and property investment segment is to invest for returns solely from capital appreciation and/or investment income. However, this segment was discontinued in the reporting year ended 30 June 2018.

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

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

4B. Profit or Loss from Continuing Operations and Reconciliations

	Leisure and hospitality S\$'000	Unallocated segment S\$'000	Group S\$'000
From 1 July 2021 to 31 December 2021 (Unaudited)			
Sales to external customers	<u>1,061</u>	<u>–</u>	<u>1,061</u>
Recurring EBITDA	201	(486)	(285)
Depreciation and amortisation expenses	<u>(2,073)</u>	<u>(23)</u>	<u>(2,096)</u>
ORBIT	<u>(1,872)</u>	<u>(509)</u>	<u>(2,381)</u>
Interest income	–	–	–
Finance costs	–	(1)	(1)
Legal and professional fee	<u>(20)</u>	<u>(55)</u>	<u>(75)</u>
Loss before tax	<u>(1,892)</u>	<u>(565)</u>	<u>(2,457)</u>
Income tax expense	<u>262</u>	<u>–</u>	<u>262</u>
Loss after tax	<u><u>(1,630)</u></u>	<u><u>(565)</u></u>	<u><u>(2,195)</u></u>
From 1 July 2020 to 31 December 2020 (Unaudited)			
Sales to external customers	<u>1,313</u>	<u>–</u>	<u>1,313</u>
Recurring EBITDA	42	(462)	(420)
Depreciation and amortisation expenses	<u>(1,993)</u>	<u>(16)</u>	<u>(2,009)</u>
ORBIT	<u>(1,951)</u>	<u>(478)</u>	<u>(2,429)</u>
Interest income	–	–	–
Finance costs	–	–	–
Legal and professional fee	<u>(25)</u>	<u>(71)</u>	<u>(96)</u>
Loss before tax	<u>(1,976)</u>	<u>(549)</u>	<u>(2,525)</u>
Income tax expense	<u>266</u>	<u>–</u>	<u>266</u>
Loss after tax	<u><u>(1,710)</u></u>	<u><u>(549)</u></u>	<u><u>(2,259)</u></u>

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

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 30 June 2021:

	<u>Group</u>		<u>Company</u>	
	31 December 2021 S\$'000	30 June 2021 S\$'000	31 December 2021 S\$'000	30 June 2021 S\$'000
<u>Financial assets</u>				
Financial assets at amortised cost	909	1,908	41	234
	<u>909</u>	<u>1,908</u>	<u>41</u>	<u>234</u>
<u>Financial liabilities</u>				
Financial liabilities at amortised cost	18,004	18,225	1,004	650
	<u>18,004</u>	<u>18,225</u>	<u>1,004</u>	<u>650</u>

6. Loss before taxation

6.1 Significant items

	<u>Group</u>		<u>Increase/ (Decrease) %</u>
	<u>6 months ended 31 December 2021 Unaudited S\$'000</u>	<u>2020 Unaudited S\$'000</u>	
<u>Income</u>			
Sales of goods	34	46	(26.1)
Hotel operations	1,027	1,267	(18.9)
<u>Other Income</u>			
Government subsidy income	21	72	(70.8)
Others	16	25	(36.0)
<u>Expenses</u>			
Amortisation of intangible assets	1,155	1,173	(1.5)
Depreciation of property, plant and equipment	941	836	12.3
Legal and professional fees	75	96	(21.9)
Net foreign exchange (gain)/loss	(96)	(189)	(49.2)

6.2 Related party transactions

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

Significant related party transactions

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

	<u>Group</u>	
	6 months ended 31 December	
	2021	2020
	S\$'000	S\$'000
<u>Related parties</u>		
Development income/(expenses) of the Fei County Wonder Stone Characteristics Town Development Co., Ltd. ^(a)		
- Shandong Yin Guang Bao An Fu Wu Co., Ltd. (山东银光保安服务有限公司)	–	(21)
Operating (expenses)/income of the Fei County Inzone Wonder Stone Cultural Hotel Co., Ltd. ^(a)		
山东银光化工集团	31	8
费县银光镁业有限公司	3	1
山东银光文化旅游产业集团有限公司	5	4
蒙山旅游区银光麦饭石文化旅游发展有限公司	1	1
山东银光天宏房地产开发有限公司	1	–
山东银光科技有限公司	14	9
山东银光建筑装饰工程有限公司	–	21
费县银光消防服务有限公司	(1)	–
银光麦饭石水厂	(2)	(2)
山东银光保安服务有限公司	–	(16)
山东银光抽纱有限公司	–	(1)

Note (a) These related parties refer to companies in which Mr Sun Bowen, our Executive Chairman, or his immediate family has significant or controlling interest.

