

IMPERIUM CROWN LIMITED

(The “Company”)



**Full-Year Financial
Statements for the Financial Year
Ended 30 June 2018**

28 August 2018

Company Registration Number: 1995-05053-Z

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Note:

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

UNAUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2018

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY
(Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**
1(a) 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.

	Note	The Group 12 months ended 30 June		Increase/ (Decrease) %
		2018 Unaudited S\$'000	2017 Audited S\$'000	
Revenue	A	875	4,866	(82.0)
Less: Property operating expenses	B	(1,063)	(2,193)	(51.5)
Net property (loss)/income		(188)	2,673	(107.0)
Other income	C	366	97	277.3
Depreciation and amortisation expenses	D	(2,355)	(12)	>100.0
Other operating expenses	E	(11,820)	(7,678)	53.9
Finance costs	F	(423)	(617)	(31.4)
Net fair value gain on financial derivatives	G	101	301	(66.4)
Net fair value gain on investment properties	H	–	1,099	(100.0)
Loss before tax		(14,319)	(4,137)	246.1
Income tax expense	I	(547)	(2,548)	(78.5)
Loss after income tax		(14,866)	(6,685)	122.4
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations, net of tax		(304)	(2,859)	(89.4)
Realisation of foreign translation reserve on liquidation of foreign subsidiaries	E(iv)	(5,240)	–	n.m.*
Other comprehensive profit/(loss) for the period, net of tax		(5,544)	(2,859)	93.9
Total comprehensive loss for the period		(20,410)	(9,544)	113.9
Net loss attributable to:				
Equity holders of the Company		(13,463)	(6,685)	101.4
Non-controlling interests		(1,403)	–	n.m.*
		(14,866)	(6,685)	122.4
Total comprehensive loss attributable to:				
Equity holders of the Company		(19,007)	(9,544)	99.2
Non-controlling interests		(1,403)	–	n.m.*
		(20,410)	(9,544)	113.9

*n.m. – not meaningful

Please refer to paragraph 8 on pages 13 to 15 for further explanations of the respective Notes.

1(a)(ii) Profit/(loss) before taxation is stated after charging/(crediting) the following :-

	The Group		
	12 months ended 30 June		
	2018	2017	Increase/ (Decrease)
	Unaudited	Audited	%
	S\$'000	S\$'000	
Amortisation of intangible assets	2,295	–	n.m.*
Claim settlement by former director	(185)	–	n.m.*
Depreciation of property, plant and equipment	60	12	400.0
Government subsidy income	(103)	–	n.m.*
Interest Income	(23)	(11)	109.1
Interest on borrowings	139	524	(73.5)
Legal and professional fees	2,800	828	238.2
Loss on disposal of investment properties	7,668	2,682	185.9
Loss on disposal of property, plant and equipment	–	36	(100.0)
Net foreign exchange (gain)/loss	(6)	171	(103.5)
(Reversal)/allowance for impairment loss on trade receivables	(12)	14	(185.7)
Realisation of translation reserves on liquidation of foreign subsidiaries	(5,240)	–	n.m.*
Share options expenses	4,598	–	n.m.*

* n.m. – not meaningful

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.

