

**CIRCULAR DATED 12 JANUARY 2023**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. PLEASE READ IT CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.**

*Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled "Definitions" of this Circular.*

If you have sold or transferred all your shares in the capital of Imperium Crown Limited (the "**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular with the Notice of EGM and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of EGM and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular 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 Circular, including correctness of any of the statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Mr. Bernard Lui (Tel: 6389 3000 or email: [bernard.lui@morganlewis.com](mailto:bernard.lui@morganlewis.com)).



**CIRCULAR TO SHAREHOLDERS IN RELATION TO:**

- (A) THE PROPOSED DISPOSAL OF THE (I) LAND USE RIGHTS IN RESPECT OF 2 PLOTS OF LAND LOCATED IN THE SHANDONG PROVINCE OF THE PEOPLE'S REPUBLIC OF CHINA AND (II) WONDER STONE HOTEL AND LAND USE RIGHTS IN RESPECT OF THE LAND ON WHICH THE WONDER STONE HOTEL IS SITUATED**
- (B) THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS INTO THE INTERIOR DESIGN BUSINESS**

**IMPORTANT DATES AND TIMES:**

|  |   |
|--|---|
| Last date and time for lodgment of Proxy Form  | : 24 January 2023 at 10:00 a.m.   |
| Date and time of Extraordinary General Meeting | : 27 January 2023 at 10:00 a.m.   |
| Place of Extraordinary General Meeting         | : Singapore Polytechnic Graduates Guild, Carnation Room, Level 3, 1010 Dover Road, Singapore 139658 |

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## TABLE OF CONTENTS

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|  | <u>Page</u> |
|--|-------------|
| <b>DEFINITIONS .....</b>   | <b>3</b>    |
| <b>LETTER TO SHAREHOLDERS .....</b>                              | <b>7</b>    |
| 1. INTRODUCTION .....  | 7           |
| 2. THE PROPOSED LAND DISPOSAL .....                              | 9           |
| 3. THE PROPOSED HOTEL DISPOSAL .....                             | 11          |
| 4. RATIONALE FOR THE PROPOSED DISPOSALS.....                     | 14          |
| 5. FINANCIAL INFORMATION RELATING TO THE DISPOSAL ASSETS.....    | 15          |
| 6. THE PROPOSED DISPOSALS AS A MAJOR TRANSACTION.....            | 17          |
| 7. VOTING UNDERTAKINGS .....                                     | 18          |
| 8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSALS.....              | 18          |
| 9. STATUS AS A CASH COMPANY .....                                | 19          |
| 10. THE PROPOSED DIVERSIFICATION .....                           | 23          |
| 11. SERVICE CONTRACTS .....                                      | 36          |
| 12. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS..... | 36          |
| 13. DIRECTORS' RECOMMENDATION .....                              | 37          |
| 14. EXTRAORDINARY GENERAL MEETING .....                          | 37          |
| 15. ACTION TO BE TAKEN BY SHAREHOLDERS .....                     | 37          |
| 16. CONSENT .....  | 39          |
| 17. DIRECTORS' RESPONSIBILITY STATEMENT .....                    | 39          |
| 18. DOCUMENTS AVAILABLE FOR INSPECTION .....                     | 39          |
| <b>APPENDIX A – VALUATION SUMMARY LETTER .....</b>               | <b>40</b>   |
| <b>NOTICE OF EXTRAORDINARY GENERAL MEETING.....</b>              | <b>49</b>   |
| <b>PROXY FORM</b>  |             |

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## DEFINITIONS

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires or unless otherwise stated:

- “Aggregate Consideration”** : The Land Consideration and Hotel Consideration
- “Aggregated Transactions”** : Has the meaning ascribed to it in Section 10.4
- “Asset Transfer Agreement”** : The asset transfer agreement dated 29 November 2022 between Fei County Wonder Stone, Fei County Inzone and the Hotel Purchaser
- “Board”** : The Board of Directors of the Company as at the Latest Practicable Date
- “Catalist Rules”** : The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 12 January 2023
- “Company”** : Imperium Crown Limited
- “Companies Act”** : The Companies Act 1967 of Singapore, as may be amended, modified or supplemented from time to time
- “Conflicted Individual”** : Has the meaning ascribed to it in Section 10.9
- “Controlling Shareholder”** : A person who (a) holds directly or indirectly 15.0% or more of all voting shares in a company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over a company
- “Director”** : A director of the Company as at the Latest Practicable Date
- “Disposal Assets”** : The land use rights to the Land, Wonder Stone Hotel and land use rights to the Hotel Land
- “ED Loan”** : A loan in the amount of approximately S\$12.8 million (as at 30 June 2022) which was extended to the Group by Mr. Sun Bowen (an executive Director of the Company) through companies related to him (where such loan amounts were used for direct payments made by him or such companies related to him to creditors of the Group)
- “EGM”** : The extraordinary general meeting of the Company to be held at Singapore Polytechnic Graduates Guild, Carnation Room, Level 3, 1010 Dover Road, Singapore 139658 on 27 January 2023 at 10:00 a.m., notice of which is set out on pages 49 to 51 of this Circular
- “Escrow Account”** : Has the meaning ascribed to it in Section 9.2(a)
- “Escrowed Cash”** : Has the meaning ascribed to it in Section 9.3(a)
- “Existing ID Business”** : The existing business of providing interior design services and renovation contractors which, subject to Shareholders approval of the Proposed Diversification at the EGM, is intended to be expanded as described in Section 10.2

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## DEFINITIONS

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|---|---|---|
| <b>“Fei County Inzone”</b>                        | : | Fei County Inzone Wonder Stone Cultural Hotel Co., Ltd.   |
| <b>“Fei County Wonder Stone”</b>                  | : | Fei County Wonder Stone Characteristic Town Development Co., Ltd.   |
| <b>“First Major Transaction”</b>                  | : | Has the meaning ascribed to it in Section 10.4  |
| <b>“Free Cash”</b>                                | : | Has the meaning ascribed to it in Section 9.3(a)  |
| <b>“FY2022”</b>                                   | : | The financial year ended 30 June 2022   |
| <b>“Group”</b>                                    | : | The Company and its subsidiaries  |
| <b>“Hotel Consideration”</b>                      | : | Has the meaning ascribed to it in Section 3.3(b)  |
| <b>“Hotel Disposal Condition”</b>                 | : | Has the meaning ascribed to it in Section 3.3(c)  |
| <b>“Hotel Land”</b>                               | : | Has the meaning ascribed to it in Section 3.2   |
| <b>“Hotel Purchaser”</b>                          | : | Feixian Yuanxiang Hotel Management Co., Ltd.  |
| <b>“ID Business”</b>                              | : | The business of providing interior design services, renovation contractors, engaging in the planning, renovation, refurbishment or renewal of existing and new commercial, residential and mixed development properties, and the provision of related services and offerings, which the Group intends to expand the Existing ID Business into, subject to Shareholders’ approval of the Proposed Diversification at the EGM |
| <b>“Independent Valuer”</b>                       | : | Kroll Singapore Pte Ltd and as further described in Section 5.4(b)  |
| <b>“Land”</b>                                     | : | Has the meaning ascribed to it in Section 2.2   |
| <b>“Land Consideration”</b>                       | : | Has the meaning ascribed to it in Section 2.3(b)  |
| <b>“Land Disposal Condition”</b>                  | : | Has the meaning ascribed to it in Section 2.3(c)  |
| <b>“Land Purchaser”</b>                           | : | Fei County Land Consolidation Center  |
| <b>“Land Use Rights Re-acquisition Agreement”</b> | : | The land use rights re-acquisition agreement dated 28 November 2022 between Fei County Wonder Stone, the Land Purchaser and Shandong Yimeng   |
| <b>“Last Trading Day”</b>                         | : | 28 November 2022, being the last trading day prior to the signing of the Land Use Rights Re-acquisition Agreement and Asset Transfer Agreement  |
| <b>“Latest Practicable Date”</b>                  | : | The latest practicable date prior to the issue of this Circular, being 11 January 2023  |
| <b>“LPS”</b>                                      | : | Loss per share  |
| <b>“MAS”</b>                                      | : | Monetary Authority of Singapore   |
| <b>“NAV”</b>                                      | : | Net asset value   |
| <b>“Notice of EGM”</b>                            | : | The notice of EGM as set out on pages 49 to 51 of this Circular   |

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## DEFINITIONS

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| <b>“NTA”</b>                               | : Net tangible assets   |
| <b>“NTL”</b>                               | : Net tangible loss   |
| <b>“Operating Rights”</b>                  | : Has the meaning ascribed to it in Section 4   |
| <b>“PRC”</b>                               | : People’s Republic of China  |
| <b>“PRC Valuer”</b>                        | : 山东兴城土地资产评估测绘有限公司 (Shandong Xingcheng Land Property Assets Evaluation Surveying and Mapping Limited Company)   |
| <b>“Projected Expenses”</b>                | : Has the meaning ascribed to it in Section 9.3(a)  |
| <b>“Proposed Disposals”</b>                | : The Proposed Land Disposal and the Proposed Hotel Disposal  |
| <b>“Proposed Diversification”</b>          | : The proposed diversification of the Group’s business into the ID Business   |
| <b>“Proposed Hotel Disposal”</b>           | : Has the meaning ascribed to it in Section 1.1(b)  |
| <b>“Proposed Land Disposal”</b>            | : Has the meaning ascribed to it in Section 1.1(a)  |
| <b>“Proxy Form”</b>                        | : The proxy form in respect of the EGM as attached to this Circular   |
| <b>“RMB”</b>                               | : Renminbi, the lawful currency of the PRC  |
| <b>“Rule 1017 Escrow Requirements”</b>     | : Has the meaning ascribed to it in Section 9.2(a)  |
| <b>“Rule 1017 Moratorium Undertakings”</b> | : Has the meaning ascribed to it in Sections 9.2(i) and (ii)  |
| <b>“Securities Account”</b>                | : A securities account maintained by a Depositor with CDP but does not include a securities subaccount maintained with a Depository Agent   |
| <b>“SFA”</b>                               | : The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time  |
| <b>“SGX-ST”</b>                            | : Singapore Exchange Securities Trading Limited   |
| <b>“Shandong Yimeng”</b>                   | : Shandong Yimeng Yuanxiang Cultural Tourism Development Group Co., Ltd.  |
| <b>“Shareholders”</b>                      | : Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares |
| <b>“Shares”</b>                            | : Ordinary shares in the share capital of the Company   |
| <b>“Sponsor”</b>                           | : Stamford Corporate Services Pte. Ltd.   |
| <b>“Substantial Shareholder”</b>           | : A person (including a corporation) who holds, directly or indirectly, 5% or more of the total issued Shares (excluding treasury shares) of the Company  |

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## DEFINITIONS

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|----------------------------|--|
| “S\$” and “cents”          | : Singapore dollar and cents respectively          |
| “Valuation Summary Letter” | : Has the meaning ascribed to it in Section 5.4(a) |
| “Voting Undertaking”       | : Has the meaning ascribed to it in Section 7      |
| “Winco”                    | : Winco Construct & Décor Pte Ltd                  |
| “Winco Acquisiton”         | : Has the meaning ascribed to it in Section 10.1   |
| “Withdrawal Agreement”     | : Has the meaning ascribed to it in Section 4      |
| “%” or “per cent”          | : Per centum or percentage                         |

The term “**subsidiary**” shall have the same meaning ascribed to it in the Companies Act. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**associate**” and “**associated company**” shall have the meanings ascribed to them respectively in the Catalist Rules.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

**All references to RMB to S\$ exchange rate is based on an exchange rate of RMB1 to S\$0.19231 as of 5 December 2022, being the date on which the Proposed Disposals were announced by the Company, and extracted from Onada.com.**

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## LETTER TO SHAREHOLDERS

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### IMPERIUM CROWN LIMITED

(Incorporated in Singapore)  
(Company Registration Number: 199505053Z)

#### Board of Directors:

Mr. Sun Bowen (Executive Chairman)  
Mr. Tan Keng Keat (Executive Director and Chief Financial Officer)  
Mr. Wee Phui Gam (Lead Independent Director)  
Mr. Hau Khee Wee (Independent Director)  
Dr. Danny Oh Beng Teck (Independent Director)

#### Registered Office:

1 Commonwealth Lane  
#06-20 One Commonwealth  
Singapore 149544

12 January 2023

To: The Shareholders of the Company

Dear Sir/Madam

- (A) **THE PROPOSED DISPOSAL OF THE (I) LAND USE RIGHTS IN RESPECT OF 2 PLOTS OF LAND LOCATED IN THE SHANDONG PROVINCE OF THE PEOPLE'S REPUBLIC OF CHINA AND (II) WONDER STONE HOTEL AND LAND USE RIGHTS IN RESPECT OF THE LAND ON WHICH THE WONDER STONE HOTEL IS SITUATED**
- (B) **THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS INTO THE INTERIOR DESIGN BUSINESS INTO THE INTERIOR DESIGN BUSINESS**

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#### 1. INTRODUCTION

##### 1.1 Background

On 5 December 2022, the Company announced that:

- (a) Fei County Wonder Stone, an indirect subsidiary that is 90% owned by Global Entertainment Media Pte Ltd which is a 60% owned direct subsidiary of the Company, entered into the Land Use Rights Re-acquisition Agreement with the Land Purchaser and Shandong Yimeng on 28 November 2022 in relation to the proposed disposal by Fei County Wonder Stone of the right to use the Land (the "**Proposed Land Disposal**"); and
- (b) Fei County Wonder Stone and Fei County Inzone (a wholly-owned subsidiary of Fei County Wonder Stone) entered into the Asset Transfer Agreement with the Hotel Purchaser on 29 November 2022 in relation to the proposed disposal by Fei County Wonder Stone of the Wonder Stone Hotel (including certain assets in the Wonder Stone Hotel) and the right to the use the land on which the Wonder Stone Hotel is situated (the "**Proposed Hotel Disposal**").

The Proposed Disposals, on an aggregated basis, constitute a "major transaction" under Chapter 10 of the Catalist Rules and also constitutes a disposal of the whole or substantially the whole of the Company's undertaking or property under Section 160 of the Companies Act. The Proposed Disposals are therefore subject to, amongst others, approval of the Shareholders at the EGM pursuant to Rule 1015 of the Catalist Rules.

Please refer to Sections 2 and 3 for further information on the Proposed Land Disposal and Proposed Hotel Disposal respectively.

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## LETTER TO SHAREHOLDERS

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### 1.2 Cash Company

In the event the Proposed Disposals are completed, and if the Company has not acquired any substantial assets for its existing interior design business or any other business before the completion of the Proposed Disposals, the Company will be deemed to be a cash company under Rule 1017 of the Catalist Rules.

The Company will also be subject to Rule 1303(2) of the Catalist Rules where the SGX-ST may at any time suspend trading of the Shares.

Please refer to Section 9 for further information on the status of the Company as a cash company upon the completion of the Proposed Disposals.

### 1.3 The Proposed Diversification

Following the completion of the Proposed Disposals, the Group's remaining business will comprise the Existing ID Business currently undertaken by its 51%-owned subsidiary, Winco.

The Company is considering all options available after it becomes a cash company upon the completion of the Proposed Disposals, including taking steps to grow its Existing ID Business and to acquire a business which is able to satisfy the SGX-ST's requirements for a new listing under Rule 1017(2) of the Catalist Rules. In anticipation of organic growth of the Existing ID Business or potential acquisitions by the Company in the ID Business, with a view towards satisfying the SGX-ST's requirements for a new listing which may potentially change the risk profile of the Group, the Company is therefore seeking the approval of the Shareholders at the EGM for the Proposed Diversification.

Please refer to Section 10 for further information on the Proposed Diversification.

### 1.4 EGM

The Directors are convening the EGM at Singapore Polytechnic Graduates Guild, Carnation Room, Level 3, 1010 Dover Road, Singapore 139658 on 27 January 2023 at 10:00 a.m. to seek the approval of Shareholders for the Proposed Disposals (*Ordinary Resolution 1*) and the Proposed Diversification (*Ordinary Resolution 2*).

### 1.5 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Disposals (including the status of the Company as a cash company upon completion of the Proposed Disposals) and the Proposed Diversification and to seek the approval of Shareholders for the Proposed Disposals and the Proposed Diversification. This Circular has been prepared solely for the purpose set out herein and may not be relied on by any persons (other than Shareholders) or for any other purpose.

The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements or opinions made, reports contained and opinions expressed in this Circular.

### 1.6 Inter-conditionality of Resolutions

Ordinary Resolution 1 in relation to the Proposed Disposals is not inter-conditional on Ordinary Resolution 2 in relation to the Proposed Diversification. Ordinary Resolution 2 in relation to the Proposed Diversification is also not inter-conditional on Ordinary Resolution 1 in relation to the Proposed Disposals.

### 1.7 Legal Adviser

The Company has appointed Morgan Lewis Stamford LLC as the legal adviser to the Company as to Singapore law for the purposes of this Circular only.



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## LETTER TO SHAREHOLDERS

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### 2. THE PROPOSED LAND DISPOSAL

#### 2.1 Information on the Land Purchaser and Shandong Yimeng

*Shareholders should note that information relating to the Land Purchaser and Shandong Yimeng in this Section and elsewhere in this Circular has been provided by the Land Purchaser and Shandong Yimeng. The Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Directors and the Company for the purpose of such information has been to ensure that such information has been accurately and correctly extracted and reproduced in this Circular in its proper form and context.*

The Land Purchaser is the land authority body of the local government of Fei County in the Shandong province of the PRC and Shandong Yimeng is a state-owned enterprise of the PRC.