6.3 Other payables to related parties

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

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

	<u>Group</u>	
	31 December 2021 S\$'000	30 June 2021 S\$'000
At beginning of the period	(13,741)	(10,850)
Repayment to a related party	108	–
Advances from a related party	–	(2,271)
Foreign exchange adjustments	(275)	(620)
At end of the period	<u>(13,908)</u>	<u>(13,741)</u>

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

7. Net Asset Value

	Group		Company	
	31 December <u>2021</u> Unaudited	30 June <u>2021</u> Audited	31 December <u>2021</u> Unaudited	30 June <u>2021</u> Audited
Net asset value (“NAV”) (in S\$'000)	44,606	45,938	40,523	41,080
No. of ordinary shares ('000), excluding treasury shares	789,000	789,000	789,000	789,000
NAV per ordinary share based on Issued share capital (Singapore cents)	5.65	5.82	5.14	5.21

Net asset value per ordinary share as at 31 December 2021 and as at 30 June 2021 were calculated based on the existing number of shares in issue excluding treasury shares of 789,000,000 ordinary shares as at 31 December 2021 and 30 June 2021.

8. Intangible assets

	<u>Group</u>	
	31 December 2021	30 June 2021
	S\$'000	S\$'000
Other intangible assets (Note 8A)	102,307	103,318
Goodwill (Note 8B)	-	-
	<u>102,307</u>	<u>103,318</u>

8A. Other intangible assets

<u>Group</u>	<u>Land use rights</u> S\$'000	<u>Operating rights</u> S\$'000	<u>Total</u> S\$'000
<u>Cost:</u>			
At 1 July 2020	7,622	112,143	119,765
Foreign exchange adjustments	435	-	435
At 30 June 2021	<u>8,057</u>	<u>112,143</u>	<u>120,200</u>
Foreign exchange adjustments	161	-	161
At 31 December 2021	<u>8,218</u>	<u>112,143</u>	<u>120,361</u>
<u>Accumulated amortisation:</u>			
At 1 July 2020	555	6,669	7,224
Amortisation for the year	207	2,233	2,440
Foreign exchange adjustments	37	-	37
At 30 June 2021	<u>799</u>	<u>8,902</u>	<u>9,701</u>
Amortisation for the year	107	1,048	1,155
Foreign exchange adjustments	17	-	17
At 30 June 2021	<u>923</u>	<u>9,950</u>	<u>10,873</u>
<u>Accumulated impairment:</u>			
At 1 July 2020	-	881	881
Impairment for the year	-	6,300	6,300
At 30 June 2021/31 December 2021	<u>-</u>	<u>7,181</u>	<u>7,181</u>
<u>Net book value:</u>			
At 1 July 2020	<u>7,067</u>	<u>104,593</u>	<u>111,660</u>
At 30 June 2021	<u>7,258</u>	<u>96,060</u>	<u>103,318</u>
At 31 December 2021	<u>7,295</u>	<u>95,012</u>	<u>102,307</u>

8A. Other intangible assets (cont'd)

Details of the Group's land use rights:

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

The amortisation charges is included under depreciation and amortisation expenses.

The intangible assets were tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell or its value-in-use ("VIU").