	Note	Group			Company		
		30 June 2018 \$'000 Unaudited	30 June 2017 \$'000 Audited	Increase/ (Decrease) %	30 June 2018 \$'000 Unaudited	30 June 2017 \$'000 Audited	Increase/ (Decrease) %
ASSETS							
Non-current assets							
Property, plant and equipment		14,012	5	>100.0	2	5	(60.0)
Intangible assets		122,059	–	n.m.*	–	–	n.m.*
Amount due from subsidiaries		–	–	n.m.*	6,000	–	n.m.*
Investments in subsidiaries		–	–	n.m.*	53,600	36,211	48.0
Goodwill		6,856	–	n.m.*	–	–	n.m.*
Trade and other receivables		–	6,000	(100.0)	–	6,000	(100.0)
Other financial asset		–	–	n.m.*	–	–	n.m.*
Total non-current assets	J	142,927	6,005	>100.0	59,602	42,216	41.2
Current assets							
Assets held for sale		–	67,020	(100.0)	–	–	n.m.*
Trade and other receivables		650	217	199.5	28	14	100.0
Cash and cash equivalents		9,140	1,160	687.9	8,696	731	>100.0
Restricted cash		–	3,196	(100.0)	–	–	n.m.*
Total current assets	K	9,790	71,593	(86.3)	8,724	745	>100.0
Total assets		152,717	77,598	96.8	68,326	42,961	59.0
EQUITY AND LIABILITIES							
Equity							
Share capital		84,190	47,815	76.1	84,190	47,815	76.1
Treasury shares		(58)	(58)	–	(58)	(58)	–
Accumulated losses		(23,359)	(10,353)	125.6	(20,711)	(5,379)	285.0
Other reserves		5,653	6,599	(14.3)	4,598	–	n.m.*
		66,426	44,003	51.0	68,019	42,378	60.5
Non-controlling interests		49,099	–	n.m.*	–	–	n.m.*
Total equity		115,525	44,003	162.5	68,019	42,378	60.5
Non-current liabilities							
Deferred tax liabilities		28,559	2,576	>100.0	–	–	n.m.*
Security deposits		–	926	(100.0)	–	–	n.m.*
Derivative financial instruments		–	50	(100.0)	–	50	(100.0)
Total non-current liabilities	L	28,559	3,552	704.0	–	50	(100.0)
Current liabilities							
Trade and other payables		8,585	675	>100.0	259	434	(40.3)
Borrowings		–	28,858	(100.0)	–	–	n.m.*
Security deposits		–	147	(100.0)	–	–	n.m.*
Deferred revenue		–	264	(100.0)	–	–	n.m.*
Derivative financial instruments		48	99	(51.5)	48	99	(51.5)
Total current liabilities	M	8,633	30,043	(71.3)	307	533	(42.4)
Total liabilities		37,192	33,595	10.7	307	583	(47.3)
Total equity and liabilities		152,717	77,598	96.8	68,326	42,961	59.0

Please refer to paragraph 8 on pages 15 to 17 for further explanations of the respective Notes.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

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

	As at 30 June 2018		As at 30 June 2017	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Gross borrowings	–	–	29,045	–
Less: Transaction costs in relation to the bank loans	–	–	(187)	–
Net borrowings	–	–	28,858	–

(b) Amount repayable after one year

	As at 30 June 2018		As at 30 June 2017	
	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 30 June 2018, there were no borrowings following the disposal of the investment properties in Japan.

Total borrowings of S\$28,858,000 as at 30 June 2017 are secured by the four Japanese investment properties, namely Hatchobori Place, Green Forest Itabashi, NCA Minowa and NCA Kuramae of the Group valued at S\$67,020,000 in aggregate.

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.

	Group	
	12 months ended	
	30 June 2018 Unaudited S\$'000	30 June 2017 Audited S\$'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
Impairment loss on financial assets	–	2,448
Share options issued	4,598	–
Realisation of foreign translation reserve on liquidation of 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	1,164	(870)
Deferred revenue	(264)	(36)
Net cash flows from operations	2,285	860
Income taxes paid	(3,499)	(1,562)
Net cash flows used in operating activities	(1,214)	(702)

	12 months ended	
	30 June 2018 Unaudited S\$'000	30 June 2017 Audited S\$'000
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 subsidiary, net of cash	(53,461)	(2,447)
Land use rights (Purchase of intangible assets)	(5,026)	–
Purchases of property, plant and equipment	(7,162)	(3)
Net cash flows (used in)/from investing activities	(6,274)	10,481
Cash Flows From Financing Activities		
Repayment of bank borrowings	(28,858)	(14,032)
Advances from related party	6,251	–
Security deposits	(1,073)	(2)
Interest paid	(423)	(525)
Proceeds from issuance shares	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
Effects of currency translation on cash and cash equivalents	–	(33)
Cash and cash equivalents, consolidated statement of cash flows, end of financial year	9,140	1,160

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.

Attributable to shareholders

	Share capital	Translation reserves	Revaluation reserves	Treasury shares	Share options reserves	(Accumulated losses)/retained earnings	Total	Non-Controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group									
Balance as at 1 July 2016 (Audited)	47,815	9,458	504	(58)	–	(4,172)	53,547	–	53,547
Loss, net of tax	–	–	–	–	–	(6,685)	(6,685)	–	(6,685)
Exchange differences on translating foreign operations	–	(2,859)	–	–	–	–	(2,859)	–	(2,859)
Transferred to retained earnings	–	–	(504)	–	–	504	–	–	–
Balance as at 30 June 2017 (Audited)	47,815	6,599	–	(58)	–	(10,353)	44,003	–	44,003
Issuance of shares	36,375	–	–	–	–	–	36,375	–	36,375
Acquisition of subsidiary	–	–	–	–	–	–	–	50,502	50,502
Total comprehensive loss	–	(5,544)	–	–	–	(13,463)	(19,007)	(1,403)	(20,410)
Share options issued	–	–	–	–	4,598	–	4,598	–	4,598
Recovery of dividends paid in prior year	–	–	–	–	–	457	457	–	457
Balance as at 30 June 2018 (Unaudited)	84,190	1,055	–	(58)	4,598	(23,359)	66,426	49,099	115,525