As at the Latest Practicable Date, the Land Purchaser and Shandong Yimeng (i) do not have any existing interest (whether direct or deemed) in the Shares and (ii) are not related to any of the Directors, Controlling Shareholders of the Company, or their respective associates.

#### 2.2 Information on the Land

The Land comprises 2 plots of land owned by the Group within the Wonder Stone Park and which are presented as land use rights in the financial statements of the Group (the “**Land**”). The first plot of land is located in Gaijiadong Village, Feicheng Street, Feixian County in the Shandong province of the PRC and has an approximate land area of 13,409 square meters. The second plot of land is located in Ronghe Village, Feicheng Street, Feixian County in the Shandong province of the PRC and has an approximate land area of 27,681 square meters.

The Land is zoned for commercial and mixed use and is presently vacant. One of the plots of Land had been earmarked for the development of the Hongyun Lake Project but has since been halted due to COVID-19, while the development plans of the other plot of Land were ongoing internally.

#### 2.3 Principal Terms of the Proposed Land Disposal

##### (a) The Proposed Land Disposal

Under the terms of the Land Use Rights Re-acquisition Agreement, Fei County Wonder Stone shall sell to the Land Purchaser, and the Land Purchaser shall acquire from Fei County Wonder Stone, the right to use the Land on the terms and conditions of the Land Use Rights Re-acquisition Agreement. The Land is owned by the Group with a lease expiry date of 28 December 2057 and is presented as land use rights in the financial statements of the Group.

##### (b) Consideration for the Proposed Land Disposal

The aggregate consideration for the Proposed Land Disposal is RMB28,969,115 (approximately S\$5,571,051) (the “**Land Consideration**”)

No valuation was done on the Land to derive the Land Consideration of RMB28,969,115 (approximately S\$5.6 million). However, based on past records of land tender transactions undertaken by the local government, the current average land prices in Fei County in the Shandong province of the PRC are assessed by the local government to be approximately RMB817 per square meter. Based on the collective size of the Land of 41,090 square meters, the Land is assessed to be worth approximately RMB33,570,500 (approximately S\$6.4 million).

The Land Consideration was arrived at on a willing buyer willing seller basis. In the negotiations of the Land Consideration, the Land Purchaser (being the land authority body of the local government of Fei County in the Shandong province of the PRC) took into account, the current land prices in the PRC, the prevailing policy of the local government of not being allowed to acquire assets above market prices due to difficulties in justifying such

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## LETTER TO SHAREHOLDERS

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acquisitions from a public interest perspective and had therefore proposed a discount of approximately 13.7% to the current land price of the Land in deriving the Land Consideration which is typical in such transactions. The Company took into account the current land prices in the PRC and the original acquisition cost of the Land paid by Fei County Wonder Stone in December 2017 of approximately RMB24,000,000 (approximately S\$4,615,440).

Subject to the Land Disposal Condition being satisfied, the Land Consideration shall be paid in cash by Shandong Yimeng (on behalf of the Land Purchaser) within 60 days of the date of the Land Use Rights Re-acquisition Agreement (by 27 January 2023), based on an estimated timeline needed to fulfil the Land Disposal Condition which will take place after the receipt of the Land Consideration.

(c) Condition Precedent

The completion of the Proposed Land Disposal is conditional on the Company having held an EGM and obtained approval from the Shareholders for the Proposed Land Disposal (the “**Land Disposal Condition**”).

In the event that the completion of the Proposed Land Disposal cannot take place due to the fault of Fei County Wonder Stone, the Land Purchaser shall have the right to demand compensation from Fei County Wonder Stone for any losses incurred and may apply to the courts of the PRC for compulsory re-acquisition of the Land.

### 2.4 Use of Proceeds from the Proposed Land Disposal

The estimated net proceeds from the Proposed Land Disposal, after deducting estimated taxes, related professional fees and other associated transaction costs, is approximately RMB28,000,000 (S\$5,384,680). The net proceeds from the Proposed Land Disposal is intended to be used by Fei County Wonder Stone in the following manner:

| Use of Net Proceeds   | Amount  | Percentage Allocation |
|---|---|-----------------------|
| Partial repayment of existing liabilities, specifically the ED Loan | RMB28,000,000<br>(approximately S\$5,384,680) | 100%                  |
| <b>Total</b>  | RMB28,000,000<br>(approximately S\$5,384,680) | 100%                  |

The net proceeds from the Proposed Land Disposal will be received in Fei County Wonder Stone’s bank account in the PRC and will be utilized by Fei County Wonder Stone in the manner stated in the table above.

While operating in the PRC contains certain inherent uncertainties and risks, such as the risk that the Group may potentially be held liable for any unauthorised actions by the legal representatives of its PRC subsidiaries in relation to the disbursement of funds held by such PRC subsidiaries, the Group will put in place internal control procedures to ensure that payments require proper approvals and there is prior authorisation as to delegation of authority as described below.

Upon receipt of the net proceeds from the Proposed Land Disposal in its bank account, the following disbursements of such net proceeds by Fei County Wonder Stone will require the prior approval of the Company and the Board (i) any disbursements exceeding RMB300,000 (approximately S\$57,690); and (ii) any disbursements resulting in the aggregate value of all disbursements to a single counterparty exceeding RMB300,000 (approximately S\$57,690). For the avoidance of doubt, any disbursements of the net proceeds are to be made in accordance with the Projected Expenses and are further subject to applicable Rule 1017 Escrow

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## LETTER TO SHAREHOLDERS

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Requirements (unless such applicable Rule 1017 Escrow Requirements are waived by the SGX-ST pursuant to the Company's waiver application referred to in Section 9.3(a) below). In addition, a bank statement of Fei County Wonder Stone's bank account, which holds the net proceeds from the Proposed Land Disposal, will be furnished to the Company and the Board on a weekly basis with a listing of the amounts disbursed until such time as the net proceeds from the Proposed Land Disposal have been fully utilized in accordance with the use as set out above.

Since the acquisition of a 60% stake in August 2017 in the Group's subsidiary, Global Entertainment Media Pte Ltd, which operates in the PRC, the Group's PRC operations have continually required funding as it was undergoing a phase of development. Since the half-year financial statements for the period ended 31 December 2017, the Group has disclosed in its financial statements in relation to interested person transactions, that Mr Sun Bowen, through PRC entities related to him, had been funding the operations of the Group in the PRC, of which significant amounts include a loan of S\$4.8 million to the Group to submit the tender deposit for the tender of the Land in December 2017 as well as a loan of S\$6.0 million to the Group between January 2018 to June 2018 for the development of the Wonder Stone Park and the Wonder Stone Hotel. Upon the completion of the Proposed Disposal and the receipt of the proceeds, the Group intends to repay the amounts owing to creditors, including third-party creditors (based on the prescribed repayment terms, if any), as well as companies related to Mr Sun Bowen. Notwithstanding that the loans extended by companies related to Mr Sun Bowen are interest-free and carry no fixed repayment dates, the loans were extended to the Group on the premise that repayment will be made upon the Group having the financial ability to do so.

The Board is of the opinion that the repayment of creditors, whether third-party creditors or otherwise, when the Group has the financial ability to do so, is an ethical business practice and is appropriate at this juncture, given that the amounts extended by such creditors to be repaid are in relation to the Disposal Assets. The failure to repay creditors, whether third-party or otherwise, may expose the Group to potential legal suits which are detrimental to the interest of the Company and minority shareholders. In addition, the Board believes that the amount of net proceeds from the Proposed Disposals set aside for future acquisitions, as described in Section 3.4, is (a) in line with potential business investments which the Company has been exploring; and (b) is approximately the amount remaining after repayment of existing liabilities as described above and in Section 3.4. The use of proceeds from the Proposed Disposals was determined by the Board and management after internal discussions and consultations on future plans for the Group, and the Board is of the view that the uses of proceeds from the Proposed Disposals are in line with the best interests of the Company and its minority shareholders as at the Latest Practicable Date.

### **3. THE PROPOSED HOTEL DISPOSAL**

#### **3.1 Information on the Hotel Purchaser**

*Shareholders should note that information relating to the Hotel Purchaser in this Section and elsewhere in this Circular has been provided by the Hotel Purchaser. The Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Directors and the Company for the purpose of such information has been to ensure that such information has been accurately and correctly extracted and reproduced in this Circular in its proper form and context.*

The Hotel Purchaser is a state-owned enterprise of the PRC.

As at the Latest Practicable Date, the Hotel Purchaser (i) does not have any existing interest (whether direct or deemed) in the Shares and (ii) is not related to any of the Directors, controlling Shareholders of the Company, or their respective associates.

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## LETTER TO SHAREHOLDERS

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### 3.2 Information on the Wonder Stone Hotel and Hotel Land

The Wonder Stone Hotel, including the land on which it sits on, is situated on the fringe of the boundary of the Wonder Stone Park. The Wonder Stone Hotel is a 3-storey hotel that officially commenced operations in late September 2019 and features an assortment of hotel rooms, conference rooms as well as banquet halls. The assets to be sold with the Wonder Stone Hotel include furniture, trees and plants located within the premises of the Wonder Stone Hotel.

The land on which the Wonder Stone Hotel is situated (the “**Hotel Land**”) is presented as land use rights in the financial statements of the Group and is located in Fei County, Linyi City in the Shandong Province of PRC with an approximate land area of 24,158 square meters.

### 3.3 Principal Terms of the Proposed Hotel Disposal

#### (a) The Proposed Hotel Disposal

Under the terms of the Asset Transfer Agreement, Fei County Wonder Stone shall sell to the Hotel Purchaser, and the Hotel Purchaser shall acquire from Fei County Wonder Stone, the Wonder Stone Hotel (including certain assets in the Wonder Stone Hotel) and the rights to the Hotel Land, on the terms and conditions of the Asset Transfer Agreement. The Hotel Land is owned by the Group but is presented as land use rights in the financial statements of the Group.

#### (b) Consideration for the Proposed Hotel Disposal

*Shareholders should note that information relating to the PRC Valuer in this Section and elsewhere in this Circular has been provided by the PRC Valuer. The Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Directors and the Company for the purpose of such information has been to ensure that such information has been accurately and correctly extracted and reproduced in this Circular in its proper form and context.*

The aggregate consideration for the Proposed Hotel Disposal is RMB87,000,000 (approximately S\$16,730,970) (the “**Hotel Consideration**”).

The Hotel Consideration was arrived at on a willing buyer willing seller basis. In the negotiations of the Hotel Consideration, the Hotel Purchaser, being a state-owned enterprise, took into account, current property market conditions in the PRC and the valuation by the PRC Valuer, the prevailing policy of the local government of not being allowed to acquire assets above market prices due to the difficulties in justifying such acquisitions from a public interest perspective and had therefore proposed a discount of approximately 10% to the valuation of the Wonder Stone Hotel and land use rights to the Hotel Land in deriving the Hotel Consideration which is typical in such transactions. The Company took into account, current property market conditions in the PRC and the book value of Wonder Stone Hotel and land use rights to the Hotel Land.

The local government of Fei County had commissioned the PRC Valuer (a PRC valuation company based in Linyi City, Shandong province with experience in the valuation of land, buildings and businesses) to conduct a valuation of the Wonder Stone Hotel and land use rights to the Hotel Land. The Company understands that such valuation stated that the valuation of the Wonder Stone Hotel and land use rights to the Hotel Land was RMB96,640,400 (approximately S\$18,584,915) as at a valuation date of 30 June 2022. While the Group understands that the Hotel Purchaser, being a state-owned enterprise, is bound by governmental rules which do not allow for asset acquisitions above the valuation price based on the valuation performed by their commissioned valuer, the Group agreed to the Hotel Consideration as it is a premium to the book value of the Wonder Stone Hotel and land use rights to the Hotel Land.

## LETTER TO SHAREHOLDERS

Subject to the Hotel Disposal Condition being satisfied, the Hotel Consideration shall be paid in cash by the Hotel Purchaser in the following manner:

- (a) RMB60,900,000 (approximately S\$11,711,679), representing 70% of the Hotel Consideration, within 60 days from the date of the Asset Transfer Agreement; and
- (b) RMB26,100,000 (approximately S\$5,019,291), representing the remaining 30% of the Hotel Consideration, within 60 days from the completion of the Proposed Hotel Disposal.

The Group understands that the payment structure of the Hotel Consideration is in accordance with the prevailing practice of the local government for such acquisitions.

(c) Condition Precedent to the Proposed Hotel Disposal

The completion of the Proposed Hotel Disposal is conditional on the Company having held an EGM and obtained approval from its shareholders for the Proposed Hotel Disposal (the “**Hotel Disposal Condition**”).

### 3.4 Use of Proceeds from the Proposed Hotel Disposal

The estimated net proceeds to be received by Fei County Wonder Stone and Fei County Inzone from the Proposed Hotel Disposal, after deducting estimated taxes, related professional fees and other associated transaction costs, is approximately RMB80,000,000 (approximately S\$15,384,800). The net proceeds from the Proposed Hotel Disposal is intended to be used by Fei County Wonder Stone and Fei County Inzone in the following manner:

| Use of Net Proceeds  | Amount   | Percentage Allocation |
|--|--|-----------------------|
| Repayment of existing liabilities, including the ED Loan and other third-party trade creditors of the Group in the PRC   | RMB60,000,000<br>(approximately<br>S\$11,538,600)        | 75.0%                 |
| To be repatriated to the Company for repayment of existing liabilities (including outstanding Directors’ fees, staff salaries, Controlling Shareholder’s loan and amounts owing to service providers) of the Group | RMB10,212,911<br>(approximately<br>S\$1,964,045)         | 12.8%                 |
| To be repatriated to the Company for working capital of the Group (including funding of the operations and growth of the Existing ID Business and expansion into the ID Business)                                  | RMB6,161,156<br>(approximately<br>S\$1,184,852)          | 7.7%                  |
| To be repatriated to the Company for future acquisitions by the Group  | RMB3,625,932<br>(approximately<br>S\$697,303)            | 4.5%                  |
| <b>Total</b>   | <b>RMB80,000,000</b><br>(approximately<br>S\$15,384,800) | <b>100%</b>           |

The net proceeds from the Proposed Hotel Disposal will be received in Fei County Wonder Stone’s bank account in the PRC and will be utilized by Fei County Wonder Stone and Fei County Inzone in the manner stated in the table above.

While operating in the PRC contains certain inherent uncertainties and risks, such as the exchange controls risks arising from exchange controls in relation to the repatriation of RMB proceeds outside of the PRC and the risk that the Group may potentially be held liable for any

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## LETTER TO SHAREHOLDERS

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unauthorised actions by the legal representatives of its PRC subsidiaries in relation to the disbursement of funds held by such PRC subsidiaries, the Group's subsidiaries in the PRC have historically not encountered any difficulty in repatriating RMB to the Company and the Group will also put in place internal control procedures to ensure that payments require proper approvals and there is prior authorisation as to delegation of authority as described below.

Upon receipt of the net proceeds from the Proposed Hotel Disposal in its bank account, the following disbursements of such net proceeds by Fei County Wonder Stone and Fei County Inzone will require the prior approval of the Company and the Board (i) any disbursements exceeding RMB300,000 and (ii) any disbursements resulting in the aggregate value of all disbursements to a single counterparty exceeding RMB300,000 (approximately S\$57,690). For the avoidance of doubt, any disbursements of the net proceeds are to be made in accordance with the Projected Expenses and are further subject to applicable Rule 1017 Escrow Requirements (unless such applicable Rule 1017 Escrow Requirements are waived by the SGX-ST pursuant to the Company's waiver application referred to in Section 9.3(a) below). In addition, a bank statement of Fei County Wonder Stone's bank account, which holds the net proceeds from the Proposed Hotel Disposal, will be furnished to the Company and the Board on a weekly basis with a listing of the amounts disbursed until such time as the net proceeds from the Proposed Hotel Disposal have been fully utilized in accordance with the use as set out above.

Upon receipt of the repatriated RMB by the Company, any disbursement will require the authorisation of any two (2) Directors, one of which must be an independent director of the Company. Similarly, any disbursements of the net proceeds are further subject to applicable Rule 1017 Escrow Requirements (unless such applicable Rule 1017 Escrow Requirements are waived by the SGX-ST pursuant to the Company's waiver application referred to in Section 9.3(a) below).

In the event that the Group is unable to procure the repatriation of the net proceeds from the Proposed Hotel Disposal (which are in RMB) to Singapore due to any restrictions on Fei County Wonder Stone and Fei County Inzone or pursuant to exchange controls, and with a view towards ensuring that any disbursement of such proceeds are properly authorized, the Group intends to direct the management of Fei County Wonder Stone to deposit the RMB net proceeds from the Proposed Hotel Disposal proceeds in a PRC bank account to be opened and controlled by the Directors where any disbursement will require the authorisation of any two (2) Directors, one of which must be an independent director of the Company, while the Company resolves any repatriation issues. Again, any disbursements of the net proceeds are further subject to applicable Rule 1017 Escrow Requirements (unless such applicable Rule 1017 Escrow Requirements are waived by the SGX-ST pursuant to the Company's waiver application referred to in Section 9.3(a) below).

Pending the deployment for the uses identified above, the net proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

Please refer to Section 2.4 of the Circular for further information on the rationale for the use of proceeds from the Proposed Disposals.

