

SUSTAINABILITY REPORT 2018



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Executive Chairman's Message

Dear Stakeholders,

I am pleased to present the inaugural Sustainability Report of Imperium Crown Limited and its subsidiaries (the “**Company**” or collectively the “**Group**”), which provides information on the economic, environmental and social aspects of our sustainability business and practices. As we expand our footprint overseas, we have continually integrated sustainability practices into our business operations.

We endeavour to incorporate environmental sustainability in the design and construction of our hotel, tourist site and properties, and we strictly comply with local environmental and social regulations.

On behalf of the Board, I would like to express my gratitude to our clients, business partners and shareholders for their unwavering support. We look forward to your continual support as we strive to develop a more sustainable environment for all.

Sun Bowen
Executive Chairman

Organisation Profile

As a property investment, development and management company, the Group has planted the seeds of investment in the following areas. 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) in The People's Republic of China. The WSP is currently in the midst of being developed into a mixed-use development and a tourist attraction with a theme park featuring rides and attractions.

As part of the acquisition of a 60% stake in GEM¹, a hotel located strategically within the WSP was also acquired. On 18 February 2019, the Group announced that they had signed a license agreement with the Inzone Hotels & Resorts Group for the hotel to operate under the "Inzone" brand (the "**Brand**"). Under this license agreement, Inzone Hotels & Resorts Group has also been appointed to manage the hotel.

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 at WSP that is designed based on their "ESCAPE" brand of theme park in Penang, Malaysia. The Group and SLG are currently in the final stages of formalising an operating lease agreement which will set out the terms of the cooperation.

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. The development plans are in the final stages of being firmed up. 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.

¹ On 27 September 2018, the Company announced that it had entered into a Sale and Purchase Agreement (the "**SPA**") with Fortsmith Investments Limited (the "**Vendor**") to acquire the remaining 40% stake in GEM (the "**40% Acquisition**"). Under the conditions precedent of the SPA, the Company is required to, amongst other conditions precedent, to obtain the approval of the shareholders of the Company at an extraordinary general meeting to be convened. On 28 March 2019, the Company announced that it had entered into Supplemental Agreement with the Vendor to extend the completion date of the 40% Acquisition to 30 September 2019, or such later date as the Company and the Vendor may mutually agree in writing.

Our Sustainability Story

Sustainable Tourism

The Group is committed to achieving sustainable tourism which makes a low impact on the environment and local culture, while helping to generate future employment for the local community. By conducting impact assessments before commencement of operations, we ensure that resources will be available for future generations.

By striving for sustainable tourism, we will be able to maximise the positive contribution of tourism to biodiversity conservation and poverty reduction and the achievement of these common goals towards sustainable development. Please refer to the sections on Environmental Sustainability and Social Sustainability for further information.

The Group is committed to operating sustainably in economic, environmental and social aspects. While the economic landscape for the leisure and hospitality industry remains competitive, we believe that with our strategic business decisions and astute foresight, we will achieve sustainable returns for our stakeholders.

Sustainable Property Development

The Group will work towards prioritising environmental sustainability in our property designs and construction. We strictly comply with environmental and socioeconomic laws and regulations.

Sustainability Targets

We envision to achieve sustainable hotel operations and endeavour to boost employment for the local community by hiring locals in our operations.

In addition, we endeavour to create more “green” building designs for our development projects. We strive to achieve zero health and safety incidents at our project sites. Up to the date of this report, there has been zero health and safety incidents at our project sites.

Awards and Achievements

The Group has won numerous accolades and awards in recognition of our achievements:

- “AAAA” rating for the Wonder Stone Park by the Shandong Tourism Development Commission (国家级4A级旅游景区), which is testimonial of the quality of the WSP as a tourist attraction.
- 2018 Shandong Province Leading Enterprise for the assimilation of Cultural Tourism within its Tourist Attraction (2018年度山东旅游景区文旅融合先进单位). Consistent with the direction of government of The People’s Republic of China to develop its cultural tourism industry, the award signifies a recognition of our assimilation of the unique cultural aspects of our WSP together with that of a tourist attraction.

Ethics

Anti-corruption

GRI 205-1, 205-2, 205-3

The Group takes a strong stand against corrupt practices and strategies, and this value has been communicated to all of our employees, major suppliers and business partners. The Company has formal policies on anti-corruption and our employees are educated on our anti-corruption stance upon induction and reinforced when necessary. Any forms of corruption within the Group will not be tolerated, and will be escalated to the Chairman of the Audit Committee (the “**AC**”).

In respect of financial year ended 30 June 2018 (“**FY2018**”) and up to the date of this report, there has not been any reported incident of corruption.

Whistle-blowing Policy

Management has put in place, with the endorsement of the AC, 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.