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. (Cont'd)

	Share capital	Treasury shares	Revaluation reserves	Share options reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Company						
Balance as at 1 July 2016 (Audited)	47,815	(58)	504	–	(7,243)	41,018
Profit, net of tax	–	–	–	–	1,360	1,360
Transferred to retained earnings	–	–	(504)	–	504	–
Balance as at 30 June 2017 (Audited)	47,815	(58)	–	–	(5,379)	42,378
Issuance of shares	36,375	–	–	–	–	36,375
Loss, net of tax	–	–	–	–	(15,789)	(15,789)
Share options issued	–	–	–	4,598	–	4,598
Recovery of dividend paid in prior year	–	–	–	–	457	457
Balance as at 30 June 2018 (Unaudited)	84,190	(58)	–	4,598	(20,711)	68,019

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 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.

Issued and fully paid ordinary share capital

	Number of Shares '000	Issued share capital S\$'000
Balance as at 31 December 2017 (excluding Treasury Shares and subsidiary holdings)	789,000	85,315
Balance as at 30 June 2018 (excluding Treasury Shares and subsidiary holdings)	789,000	84,190

Pursuant to the proposed placement of shares approved by the shareholders of the Company at the Extraordinary General Meeting held on 30 June 2017, 300,000,000 new ordinary shares at the issue price of S\$0.125 per placement share had been issued by the Company on 22 August 2017.

As at 30 June 2018, the Company held 1,000,000 ordinary shares as treasury shares (30 June 2017: 1,000,000).

The total number of issued shares of the Company excluding treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2017 were 789,000,000 shares and 489,000,000 shares respectively.

The number of shares that may be issued on conversion of share options as at 30 June 2018 was 600,000,000 (31 December 2017: Nil) shares.

Treasury shares and subsidiary holdings

	30 June 2018	30 June 2017
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%	0.2%

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.

	30 June 2018 '000	30 June 2017 '000
Total number of issued shares	790,000	490,000
Treasury shares	(1,000)	(1,000)
Total number of issued shares, excluding treasury shares	<u>789,000</u>	<u>489,000</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 30 June 2018 (30 June 2017: 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 30 June 2018 (30 June 2017: 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 qualifications or emphasis of matter).

Not applicable.

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 as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 30 June 2018.

- 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.**

The Group has adopted the new and revised Singapore Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are relevant to its operations and are effective for financial periods beginning on or after 1 July 2017. The adoption of these new or revised FRS and INT FRS did not result in any substantial changes to the Group’s accounting policies and does not have any material impact on the Group’s financial statements for the financial year ended 30 June 2018.

- 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	
	12 months ended 30 June	
	2018	2017
	Unaudited	Audited
	S\$’000	S\$’000
Loss attributable to equity holders of the Company	(13,463)	(6,685)
	No. of shares ‘000	No. of shares ‘000
Weighted average number of ordinary shares	746,260	489,000
Loss per share		
Basic and diluted loss per share *		
Singapore cents	(1.80)	(1.37)

Note:

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

During the year, the Company has granted 600,000,000 (2017: nil) share options at exercise price of \$0.085 each (2017: nil) 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 arose 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:-**
- current financial period reported on; and**
 - immediately preceding financial year.**

	The Group		The Company	
	As at 30 June <u>2018</u> Unaudited	As at 30 June <u>2017</u> Audited	As at 30 June <u>2018</u> Unaudited	As at 30 June <u>2017</u> Audited
Net asset value ("NAV") (in S\$'000)	66,426	44,003	68,019	42,378
No. of ordinary shares ('000), excluding treasury shares	789,000	489,000	789,000	489,000
NAV per ordinary share based on Issued share capital (Singapore cents)	8.42	9.00	8.62	8.67

- 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:-**
- 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**
 - 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

Pursuant to the approval granted by the shareholders of the Company at the Extraordinary General Meeting held on 20 January 2017 on the "**Japanese Properties Divestment Mandate**", the Company has completed the divestment of all the Japanese properties. Four of its Japanese properties (the "**Remaining Properties**") were divested in the early part of the financial year ended 30 June 2018 ("**FY2018**").