#### 4. RATIONALE FOR THE PROPOSED DISPOSALS

The Group had previously been granted 50 years of operating rights in respect of Wonder Stone Park commencing from May 2017 and expiring on 28 December 2067 (the "**Operating Rights**") with a view for the Group to develop and commercialise the Wonder Stone Park. As announced by the Company on 27 June 2022, the Group had on 22 June 2022 entered into an agreement (the "**Withdrawal Agreement**") with a state-owned enterprise representing the local government of the PRC to withdraw the Operating Rights due to differences in the direction of development. The withdrawal of the Operating Rights was deemed to be effective on 22 June 2022 and the local government of the PRC and the operations of the Wonder Stone Park have since been handed over to the local government. Please refer to the Company's announcements dated 22 June 2022 and 30 June 2022 for further information on the Withdrawal Agreement and the withdrawal of the Operating Rights.

While the Disposal Assets are unaffected by the Withdrawal Agreement, with the Wonder Stone Hotel remaining in operation, the development of the Land (including the Hongyun Lake Project) has been adversely affected and delayed as a result of the COVID-19 measures put in place by the authorities. Similarly, the Wonder Stone Hotel had been also operating under COVID-19 precautionary measures which had negatively impacted revenue.

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## LETTER TO SHAREHOLDERS

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The recent relaxation of COVID-19 measures announced by the PRC government are expected to enable the gradual recovery into normalcy going forward. Notwithstanding this, the recent surge in COVID-19 cases within the PRC following the relaxation of COVID-19 measures has brought about uncertainty on its economic recovery in the short-term. Coupled with the withdrawal of the Operating Rights and support by the local authorities, the Group is of the view that the Proposed Disposals are in the best interests of the Company as it provides a good opportunity to the Group to unlock the value of the Disposal Assets and to focus on its remaining interior design business and any other new opportunities.

Please refer to Section 9.4 for further information on the future plans and prospects of the Company.

### 5. FINANCIAL INFORMATION RELATING TO THE DISPOSAL ASSETS

#### 5.1 Book Value of the Disposal Assets

Based on the latest unaudited financial statements of the Group for FY2022:

- (a) the book value of the land use rights to the Land was S\$4,480,000 and the excess of the Land Consideration over the book value of the land use rights to the Land is approximately S\$1,071,000;
- (b) the book value of the Wonder Stone Hotel and land use rights to the Hotel Land was S\$16,172,000 and the excess of the Hotel Consideration over the book value of the Wonder Stone Hotel and land use rights to the Hotel Land is approximately S\$499,000; and
- (c) the book value of the Disposal Assets was S\$20,652,000 and the excess of the Aggregate Consideration over the book value of the Disposal Assets is approximately S\$1,570,000.

#### 5.2 NTA

Based on the latest unaudited financial statements of the Group for FY2022:

- (a) the NTA of the land use rights to the Land was nil;
- (b) the NTA of the Wonder Stone Hotel and land use rights to the Hotel Land was S\$16,172,000; and
- (c) the NTA of the Disposal Assets was S\$16,172,000.

#### 5.3 Gain on Disposal

The gain on the Proposed Land Disposal and the Proposed Hotel Disposal is approximately S\$871,000 and S\$299,000 respectively, taking into account the estimated expenses incurred in relation to the Proposed Land Disposal and Proposed Hotel Disposal respectively.

The gain on the Proposed Disposals is approximately S\$1,170,000, taking into account the estimated expenses incurred in relation to the Proposed Disposals.

#### 5.4 Valuation

##### (a) Valuation of the Disposal Assets

Under Rule 1014(5) of the Catalist Rules, the Company must appoint a competent and independent valuer to value the Disposal Assets the relative figures computed on the bases set out in Rules 1006(a) and 1006(c) of the Catalist Rules in respect of the Proposed Disposals exceed 75%.

The Company commissioned Kroll Singapore Pte Ltd (the “**Independent Valuer**”) to conduct an independent valuation on the market value of the (i) land use rights in respect of the Land and (ii) the business of the Wonder Stone Hotel. According to the summary of the valuation report dated 12 January 2023 issued by the Independent Valuer (the “**Valuation Summary Letter**”) and subject to the bases and assumptions contained in the Valuation Summary Letter, as at the valuation date of 30 September 2022:

- (i) the land use rights in respect of the Land has a market value of between RMB30.4 million and RMB32.2 million, with a base value of RMB31.3 million, using the market approach; and

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## LETTER TO SHAREHOLDERS

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- (ii) the business of the Wonder Stone Hotel has a market value of between RMB80.3 million and RMB90.0 million, with a base enterprise value of RMB84.8 million, using the discounted cash flow method (a form of the income approach<sup>2</sup>)<sup>3</sup>.

Please refer to the Valuation Summary Letter set out in Appendix A to this Circular for further details.

The Land Consideration of RMB28,969,115 (approximately S\$5,571,051) is not materially less than the valuation range of the land use rights in respect of the Land as contained in the Valuation Summary Letter, and the Hotel Consideration of RMB87,000,000 (approximately S\$16,730,970) falls within the valuation range of the business of the Wonder Stone Hotel as contained in the Valuation Summary Letter.

For the avoidance of doubt, notwithstanding any difference in the value of the business of the Wonder Stone Hotel derived by the Independent Valuer from the value derived by the PRC Valuer for the Wonder Stone Hotel and land use rights to the Hotel Land, no adjustments to the Hotel Consideration will be made. The outcome of the valuation by the Independent Valuer will also not result in any adjustments to the Land Consideration. This is in line with the agreed terms with the Land Purchaser and Hotel Purchaser as the Land Purchaser and Hotel Purchaser (both belonging to the local government of Fei County of Shandong Province) indicated that they will only rely on the current land and property prices, the prevailing policy of the local government of not being allowed to acquire assets above market prices due to difficulties in justifying such acquisitions in deriving the Land Consideration and Hotel Consideration respectively and as detailed in Sections 2.3(b) and 3.3(b) above. For the purpose of good corporate governance, the Independent Valuer has been engaged to provide an independent valuation of the Disposal Assets to provide a reference for the Shareholders.

(b) Information on the Independent Valuer

*Shareholders should note that information relating to the Independent Valuer in this Section and elsewhere in this Circular has been provided by the Independent Valuer. The Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Directors and the Company for the purpose of such information has been to ensure that such information has been accurately and correctly extracted and reproduced in this Circular in its proper form and context.*

The Independent Valuer is Kroll Singapore Pte Ltd (formerly known as Duff & Phelps Singapore Pte Ltd) (“**Kroll**”). Kroll is a global organisation experienced in independent valuations and also provides independent risk and financial advisory solutions worldwide. Kroll’s team of more than 6,500 professionals worldwide continues the firm’s nearly 100-year history of trusted expertise spanning risk, governance, transactions and valuation. As a provider of independent valuations, Kroll (formerly known as Duff & Phelps) helps its clients satisfy regulatory reporting requirements, make confident investment decisions, maximize value and manage risk.

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- 1 The market (sales comparison) approach is a technique used to estimate value from an analysis of actual transactions or offerings for economically comparable business available as of the valuation date. The process is essentially that of comparison and correlation between the subject business and similar business which have recently been sold or are offered for sale in the market. The transaction or offering prices of the comparable business may be adjusted for dissimilarities in characteristics including status/stage, location, time of sale, growth and size, and among others. The adjusted prices of the comparable business provide an indication of value for the subject business.
- 2 The income approach explicitly recognizes that the current value of the business is premised on the expected receipt of future economic benefits to be generated over its remaining life. These benefits can be in the form of earnings, net income, cash flow, or other measures of profitability and should include the proceeds from final disposition as well as cost savings and tax deductions. Value indications are developed by discounting expected benefits to their present value at the required rate of return that incorporates the time value of money and risks associated with the particular asset. The discount rate selected is generally based on expected rates of return available from alternative investments of similar type, quality, and risk as of the valuation date.
- 3 The Independent Valuer did not use the market approach methodology in valuing the Wonder Stone Hotel as such methodology did not capture the expected recovery and turnaround in the financial performance of the business of the Wonder Stone Hotel going forward during the forecast period and due to limited market data available for comparable publicly-traded companies. Further, the income approach is premised on the fact that the Wonder Stone Hotel has the right to use the Hotel Land and the accompanying land use rights (and all other assets required to operate the Wonder Stone Hotel) and hence there is no separate valuation of the land use rights in respect of the Hotel Land but the value of such rights is reflected within the value of the Wonder Stone Hotel.



## LETTER TO SHAREHOLDERS

### 6. THE PROPOSED DISPOSALS AS A MAJOR TRANSACTION

The relative figures for the Proposed Land Disposal, the Proposed Hotel Disposal and the Proposed Disposals (i.e. the Proposed Land Disposal and the Proposed Hotel Disposal on an aggregated basis) computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

| Rule 1006 |  | Relative Figures              |                          |                          |
|-----------|--|-------------------------------|--------------------------|--------------------------|
|           |  | Proposed Land Disposal        | Proposed Hotel Disposal  | Proposed Disposals       |
| (a)       | The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.  | 78.0% <sup>(1)</sup>          | 281.7% <sup>(1)</sup>    | 359.8% <sup>(1)</sup>    |
| (b)       | The net profits/(losses) attributable to the assets to be disposed of, compared with the Group's net profits/(losses)  | (0.2)% <sup>(2)</sup>         | (1.0)% <sup>(2)</sup>    | (1.2)% <sup>(2)</sup>    |
| (c)       | The aggregate value of the consideration given received compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares   | 47.0% <sup>(3)(4)</sup>       | 141.0% <sup>(3)(4)</sup> | 187.8% <sup>(3)(4)</sup> |
| (d)       | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue   | Not applicable <sup>(5)</sup> |                          |                          |
| (e)       | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. | Not applicable                |                          |                          |

**Notes:**

- (1) The net asset value of the (i) land use rights to the Land; (ii) Wonder Stone Hotel and land use rights to the Hotel Land; and (iii) Disposal Assets (as defined below) was S\$16,172,000, S\$4,480,000 and S\$20,652,000 as at 30 June 2022 respectively. The net asset value of the Group as at 30 June 2022 was S\$5,740,000.
- (2) The net loss attributable to the (i) land use rights to the Land; (ii) Wonder Stone Hotel and land use rights to the Hotel Land; and (iii) Disposal Assets was S\$126,000, S\$766,000 and S\$892,000 as at 30 June 2022 respectively. The net loss attributable to the Group as at 30 June 2022 was S\$76,675,000.
- (3) Based on the Land Consideration of S\$5,571,051, Hotel Consideration of S\$16,730,970 and the Aggregate Consideration of S\$22,302,021, respectively.
- (4) Based on the Company's market capitalisation S\$11,866,560 as at the Last Trading Day. The market capitalisation of the Company is determined by multiplying the number of Shares in issue (being 789,000,000 Shares, excluding treasury shares) by the volume weighted average price of S\$0.01504 of the Shares transacted on the Last Trading Day.
- (5) Not applicable as no equity securities are issued by the Company as consideration for the Proposed Disposals.

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## LETTER TO SHAREHOLDERS

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The relative figures computed pursuant to Rule 1006(b) of the Catalist Rules involve net loss figures which are negative. Pursuant to Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules, or if not so provided, at the discretion of the SGX-ST, in which case, the Sponsor should consult the SGX-ST. Based on the relative figures computed above, the Proposed Disposals do not fall within any of the situations in paragraphs 4.3 and 4.4 of Practice Note 10A of the Catalist Rules and accordingly, Rule 1014 of the Catalist Rules applies to the Proposed Disposals.

In any event, as the relative figures computed on the bases set out in Rules 1006(a) and (c) of the Catalist Rules exceed 50%, the Proposed Disposals constitute a “major transaction” as defined under Rule 1014 of the Catalist Rules and the Company is seeking Shareholders’ approval for the Proposed Disposals.

### 7. VOTING UNDERTAKINGS

Mr Wee Henry, Madam Li Shanhua, Madam Sun Xiaohui, and Mr Lim Hung, being Shareholders that collectively own and/or control 398,643,225 Shares, representing approximately 50.5% of the issued and paid-up share capital of the Company (excluding treasury shares), have each provided a letter of irrevocable undertaking on 12 December 2022 (the “**Voting Undertaking**”) in favour of the Company undertaking to vote in favour of the Proposed Disposals at the EGM and that they will not sell, transfer or otherwise dispose of any part of their Shares pending the close of the EGM or the termination of the Land Use Rights Re-acquisition Agreement and/or Asset Transfer Agreement, whichever is earlier.

### 8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSALS

#### 8.1 Assumptions

The pro forma financial effects of the Proposed Disposals are based on the unaudited financial statements of the Group for FY2022 and the following assumptions:

- (a) the financial effects set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Company and the Group after the Proposed Disposals; and
- (b) the total expenses in relation to the Proposed Disposals have not been taken into consideration.

#### 8.2 NTA/NTL

Assuming that the Proposed Disposals had been completed on 30 June 2022, being the end of the most recently completed financial year of the Group, the effect on the NTA per Share is as follows:

|   | Before the Proposed Disposals | After the Proposed Land Disposal only | After the Proposed Hotel Disposal only | After the Proposed Disposals |
|---|-------------------------------|---------------------------------------|--|------------------------------|
| NTA/(NTL) (S\$'000)                       | (2,780)                       | 2,771                                 | (2,281)                                | 3,270                        |
| Number of ordinary shares in issue ('000) | 789,000                       | 789,000                               | 789,000                                | 789,000                      |
| NTA/(NTL) per Share (S\$ cents)           | (0.35)                        | 0.35                                  | (0.28)                                 | 0.42                         |

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## LETTER TO SHAREHOLDERS

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### 8.3 LPS

Assuming that the Proposed Disposals had been completed on 1 July 2021, being the beginning of the most recently completed financial year of the Group, the effect on the LPS is as follows:

|  | <b>Before the Proposed Disposals</b> | <b>After the Proposed Land Disposal only</b> | <b>After the Proposed Hotel Disposal only</b> | <b>After the Proposed Disposals</b> |
|--|--------------------------------------|--|---|-------------------------------------|
| Loss attributable to shareholders of the Company (S\$'000) | 76,675                               | 76,549                                       | 75,909  | 75,783                              |
| Weighted average number of shares                          | 789,000                              | 789,000                                      | 789,000                                       | 789,000                             |
| LPS (S\$ cents)  | 5.31                                 | 5.30   | 5.26  | 5.25                                |

### 8.4 Share Capital

The Proposed Disposals will not have any effect on the share capital of the Company.

## 9. STATUS AS A CASH COMPANY

### 9.1 Cash Company

With the completion of the Proposed Disposal, the remaining core business of the Group is its interior design business operated under Winco. While the interior design business is generating revenue and profits for the Group, the Board is of the opinion that the existing order book of Winco may not be able to generate profits sufficient to meet the expenses of the Company as a listed company.

If the Company has not acquired any material assets for its existing interior design business or any other businesses before the completion of the Proposed Disposals, upon completion of the Proposed Disposals, the Company's remaining assets will comprise substantially of cash and non-current assets, being the Existing ID Business and investments in subsidiary corporations which do not have significant business activities. In such case, the Company will therefore be deemed to be a cash company pursuant to Rule 1017 of the Catalist Rules upon completion of the Proposed Disposals.

### 9.2 Rule 1017 of the Catalist Rules

Under Rule 1017(1) of the Catalist Rules, if the assets of the Company consist wholly or substantially of cash or short-dated securities, the Company must consult the Sponsor and notify the SGX-ST. The Shares would normally be suspended from trading until the Company has a business which is able to satisfy the SGX-ST's requirements for a new listing, and all relevant information has been announced.

Upon completion of the Proposed Disposals, the Company is required to:

- (a) place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the disposal(s) undertaken by the Company) in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the MAS (the "**Escrow Account**"). The amount that is placed in the Escrow Account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by the Shareholders and pro-rata distributions to the Shareholders (the "**Rule 1017 Escrow Requirements**"); and
- (b) provide monthly valuation of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business, to the market via SGXNET.

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## LETTER TO SHAREHOLDERS

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Taking into account compliance with Rules 1017(1)(a) and 1017(1)(b) of the Catalist Rules, the SGX-ST may allow continued trading in the Shares on a case-by-case basis, subject to:

- (i) contractual undertakings from the Directors, Controlling Shareholders, chief executive officer and their associates, to observe a moratorium on the transfer or disposal of all their interests, direct and indirect, in the Shares; and
- (ii) the period of the moratorium commencing from date of the EGM, up to and including the completion date of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing,

(collectively, the “**Rule 1017 Moratorium Undertakings**”).

### 9.3 Application to the SGX-ST

#### (a) Waiver of the Escrow Requirements

On the basis that the Proposed Disposals will be completed, the Company has on the date of this Circular, through the Sponsor, submitted an application to the SGX-ST for a partial waiver in respect of the Rule 1017 Escrow Requirements.

Based on the latest available financial statements of the Group, being the audited financial statements for FY2022, the cash and cash equivalents standing to the credit of the Group is approximately S\$405,000 as at 30 June 2022<sup>4</sup>. Pursuant to the Proposed Disposals, it is expected that approximately S\$3,846,200, out of the total net proceeds to be received from the Proposed Disposals will be repatriated to the Company for repayment of existing liabilities of the Group, working capital and future acquisitions by the Group. Please refer to Sections 2.4 and 3.4 for further information on the breakdown for the use of proceeds from the Proposed Disposals.