In FY2018 and up to the date of this report, there has not been any whistle-blowing incidents reported.

Governance and Statement of the Board

The Group's Board of Directors and senior management consider sustainability issues as part of our strategic formulation. To implement our sustainability efforts, a Sustainability Task Force (the "**Sustainability Task Force**") comprising key management personnel and chaired by the Chief Financial Officer was established in January 2019 to oversee the sustainability performance of the Group as a whole.

The Board is responsible for and approves the material economic, environmental and social factors identified by the Sustainability Task Force, and ensures that the factors identified are managed and monitored.

Please refer to the Corporate Governance Report in our Annual Report 2018 for more information on corporate governance practices, precautionary measures and risk management structure.

Stakeholder Engagement

The Group understands that stakeholder engagement is the key to sustainable growth. We determine the material topics based on their materiality to stakeholders. Our stakeholders are groups that have material impact on or are impacted by our operations.

The following table summarises our key stakeholders, engagement platforms and their key concerns:

Stakeholders	Engagement platforms	Issues of concern	Section Reference
Employees	<ul style="list-style-type: none"> Performance appraisal system 	<ul style="list-style-type: none"> Remuneration and benefits 	<ul style="list-style-type: none"> Employee Retention
Contractors and suppliers	<ul style="list-style-type: none"> Assessment of contractors and suppliers 	<ul style="list-style-type: none"> Environmental compliance Social compliance 	<ul style="list-style-type: none"> Environmental Sustainability Social Sustainability
Government and regulators	<ul style="list-style-type: none"> SGX quarterly announcements Annual reports Ongoing dialogues 	<ul style="list-style-type: none"> Environmental compliance with government agencies 	<ul style="list-style-type: none"> Environmental Sustainability Social Sustainability
Community	<ul style="list-style-type: none"> Community services engagement Impact assessment 	<ul style="list-style-type: none"> Environmental impact Social development 	<ul style="list-style-type: none"> Social Sustainability
Shareholders and investors	<ul style="list-style-type: none"> Annual reports Investor relations management 	<ul style="list-style-type: none"> Economic performance Anti-corruption 	<ul style="list-style-type: none"> Anti-corruption

Reporting Practice

The Group's first sustainability report has been produced in accordance with the Global Reporting Initiative ("GRI") Standards "Core" option covering our performance from 1 July 2017 to 30 June 2018. The GRI Standards represent the global best practices for reporting on economic, environmental and social topics. The Company has engaged an external consultant to advise in its preparation of this sustainability report.

The report incorporates the primary components of report content as set out by the SGX's "Comply or Explain" requirements on sustainability reporting under Listing Rule 711B and Practice Note 7F of the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited.

GRI does not require external assurance and our Sustainability Task Force has assessed that external assurance is not required as the Group is laying the foundations for a sustainability reporting framework this year.

This report supplements the Group's Annual Report 2018 and is available online at: <https://www.imperium-crown.com/>. Detailed section references with GRI Standards can be found on the GRI Standards Content Index page of this report.

Our material topics are identified based on their impact on our internal and external stakeholders, as outlined in the Stakeholders Engagement Section.

Material Topics	Applicable Segment
ECONOMIC	
GRI 202: Market Presence	Leisure and Hospitality
GRI 203: Indirect Economic Impacts	
GRI 204: Procurement Practices	
GRI 205: Anti-corruption	Group level
ENVIRONMENTAL	
GRI 301: Materials	Leisure and Hospitality
GRI 302: Energy	
GRI 304: Biodiversity	
GRI 306: Effluents and Waste	
GRI 307: Environmental Compliance	Leisure and Hospitality Property Development
GRI 308: Supplier Environmental Assessment	Leisure and Hospitality
SOCIAL	
GRI 401: Employment	Group level
GRI 404: Training and Educations	
GRI 405: Diversity and Equal Opportunity	
GRI 413: Local Communities	Leisure and Hospitality
GRI 414: Supplier Social Assessment	
GRI 419: Socio-economic compliance	Leisure and Hospitality Property Development

Leisure and hospitality

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 visitor-ship. Blessed with a richness of cultural heritage, the amalgamation of culture and tourism is a natural attraction to visitors within China and from overseas.

The Group endeavours to preserve the culture of this area in our operations. Specifically, the WSP integrates an exhibition of unique stones found in the region, a garden tour, leisure and entertainment activities with folk culture. After acquiring the hotel property, we added the finishing touches to the construction of the hotel, and we are in the planning stage of developing the theme park. Further, the WSP will be developed into a mixed-use development and a tourist attraction with a theme park featuring rides and attractions.