In FY2018, the Group's revenue was mainly derived from the divestment of the Remaining Properties.

Note A

Revenue was S\$0.875 million for FY2018 compared to S\$4.866 million for FY2017.

The decrease was due to the lower revenue contribution following the divestment of the Remaining Properties in the early part of FY2018.

Note B

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 Remaining 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.

Note C

Other income increased by S\$0.269 million from S\$0.097 million in FY2017 to S\$0.366 million in FY2018. The breakdown in FY2018 relates to:

- (i) 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;
- (ii) a government subsidy income received from Fei County government to our subsidiary in the People’s Republic of China (“**PRC**”) amounting to S\$103,000; and
- (iii) fixed deposits interest income and other miscellaneous income amounting to S\$78,000.

Note D

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.

Note E

Other operating expenses increased by S\$4.142 million from S\$7.678 million in FY2017 to S\$11.820 million in FY2018 mainly due to:

- (i) the loss on divestment of the Remaining Properties, being the Green Forest Itabashi and Hatchobori Place 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 both properties was JPY 3.68 billion (approximately S\$44.5 million), the divestment resulted in a loss of S\$7.668 million. Notwithstanding the foregoing, as the selling price in Japanese Yen was higher than the initial acquisition costs (approximately JPY 2.70 billion), the divestment of the Remaining Properties is in line with the Japanese Properties Divestment Mandate;
- (ii) 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;

- (iii) the 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, and
- (iv) offset by the realization 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.

Note F

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 Remaining Properties in early part of FY2018.

Note G

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 favorable exchange rates movement in relation to the aforesaid swap in FY2018. The cross currency swaps had since matured in July 2018.

Note H

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

Note I

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 Remaining Properties).

Following the divestment of the Remaining Properties, the previously recorded net fair value gain of S\$1.099 million, the corresponding deferred tax liabilities (which had previously been recognized 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.

STATEMENT OF FINANCIAL POSITION

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.

Note J - Non-current assets

Non-current assets increased by \$136.922 million from S\$6.005 million as at 30 June 2017 to S\$142.927 million as at 30 June 2018.

Property, plant and equipment increased due to the consolidation of GEM and its subsidiaries.

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.

Goodwill of S\$6.856 million is recognised following the completion of the PPA exercise.

Trade and other receivables in FY2017 relate to the Company’s S\$6.000 million deposit with the escrow agent for the GEM Acquisition. With the completion of the GEM Acquisition, the deposit had been paid to the vendor.

Note K - Current assets

Current assets decreased by S\$61.803 million from S\$71.593 million as at 30 June 2017 to S\$9.790 million as at 30 June 2018.

Assets held for sale relate to the Remaining Properties which were divested in FY2018.

Cash and cash equivalents have increased following the divestment of the Remaining Properties. Correspondingly, the restricted cash, which was required to be maintained based on bank loan agreements pertaining to the Remaining Properties, had also been returned to the Company.

Note L - Non-current liabilities

Non-current liabilities increased by S\$25.007 million from S\$3.552 million as at 30 June 2017 to S\$28.559 million as at 30 June 2018.

Deferred tax liabilities of S\$28.559 million relate to the 25% deferred tax (PRC tax) on the fair value of the 50 years of property development rights.

Security deposits relate to deposits placed by the tenants of the Remaining Properties. With the divestment of the Remaining Properties in FY2018, the security deposits are no longer held by the Company.

Derivative financial instruments relate to cross currency swaps which had previously been entered in to hedge the Japanese Yen-denominated income arising from Japan. The cross currency swaps are due to mature by July 2018 and are no longer classified as non-current.

Note M - Current liabilities

Current liabilities decreased by S\$21.410 million from S\$30.043 million as at 30 June 2017 to S\$8.633 million as at 30 June 2018.

Trade and other payables increased to S\$8.585 million mainly 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 Remaining Properties. With the divestment of the Remaining Properties, these borrowings had also correspondingly been repaid.

Deferred revenue pertains to tenants of the Remaining Properties whom had paid their rent in advance. With the divestment of the Remaining Properties, these deferred revenue would no longer accrue to the Company.

Working capital

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

STATEMENT OF CASH FLOWS

Net cash flows used in operating activities was S\$1.214 million as at 30 June 2018 mainly due to the operating cash outflows arising from:

- (i) higher expenses incurred in the form of travelling costs and professional and legal fees as the Company completed the GEM Acquisition; and
- (ii) higher withholding taxes paid due to the repatriation of proceeds from the divestment of the Remaining Properties.