The Company is seeking a waiver of the Rule 1017 Escrow Requirements in respect of all the cash and cash equivalents standing to the credit of the Group as at the date on which the Escrow Account is opened but excluding the Escrowed Cash (the “**Free Cash**”). For the avoidance of doubt, the Escrowed Cash will be deposited into the Escrow Account and subject to the Rule 1017 Escrow Requirements.

The “**Escrowed Cash**” refers to the amount of RMB3,625,932 (approximately S\$697,303), being the amount of net proceeds from the Proposed Disposals allocated for future acquisitions as described in Section 3.4.

The Company is seeking a partial waiver from the Rule 1017 Escrow Requirements in respect of the Free Cash on the following bases:

- (i) the Company has Winco, an existing operating subsidiary in Singapore that is engaged in the Existing ID Business. While the Company will become a cash company upon the completion of the Proposed Disposals and the existing order book of Winco may not be able to generate sufficient profits to meet the expenses of the Company as a listed company, Winco remains operational. In the event that 90% of the existing cash balance of the Group (including the cash balances of Winco) has to be placed in the Escrow Account, Winco will not be able to meet its working capital needs and continue its operations, including the payment of employees' salaries and suppliers;
- (ii) in anticipation of the organic growth of the Group's Existing ID Business and the expansion into the ID Business, the Company is seeking the approval of Shareholders at the EGM for the Proposed Diversification. Part of the net proceeds from the Proposed Disposals are intended to be repatriated to the Company for working capital (including funding of the operations and growth of the Existing ID Business and expansion into the ID Business), including the contemplated opening of a new physical showroom in Singapore;

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<sup>4</sup> As of the Latest Practicable Date and prior to the receipt of the net proceeds from the Proposed Disposals, the cash and cash equivalents standing to the credit of the Group (following the payment of service provider fees that are due prior to the completion of the Proposed Disposals) will not be a material amount.

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## LETTER TO SHAREHOLDERS

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- (iii) Winco is in preliminary discussions with an industry peer to collaborate and jointly undertake a project. Upon the successful procurement of this project, further commitments to existing or new machinery, tools, manpower and its related costs are required. As Winco is a new company with a limited track record, it faces challenges in obtaining external bank loans, notwithstanding that Winco has a previous track record of operating as a sole-proprietorship since 1998. The Company will be tapped to fund the cash flow requirements of Winco to enable the project to be completed;
- (iv) based on the Group's latest available financial statements, being the audited financial statements for FY2022, as of 30 June 2022, the Company has existing liabilities of S\$1.59 million, relating to outstanding Directors' fees and staff salaries, Controlling Shareholder's loan and amounts owing to service providers. To ease the cash flow requirements of the Company, the executive Directors and management had voluntarily deferred the payment of their salaries, with the deferment periods ranging from three (3) months to two (2) years, and the independent Directors had voluntarily deferred their independent Directors' fees since 2021, following the adverse impact arising from the COVID-19 pandemic on the business of the Group. Further, the Controlling Shareholder had also provided loan advances to assist the Group with its working capital. Given that these amounts are owing, the Group intends to use part of the net proceeds of the Proposed Disposals to be repatriated to Singapore for the repayment of such existing liabilities;
- (v) based on the above uses of cash, a projection of the Company's average monthly cash outflow for its day-to-day operating expenses for the 12-month time period has been conducted by the management of the Company (the "**Projected Expenses**"). The Board is of the view that the Projected Expenses will be required to ensure that the Company continues its operations with a management team of appropriate experience and expertise in order to successfully grow the Existing ID Business of Winco and expand into the ID Business, and pursue and complete an acquisition for a new business which is able to meet the SGX-ST's requirements for a new listing, as well as to ensure that the Company continues to meet its continuing listing obligations. The Board has reviewed the basis for the Projected Expenses and is satisfied with the reasons for such Projected Expenses and the use of such Projected Expenses will be carried out in accordance with the safeguards set out in the sub-paragraphs below. In the event of any material amendments or deviations to the uses, prior approval of the Board shall be required;
- (vi) notwithstanding that the Free Cash will not be deposited into the Escrow Account, the Board and finance management staff will continuously monitor the utilisation of cash on a monthly basis to ensure that it is in line with the Projected Expenses and to undertake strict cash flow management measures to prevent the unnecessary depletion of the cash and cash equivalents of the Company. In addition, the Company will, in accordance with Catalist Rule 1017(1)(b), provide monthly valuations of its assets and utilisation of cash to the market via SGXNET, and the Company's Sponsor will review the such announcements for alignment with the Projected Expenses; and
- (vii) the Company also has in place internal controls to safeguard the Free Cash. Upon receipt of the net proceeds from the Proposed Disposals in its bank account, the following disbursements of such net proceeds by Fei County Wonder Stone and Fei County Inzone will require the prior approval of the Company and the Board (i) any disbursements exceeding RMB300,000; and (ii) any disbursements resulting in the aggregate value of all disbursements to a single counterparty exceeding RMB300,000 (approximately S\$57,690). For the avoidance of doubt, any disbursements of the net proceeds are to be made in accordance with the Projected Expenses and further subject to applicable Rule 1017 Escrow Requirements (unless such applicable Rule 1017 Escrow Requirements are waived by the SGX-ST pursuant to the Company's waiver application referred to in this Section 9.3(a). In

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## LETTER TO SHAREHOLDERS

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addition, a bank statement of Fei County Wonder Stone's bank account, which holds the net proceeds from the Proposed Disposals, will be furnished to the Company and the Board on a weekly basis with a listing of the amounts disbursed until such time as the net proceeds from the Proposed Disposals have been fully utilized in accordance with the use as set out in Sections 2.4 and 3.4 above. Upon receipt of the repatriated RMB by the Company, any disbursement will require the authorisation of any two (2) Directors, one of which must be an independent director of the Company. Similarly, any disbursements of the net proceeds are further subject to applicable Rule 1017 Escrow Requirements (unless such applicable Rule 1017 Escrow Requirements are waived by the SGX-ST pursuant to the Company's waiver application referred to in this Section 9.3(a)). Additionally, all management accounts of the Company are required to be approved by the executive Directors.

For the reasons set out above, the Board is of the view that compliance with the Rule 1017 Escrow Requirements in respect of the Free Cash will not be in the best interests of the Company and its stakeholders and is therefore seeking a partial waiver from compliance with the Rule 1017 Escrow Requirements in respect of the Free Cash accordingly.

The Company will make further announcements on the outcome of the waiver application in due course.

(b) Continued Trading in the Shares

The Company intends to maintain its listing status and to continue the trading of the Shares on Catalist. The Company has, through the Sponsor, submitted an application to the SGX-ST on the date of this Circular for consent for the continued trading of the Shares on Catalist upon completion of the Proposed Disposals,

The Company has provided the Rule 1017 Moratorium Undertakings from its executive Directors, Mr. Tan Keng Keat and Mr. Sun Bowen, and its controlling shareholder, Mr. Wee Henry, in connection with the application to the SGX-ST.

The Company will make further announcements on the outcome of the above application in due course.

### 9.4 **Prospects of the Company**

The Company is currently considering all options available after it becomes a cash company upon the completion of the Proposed Disposals, including exploring the growth of the Existing ID Business and expansion into the ID Business and the acquisition of potential businesses and assets which can satisfy the listing requirements of the SGX-ST in order to provide sustainable long-term growth for the Company and to generate value for Shareholders.

The Group has been taking steps to grow the Existing ID Business. As part of the future plans of the Company as determined by the Board and management, the Company is in the process of exploring new business opportunities to grow the Existing ID Business, including holding talks with companies complementary to the Existing ID Business, pursuing and completing an acquisition of a company in the ID Business which is able to meet the SGX-ST's requirements for a new listing. Winco is contemplating the opening of a new physical showroom in Singapore and is in preliminary discussions with an industry peer to collaborate and jointly undertake a project. The Company will be tapped to fund the cash flow requirements of Winco to enable the project to be completed.

The Company has also identified or has been approached and is in the process of holding discussions on other potential business investments. These potential business investments include (a) an interior designing company based in Singapore for collaboration, joint tendering and property development; (b) a manufacturer of props for events (which is complementary to the Group's interior design business) based in Singapore; (c) an asset management company based in Singapore which specializes in the property industry; (d) a food and beverage chain of

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## LETTER TO SHAREHOLDERS

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restaurants from Hong Kong interested to cultivate the Singapore market; (e) a pharmaceutical company based in Singapore offering a variety of pharmaceutical products; and (f) an international company based in Dubai offering innovative healthcare technologies and services.

As at the Latest Practicable Date, there are no plans for any Board and/or management changes upon the completion of the Proposed Disposal. In the event that the Company formalises any agreement to acquire a business that requires the approval of shareholders under Chapter 10 of the Catalist Rules or otherwise, the Company will seek the approval of Shareholders as appropriate, in compliance with the Catalist Rules.

In the event that the Company requires further funding for a business acquisition, the Company will consider all fund-raising options available, including but not limited to share placements and rights issues.

The Company will make announcements as and when appropriate when a definitive decision on its future plans has been reached and will also provide the quarterly updates required under 1017(1)(b) of the Catalist Rules.

Shareholders should note that pursuant to Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove the Company from the Catalist if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The Company may, through the Sponsor, apply to the SGX-ST for a maximum six-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the six-month extension period. The extension shall be subject to the Company providing information to Shareholders on its progress in meeting key milestones in the transaction. In the event that the Company is unable to meet its milestones or complete the relevant acquisition despite the extension granted, no further extension shall be granted and the Company shall be required to delist and a cash exit offer in accordance with Rule 1308 of the Catalist Rules shall be made to Shareholders within six (6) months.

### 10. THE PROPOSED DIVERSIFICATION

#### 10.1 Existing Business of the Group

Following the completion of the Proposed Disposals, the Group's remaining business will comprise of the Existing ID Business which is currently undertaken by its 51%-owned subsidiary, Winco. The Group's 51% stake in Winco was acquired on 19 August 2022, for a consideration of \$51,000 (the "**Winco Acquisition**").

As of the Latest Practicable Date, Winco is engaged mainly in the Existing ID Business and has eight (8) employees (including Mr Loh Siong Keng) who are experienced in interior design, renovation, and construction related work. Please refer to Section 10.7 for further information on the joint venture partner.

#### 10.2 The Proposed Diversification

In its previous announcements dated 30 June 2022 and 22 July 2022, the Company had stated that the completion of the Winco Acquisition was within its existing business<sup>5</sup> and would not change the risk profile of the Group for the following reasons:

- (a) the Winco Acquisition would not result in the reduction of the Company's net profits or net asset value by 20% or more, based on the latest audited financial statements;
- (b) Winco had been profitable for the last three years and was not in a net liability position;
- (c) the Winco Acquisition would be funded internally and would not have a significant adverse impact on the Company's gearing;

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<sup>5</sup> The existing business of the Company at the time (prior to the completion of the Proposed Disposal) was the property development business including the Existing ID Business.

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## LETTER TO SHAREHOLDERS

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- (d) Winco operates in Singapore where the Company is based and had also been operating in as recent as 2018 where the Company had properties that were rented out.

Notwithstanding the above, subsequent acquisitions by the Company in the ID Business will be aggregated within 12 months and where the aggregated figures, for the purpose of computing Rule 1006 of the Catalist Rules, exceed the relevant threshold or where there is a change in risk profile with such subsequent acquisitions, the Company is required to seek the approval of Shareholders for such acquisitions and any diversification of business pursuant to Chapter 10 of the Catalist Rules.

As mentioned in Sections 9.1 and 9.4 of this Circular following the completion of the Proposed Disposals, the remaining business of the Group is its Existing ID Business operated under Winco. The Existing ID Business is generating revenue and profits for the Group. The Company is currently considering all options available after it becomes a cash company upon the completion of the Proposed Disposals, including exploring the growth of the Existing ID Business and expansion into the ID Business (subject to approval by Shareholders of the Proposed Diversification). While Winco's existing order book may not presently be able to generate profits sufficient to meet the expenses of the Company as a listed company, the Group has been taking steps to grow the Existing ID Business and to expand the ID Business (subject to approval by Shareholders of the Proposed Diversification). As part of the future plans of the Company as determined by the Board and management, the Company is in the process of exploring new business opportunities to grow the interior design business, including holding talks with companies complementary to the existing interior design business. In particular, the Company is exploring potential investments in an interior designing company based in Singapore for collaboration, joint tendering and property development and a manufacturer of props for events (which is complementary to the Group's Existing ID Business).

In anticipation of organic growth of the Existing ID Business or expansion or potential subsequent acquisitions by the Company in the ID Business, with a view towards satisfying the SGX-ST's requirements for a new listing which may potentially change the risk profile of the Group, which may potentially change the risk profile of the Group, the Company is therefore seeking Shareholders' approval for the Proposed Diversification.

The scope of the Existing ID Business includes providing interior design services and renovation contractors, and this scope is intended to be expanded to include engaging in the planning, renovation, refurbishment or renewal of existing and new commercial, residential and mixed development properties, and the provision of related services and offerings.

The Group may also, as part of the expansion into the ID Business, acquire, invest in or dispose of shares or interests in any entity that is in the ID Business. The Group does not plan to restrict the ID Business to any specific geographical market as each investment will be evaluated and assessed by the Board on its merits. The Group may also explore joint ventures, partnerships, cooperation and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the ID Business as and when the opportunity arises.

The decision on whether an investment should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of the respective business, amount of investment required and risks associated with such an investment, nature of expertise required and economic conditions, taking into account the opportunities available.

Subject to Shareholders' approval for the Proposed Diversification at the EGM, should the Company pursue any of such business opportunities under the ID Business, such business activities shall constitute part of the ordinary course of business of the Company (where it does not change the risk profile of the Company), and the Company will make the requisite announcements to update Shareholders in accordance with the requirements of the Catalist Rules.



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## LETTER TO SHAREHOLDERS

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### 10.3 Rationale for the Proposed Diversification

The Group believes that the Proposed Diversification will contribute positively to the Company and provide the following benefits to the Group:

(a) ***Additional and recurrent revenue streams***

The Group is of the view that the growth of the Existing ID Business and expansion into the ID Business is expected to provide recurrent revenue streams for the Group. The Group will further grow the Existing ID Business and expand into the ID Business prudently by working with its strategic partners, with a view of enhancing shareholder value over the long-term and achieving long-term growth.

(b) ***Provision of revenue stream and income base***

The Proposed Diversification is expected to provide the Group with revenue stream following the completion of the Proposed Disposal and income base for future growth.

(c) ***Enhancement of Shareholders' value***

The Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with long-term growth. It may provide the Group with funds, which can be channeled towards the enhancement of Shareholders' value in the long-term. Additionally, the Company believes that the Proposed Diversification can offer more business opportunities with the growth of the Existing ID Business and expansion into the ID Business, provide the Group with revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company. It is expected that the ID Business will become one of the core businesses of the Company.

(d) ***Positive prospects in the interior design industry***

The construction sector is expected to experience growth with the easing of COVID-19 measures leading to a continued demand to complete projects that were delayed due to the COVID-19 pandemic. Demand for services relating to the interior designing industry is envisaged to remain high, with a number of public and private housing projects lined up for completion post COVID-19 measures, leading to the optimism of the Group in the positive prospects of the industry.

(e) ***Flexibility to enter into transactions relating to the ID Business in the ordinary course of business***

Subject to the Shareholders' approval of the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the ID Business, may be deemed to be in the Company's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Company may, in its ordinary course of business, enter into transactions relating to the ID Business and which will not change the risk profile of the Company, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the ID Business arise, subject to the exceptions as set out in Section 10.4 below. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

### 10.4 Requirements of the Catalist Rules

Chapter 10 of the Catalist Rules regulates transactions which are not in the ordinary course of business of a company and which are material, as determined based on certain relative figures computed with respect to the transaction and the company, including net asset value, net profits, the aggregate value of the consideration vis-à-vis market capitalisation of the company and equity securities. Specifically, a material transaction which is not in the ordinary course of business of a

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## LETTER TO SHAREHOLDERS

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company is required to be approved by shareholders of a company. In addition, a material transaction which changes the risk profile of the company is, notwithstanding that it is in the ordinary course of business of such company, required to be approved by shareholders of a company.

Catalist Rule 1002(1) provides that “transaction” generally refers to the acquisition or disposal of assets, or the provision of financial assistance, by an issuer or its subsidiary, including an option to acquire or dispose of assets. It excludes a transaction which is in, or in connection with, the ordinary course of its business or of a revenue nature.

As such, the compliance requirements prescribed under Catalist Rules 1010 and 1014 do not apply to transactions which are within the Company’s existing core business for so long as it is in the ordinary course of its business or of a revenue nature. Pursuant to Catalist Rule 1014, a “major transaction” is a transaction defined in Catalist Rule 1014(1) where any of the relative figures as computed on the bases set out in Catalist Rule 1006 exceeds 75.0% but is less than 100.0% in respect of an acquisition or 50.0% in respect of a disposal or the provision of financial assistance by an issuer or a subsidiary that is not listed on the SGX-ST or an approved exchange. A “major transaction” must be made conditional upon approval by shareholders in a general meeting. In the case where the transaction exceeds 5.0% but is less than 75.0% (for an acquisition) or 50.0% (for a disposal or provision of financial assistance) on the bases set out in Catalist Rule 1006, the transaction is defined as a disclosable transaction and an announcement requiring disclosure of the prescribed information set out in Catalist Rule 1010 will also be required.