The VIU was measured by management for the financial period ended 31 December 2021 and for the financial year ended 30 June 2021. The key assumptions used in VIU measurement are as follow. The VIU is a recurring fair value measurement that categorised as Level 3 of the fair value hierarchy. The quantitative information about the VIU measurement using significant unobservable inputs for the CGU are consistent with those used for the measurement last performed and is analysed as follows:

	31 December 2021	30 June 2021
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs	11.5%	13.2%
Budgeted growth rates forecasts by management based on expectations	2.5% - 70%	2.5% - 70%
Terminal value growth rate	2.5%	2.5%
Cash flow projections derived from the most recent financial budgets and plans approved by management	<u>11 years</u>	<u>11 years</u>

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

8A. Other intangible assets (cont'd)

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

The recoverable amount of the intangible assets was assessed using the VIU method based on 11 years cash flow projections and with the cash flow beyond the 11 year period extrapolated using the estimated growth rate. The adoption of 11 years cash flow projections is to consider the material impact of the developments around the Park in the initial years that will have on profitability on the operating life of the Park.

Sensitivity test

	Other intangible <u>assets</u> S\$'000	Property, plant and <u>equipment</u> S\$'000
If 10% less favourable in estimated revenue, would be a need to reduce pro-rata the carrying value of CGU, by	22,413	3,970
If 10% less favourable in estimated gross margin, would be a need to reduce pro-rata the carrying value of CGU, by	27,202	4,818
If estimated pre-tax discount rate increased by 1 percentage point, it would be a need to reduce pro-rata the carrying value of CGU by	6,403	1,134

During the financial year ended 30 June 2021, the Group has made an impairment allowance of \$6,300,000 to write down the carrying value of operating rights associated with the Wonder Stone Park cash-generating unit ("**CGU**") to its recoverable value as at 30 June 2021.

8B. Goodwill

	<u>Group</u>	
	31 December 2021	30 June 2021
	S\$'000	S\$'000
<u>Carrying value comprising</u>		
At cost	6,607	6,607
Allowance for impairment on goodwill	(6,607)	(6,607)
Foreign exchange adjustments	—	—
At end of year	<u>—</u>	<u>—</u>

	<u>Group</u>	
	31 December 2021	30 June 2021
	S\$'000	S\$'000
<u>Movement during the year, at carrying value</u>		
At beginning of year	—	—
Allowance for impairment on goodwill	—	—
Foreign exchange adjustments	—	—
At end of year	<u>—</u>	<u>—</u>

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

	<u>Group</u>	
	31 December 2021	30 June 2021
	S\$'000	S\$'000
Fei County Wonder Stone Characteristics Town Development Co., Ltd (费县奇石特色小镇发展有限公 司)	<u>—</u>	<u>—</u>

Goodwill arise from the acquisition of GEM which holds the operating rights to the Wonder Stone Park, through its subsidiary, Fei County Wonder Stone Characteristics Town Development Co., Ltd. The goodwill was tested for impairment with the intangible assets at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell or its value-in-use (“VIU”). See Note 8A.

The goodwill was written off fully in the previous financial year.

9. Investments in subsidiaries

	<u>Company</u>	
	31 December 2021	30 June 2021
	S\$'000	S\$'000
<u>Carrying value comprising</u>		
Unquoted equity shares at cost	55,960	55,960
Allowance for impairment	(24,146)	(17,073)
Quasi-equity loans receivable	6,307	6,294
	<u>38,121</u>	<u>38,108</u>

	<u>Company</u>	
	31 December 2021	30 June 2021
	S\$'000	S\$'000
<u>Movement during the year, at carrying value</u>		
At beginning of year	38,108	45,132
Impairment allowance	–	(7,073)
Quasi-equity loans	13	49
At end of year	<u>38,121</u>	<u>38,108</u>
<u>Movements in allowance for impairment</u>		
At beginning of year	24,146	17,073
Impairment allowance charged to profit or loss	–	7,073
Impairment allowance written off	–	–
At end of year	<u>24,146</u>	<u>24,146</u>

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

The Company has made an impairment allowance of S\$6,900,000 for financial year ended 30 June 2021 to write down the carrying value of investment in Global Media Entertainment Pte Ltd. based on the recoverable amount determined using the assumptions in Note 8.

10. Property, plant and equipment

During the six months ended 31 December 2021, the Group acquired assets amounting to S\$17,000 (31 December 2020: S\$295,000).