Environmental Sustainability

GRI 301-2, 302-5, 304-2, 306-1, 308-1, 308-2

Given the nature and locality of the operations of the hotel in WSP, we are aware that there will be certain environmental impact, such as energy and water wastage, waste generation and effluents discharge. As such, the Group is committed to preserving the surrounding biodiversity and minimising negative environmental impacts of our hotel and tourism operations. We conduct in-house environmental impact assessments on an annual basis to identify the anticipated effects of our operations on the environment to mitigate the environmental risks of our operations through optimised management and operations.

We aim to implement sustainable practices and features at the hotel, such as purchasing environmentally-friendly products and recycling hotel supplies wherever possible to reduce waste generation. Our hotel uses solar energy to power its operations, thus reducing consumption of energy from non-renewable sources. It also has its own wastewater treatment facility to ensure that wastewater is processed in accordance to regulatory requirements before discharge.

We select our hotel operator based on their track record and environmental performance to ensure that our hotel operations will be managed in a sustainable and eco-friendly manner. We also assess the environmental performance of our suppliers on an annual basis in an effort to establish a sustainable supply chain in our hotel management. We evaluate them based on their energy and water conservation measures, as well as their waste management and recycling practices.

The construction of our hotel was in strict compliance with local environmental laws and regulations, and in FY2018 and up to the date of this report, there has not been any reported incident of non-compliance with relevant environmental regulations among our contractors and subcontractors.

Social Sustainability

GRI 202-1, 203-2, 204-1, 413-1, 414-1, 414-2, 419-1

With the WSP being an upcoming tourist attraction, we envision to contribute to the booming tourism industry in the Shandong province and attract more tourists, thereby boosting the economy in the local community. We endeavour to preserve and promote the site safety, uniqueness and recognition of the WSP as well as the surrounding tourist spots.

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 in the community is going to be enhanced with our presence and the current infrastructure, via the highways connected to major cities and the soon-to-be completed Fei county high speed rail station which are constructed as part of the development plans of the government.

Furthermore, we are committed to economic and social development by hiring from the local community to improve social conditions and community development. We also procure from local suppliers wherever possible to support local businesses and the economy. We endeavour to achieve 50% of local hire and procurement vendors for future operations.

Other than increasing jobs and business opportunities available for the local community, we conduct social impact assessments of our operations and include assessment factors such as local employment and equal opportunities to ensure that negative social impacts on the local community are minimised. We will strive to minimise food and resource wastage by making responsible, sustainable purchase decisions.

We conduct supplier evaluation on an annual basis to ensure that our contractors and hotel operator operate in strict compliance with local social and economic laws and regulations. In FY2018 and up to the date of this report, there has not been any reported incident of non-compliance in FY2018.

Property Development

GRI 307-1, 419-1

The Group is committed to being a responsible corporation in the communities we operate in, and we endeavour to deliver safe, efficient, environmentally sustainable and high-quality property developments. We strive to minimise our impact on the environment through conducting environmental impact assessments and achieving strict compliance with local economic, environmental and social regulations.

In FY2018 and up to the date of this report, the Group has not had any incident of non-compliance with environmental and socio-economic laws and regulations.