Pursuant to Practice Note 10A of the Catalist Rules, shareholders’ approval is not required for an acquisition that is regarded to be in, or in connection with the ordinary course of an issuer’s business, if (a) the asset to be acquired is part of the issuer’s existing principal business; and (b) the acquisition does not change the issuer’s risk profile. Guidelines are provided under Practice Note 10A of the Catalist Rules on the assessment of what consists of “existing principal business” and “change of risk profile”. Further, Practice Note 10A of the Catalist Rules also states that a disposal of an issuer’s business (or a substantial part of its business) will usually not be considered to be in the ordinary course of business.

As the Company is considering all options available after it becomes a cash company upon the completion of the Proposed Disposals, including taking steps to expand and grow the Existing ID Business through organic growth, acquisitions (subject always to the requirements under the Catalist Rules) or otherwise, it is envisaged that such steps when undertaken in due course will change the existing risk profile of the Group materially, especially when taking into consideration the completion of the Proposed Disposals. Accordingly, the Company is convening the EGM to seek Shareholders’ approval to approve the Proposed Diversification.

Upon approval by Shareholders of the Proposed Diversification, any acquisition which is in, or is in connection with, the ID Business, would be in the Group’s ordinary course of business and therefore not fall under the definition of a “transaction” under Chapter 10 of the Catalist Rules even if the relative figures computed on the bases set out in Catalist Rule 1006 exceed the thresholds set out in Catalist Rule 1014, unless such transaction changes the risk profile of the Group or is subject to Catalist Rule 1015 on very substantial acquisitions or reverse takeovers. This will reduce substantially the administrative time and expenses in convening Shareholder meetings for any transactions in the ID Business, as well as provide the Group with greater flexibility to pursue business opportunities in the ID Business which may be time-sensitive in nature.

For the avoidance of doubt, notwithstanding that Shareholders’ approval of the Proposed Diversification is being sought:

- (a) where an acquisition of assets (whether or not the acquisition is deemed to be in the ordinary course of business of the Company) is one where any of the relative figures as computed on the bases set out in Catalist Rule 1006 exceeds 100.0% or results in a change in control of the Company, the transaction is classified as a very substantial acquisition or reverse takeover and would be subject to Catalist Rule 1015, and such transaction will be made conditional upon approval by Shareholders at a general meeting;

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## LETTER TO SHAREHOLDERS

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- (b) Practice Note 10A of the Catalist Rules will apply and Shareholders' approval would be required for any transaction (which falls within the definition as set out in Catalist Rule 1002(1)) which changes the risk profile of the Company;
- (c) when the Group enters into its first "major transaction" as defined under Catalist Rule 1014 (the "**First Major Transaction**") involving an acquisition of business or entity in the ID Business, or where any of the Catalist Rule 1006 figures in respect of several such acquisitions aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75.0%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval; and
- (d) where any transaction constitutes an "interested person transaction" as defined under Chapter 9 of the Catalist Rules, Chapter 9 of the Catalist Rules will apply to such transactions and the Company will comply with the relevant provisions.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls under sub-paragraphs (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules. In addition, the Company will be required to comply with any applicable and prevailing Catalist Rules as may be amended or modified from time to time.

### 10.5 Risk Factors of the Proposed Diversification

Having explained the Board's rationale for the Proposed Diversification, the Board acknowledges that there may be risks for the expansion of the Existing ID Business. This section sets out the risk factors which, to the best of the Directors' knowledge and belief, are material to Shareholders in making an informed judgment on the Proposed Diversification. The expansion and growth of the Existing ID Business involves a number of risks, including risks associated with the interior design industry, risks associated with the expansion of existing businesses and general competition and macro-economic risks.

The risks declared below are not intended to be exhaustive. New risk factors may emerge from time to time and it is not possible for the management to predict all risk factors, nor can the Company assess the impact of all factors on the ID Business or the extent to which any factor or combination of factors may affect the ID Business.

Some risks are not yet known to the Group and there may be risks which the Group currently believes are not material at present but may subsequently turn out to be. The risk factors set out in this section should not be construed as a comprehensive list of all risk factors relating to the expansion of the Existing ID Business.

**Shareholders should carefully consider and evaluate the risk factors and all other information contained in this Circular and consider the risk factors in light of your own investment objectives and financial circumstances before deciding whether to vote in favour of the Proposed Diversification. Shareholders should seek professional advice from your accountants, stockbrokers, bank managers, solicitors or other professional advisers if you have any doubt about the actions you should take.**

- (a) ***Winco is still building its order book and operating experience in the Existing ID Business***

Winco is currently still building its order book and operating experience in the Existing ID Business. Notwithstanding that Winco has a previous track record of operating as a sole-proprietorship since 1998, Winco, following its conversion into a company upon the completion of the Winco Acquisition and as a new company, has a limited track record in the Existing ID Business. There is no assurance that the Group's growth of the Existing ID Business and expansion into the ID Business will be commercially successful and that the Group will be able to derive sufficient revenue from the ID Business to offset the capital, start-up and/or acquisition costs as well as operating costs arising from the expansion into the ID Business. The growth of the Existing ID Business and expansion into the ID Business may require significant capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

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## LETTER TO SHAREHOLDERS

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The Group will also be affected by factors affecting the interior design industry in the regions where the Group ventures into, as well as the trends and developments in the interior design sector in general. The Group's future plans with regard to the ID Business may not be profitable, may not achieve profitability that justify the investments and/or acquisition costs made and may take a long period of time before the Group could realise any return.

Furthermore, such future plans and new initiatives could be capital intensive, and could also result in potentially dilutive issuances of equity securities, the incurrence of capital commitments, debt and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the financial performance of the Group. The Group may face significant financial risks before it can realise any benefits from its expansion into the ID Business and investments into the Existing ID Business and/or the ID Business.

Please refer to Section 10.3 (*Rationale for the Proposed Diversification*) of this Circular for the rationale for the Proposed Diversification.

(b) ***The profitability of the ID Business is partly dependent on the ability of the Group to price its products and services competitively for the ID Business***

The profitability of the ID Business is partly dependent on the Group's ability to price its products and services competitively. This, in turn, is based on factors such as the demand for interior design and other related services, costs of the Group's operations including salaries paid to employees as well as marketing and advertising fees. If the Group is unable to price its products and services competitively to attract prospective customers, and at the same time cover its operational costs, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

(c) ***The ID Business relies on the Group's ability to recruit and retain dedicated and qualified experts and personnel***

The Group is currently reliant on its 49% joint venture partner in Winco for his expertise in the Existing ID Business. Please refer to Section 10.7 for further information on the joint venture partner. There is a risk that if the 49% joint venture partner in Winco is unable to deliver his obligations or commitments under the joint venture (such as failure to perform according to the expertise expected of him), the Company may not have the necessary qualified personnel to operate the ID Business. In addition to the existing management team, the Company may recruit appropriate management resources for the ID Business to provide guidance, and/or approach investment partners to jointly undertake the projects coming within the ID Business. The Company cannot guarantee that it will not experience initial operational difficulties or disputes with its investment partners or that its operations will achieve the expected level of revenue and profitability. The growth of the Existing ID Business and expansion into the ID Business will be dependent on the Group's ability to identify, recruit, train and retain qualified employees to form a relevant and strong management team with the requisite technical expertise to oversee the operations of the ID Business. The competition for qualified personnel in the ID Business may be intense, and the loss of services of one or more of such individuals without adequate replacement, or the inability to attract qualified personnel at a reasonable cost could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

(d) ***The Group may face competition from existing competitors and new market entrants***

The market for the ID Business is evolving and competitive, and the Group expects competition to intensify. The Group will be competing with both established companies as well as potential new market entrants and such competition could reduce the Group's revenue and gross margins and market share.

Many of the current and potential competitors in the ID Business may have longer operating histories and substantially greater financial, technical, sales, marketing and other resources, which may enable them to attract customers, or respond more rapidly to new or emerging technologies and changes in client requirements. The Group may not be able to compete successfully against current or potential competitors.

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## LETTER TO SHAREHOLDERS

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As the market for the ID Business continues to develop, other companies with greater capital capabilities may attempt to enter the market or increase their presence by acquiring or forming strategic alliances with the Group's competitors or by introducing their own competing services. These companies' services may be superior to those offered by the Group. The Group may not have the financial resources, technical expertise, marketing, distribution or support capabilities to compete effectively with any of these new market entrants.

(e) ***The ID Business may be significantly affected by the occurrence of outbreaks of communicable diseases***

The outbreak of communicable or virulent diseases and pandemics/epidemics such as Severe Acute Respiratory Syndrome, H5N1 avian flu, Middle East Respiratory Syndrome, Ebola and most recently, the outbreak in late 2019 of a novel strain of coronavirus being COVID-19, may materially and adversely affect the Group's operations. In addition, any such occurrence could result in sporadic or prolonged market and/or supply disruptions, an economic downturn or recession, volatilities in domestic and/or international financial markets and may materially and adversely affect the economies in which the Group may operate. The occurrence or developments of any of these events may result in the closure of the Company's facilities for the ID Business, disrupt the operations of the ID Business in the event that any movement or other controls are implemented, adversely affect the Company's staff engaged in the ID Business and negatively affect customer sentiment and spending. If any of the foregoing occurrence or developments occur in any of the countries in which the Group has operations they may materially and adversely affect the Group's business, financial condition and the results of the Group's operations and prospects.

In the event of protracted volatility in international markets and/or a global recession resulting from an outbreak of communicable or virulent diseases, there may be reduced investment, spending and severe unemployment. An economic downturn of this scale may pose significant challenges to the growth of the Existing ID Business and expansion into the ID Business, and may also affect the ability of customers to afford the Group's services and/or result in delays in the payment for the Group's services.

(f) ***The Group may be faced with limited availability of funds and is subject to financing risks***

Additional equity fundraising may result in a dilution to our Shareholders. If such additional equity fundraising activities do not generate a commensurate increase in earnings, the Company's earnings per Share may be diluted, and may result in a decline in Share price. Additional debt financing may limit the Company's ability to pay dividends, increase vulnerability to general adverse economic and industry conditions, require the Company to dedicate a substantial portion of its cash flows to fund capital expenditure, working capital and other requirements, as well as limit its flexibility in planning for or reacting to changes in its business and its industry. Any inability to secure adequate equity or debt financing may adversely affect the Company's business, financial condition, results of operations and prospects.

(g) ***The Group may face potential liability and claims from interior design projects and may be involved in legal and other proceedings arising from its operations from time to time***

The time required to complete an interior design project depends on various factors, including the size of the project, prevailing market conditions and availability of resources. Delays may arise due to various factors, including power failure, machinery and equipment breakdown, shortage of construction materials, shortage of labour, accidents, cessation of business of the Group's contractors, disputes with contractors, quality and execution issues, and unexpected delays, such as delays in obtaining required approvals. Such delays may result in cost overruns and increased financing costs and accordingly affect the Group's profitability or lead to claims from customers.

Accidents during the course of construction may give rise to personal injuries and third party liability. Such accidents or mishaps may disrupt the Group's operations and lead to a

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## LETTER TO SHAREHOLDERS

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delay in the completion of an interior design project. If accidents occur but are not covered by the Group's insurance policies, or if claims arising from such accidents are in excess of its insurance coverage and/or any of its insurance claims are contested by its insurers, the Group will have to commit additional resources to meet the uninsured losses, which would adversely affect the financial performance of the Group.

In addition, the Group may be involved from time to time in disputes with various parties involved in the interior design projects that the Group undertakes. These parties include contractors, sub-contractors, suppliers, customers and other partners.

(h) ***The ID Business may be susceptible to changes to general economic and business conditions***

The demand for interior design projects are also sensitive to changes in the economic and business conditions. Factors that may affect the revenue of the projects include the international, regional and local economic climate, local real estate conditions, competition from other available competitors and changes in market rates for interior design services. The demand for the Group's interior design services may in turn, be affected by the economic climate and changes in governmental policies. In a weak economy, the demand for interior design services will be adversely affected.

The Group may face severe disruption in operations from events or circumstances not within its control which, sustained over time, may negatively impact the business, financial condition, results of operations and prospects of the ID Business. Examples of these events or circumstances include conflicts, wars, terrorism, global pandemics (including the COVID-19 pandemic) and other social disruptions, adverse weather and natural disasters including floods, earthquakes, increased costs, unexpected delays from the engagement of third party contractors and service providers, accidents or fires which may result in injuries, damages to critical equipment, power supply or infrastructure and disruptions caused by members of the local community. Any of these events or conditions could materially and adversely affect the business, financial condition, results of operations and prospects of the ID Business.

The business, financial condition, results of operations and prospects of the ID Business may also be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, taxation, expropriation, social instability and other political, legal, economic or diplomatic developments in or affecting the markets that the Group may operate in the future. The ID Business may also be materially and adversely affected by supply chain disruptions. The Group does not have control over such conditions and developments and can provide no assurance that such conditions and developments will not have a material adverse effect on the Group's business operations. Specifically, the business, financial condition, results of operations and prospects of the Group may be materially and adversely affected by: (i) changes in government laws, regulations and policies concerning restrictions on price controls, export or import controls, taxation, ownership and expropriation of property, technologies, environmental and/or health safety; (ii) imposition of additional restrictions on currency conversions, repatriation of local currencies, application of or access to technologies, and remittances abroad; (iii) industrial disruptions; and (iv) economic growth or slowdown.

Terrorist attacks and other acts of violence or war may also negatively affect certain economies and may also adversely affect financial markets globally. In addition, any such activities in the overseas markets or its neighbouring countries might result in concerns about stability in the region, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects

If any of the above risks materialise, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

(i) ***The Group may be susceptible to fluctuations in foreign exchange rates***

The business of the Company is denominated in Singapore dollars. However, the Group

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## LETTER TO SHAREHOLDERS

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may choose to expand into the ID Business or operate its ID Business substantially in countries other than Singapore, resulting in significant portion of the Group's revenue and expenses arising from operating the ID Business to be denominated in the foreign currencies of the respective countries in which will be involved. As such, the Company may be exposed to adverse fluctuations in the currency exchange rates for Singapore dollars and such other foreign currencies which may be affected by various factors, including international political and economic conditions. Further, the countries in which the ID Business may potentially operate in future may face significant budget deficits, limited foreign currency reserves, volatile exchange rates and less sophisticated banking sectors.

While care will be taken to hedge against foreign exchange risks, any unforeseen fluctuations against the reporting currency of the Group that are unfavourable to the Group may affect the Group's business, financial condition, results of operations and prospects.

(j) ***The Group may not be able to find partners to work with for future collaborations, joint ventures or strategic alliances or be successful in working with such partners***

From time to time, depending on available opportunities, feasibility and market conditions, the Group may consider that it would benefit from the entry into collaborations, joint ventures or strategic alliances with third parties in connection with the ID Business. Winco is a joint venture between the Company and a 49% joint venture partner and as further disclosed in this Circular, Winco is currently in preliminary discussions with an industry peer to collaborate and jointly undertake a project. While the Company is exploring joint ventures, partnerships, cooperation and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the ID Business as and when the opportunity arises, there is, however, no guarantee as to whether the Group would be able to find such partners to work with at such time or, even if the Group is able to find partners to work with, whether the Group would be successful in working with such partners. Accordingly, even if the Group identifies strategic business opportunities with potential for growth that, in its view, would complement the Group's business, there is no assurance that these opportunities would be successfully executed and the Group may from time to time have to forego potential business opportunities.

(k) ***The Group is exposed to risks associated with acquisitions, joint ventures, partnerships or strategic alliances***

Depending on available opportunities, feasibility and market conditions, the Group may participate in joint ventures, partnerships, strategic alliances, acquisitions or other investment opportunities involving numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed in such joint ventures, partnerships, strategic alliances, acquisitions or opportunities. Furthermore, the Group is expected to rely on its joint venture partners as it seeks to grow the Existing ID Business and expand into the ID Business, including its 49% joint venture partner in Winco, as described in to Section 10.7, and there is a risk that if any of its joint venture partners is unable to deliver its obligations or commitments under the joint venture (such as failure to perform according to the expertise expected of the joint venture partner or meet the financial obligations), it may result in additional costs to the Group. Such collaborations also involve additional risks associated with the possibility that the joint venture and/or strategic partner may (i) have economic or business interests or goals that are inconsistent with the Group; (ii) take actions or omit to take actions contrary to the Group's instructions, requests or objectives or good corporate governance practices or the law; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the Group's business relationship with the joint venture and/or strategic partner and in turn materially and adversely affect the Group's business, results of operations and financial condition. In such events, the Group's financial performance may be adversely affected.

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## LETTER TO SHAREHOLDERS

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(l) ***There is no assurance that the Group's insurance coverage will be adequate***

While it is the intention for the Group to maintain insurance policies covering both its assets and employees for the ID Business, in line with industry practice for such insurance policies, there is no assurance that such insurance coverage will be available or continue to be available in future or be equivalent to the amounts that are equal to the full market value or replacement costs of the insured assets and/or employees.

In addition, there can be no assurance that the particular risks will continue to be insurable. Further, there are certain types of losses such as from wars, acts of terrorism or some acts of God that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur or insurers fail to fulfil their obligation for the sum insured, the Group may be required to pay compensation, cover the shortfall for such amounts claimed and/or may lose capital invested in the affected assets including property or equipment, as well as anticipated future returns from such assets, which may have a material and adverse impact on the Group's business, financial condition, results of operations and prospects.