11. Borrowings

(a) Amount repayable in one year or less, or on demand

	31 December 2021		30 June 2021	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Gross borrowings	–	–	–	–
Less: Transaction costs in relation to the bank loans	–	–	–	–
Net borrowings	–	–	–	–

(b) Amount repayable after one year

	31 December 2021		30 June 2021	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Gross borrowings	–	–	–	–
Less: Transaction costs in relation to the bank loans	–	–	–	–
Net borrowings	–	–	–	–

(c) Details of any collateral

As at 31 December 2021 and 30 June 2021, there were no borrowings or debt securities in issue.

Mr Sun Bowen, our Executive Chairman, through companies related to him, has extended interest-free RMB-denominated advances amounting to S\$13.908 million (30 June 2021: S\$13.741 million) to the Group for working capital purposes. The amount at risk of the interest-free advances is zero. This is also disclosed under Section F Item 13, Other Information required by Appendix 7C to the Catalist Rules.

12. Share capital

Issued and fully paid ordinary share capital

	Number of Shares '000	Issued share capital S\$'000
Balance as at 31 December 2021 and 30 June 2021 (excluding Treasury Shares and subsidiary holdings)	789,000	84,190

As at 31 December 2021, the Company held 1,000,000 ordinary shares as treasury shares (30 June 2021: 1,000,000). As at 31 December 2021, the Company does not have any subsidiary holdings (30 June 2021: Nil).

There was no change in the Company's share capital between 31 December 2021 and 30 June 2021. The total number of issued shares of the Company excluding treasury shares and subsidiary holdings as at 31 December 2021 and 30 June 2021 was 789,000,000 shares.

The number of shares that may be issued on conversion of share options as at 31 December 2021 was 600,000,000 shares (30 June 2021: 600,000,000).

Treasury shares and subsidiary holdings

	31 December 2021	30 June 2021
Treasury shares	1,000,000	1,000,000
Subsidiary holdings	–	–
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares excluding treasury shares and subsidiary holdings	0.1%	0.1%

13. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

**F. Other information required by Appendix 7C to the
Catalist Rules**

OTHER INFORMATION

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Refer to section A, Condensed interim consolidated statement of profit or loss and other comprehensive income.

- 1(a)(ii) Notes to the consolidated statement of comprehensive income.**

Refer to section E under Note 6, Notes to the condensed interim consolidated financial statements.

- 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

Refer to section B, Condensed interim statements of financial position.

- 1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:**

Refer to section E under Note 10, Notes to the condensed interim consolidated financial statements.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Refer to section D, Condensed interim consolidated statement of cash flows.

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Refer to section C, Condensed interim statements of changes in equity.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Refer to section E under Note 12, Notes to the condensed interim consolidated financial statements.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31 December 2021 '000	30 June 2021 '000
Total number of issued shares	790,000	790,000
Treasury shares	(1,000)	(1,000)
Total number of issued shares, excluding treasury shares	<u>789,000</u>	<u>789,000</u>

1(d)(iv) A statement showing all sales, transfers, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellations and/or use of treasury shares by the Company as at 31 December 2021 (30 June 2021: Nil).

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellations and/or use of subsidiary holdings by the Company as at 31 December 2021 (30 June 2021: Nil).

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable as the figures have not been audited or reviewed by the Company's auditors.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

a) Updates on the efforts taken to resolve each outstanding audit issue.

b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save for the adoption of new and amended standards as set out in Note 2.1 (Notes to the condensed interim consolidated financial statements), the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period ended 31 December 2021 as applied to the audited annual financial statements for the financial year ended 30 June 2021.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

- 6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**
- (a) based on the weighted average number of ordinary shares on issue; and
 (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	The Group	
	6 months ended 31 December	
	2021	2020
	Unaudited	Unaudited
	S\$'000	S\$'000
(Loss) attributable to equity holders of the Company	(1,445)	(1,472)
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares	789,000	789,000
(Loss) per share		
Basic and diluted (loss) per share *		
Singapore cents	(0.18)	(0.19)

Note:

*Based on the weighted average number of ordinary shares in issue during the respective financial periods.

During financial year ended 30 June 2018, the Company has granted 600,000,000 share options at exercise price of \$0.085 each to Mr. Sun Bowen and Mr. Wee Henry. The options have been approved by shareholders of the Company at the Extraordinary General Meeting held on 29 March 2018. No dilutive effect has arisen from these options as the average market price for the period is lower than the exercise price.