Net cash flows used in investing activities was S\$6.274 million as at 30 June 2018 mainly due to the receipt of the proceeds from the divestment of the Remaining 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 Remaining Properties and offset by the proceeds from the placement exercise.

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 were 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 Company continues its strategic reallocation of capital to new projects. With the divestment of the Remaining Properties, the Company has completed the divestment of its Japan properties.

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.

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.

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.

(e) Books closure date

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended.

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.

The Group does not have a general mandate from shareholders for IPTs.

Name of Interested Person	Financial year ended 30 June 2018	
	Aggregate value of all IPTs during the financial period under review	Aggregate value of all IPTs conducted under the shareholders' mandate pursuant to Rule 920 of the Catalyst Rules (excluding transactions less than \$100,000)
	\$'000	\$'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⁾ - 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⁾ - 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) & companies related to Mr Sun for the development of the Wonder Stone Hotel and Wonder Stone Park	53,500 25,500 949	- - -

Note:

1. Mr. Wee Henry is a Substantial Shareholder of the Company. The share option granted was approved by shareholders of the Company at the Extraordinary General Meeting held on 29 March 2018.
2. This relates to the 60%-acquisition of GEM which was approved by shareholders of the Company at the Extraordinary General Meeting 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 Extraordinary General Meeting held on 29 March 2018.

14 Use of Net Proceeds from the Placement

- (a) The net proceeds from the placement, which was completed on 12 June 2014, was approximately S\$6.800 million ("**June 2014 Placement**"), out of which the entire amount had been utilised as at the date of this announcement, as set out below:

Intended Use	Amount of Net Proceeds allocated (S\$'000)	Amount utilised to date (S\$'000)	Amount unutilised to date (S\$'000)
General working capital	680	680	–
Potential acquisitions and investments	6,120	6,120 ⁽¹⁾	–
Total	6,800	6,800	–

Note:

- (1) Utilised to partially fund the consideration for the acquisition of five investment properties via Richwood Asia I Investments Limited and One Room Mansion Limited and for professional fees in connection with the acquisition of investments in China.

The utilisation of proceeds from the June 2014 Placement is in accordance with its intended use.

- (b) The net proceeds from the placement, which was completed on 18 November 2014, was approximately S\$28.340 million ("**November 2014 Placement**"), out of which the entire amount had been utilised as at the date of this announcement, as set out below:

Intended Use	Amount of Net Proceeds allocated (S\$'000)	Amount utilised to date (S\$'000)	Amount unutilised to date (S\$'000)
General working capital	1,417	1,417	–
Potential acquisitions and investments pursuant to the diversification	26,923	26,923 ⁽¹⁾	–
Total	28,340	28,340	–

Note:

- (1) Utilised to partially fund the consideration for the acquisition of Richwood Asia I Investments Limited and One Room Mansion Limited.

The utilisation of proceeds from the November 2014 Placement is in accordance with its intended use.

- (c) The net proceeds from the placement, which was completed on 22 August 2017, was approximately S\$36.250 million ("**August 2017 Placement**"), out of which the entire amount had been utilised as at the date of this announcement, as set out below:

Intended Use	Amount of Net Proceeds allocated (S\$'000)	Amount utilised to date (S\$'000)	Amount unutilised to date (S\$'000)
Partially fund the acquisition of 60% of the issued and paid up capital of GEM	36,250	36,250	–
Total	36,250	36,250	–

The utilisation of proceeds from the August 2017 Placement is in accordance with its intended use.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half-Year Results)

15 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

Statement of Operations by Segments

Profit or Loss from Continuing Operations and Reconciliations

	Property development and property investment S\$'000	Leisure and hospitality S\$'000	Unallocated segment* S\$'000	Adjustments and eliminations S\$'000	Consolidated financial statements S\$'000
FY2018 (Unaudited)					
Revenue:					
Total revenue by segment					
Revenue from external customers	834	41	–	–	875
Results:					
Recurring EBITDA	(75)	(113)	–	–	(188)
Other income	43	108	215	–	366
Depreciation and amortisation	–	(2,352)	(3)	–	(2,355)
Finance expenses	(325)	(98)	–	–	(423)
Net fair value gain on investment properties	–	–	–	–	–
Net fair value gain on financial derivatives	–	–	101	–	101
Loss on disposal of investment properties	(7,668)	–	–	–	(7,668)
Impairment loss on financial Assets	–	–	–	–	–
Share option expenses	–	–	(4,598)	–	(4,598)
Other operating expenses	5,128	(772)	(3,910)	–	446
Loss before income tax	(2,897)	(3,227)	(8,195)	–	(14,319)
Income tax expense	(1,081)	534	–	–	(547)
Loss after income tax	(3,978)	(2,693)	(8,195)	–	(14,866)