(m) ***Success of the ID Business may rely on the Group's reputation***

The Group recognises that its business' reputation in the interior design industry is determined by many factors, some of which are beyond the Group's control. These factors are important for maintaining and enhancing the ID Business' reputation and may negatively impact the Group's reputation if not properly managed, such as the Group's ability to:

- (i) provide quality interior design services, renovation contractors and other related services to its customers;
- (ii) control the quality of the Group's services and to monitor the performance of the Group's employees; and
- (iii) increase the Group's brand awareness among potential customers.

The Group's reputation could be harmed if, for example, the Group's services fail to meet the expectation of its customers. The Group's failure to develop, maintain or enhance the Group's reputation may materially and adversely affect the level of market recognition of, and trust in, the Group's services, which could result in decreased revenue and loss of customers. The Group may also face challenges from others seeking to benefit from damaging the Group's reputation. Any negative publicity in relation to the Group's services, the Group's peers or the Group's industry, regardless of veracity, could seriously harm the Group's public image and reputation which in turn may result in a loss of customers and employees and have a material adverse effect on the business, financial condition, results of operations and prospects of the ID Business.

In addition, due to the nature of the ID Business' operations, the Group is exposed to inherent risks of other accidents involving its employees, workers and/or third parties on its renovation and work sites or such other facilities, even if adequate safety measures are in place. This may taint the Group's reputation and in turn adversely affect the Group's business, financial condition, results of operations and prospects. There is no assurance that the Group will not encounter such incidents of injury or death resulting from physical injury to the Group's employees, workers and/or third parties at the Group's renovation and work sites or such other facilities in the future.

The Group is also susceptible to complaints from customers associated with the Group's services and offerings from time to time regarding, amongst others, the quality of the interior design and renovation contractor services provided. Further, it is possible that such complaints may become highly publicised in the media or result in regulatory and/or disciplinary actions or legal proceedings against the Group or the Group's employees, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.



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## LETTER TO SHAREHOLDERS

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### 10.6 Funding for the ID Business

The Group may fund the growth of the Existing ID Business and the expansion into the ID Business through a combination of internal sources of funds (including from the portion of the net proceeds from the Proposed Disposals intended to be repatriated to the Company and used for future acquisitions) and borrowings from financial institutions. The Directors will determine the optimal combination of internal funding and bank borrowings, taking into account the cash flow of the Group and the prevailing bank financing costs.

The Company will also need to obtain a waiver from the SGX-ST from compliance with the Rule 1017 Escrow Requirements and for the release of funds from the Escrow Account to be applied towards any such expansion and growth (which may include acquisitions of entities involved in the ID Business).

As and when necessary and deemed appropriate, the Group may explore secondary fund-raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

### 10.7 Management of the ID Business

Currently, Winco has eight (8) employees (including Mr Loh Siong Keng) who are experienced in interior design, renovation, and construction related work. For the growth of the Existing ID Business and expansion into the ID Business, it is envisaged that the 49% joint venture partner in Winco will continue to be responsible for overseeing the operations of the ID Business. However, the Company will be actively involved with the 49% joint venture partner on the discussions and future direction of the growth of the Existing ID Business and the expansion into the ID Business and its strategic direction. The Company will discuss the ID business, including its growth and expansion, with the 49% joint venture partner in Winco via monthly meetings on the existing projects, upcoming projects, potential projects and also the expansion plans relating to the existing factory and the contemplated opening of a new physical showroom in Singapore.

The 49% joint venture partner is Mr Loh Siong Keng and he has been an employee of Winco for 15 years (from when Winco was operating as a sole proprietorship prior to the Winco Acquisition and the conversion of Winco into a Company). He has taken over the management of Winco and its Existing ID Business for the last five (5) years. He is currently and will, following the Proposed Diversification, be the primary driver of the ID Business undertaken by Winco, and is, and following the Proposed Diversification, be involved in running all aspects of the ID Business, including the sourcing of business and overseeing the workmanship when needed.

The Group may enter into joint ventures, strategic alliances and foster partnerships with various third parties in the industry to assist it in expanding the ID Business more effectively and efficiently. Such partnerships may be on a case-by-case basis or on a long-term basis. Where necessary, work may be contracted or sub-contracted to third parties who have expertise in the relevant area(s) in relation to the projects concerned. In selecting its partners, the Company will take into account the specific expertise and competencies necessary for the project(s) in question and the experience, track record and financial standing of the party(ies) concerned.

The Group will carefully monitor developments and progress in the ID Business. Where necessary and as the ID Business grows, it will strengthen the management and execution team of the ID Business with additional candidates with the credentials and experience relevant to the ID Business, including employing individuals with experience in the interior design sector. The Group will also continually evaluate the manpower and expertise required for the expansion into the ID Business and will, as and when required, engage suitably qualified external personnel, consultants, industry experts and professionals for the expansion into the ID Business. In making decisions, the Board and senior management will seek the advice of these reputable external consultants and experts where necessary and appropriate. Where necessary, work may be outsourced to these third parties who have expertise in the relevant area(s).

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## LETTER TO SHAREHOLDERS

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The Group recognises that the ID Business is still at an initial growth stage. However, the Group is confident of expanding and building up the expertise required and a track record for the ID Business over time. The Group also notes that the relevant experience and expertise required can be strengthened, acquired and developed over time as it progresses in the ID Business. The Board, which reviews the risk exposure of the Group for all its businesses at regular intervals, will additionally review the risk exposure of the ID Business periodically to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

There will be no new appointment to the Board arising from the Proposed Diversification.

### 10.8 Risk Management Measures and Safeguards

Before undertaking any investment in the ID Business or transaction in relation to the ID Business, the management will prepare a proposal containing a cost-benefit analysis, credentials of the management of the ID Business, joint venture partners or co-investor partners (if any) and will, if necessary, seek the advice of external consultants and experts. The Board will also assess and consider whether the Group has sufficient financial resources to invest in the project and the gearing ratios and liquidity of the Group as a result of such a project. Further, the Board will assess whether the management team has the relevant experience and expertise to manage such a project and, if not, whether any lack of such experience can be supplemented by professional advisors. In evaluating any new projects or investments based on the aforementioned factors, the Board is guided by the overarching consideration of whether the project will be able to generate revenue for the Group and optimise returns to Shareholders. Investments and/or transactions above an internally-determined threshold will be subject to specific approval by the Board. Before undertaking any investment activity into a new jurisdiction for any new project or investment under the ID Business, the Group will also conduct market research and analysis, and carry out the necessary due diligence. For the avoidance of doubt, any Director who has a direct or indirect interest in the tabled transaction may join in the deliberation of the Board in relation to the transaction but shall abstain from voting in respect thereof. The Board and the Audit Committee will be updated by the Company's management on the progress and performance of its projects and/or investments on at least a quarterly basis.

The Board does not have a separate risk committee and is currently assisted by the Audit Committee, internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies. To address the risks presented by the Proposed Diversification, the members of the Audit Committee will be tasked with the responsibility of overseeing the risk management activities of the Company in relation to the expansion of the ID Business following the Proposed Diversification.

The Audit Committee will be required to approve appropriate risk management procedures and measurement methodologies, and be involved in identifying and managing the various business risks for the ID Business. The Audit Committee will:

- (a) endeavour to ensure that the relevant risk management and internal control systems implemented commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the ID Business, protects the integrity of the Group's financial and accounting information, promote accountability and prevent fraud where necessary;
- (b) review with the management, external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to the ID Business; and
- (c) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

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## LETTER TO SHAREHOLDERS

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The Board and the Audit Committee will endeavour to ensure that the risk management and internal control systems are implemented commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the ID Business; and protect the integrity of the Group's financial and accounting information, promote accountability and prevent fraud, where necessary, and will review such risk management systems periodically to assess its adequacy.

The Board and the Audit Committee will adopt internal policies before tabling proposals for any new projects or investments under the ID Business. In addition, the Board and the Audit Committee (which is required to review the risk exposure of the ID Business of the Company at regular intervals) will review the risk exposure of the ID Business at intervals of not less than annually.

The risk management and internal control systems, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, prosecution being taken against the Company and/or its employees, disruption to the risk management system, and/or an adverse effect on the Group's financial condition and results of operations.

### 10.9 Conflicts of Interest

Pursuant to the Catalist Rules, conflicts of interest arise when any of the Directors, chief executive officer (if any), Controlling Shareholders and/or their associates are involved in any of the following situations:

- (a) carry on business transactions with the Company or provide services to or receive services from the Group;
- (b) lend to or borrow from the Group;
- (c) lease property to or from the Group; or
- (d) have an interest in businesses that are competitors, suppliers or customers of the Group.

As stated in Section 10.7 (*Management of the ID Business*) of this Circular, the Group may grow the Existing ID Business and expand into the ID Business through, *inter alia*, acquisitions, strategic partnerships or joint ventures, in the interior design industry. If any such acquisition, strategic partnerships or joint venture (or such other "transaction" as defined under Chapter 9 of the Catalist Rules) is entered into with a Director, chief executive officer (if any) or Controlling Shareholder of the Company, and/or their associates, it will be regarded as an interested person transaction under Chapter 9 of the Catalist Rules. In addition, the ID Business involve recurring transactions of a revenue or trading nature or necessary for the day-to-day operations of such business, and such recurring transactions are entered into with a Director, chief executive officer (if any) or Controlling Shareholder of the Company and/or their associates, these recurring transactions are also interested person transactions and the Group will consider seeking a general mandate to be obtained from Shareholders under Chapter 9 of the Catalist Rules.

In this regard, when the Company identifies a potential opportunity in respect of the ID Business, each of the Directors and key management personnel will be obliged to disclose to the Board where he and/or his associates have an interest (and the full extent thereof) in the transaction (a "**Conflicted Individual**"). A Conflicted Individual shall not (i) vote in respect of matters in relation to the ID Business; (ii) will not, directly or indirectly, make any executive decisions in respect of the ID Business; and (iii) will not, directly or indirectly influence or participate in the operations and management of the ID Business.

Please refer to Section 10.7 (*Management of the ID Business*) of this Circular for information of the management of the ID Business.

## LETTER TO SHAREHOLDERS

### 10.10 Financial Effects

As at the Latest Practicable Date, save for the Winco Acquisition, the Group has not made any substantial affirmative and binding investments in relation to the ID Business, and is therefore unable to determine the financial impact from the Proposed Diversification on the net profit / losses, earnings / losses per Share or NTA / NTL of the Group for FY2023.

The Company will make the necessary announcements as and when appropriate in the event that any further developments relating to the Proposed Diversification and/or ID Business.

### 11. SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Disposals or the Proposed Diversification and no service contracts in relation thereto are proposed to be entered into by the Company.

### 12. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares, based on the registers of Directors' interests in Shares and register of Substantial Shareholders' interests in Shares, respectively, are as follows:

|   | Direct Interest  |                  | Deemed Interest  |                  |
|---|------------------|------------------|------------------|------------------|
|   | Number of Shares | % <sup>(1)</sup> | Number of Shares | % <sup>(1)</sup> |
| <b>Directors</b>  |                  |                  |                  |                  |
| Mr. Sun Bowen   | –                | –                | –                | –                |
| Mr. Tan Keng Keat   | 3,843,000        | 0.49             | –                | –                |
| Mr. Wee Phui Gam  | –                | –                | –                | –                |
| Mr. Hau Khee Wee  | –                | –                | –                | –                |
| Dr. Danny Oh Beng Teck  | –                | –                | –                | –                |
| <b>Substantial Shareholders (other than the Directors who are Substantial Shareholders)</b> |                  |                  |                  |                  |
| Wee Henry   | 205,643,225      | 26.06            | –                | –                |
| Li Shanhua  | 100,000,000      | 12.67            | –                | –                |
| Sun Xiaohui   | 80,000,000       | 10.14            | –                | –                |
| Sino Achieve Enterprises Limited  | 60,000,000       | 7.60             | –                | –                |
| Wong Koon Lup <sup>(2)</sup>  | –                | –                | 60,000,000       | 7.60             |

**Notes:**

- (1) The percentage of shareholding is calculated based on 790,000,000 Shares in the issued and paid-up share capital of the Company (excluding treasury shares) as at the Latest Practicable Date.
- (2) Mr Wong Koon Lup is the legal and beneficial owner of Sino Achieve Enterprises Limited and is deemed to have an interest in the 60,000,000 Shares held by Sino Achieve Enterprises Limited.

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## LETTER TO SHAREHOLDERS

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Save as disclosed in this Circular, none of the Directors or Controlling Shareholders has any interest, direct or indirect, in the Proposed Disposals and the Proposed Diversification, other than through their respective shareholdings in the Company (if any).

### 13. DIRECTORS' RECOMMENDATION

Having considered, *inter alia*, the terms and rationale of the Proposed Disposals, the Directors, except for Mr Sun Bowen (on the basis that a portion of the Aggregate Consideration has been earmarked for the partial repayment of the ED Loan), are of the opinion that the Proposed Disposals are in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 1 relating to the Proposed Disposals as a major transaction at the EGM.

Having considered, *inter alia*, the terms and rationale of the Proposed Diversification, the Directors are of the opinion that the Proposed Diversification is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 2 relating to the Proposed Diversification at the EGM.

### 14. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page of this Circular, will be held at Singapore Polytechnic Graduates Guild, Carnation Room, Level 3, 1010 Dover Road, Singapore 139658 on 27 January 2023 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without any modification) Ordinary Resolution 1 relating to the Proposed Disposals and Ordinary Resolution 2 relating to the Proposed Diversification as set out in the Notice of EGM.

### 15. ACTION TO BE TAKEN BY SHAREHOLDERS

#### 15.1 Circular, Notice of EGM and Proxy Form

Printed copies of this Circular, the Notice of EGM and the enclosed Proxy Form will not be sent to Shareholders. This Circular together with the Notice of EGM and the enclosed Proxy Form may be accessed at the Company's corporate website at the URL <http://www.imperium-crown.com/news> and will also be available on the SGX website accessible at the URL <https://www.sgx.com/securities/company-announcements>.

#### 15.2 Submission of Questions

##### 15.2.1 Submission of Questions in advance of the EGM

Shareholders may submit questions related to the Ordinary Resolutions in advance of the EGM:

- (a) if submitted by way of electronic means, to be submitted via email to the Company, at [egm2023@imperium-crown.com](mailto:egm2023@imperium-crown.com); or
- (b) if submitted by post, to be deposited at the registered office of the Company at 1 Commonwealth Lane, #06-20 One Commonwealth, Singapore 149544,

by 10:00 a.m. on Friday, 20 January 2023. The Company will address all substantial and relevant questions (determined by the Company in its sole discretion) received from Shareholders prior to the EGM by publishing its responses to such questions on the Company's corporate website at the URL <http://www.imperium-crown.com/news> and on the SGX website accessible at the URL <https://www.sgx.com/securities/company-announcements> by 10:00 a.m. on Sunday, 22 January 2023.

##### 15.2.2 Submission of Questions at the EGM

The Board will address any subsequent clarifications sought, or substantial and relevant follow-up questions (which are related to the Ordinary Resolutions to be tabled for approval at the EGM) received after the submission deadline of 20 January 2023 which have not already been addressed prior to the EGM, as well as those substantial and relevant questions received at the EGM (determined by the Company in its sole discretion), at the EGM itself. Where substantially similar questions are received, they will consolidate such questions and consequently not all questions may be individually addressed.

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## LETTER TO SHAREHOLDERS

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The Company will publish the minutes of the EGM (including its responses to substantial and relevant questions received from Shareholders which were addressed during the EGM) on the Company's corporate website at the URL <http://www.imperium-crown.com/news> and on the SGX website accessible at the URL <https://www.sgx.com/securities/company-announcements> within one (1) month after the date of the EGM by 26 February 2023.

### 15.3 Voting

Shareholders (whether individual or corporate) who wish to vote on the Ordinary Resolutions to be tabled for approval at the EGM may:

- (a) (where such Shareholders are individuals) attend and vote at the EGM; or
- (b) (where such Shareholders are individuals or corporates) appoint a proxy/ proxies to vote on their behalf at the EGM in accordance with the instructions as set out in the relevant Proxy Forms.

#### 15.3.1 Submission of Proxy Forms

The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

- (a) if submitted by post, be deposited at the registered office of the Company at 1 Commonwealth Lane, #06-20 One Commonwealth, Singapore 149544; or
- (b) if submitted electronically, be sent via email to the Company, at [egm2023@imperium-crown.com](mailto:egm2023@imperium-crown.com),

in either case, not less than seventy-two (72) hours before the time appointed for holding the EGM.

The Proxy Form may be accessed at the Company's corporate website at the URL <https://www.imperium-crown.com/news> and SGX's website at the URL <https://www.sgx.com/securities/companyannouncements>. A Member who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

#### 15.3.2 Central Provident Fund ("CPF")/Supplementary Retirement Scheme ("SRS") Investors

CPF/SRS Investors:

- (a) may attend and vote at the EGM if they are appointed as proxies by their respective CPF Agent Banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the meeting as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks or SRS operators to submit their votes by 5.00 p.m. on Friday, 13 January 2023.