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and
 (b) immediately preceding financial year.

Refer to section E under Note 7, Notes to the condensed interim consolidated financial statements.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Revenue was S\$1.061 million for the 6 months ended 31 December 2022 ("**1H2022**") compared to S\$1.313 million for the 6 months ended 31 December 2021 ("**1H2021**"). The decrease in revenue by S\$0.252 million in 1H2022 was mainly due to the outbreak of another wave of COVID-19 in the People's Republic of China (the "**PRC**"). Notwithstanding that the COVID-19 outbreak occurred primarily in other provinces, the dampened domestic market sentiment of the general public and businesses led to an overall decrease in domestic hotel room bookings, banquet events and seminar bookings at the Wonder Stone Hotel (the "**WSP Hotel**").

Other income

Other income decreased by S\$0.06 million from S\$0.098 million in 1H2021 to S\$0.038 million in 1H2022. The decrease in 1H2022 was primarily due to the absence of ad-hoc PRC government incentives granted in 1H2021 which had provided relief amounting to S\$0.07 million for businesses affected by COVID-19.

Depreciation and amortisation

Depreciation and amortisation expenses remained relatively consistent and had increased by S\$0.087 million from S\$2.009 million in 1H2021 to S\$2.096 million in 1H2022.

Employee benefits expense

Employee benefits expense decreased by S\$0.227 million from S\$0.939 in 1H2021 to S\$0.712 million in 1H2022 mainly due to a lower headcount in 1H2022 compared to 1H2021.

Other operating expenses

Other operating expenses decreased by S\$0.241 million from S\$0.988 million in 1H2021 to S\$0.747 million in 1H2022. The decrease was mainly due to a 1H2021 legal and professional fee of S\$0.195 million which was incurred in 1H2021 in connection to the aborted proposed acquisition of 40% in Global Entertainment Media Pte Ltd.

Finance costs

Consistent with 1H2021, finance costs incurred for 1H2022 relate to the adoption of SFRS(I) 16 Leases ("**SFRS(I)16**"). Accordingly, the operating leases which the Group has entered into are examined and a finance cost is computed for 1H2022. The value of the remaining lease period beyond 1H2022 is recognised in non-current assets and a corresponding liability is recognised in non-current liabilities.

Income tax benefit

Income tax benefit comprised 25% deferred tax liabilities on the amortisation of the fair value of WSP operating rights over 50 years. Following the impairment of the property development rights, the deferred tax benefit which had been computed previously on the property development rights had correspondingly increased.

Exchange differences on translating foreign operations

Exchange differences on translating foreign operations decreased from S\$0.245 million in 1H2021 to S\$0.114 million in 1H2022 mainly due to the lower fluctuation of exchange rates in 1H2022 compared to 1H2021.

Overall, the net loss for 1H2022 was S\$2.195 million, compared to a net loss of S\$2.259 million in 1H2021.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Overall, non-current assets decreased by S\$1.563 million from S\$122.811 million as at 30 June 2021 to S\$121.248 million as at 31 December 2021.

Property, plant and equipment had decreased by S\$0.552 million from S\$19.493 million as at 30 June 2021 to S\$18.941 million as at 31 December 2021. The decrease was primarily due to depreciation.

Intangible assets of S\$102.3078 million relate mainly to the 50 years of property development rights that the Group holds over the WSP and had decreased due to amortization.

Current assets

Overall, current assets decreased by S\$0.999 million from S\$1.908 million as at 30 June 2021 to S\$0.909 million as at 31 December 2021.

Trade and other receivables decreased from S\$1.587 million as at 30 Jun 2021 to S\$0.817 million as at 31 December 2021. This is mainly due to a decrease in receivables from corporate clients of the WSP Hotel.

Cash and cash equivalents had decreased from S\$0.321 million as at 30 June 2021 to S\$0.092 million as at 31 December 2021. Please refer to the Condensed interim consolidated statement of cash flows on page 6 for further details.

Non-current liabilities

Non-current liabilities decreased by S\$0.284 million from S\$24.046 million as at 30 June 2021 to S\$23.762 million as at 31 December 2021.