FY2017 (Audited)	Property development and property investment S\$'000	Unallocated segment*	Adjustments and eliminations S\$'000	Consolidated financial statements S\$'000
Revenue:				
Total revenue by segment				
Revenue from external customers	4,866	–	–	4,686
Results:				
Recurring EBITDA	2,673	–	–	2,673
Other income	37	60	–	97
Depreciation	–	(12)	–	(12)
Finance expenses	(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)
Impairment loss on financial assets	–	(2,448)	–	(2,448)
Other operating expenses	(168)	(2,380)	–	(2,548)
Profit/(Loss) before income tax	342	(4,479)	–	(4,137)

Note:

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

Assets and Reconciliations

	Property development and property investment S\$'000	Leisure and hospitality S\$'000	Unallocated segment S\$'000	Consolidated financial statements S\$'000
As at 30 June 2018 (Unaudited)				
Total assets for reportable segment				
- Property, plant and equipment	–	14,010	2	14,012
- Intangible assets	–	122,059	–	122,059
- Goodwill	–	6,856	–	6,856
- Others	–	1,066	8,724	9,790
Total				152,717
As at 30 June 2017 (Audited)				
Total assets for reportable segment				
- Assets held for sale	67,020	–	–	67,020
- Restricted cash	3,196	–	–	3,196
- Others	–	–	7,382	7,382
Total				77,598

Liabilities and Reconciliations

	Property development and property investment S\$'000	Leisure and hospitality S\$'000	Unallocated segment S\$'000	Consolidated financial statements S\$'000
<u>As at 30 June 2018 (Unaudited)</u>				
Total liabilities for reportable segment				
- Deferred tax liabilities	–	28,559	–	28,559
- Derivatives financial instruments	–	–	48	48
- Others	–	8,326	259	8,585
Total				37,192
<u>As at 30 June 2017 (Audited)</u>				
Total liabilities for reportable segment				
- Borrowings	28,858	–	–	28,858
- Security deposit	1,073	–	–	1,073
- Deferred revenue	264	–	–	264
- Deferred tax liabilities	2,576	–	–	2,576
- Derivatives financial instruments	–	–	149	149
- Others	–	–	675	675
Total				33,595

Geographical segments

	The Group	
	FY2018 (Unaudited) S\$'000	FY2017 (Audited) S\$'000
Revenue		
- Japan	834	4,821
- China	41	–
- Singapore	–	45
	875	4,866

	The Group	
	As at 30 June 18 (Unaudited) S\$'000	As at 30 June 17 (Audited) S\$'000
Total consolidated assets		
- Japan	–	70,848
- China	143,991	–
- Singapore	8,726	6,750
	152,717	77,598

Revenues are attributed to countries on the basis of the customer's location. The assets are analysed by the geographical area in which the assets are located.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 for details on the factors leading to the material changes in contributions to turnover and earnings of the property development and property investment segment.

17. A breakdown of sales as follows:

	Year ended 30 June 2018 S\$'000	Year ended 30 June 2017 S\$'000	Increase / (Decrease) %
Sales reported for the first half year	826	2,490	(66.8)
Operating (loss)/profit after tax reported for first half year	(14,930)	653	>(100.0)
Sales reported for the second half year	49	2,376	(97.9)
Operating profit/(loss) after tax reported for second half year	64	(7,338)	(100.9)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total net annual dividend

	2018 \$'000	2017 \$'000
Ordinary Dividend	-	-
Interim	-	-
Total	<u>-</u>	<u>-</u>

19. Confirmation of Undertakings from Directors and Executive Officers under Rule 720(1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("Catalist Rules")

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

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Wee Shuo Siong, Milton	28	Son of Mr. Wee Henry, a substantial shareholder	Current position: Business development manager. Duties: Responsible for the business development of the Group. Year position first held: January 2018	No changes in duties and position during the year.

BY ORDER OF THE BOARD

SUN BOWEN
Executive Director
28 August 2018

This announcement 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 announcement.

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

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