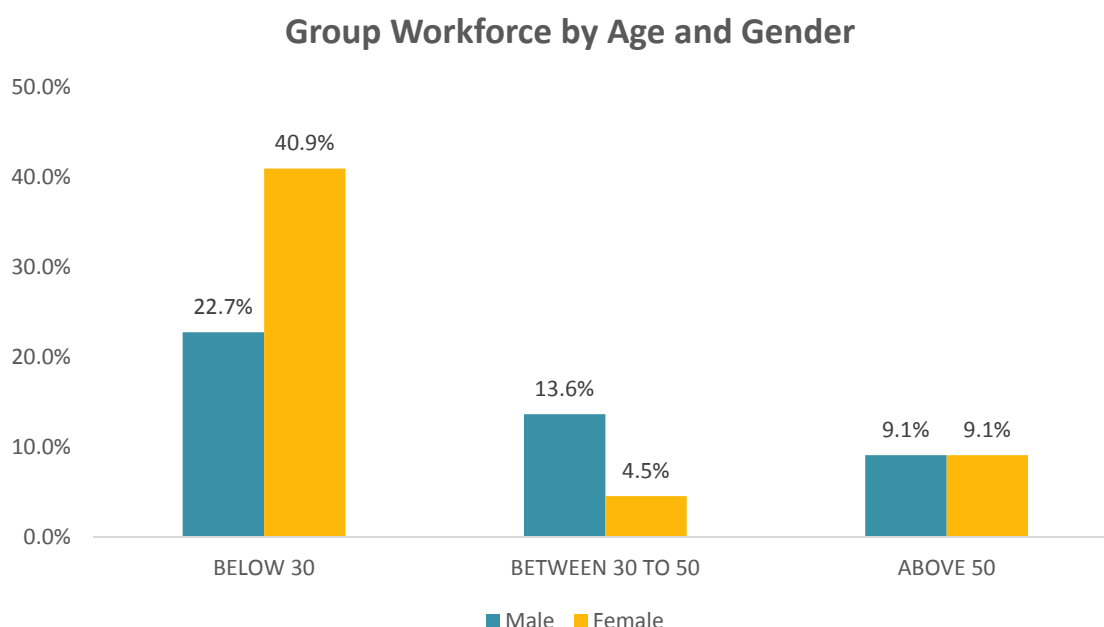
Our People, Our Assets

The Group endeavours to create an inclusive workplace environment, committed to mutual respect, fairness and equality for all our staff and workers. We provide opportunities for continuous learning and skills improvement for staff development.

Workforce Diversity

GRI 401-1, 405-1

We advocate fair employment and endeavour to achieve a balanced and diversified workforce. As at the end of FY2018, our total staff strength was 22. We hired 3 new staff, equivalent to 15.8% new hire rate.



Employee Retention

GRI 202-1, 401-2, 401-3, 404-3, 405-2

The Group recognises the valuable contribution of all employees. Our employees are remunerated in compliance with local minimum wage laws. All employees are assessed regularly and remunerated fairly based on their experience, qualifications and performance, regardless of age or gender.

We prioritise the welfare of our employees by granting a range of employee benefits such as medical insurance, healthcare and parental leave. In FY2018, 1 employee took parental leave and she returned to work after her parental leave ended.

SGX Five Primary Components Index

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> ▪ Economic, Environmental and Social Topics ▪ Stakeholder Engagement
2	Policies, Practices and Performance	<ul style="list-style-type: none"> ▪ Executive Director's Message ▪ Our Sustainability Story ▪ Leisure and Hospitality, Property Development
3	Board Statement	Governance & Statement of the Board
4	Targets	Our Sustainability Story
5	Framework	Reporting Practice

GRI Standards Content Index

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Annual Report 2018
102-2	Activities, brands, products, and services	Annual Report 2018
102-3	Location of headquarters	Annual Report 2018
102-4	Location of operations	Annual Report 2018
102-5	Ownership and legal form	Annual Report 2018
102-6	Markets served	Annual Report 2018
102-7	Scale of the organisation	Annual Report 2018
102-8	Information on employees and other workers	Annual Report 2018
102-9	Supply chain	Annual Report 2018
102-10	Significant changes to the organisation and its supply chain	Annual Report 2018
102-11	Precautionary Principle or approach	Annual Report 2018
102-12	External initiatives	Annual Report 2018
102-13	Membership of associations	Annual Report 2018
102-14	Statement from senior decision-maker	Executive Director's Message
102-15	Key impacts, risks, and opportunities	Executive Director's Message, Our Sustainability Story
102-16	Values, principles, standards, and norms of behaviour	Ethics
102-17	Mechanisms for advice and concerns about ethics	Ethics
102-18	Governance structure	Governance and Statement of the Board
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-46	Defining report content and topic boundaries	Reporting Practice
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Social Sustainability Employee Retention
203-2	Significant indirect economic impacts	Social Sustainability
204-1	Proportion of spending on local suppliers	Social Sustainability
205-1	Operations assessed for risks related to corruption	Anti-corruption
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
301-2	Recycled input materials used	Environmental Sustainability

GRI Standards	Disclosure Content	Section Reference
302-5	Reductions in energy requirements of products and services	Environmental Sustainability
304-2	Significant impacts of activities, products, and services on biodiversity	Environmental Sustainability
306-1	Water discharge by quality and destination	Environmental Sustainability
307-1	Non-compliance with environmental laws and regulations	Property Development
308-1	New suppliers that were screened using environmental criteria	Environmental Sustainability
308-2	Negative environmental impacts in the supply chain and actions taken	Environmental Sustainability
401-1	New employee hires and employee turnover	Workplace Diversity
401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	Employee Retention
401-3	Parental leave	Employee Retention
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Retention
405-1	Diversity of governance bodies and employees	Workforce Diversity
405-2	Ratio of basic salary and remuneration of women to men	Employee Retention
413-1	Operations with local community engagement, impact assessments, and development programs	Social Sustainability
414-1	New suppliers that were screened using social criteria	Social Sustainability
414-2	Negative social impacts in the supply chain and actions taken	Social Sustainability
419-1	Non-compliance with laws and regulations in the social and economic area	Social Sustainability Property Development

*This report 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 announcement, including the correctness of any of the statements or opinions made or reports contained in this report.*

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