Consistent with 1H2021, deferred tax liabilities of S\$23.753 million relate to the 25% deferred tax (PRC tax) on the fair value of the 50 years of property development rights.

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

Current liabilities

Current liabilities decreased by S\$0.197 million from S\$18.296 million as at 30 June 2021 to S\$18.099 million as at 31 December 2021. The decrease mainly due to lower trade payables as at 1H2022.

Working capital

The ongoing COVID-19 pandemic affected our operations as well as the development of the Wonder Stone Park (the “WSP”). That led to a negative working capital of S\$17.190 million as at 31 December 2021 as compared to S\$16.388 million as at 30 June 2021. The increase in the negative working capital was mainly due to the losses incurred by the WSP Hotel and the administrative expenses incurred by the Company as a listed entity. The Group is able to meet its working capital needs in view of the undertaking by its Executive Chairman to, provide continued financial support as required to meet its liabilities as and when they fall due and subordinate the claim of the amount owing to its Executive Chairman to those of the other creditors and not to demand payment from the Group until the Group is in a financial position to do so. In addition, the management of the Company will continue its efforts to improve its financial position.

STATEMENT OF CASH FLOWS

Net cash flows used in operating activities was S\$0.08 million in 1H2022 compared to S\$1.143 million in 1H2021. The lower net cash flows used was mainly due to the decrease in trade receivables and offset by a decrease in trade and other payables.

Net cash flows used in investing activities was S\$0.017 million in 1H2022 compared to S\$0.295 million in 1H2021. This was due to a lower purchase of PPE for the WSP.

Net cash flows used in financing activities was S\$0.132 million in 1H2022 compared to net cash flows from financing activities S\$1.527 million in 1H2021. This was mainly due to advances from a related party in 1H2021 as compared to nil in 1H2022.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was previously given.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The re-emergence of another wave of COVID-19 in the PRC continues to dampen domestic consumer sentiments and will affect the gradual recovery to normalcy. The containment measures implemented by the authorities at designated provinces which experienced COVID-19 outbreaks continues to affect the movement of people within the PRC. International travel restrictions continue to be in place. The trend of a lower number of work and leisure travellers and lower seminar and banquet events is likely to persist and will affect the operations of the WSP Hotel. The Group will continue to monitor the situation closely and take the necessary measures to safeguard the interests of its employees and the Group.

The development of the Hongyun Lake Project within the WSP has been halted temporarily in view of the COVID-19 measures put in place by the authorities. Discussions with the authorities are currently ongoing with a view to re-start the development.

On the proposed development and operation of an "ESCAPE" theme park, there have been delays due to the re-emergence of COVID-19 in the PRC. Discussions with the PRC regulatory authorities continue to be underway.

11 If a decision regarding dividend has been made whether an interim (final) ordinary dividend has been declared (recommended)

(a) Current financial period reported on

None.

(b) Corresponding period of the immediately preceding financial year

None.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect and the reasons for the decision.

No dividend has been declared or recommended as the Group is in a loss making position.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No interested person transaction mandate has been obtained from shareholders of the Company. There were no interested person transactions of \$100,000 and above entered into by the Group during the period ended 31 December 2021. The aggregate value of all IPTs during 1H2022 is less than S\$100,000.

As at the date of this announcement, Mr. Sun Bowen has, through companies related to him, extended advances amounting to an aggregate of S\$13.908 million (30 June 2021: S\$13.741 million) in other payables as disclosed under Note 6.3 Other payables to related parties under Section E. As the aforementioned payables to Mr. Sun Bowen are interest-free, there is no amount at risk to the Group.

14 Negative assurance

We, the undersigned, being the Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to our attention, which may render the unaudited financial results for the half year ended 31 December 2021 to be false or misleading in any material aspect pursuant to Rule 705(5) of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the SGX-ST.

On behalf of the board of directors,

Sun Bowen
Executive Chairman

Wee Phui Gam
Lead Independent Director

15 Confirmation of Undertakings from Directors and Executive Officers under Rule 720(1) of the Catalist Rules

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H to the Catalist Rules) under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

SUN BOWEN
Executive Chairman
11 February 2022

*This document has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. ("the **Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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