#### 15.3.3 Deemed revocation of proxy appointment and withdrawal of instrument of proxy(ies)

Completion and return of the instrument of proxy(ies) does not preclude a shareholder from attending, speaking and voting at the EGM. The appointment of the proxy(ies) for the EGM will be deemed to be revoked if the shareholder who has appointed a proxy(ies) and who subsequently attend at the EGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the EGM.

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## LETTER TO SHAREHOLDERS

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A shareholder who submitted a valid instrument of proxy but who subsequently wishes to attend, speak and vote at the EGM himself / herself / itself may withdraw the instrument of proxy and should contact the Company at +65 6250 0925 (during office hour) or by email to [egm2023@imperium-crown.com](mailto:egm2023@imperium-crown.com) before 5:00 p.m. on Tuesday, 24 January 2023.

### 15.4 Depositor

A Depositor shall not be regarded as a Shareholder entitled to appoint proxies (other than the Chairman of the EGM) or the Chairman of the EGM to vote on such Depositor's behalf at the EGM unless such Depositor is shown to have Shares entered against such Depositor's name in the Depository Register, as certified by CDP, seventy-two (72) hours before the time appointed for holding the EGM.

### 16. CONSENT

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Valuation Summary Letter set out in [Appendix A](#) of this Circular and references to its name in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

### 17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposals and the Proposed Diversification, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

### 18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during normal business hours at the registered office of the Company at SGX Centre II, #17-01, 4 Shenton Way, Singapore 068807, subject to prior appointment and prevailing COVID-19 restrictions in Singapore, from the date of this Circular up to and including the date of the EGM:

- (a) the Land Use Rights Re-acquisition Agreement;
- (b) the Asset Transfer Agreement;
- (c) the Valuation Summary Letter as set out in Appendix A; and
- (d) the consent letter of the Independent Valuer.

Yours faithfully  
For and on behalf of the Board of Directors of  
**IMPERIUM CROWN LIMITED**

Sun Bowen  
Executive Director

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## APPENDIX A – VALUATION SUMMARY LETTER

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### KROLL SINGAPORE PTE LTD

(Company Registration Number: 201218118N)  
(Incorporated in the Republic of Singapore)

10 Collyer Quay #05-04/05 Ocean Financial Centre  
Singapore 049315

12 January 2023

To

Board of Directors  
Imperium Crown Limited  
1 Commonwealth Lane  
#06-20 One Commonwealth  
Singapore, 149544

Dear Sirs,

Pursuant to our engagement letter dated 29 November 2022 between Imperium Crown Limited (the “Client”, “Imperium” or the “Company”) and Kroll Singapore Pte. Ltd. (f/k/a Duff & Phelps Singapore Pte. Ltd.) (“Kroll”), we have performed an analysis on the Market Value of (a) two land parcels located in Gaijia Dong Village and Ronghe Zhuang Village (or hereafter referred as the “Property” or the “Property Interests”); and (b) Wonder Stone Park Hotel (the “Target Business”, or “WSP Hotel”), (collectively referred to as the “China Property Portfolio”) as at 30 September 2022 (“Valuation Date”). The China Property Portfolio is located in Fei County, Linyi City of Shandong Province, the People’s Republic of China (the “PRC”).

#### 1. BACKGROUND

Imperium Crown Limited (the “Client”, “Imperium” or the “Company”) is a Singapore Exchange Securities Trading Limited (“SGX-ST”) Catalist Board listed company and was listed on 19 January 2006. The Company’s main business is in property investment and property development in Asia.

On 11 August 2017, the Company acquired 60% of the equity interest in GEM (the “GEM Acquisition”), a company incorporated in Singapore, for a total consideration of SGD53.5 million. GEM owns 100% of the equity interest in subsidiary 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.

On 14 September 2018, the Company announced that its subsidiary, Linyi Yin Sheng increased its equity interest in Fei County Wonder Stone from 80% to 90%. Fei County Wonder Stone owns the two land parcels (Lot Nos. 2016-082 and 2016-083) located in Gaijia Dong Village and Ronghe Zhuang Village in Feicheng Street, Fei County, Linyi City of Shandong Province, the People’s Republic of China (the “PRC”) (or hereafter referred as the “Property” or the “Property Interests”).

Additionally, Fei County Wonder Stone’s wholly-owned subsidiary, Fei County Inzone Wonder Stone Cultural Hotel Co., Ltd (“Inzone Wonder Stone”) owns the Wonder Stone Park Hotel (the “Target Business” or “WSP Hotel”), which is a 3-storey hotel that commenced operations in late September 2019, and features an assortment of hotel rooms, conference rooms; as well as banquet halls.

On 5 December 2022, the Company announced that its subsidiary Fei County Wonder Stone had entered into a land use rights re-acquisition agreement (“Land Use Rights Re-acquisition Agreement”) on 28 November 2022 in relation to the proposed disposal by Fei County Wonder Stone for the Property Interests. Separately, Fei County Wonder Stone and Inzone Wonder Stone entered into an asset transfer agreement (the “Asset Transfer Agreement”) on 29 November 2022,



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## APPENDIX A – VALUATION SUMMARY LETTER

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in relation to the proposed disposal by Fei County Wonder Stone of the Wonder Stone Park Hotel and the right to the use the land on which the Wonder Stone Park Hotel is situated.

The proposed disposals (“Proposed Disposals”) of the China Property Portfolio constitutes a major transaction under Chapter 10 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (“Listing Rules”).

In connection with the Proposed Disposals, Kroll Singapore Pte Ltd (“Kroll”) was appointed by the Company’s management (“Management”) to perform an independent valuation of the China Property Portfolio as at 30 September 2022 (“Valuation Date”) to comply with the Listing Rules. Information relating to the China Property Portfolio for the purposes of this valuation has been provided to Kroll by Management.

This valuation summary letter has been prepared for the purpose of incorporation in the Circular to be issued in relation to the Proposed Disposals, and is a summary of the information contained in our report titled “Valuation of the China Property Portfolio as at 30 September 2022” (the “Valuation Report”).

Unless otherwise stated, words and expressions defined in the Circular for the purpose of obtaining Shareholders’ approval for the Proposed Disposals will have the same meaning in this letter.

### 2. BASIS AND DEFINITIONS

#### ***Basis of Valuation***

The basis of valuation used in our analysis is Market Value, which is defined by the International Valuation Standards (“IVS”) as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*”

When valuing the China Property Portfolio, we have complied with the requirements set out in the IVS and the Mainboard Rules issued by the Singapore Exchange Securities Trading Limited (the “SGX”) and the relevant guidance letters and practice guides or equivalent issued by the SGX in relation to valuation summary letters for public disclosure valuations and/or those issued by Singapore Institute of Surveyors and Valuers (“SISV”) and Institute of Valuers and Appraisers, Singapore (“IVAS”).

#### ***Definition of Business Enterprise and Equity Value***

Business enterprise value is the total invested capital, that is equivalent to the combination of all interest-bearing debts, shareholders’ loans and shareholders’ equity, minus any cash or cash equivalents available to meet those liabilities.

Equity value is equivalent to business enterprise value less interest-bearing debts, plus available cash or cash equivalents. Equity value represents the value of a business to its equity shareholders.

### 3. VALUATION METHODOLOGIES

Our valuation conclusion relies on the approaches judged to be most appropriate for the purpose and scope of our analysis, as well as the nature and reliability of the data available to us. We have considered the following valuation approaches and have applied the most appropriate approach(es) in estimating the Market Value of the Property Interests and the WSP Hotel.

#### ***Income Approach***

The income approach explicitly recognizes that the current value of the business is premised on the expected receipt of future economic benefits to be generated over its remaining life. These benefits can be in the form of earnings, net income, cash flow, or other measures of profitability

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## APPENDIX A – VALUATION SUMMARY LETTER

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and should include the proceeds from final disposition as well as cost savings and tax deductions. Value indications are developed by discounting expected benefits to their present value at the required rate of return that incorporates the time value of money and risks associated with the particular asset. The discount rate selected is generally based on expected rates of return available from alternative investments of similar type, quality, and risk as of the Valuation Date.

### ***Market Approach***

The market (sales comparison) approach is a technique used to estimate value from an analysis of actual transactions or offerings for economically comparable business available as of the Valuation Date. The process is essentially that of comparison and correlation between the subject business and similar business which have recently been sold or are offered for sale in the market. The transaction or offering prices of the comparable business may be adjusted for dissimilarities in characteristics including status/stage, location, time of sale, growth and size, and among others. The adjusted prices of the comparable business provide an indication of value for the subject business.

### ***Cost Approach or Net Assets Approach***

The cost approach is a technique that uses the reproduction or replacement cost as basis for value. The cost to reproduce or replace the subject asset with a new asset, either identical (reproduction) or having the same utility (replacement), establishes the highest amount a prudent investor is likely to pay. To the extent that the asset being valued provides less utility than a new one, due to physical deterioration, functional obsolescence, and/or economic obsolescence, the value of the subject asset is adjusted for those reductions in value. Adjustments may be made for age, physical wear and tear, technological inefficiencies, changes in price levels, and reduced demand, among other factors.

## **4. VALUATION OF THE WSP HOTEL / TARGET BUSINESS**

Utilizing the valuation approaches detailed above, we evaluated the suitability and appropriateness of each approach and corroborated differing value indications, to arrive at the estimated Market Value of the WSP Hotel. Accordingly, we have adopted the Income Approach as the primary approach given that the value of the Target Business's underlying hotel operations is primarily derived from the future cash flows generated by its hotel operations. In addition, given that the WSP Hotel's business operations and historical financial performance between calendar year ("CY") 2020 and year-to-date ("YTD") September 2022 was adversely impacted by COVID-19 pandemic, the DCF method also captures the future improvement in the Target Business' underlying hotel operations and projected financial performance going forward.

### ***Summary of Results based on Income Approach***

Using the Discounted Cash Flow method ("DCF"), a form of the Income Approach, Kroll has arrived at a valuation range **between RMB80.3 million and RMB90.0 million, with a base enterprise value of RMB84.8 million.** In arriving at our conclusion, we have relied on cash flow projections provided by Management between 1 October 2022 and 31 December 2022 ("3M2022") to CY2040 ("Forecast Period"), and adopted the following key assumptions and inputs:

- Management has projected the Target Business' cash flows during the Forecast Period based on certain revenue assumptions (i.e. hotel nights sold, occupancy rate, average room rates, Food & Beverage (F&B) and catering spend per guest) and expense assumptions (i.e. F&B costs and labour costs etc.). Management's projected financial performance considered the gradual improvement and recovery in hotel occupancy rates (%) which averaged at c.30% between CY2019 and CY2021, which was significantly negatively impacted by the COVID-19 pandemic in China, and is projected to improve significantly and reach an average of c.62% between CY2030 and CY2040;

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## APPENDIX A – VALUATION SUMMARY LETTER

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- Room rates are projected by Management to gradually recover and improve from an average room rate of approx. RMB212 per day (between CY2019 and CY2021) to reach approx. RMB352 per day (between CY2030 and CY2040);
- We note that significant cost savings, in particular for F&B costs and direct labour costs, have been projected by Management due to, amongst others, improvements in procurement levels of ingredients to minimise wastage and cheaper procurement from sourcing from suppliers. Accordingly total cost of sales (as a percentage of total revenue) is projected to decline from an average of c.86% (between CY2019 and CY2021) to reach c.60% by CY2027 and maintain at that level going forward;
- Kroll has assessed a weighted average cost of capital (“WACC”) of 9.5% to discount the projected cash flows;
- Terminal value beyond CY2040 has been assessed based on the Gordon Growth Model assuming a terminal year growth rate (“TYGR”) of 3.0% per annum based on the long-term GDP growth rate of China; and
- Kroll’s range of value is arrived at based on a sensitivity analysis on the enterprise value based on a +/-0.25% variation to the base WACC of 9.5% and TYGR of 3.0%.

### ***Market Approach***

We have searched for publicly-listed companies which are actively involved in similar business activities as the Target Business. We identified a total of 11 comparable companies, of these 7 are domestic comparable companies based in China, while the remaining 5 comparable companies are mostly based in the Hong Kong SAR. The comparable companies were selected based on their key business segments which are actively involved in the hotels and resorts industry and hence deemed it relevant for our consideration.

As mentioned above, the WSP Hotel business has been impacted by the COVID-19 pandemic and an improvement in the business is projected over the next few years. While we have considered the guideline publicly-traded comparable method (“GCM”) method (under Market Approach), however the methodology does not capture the expected recovery and turnaround in the Target Business’ financial performance going forward during the Forecast Period. Further, due to limited market data available for forward market multiples of the guideline comparable publicly-traded companies (as mentioned above), we cannot not rely on the GCM Method to arrive at a meaningful and relevant value of the WSP Hotel and therefore we have not used the Market Approach as a basis of our conclusion.

## **5. VALUATION OF THE PROPERTY INTERESTS**

The Property Interests (i.e. two land parcels) have mainly been valued by the direct comparison method (under the Market Approach) where comparison based on prices realized on actual sales or market price information of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of the property interests in order to arrive at a fair comparison.

The Property Interests valuation was led by Mr. Calvin K. C. Chan (CFA , MRICS, MHKIS, MCIREA, RPS (GP)), who is a Chartered Surveyor. Mr. Chan has over 20 years’ post qualification experience in valuation of properties in Hong Kong, the People’s Republic of China and Asia.

## APPENDIX A – VALUATION SUMMARY LETTER

### ***Property Appraised***

The Property Interests comprise two land parcels located in Linyi City of Shandong Province in the PRC. The salient details of the Property are tabulated below:

| <b>No.</b>    | <b>Property Address</b>   | <b>Uses</b>                         | <b>Size (sq.m.)</b>  | <b>Land Use Term</b>                               |
|---------------|---|-------------------------------------|--|--|
| Land Parcel 1 | A Land Parcel located in Ronghe Zhuang Village in Feicheng Street, Fei County, Linyi City of Shandong Province, the PRC<br><br>中國山東省臨沂市費縣費城街道榮和莊村之土地 (宗地編號為 2016-803) | Accommodation and Catering Purposes | Site Area: 27,681<br><br>Gross Floor Area: Maximum 41,251.50 | 50 years from 29 December 2017 to 28 December 2057 |
| Land Parcel 2 | A Land Parcel located in Gaijia Dong Village in Feicheng Street, Fei County, Linyi City of Shandong Province, the PRC<br><br>中國山東省臨沂市費縣費城街道蓋家洞村之土地 (宗地編號為 2016-802)   | Wholesale and Retail Purposes       | Site Area: 13,409<br><br>Gross Floor Area: Maximum 20,113.50 | 50 years from 29 December 2017 to 28 December 2057 |

Both of the subject land parcels are trapezium industrial lands. As advised by the Management, they were vacant and unlevelled as of the Valuation Date. Land Parcels 1 and 2 are located in the different villages (Ronghe Zhuang Village and Gaijia Dong Village) within the same county known as “Fei County” in the south of Shandong Province, the PRC. Feixian Highway G327 is only 6 minutes driving distance from the subject land parcels on their south-western side.

There are some residential developments, hotels, tourism spots such as Sumeng Stone Forest Tourist Area (沂蒙石林旅遊區) with natural resources available in the vicinity of the Property. Fei County is a county under the jurisdiction of Linyi City of Shandong Province.

We have relied, to a considerable extent, on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, occupancy, site areas and floor areas and all other relevant matters. Dimensions and areas included in the valuation certificates are based on information contained in the documents provided to us and are only approximations. We have assumed that no material factors have been omitted from the information to reach an informed view and have no reason to suspect that any material information has been withheld.

### ***Title Investigation***

We have been provided with copies of documents in relation to the title of the Property Interests located in the PRC. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liabilities attached to either Property. We have also not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us.

All legal documents disclosed/referred to in this letter and/or the Valuation Report are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the Property Interests.

### ***Assumptions***

Our valuation has been made on the assumption that the owner sells the Property Interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Property Interests.

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## APPENDIX A – VALUATION SUMMARY LETTER

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No allowance has been in our valuation for any charges, mortgages or amounts owing on either Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have assumed that the owner(s) of the Property Interests have free and uninterrupted rights to use, lease or mortgage the property interests. We have also assumed that the property interests are freely disposable and transferable.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in this summary letter or the separate Valuation Report. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted the valuation certificates.

### ***Property Interests Valuation Summary***

Based on our analysis and information provided by Management, the Market Value of the Property Interests as at the Valuation Date are shown below, based on a +/- 3% variance for sensitivity analysis:

| <u>Land Parcels</u> | <u>Method</u>   | <u>Market Value (RMB)</u>           |
|---------------------|-----------------|-------------------------------------|
| Land Parcel 1       | Market Approach | 20.5 million to 21.7 million        |
| Land Parcel 2       | Market Approach | 9.9 million to 10.5 million         |
| <b>Total</b>        |                 | <b>30.4 million to 32.2 million</b> |

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## **6. VALUE OF CHINA PROPERTY PORTFOLIO VALUE CONCLUSION**

Based on our analysis and information provided by Management, the Market Value of the China Property Portfolio as at Valuation Date is estimated to be as follows:

- (a) WSP Hotel: Between RMB80.3 million and RMB90.0 million, with a base enterprise value of RMB84.8 million;
- (b) Property Interests: Between RMB30.4 million and RMB32.2 million, with a base value of RMB31.3 million.

## **7. TERMS OF REFERENCE AND LIMITING CONDITIONS TO OUR VALUATION**

- i. Kroll valuation summary letter and Valuation Report do not constitute an audit in accordance with Auditing Standards. Kroll has not independently investigated or verified the data provided by Management. We have, however, reviewed such data for its consistency and reasonableness, relied on explanations and information provided by Management and accepted such data to be true and accurate. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information, representation or assurance provided to us by and on behalf of the Company and Target Business.
- ii. The Client has reviewed the information contained in the valuation summary letter and Valuation Report and has confirmed in writing to us, having made reasonable enquiries to establish that this is the case, that to the best of its knowledge and belief, the factual information contained therein is, in all material respects, complete and accurate and not misleading in the manner of its portrayal and therefore forms a reliable basis for our work. In particular, the Client is not aware of any further information which should be relevant to our analysis.

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## APPENDIX A – VALUATION SUMMARY LETTER

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- iii. The responsibility for forecasts and the assumptions on which they are based is solely that of the Client and Management. Kroll do not provide assurance on the achievability of the results forecasted because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of the Client and Management. It must be emphasized that revenue and profit forecasts necessarily depend upon subjective judgment. They are to a greater or lesser extent, according to the nature of the business and the period covered by the forecasts, subject to substantial inherent uncertainties. In consequence, they are not capable of being audited or substantiated in the same way as financial statements, which present the results of completed periods. In the event that the Target Business is not able to achieve the results of its projected financials, the enterprise value of the Target Business can be adversely affected.
- iv. Our valuation conclusions are based upon prevailing market, economic, industry, monetary and other conditions and on the information made available to us as at the Valuation Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility and are not required to update, revise or reaffirm our valuation conclusion set out in this valuation summary letter to reflect event or developments subsequent to the Valuation Date.
- v. We have not carried out detailed site measurements to verify the land areas or building areas in respect of the Property Interests but have assumed that the areas provided to us are correct. All dimensions and areas are approximations only.
- vi. No structural survey has been made and we are therefore unable to report as to whether the Property Interests are or are not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.
- vii. No site investigations have been carried out to determine the suitability of the ground conditions or the services for the sites of the Property Interests.
- viii. No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licenses, consents, or other legislative, or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.
- ix. The valuation results and underlying projections and assumptions may be materially affected by increased volatility in current and future economic, political, regulatory, financial, market or other circumstances as a result of COVID-19. As such, a higher degree of caution should be attached to our valuation than may normally be the case.
- x. Kroll has relied on data from external sources. These sources are considered to be reliable and therefore, Kroll assumes no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where Kroll has relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure the accuracy of such data and that such data has been accurately and correctly extracted from those sources. Kroll has assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.
- xi. The scope of work has been limited both in terms of the areas of the business and operations which have been reviewed. There may be matters, other than those noted in this report, which might be relevant in the context of the transaction and which a wider scope might uncover.

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## APPENDIX A – VALUATION SUMMARY LETTER

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- xii. We are not required to and have not conducted a comprehensive review of the business, operational or financial condition of the Target Business and accordingly, make no representation or warranty, expressed or implied, in this regard.
- xiii. Our valuation of the China Property Portfolio is not and should not be construed to be investment advice to the current and prospective investors in the Company and/or the China Property Portfolio. The scope of our engagement does not require us to express, and we do not express, a view on the future prospects of the China Property Portfolio. This letter and Valuation Report are not intended to form the sole basis of any decision regarding the ownership of stake in the Company, and/or the China Property Portfolio and does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Disposals. The assessment of the commercial and investment merits of the Proposed Disposals are solely the responsibility of the Directors of the Company.
- xiv. Our valuation summary letter and Valuation Report is issued on the understanding that the Management has drawn our attention to all matters of which they are aware concerning the financial position of the businesses, which may have an impact on the valuation summary letter and Valuation Report up to the Valuation Date. Kroll has no responsibility to update the valuation summary letter and Valuation Report for events and circumstances occurring after the Valuation Date.
- xv. The use of our valuation summary letter and Valuation Report is restricted to the purpose indicated herein. Kroll authorizes the Client to include a copy of this valuation summary letter in the Circular. Such disclosure is authorised in consideration of the condition that Kroll shall have a reasonable opportunity to review and approve any references to Kroll, its work, this engagement, the valuation summary letter and Valuation Report prior to the disclosure to Singapore Exchange Securities Trading Limited (“SGX-ST”).
- xvi. Kroll does not have any responsibility or liability to any third parties for their reliance on our reports. Kroll expressly disclaims all liability for any loss or damage of whatever kind which may arise from any person acting on any information and opinions contained in the valuation summary letter and Valuation Report for any purpose other than the stated purpose. Full terms and conditions of our work are included in our Agreement.
- xvii. Kroll has acted as an independent third party and, as such, shall not be considered an advocate should any dispute arise between concerned parties.
- xviii. Our terms of reference do not require us to provide advice on legal, regulatory, accounting, property and taxation matters and where specialist advice has been obtained by the Client and made available to us, we have considered and where appropriate relied upon such advice.
- xix. Kroll have no present or planned future interest in our Client or its affiliated/group companies and the fee for our services for the valuation summary letter and Valuation Report is not contingent upon the outcome of the transaction.

### 8. CONFIDENTIALITY AND DUTY OF CARE

This valuation summary letter and our Valuation Report are addressed strictly to our Client and are for the intended purpose as set out above and accordingly neither the valuation summary letter nor the Valuation Report may be used or relied upon in any other connection, and are not intended to confer any benefit on, any other person (including without limitations the respective shareholders of the Company). Any recommendation made by the Board of Directors (the “Board”) of the Company in respect to this Proposed Disposals shall remain the responsibility of the Board.

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## APPENDIX A – VALUATION SUMMARY LETTER

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In rendering our valuation conclusion, we have not had regard to the specific investment objectives, financial situation or individual circumstances of any shareholders. Our valuation conclusion should not be the sole basis for deciding whether or not to execute the Proposed Disposals. The responsibility of determining the final transaction price rests solely with the Client.

While a copy of this letter may be reproduced in the Circular, neither the Client nor its Board may reproduce, disseminate or refer to this letter and the Valuation Report (or any part thereof) for any other purposes at any time and in any manner without the prior written consent of Kroll in each specific case. In any event, giving our consent to the inclusion of letter in such a circular, we do not accept any duty of care and deny any responsibilities or liability to any third party other than the party to whom our letter and report is addressed, unless otherwise provided by law.

Respectfully submitted by,

KROLL SINGAPORE PTE LTD



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### IMPERIUM CROWN LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number 199505053Z)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“**EGM**”) of Imperium Crown Limited (the “**Company**”) will be held 27 January 2023 at 10:00 a.m. at Singapore Polytechnic Graduates Guild, Carnation Room, Level 3, 1010 Dover Road, Singapore 139658 for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out below.

All capitalised terms in this Notice which are not defined herein shall have the same meaning as ascribed to them in the Company’s circular dated 12 January 2023 (the “**Circular**”).

#### **ORDINARY RESOLUTION 1: THE PROPOSED DISPOSAL OF THE LAND USE RIGHTS IN RESPECT OF THE LAND AND THE PROPOSED DISPOSAL OF THE WONDER STONE HOTEL AND THE LAND USE RIGHTS IN RESPECT OF THE LAND ON WHICH THE WONDER STONE HOTEL IS SITUATED**

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That:

- (a) approval be and is hereby given for the Proposed Land Disposal to the Land Purchaser on the terms and conditions of the Land Use Rights Re-acquisition Agreement and the Proposed Hotel Disposal to the Hotel Purchaser on the terms and conditions of the Asset Transfer Agreement as a major transaction under Chapter 10 of the Catalist Rules and a disposal of the whole or substantially the whole of the Company’s undertaking or property under Section 160 of the Companies Act;
- (b) the Directors be authorised to do all such acts and things (including, without limitation, entering into all such transactions, arrangements and agreements and executing all such documents) as they may consider necessary or expedient for the purposes of giving effect to the Land Use Rights Re-acquisition Agreement, the Asset Transfer Agreement and the Proposed Disposals; and
- (c) any and all actions taken by any Director or the Company in respect of the matters considered in this resolution be and are hereby approved and ratified.

#### **ORDINARY RESOLUTION 2: THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS INTO THE INTERIOR DESIGN BUSINESS**

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That:

- (a) approval be and is hereby given for the Proposed Diversification of the business of the Group into the ID Business;
- (b) the Directors be authorised to do all such acts and things (including, without limitation, entering into all such transactions, arrangements and agreements and executing all such documents) as they may consider necessary or expedient for the purposes of giving effect to the Proposed Diversification; and
- (c) any and all actions taken by any Director or the Company in respect of the matters considered in this resolution be and are hereby approved and ratified.

#### **BY ORDER OF THE BOARD**

Sun Bowen  
Executive Director  
Singapore, 12 January 2023

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Notes:

1. The EGM will be held, in a wholly physical format, at Singapore Polytechnic Graduates Guild, Carnation Room, Level 3, 1010 Dover Road, Singapore 139658 on 12 January 2023, at 10:00 a.m. pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for members of the Company (the “Members”) to participate virtually.** A printed copy of this Notice of EGM will not be sent to the Members. Instead, this Notice of EGM will be sent to the Members by electronic means via publication on the Company’s corporate website at the URL <https://www.imperium-crown.com/news>. This Notice of EGM will also be made available on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Arrangements relating to:
  - (a) attendance at the EGM;
  - (b) submission of questions in advance of, or at, the EGM, and addressing of substantial and relevant questions in advance of, or at, the EGM, in relation to any resolutions set out in this Notice of EGM; and
  - (c) voting at the EGM by the Member or through his / her / its duly appointed proxy(ies),are set out in the accompanying Circular dated 12 January 2023. The Circular may be accessed at the Company’s corporate website at the URL <https://www.imperium-crown.com/news>, and will also be made available on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>.
3. Each of the resolutions to be put to the vote of Members at the EGM (and at any adjournment thereof) will be voted on by way of a poll.
4.
  - (a) A Member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such Member’s instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
  - (b) A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member’s instrument appointing a proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
5. A proxy need not be a Member of the Company.
6. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited at the registered office of the Company at 1 Commonwealth Lane, #06-20 One Commonwealth, Singapore 149544; or
  - (b) if submitted electronically, be sent via email to the Company, at [egm2023@imperium-crown.com](mailto:egm2023@imperium-crown.com),in either case, not less than seventy-two (72) hours before the time appointed for holding the EGM.

The Proxy Form may be accessed at the Company’s corporate website at the URL <https://www.imperium-crown.com/news> and SGX’s website at the URL <https://www.sgx.com/securities/companyannouncements>. A Member who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
7. Completion and return of the instrument appointing a proxy(ies) by a Member will not prevent him / her from attending, speaking and voting at the EGM if he / she so wishes. The appointment of the proxy(ies) for the EGM will be deemed to be revoked if the Member attends the EGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the EGM.
8. Central Provident Fund (“CPF”) or Supplemental Retirement Scheme (“SRS”) investors who hold the Company’s shares through CPF Agent Banks or SRS Operators:
  - (a) may vote at the EGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
  - (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5:00 p.m. on Friday, 13 January 2023**.
9. The Circular may be accessed at the Company’s corporate website at the URL <https://www.imperium-crown.com/news> and will also be made available on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Personal Data Privacy:

By submitting (a) an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM of the Company and/or any adjournment thereof, or (b) questions in advance of, or at the EGM, in relation to any resolution set out in the Notice of EGM, a Member of the Company:

- (1) consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the following purposes (collectively, the "**Purposes**"):
  - (a) processing and administration and analysis by the Company (or its agents or service providers) of the appointment of a proxy(ies) and/or representative(s) for the EGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes (including questions and answers) and other documents relating to the EGM (including any adjournment thereof);
  - (b) processing of the registration for purpose of granting access to the Members (or their corporate representatives in the case of the Members which are legal entities) to observe the proceedings of the EGM of the Company and providing them with any technical assistance where necessary;
  - (c) addressing all substantial and relevant questions received from the Members relating to the resolutions set out in the Notice of EGM to be tabled for approval at the EGM prior to, or at, the EGM and if necessary, following up with the relevant Members in relation to such questions; and
  - (d) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.
- (2) warrants that where the Member discloses the personal data of the Member's proxy(ies) to the Company (or its agents or service providers), the Member has obtained the prior consent of such proxy(ies) for the Purposes and agrees that the Member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member's breach of warranty.

# PROXY FORM

## IMPERIUM CROWN LIMITED

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

## PROXY FORM Extraordinary General Meeting

**IMPORTANT:**

1. The Extraordinary General Meeting (“EGM” or the “Meeting”) of Imperium Crown Limited (the “Company”) will be held, in a wholly physical format, at Singapore Polytechnic Graduates Guild, Carnation Room, Level 3, 1010 Dover Road, Singapore 139658 on 27 January 2023, at 10:00 a.m., pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for members of the Company (the “Members”) to participate virtually.** Printed copy of the Notice of EGM dated 12 January 2023 and this Proxy Form will not be sent to the Members. Instead, the Notice of EGM and this Proxy Form will be sent to the Members by electronic means via publication on the Company’s corporate website at the URL <https://www.imperium-crown.com/news>. The Notice of EGM and this Proxy Form will also be made available on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Arrangements relating to:
  - (a) attendance at the EGM;
  - (b) submission of questions in advance of, or at, the EGM, and addressing of substantial and relevant questions in advance of, or at, the EGM, in relation to any resolutions set out in the Notice of EGM; and
  - (c) voting at the EGM by the Member or through his/her/its duly appointed proxy(ies),
 are set out in the accompanying Company’s announcement dated 12 January 2023. This announcement may be accessed at the Company’s corporate website at the URL <https://www.imperium-crown.com/news>, and will also be made available on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>.
3. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund (“CPF”) or Supplemental Retirement Scheme (“SRS”) investors who hold the Company’s shares through CPF Agent Banks or SRS Operators. CPF and SRS investors:
  - (a) may vote at the EGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
  - (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5:00 p.m. on Friday, 13 January 2023**.
4. By submitting an instrument appointing a proxy(ies), the Member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 12 January 2023.
5. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies) at the EGM.

\*I/We, \_\_\_\_\_ (Name)

\_\_\_\_\_ (NRIC/Passport/Company Registration No.)

of \_\_\_\_\_ (Address)

being a Member/Members of the Company, hereby appoint

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf, at the EGM of the Company to be convened and held, in a wholly physical format, at Singapore Polytechnic Graduates Guild, Carnation Room, Level 3, 1010 Dover Road, Singapore 139658 on 27 January 2023, at 10:00 a.m. and at any adjournment thereof. I/We\* direct my/our proxy/proxies\* to vote for or against the resolutions proposed at the EGM as indicated hereunder.

\*Delete where inapplicable

| Resolutions relating to:                                   | Number of Shares** |           |           |
|--|--------------------|-----------|-----------|
|  | For**              | Against** | Abstain** |
| <b>Ordinary Resolution 1:</b> The Proposed Disposals       |                    |           |           |
| <b>Ordinary Resolution 2:</b> The Proposed Diversification |                    |           |           |

**\*\* Note:** Voting will be conducted by poll for all resolutions. If you wish your proxy to cast all your votes “For” or “Against” a resolution, please tick “ ” in the “For” or “Against” box provided in respect of that resolution. Alternatively, please indicate the number of votes “For” or “Against” in the “For” or “Against” box provided in respect of that resolution. If you wish your proxy to abstain from voting on a resolution, please indicate with a tick “ ” in the “Abstain” box provided in respect of that resolution. Alternatively, please indicate the number of shares that your proxy is directed to abstain from voting in the “Abstain” box provided in respect of that resolution. **In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the EGM and at any adjournment thereof.**

Dated this \_\_\_\_\_ day of January 2023

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

|                            |               |
|----------------------------|---------------|
| Total number of Shares in: | No. of Shares |
| CDP Register               |               |
| Register of Members        |               |

**IMPORTANT: Please read notes on the reverse**



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## PROXY FORM

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### Notes:

1. Each of the resolutions to be put to the vote of Members at the EGM (and at any adjournment thereof) will be voted on by way of a poll.
2. A Member of the Company should insert the total number of shares held. If the Member has shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), he/she/it should insert that number of shares. If the Member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the Member has shares entered against his/her/its name in the Depository Register and shares registered in his / her / its name in the Register of Members, he/she/it should insert the aggregate number of shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the Member of the Company.
  - (a) A Member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such Member's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
  - (b) A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's instrument appointing a proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

"Relevant intermediary" means:

- (i) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (ii) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
  - (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of Members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. Completion and return of this instrument appointing a proxy shall not preclude a Member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
  5. A proxy need not be a Member of the Company.
  6. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
    - (a) if submitted by post, be deposited at the registered office of the Company at 1 Commonwealth Lane, #06-20 One Commonwealth, Singapore 149544; or
    - (b) if submitted electronically, be submitted via email to the Company, at [egm2023@imperium-crown.com](mailto:egm2023@imperium-crown.com),

in either case, not less than seventy-two (72) hours before the time appointed for holding the EGM.

The Proxy Form may be accessed at the Company's corporate website at the URL <https://www.imperium-crown.com/news> and SGX's website at the URL <https://www.sgx.com/securities/companyannouncements>. A Member who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which; the instrument may be treated as invalid.
8. The Company shall be entitled to reject the instrument appointing or treated as appointing a proxy(ies) if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing or treated as appointing a proxy(ies) (including any related attachment). In addition, in the case of Members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing or treated as appointing a proxy(ies) lodged if such Members, being the appointer, are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies), the Member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 12 January 2023.