

**IMPERIUM CROWN LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199505053Z)

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**PROPOSED ACQUISITION OF A 30% STAKE IN TWO (2) CINEPLEX PROPERTY INVESTMENT COMPANIES IN THE PEOPLE'S REPUBLIC OF CHINA**

**(1) LINYI YINGUANG CINEPLEX MANAGEMENT CO., LTD; AND (2) ZAOZHUANG YINGUANG CINEPLEX CO., LTD**

**– ENTRY INTO CONDITIONAL SHARE PURCHASE AGREEMENTS**

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**1. INTRODUCTION**

The Board of Directors (the “**Directors**” or “**Board**”) of Imperium Crown Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 27 October 2016 entered into two (2) separate conditional share purchase agreements (the “**SPAs**”) with Shandong Yinguang Wen Chuang Yuan Co., Ltd (山东银光国际文创产业发展有限公司) (the “**Vendor**”) to acquire a 30% stake in each of (i) Linyi Yinguang Cineplex Management Co., Ltd. (临沂银光影院管理有限公司) (“**Linyi Cineplex**”) and (ii) Zaozhuang Yinguang Cineplex Co., Ltd (枣庄银光影院有限公司) (“**Zaozhuang Cineplex**”) from the Vendor, upon the terms and conditions of the SPAs (the “**Proposed Acquisition**”) (Linyi Cineplex and Zaozhuang Cineplex are collectively, the “**Target Companies**” and each a “**Target Company**”).

**2. INFORMATION RELATING TO THE VENDOR, TARGET COMPANIES AND THE PROPERTIES**

*The information on the Vendor and the Target Companies in this Paragraph 2 of this announcement was provided by the Vendor, which has been extracted and reproduced herein. In respect of such information, pending due diligence work, the Company has not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.*

**2.1 The Vendor**

The Vendor was incorporated on 26 December 2013 under the laws of the People's Republic of China (“**PRC**”) with an issued and paid-up capital of Renminbi (“**RMB**”) 70 million, whose principal business includes development and management of Cinema Complex (“**Cineplexes**” or “**Cineplex**”) and Shopping Centres in 2<sup>nd</sup> and 3<sup>rd</sup> tier cities in the state of Shandong in the PRC (collectively known as “**Entertainment Hub**” or “**Entertainment Mall**” within the 2<sup>nd</sup> and 3<sup>rd</sup> tier cities in the province of Shandong as its focus, the Vendor and its business associates are executing a plan to develop and to manage up to 100 Entertainment Mall whilst leveraging on the reputation and asset base of the Vendor in the PRC. As part of the Vendor's Cultural, Media and Art (“**CMA**”) business division, it is partnering with its business partners to penetrate the CMA market of Shandong in the area of cultural arts, in the area of

media distribution, and, in the area of film production where the population is in excess of 100,000,000 burgeoning middle class.

The Vendor and Zhejiang Yong Le Television and Film Co., Ltd (“**Yong Le**”) have signed a joint venture and partnership agreement to co-manage, co-invest and cooperate in a business strategy to manage up to 100 Cineplex within 100 Entertainment Mall that caters to the burgeoning middle class of PRC within Shandong Province. In this arrangement, the Vendor will leverage its real estate portfolio and cultural related assets to contribute to the partnership whilst Yong Le will leverage its content distribution, film production and media content management assets to deliver products to the local communities and population.

The shareholders of the Vendor are independent third parties who are unrelated to the Directors and/or controlling shareholders of the Company and their respective associates.

The Target Companies will be wholly-owned subsidiaries of the Vendor, as further elaborated in the following paragraph 2.2 of this announcement.

## **2.2 The Target Companies**

### ***Linyi Cineplex***

Linyi Cineplex is in the final stages of being incorporated. The Vendor has undertaken to procure to complete the said incorporation within 10 working days from the date of the SPAs. Linyi Cineplex will be incorporated under the laws of the PRC with a capital of RMB10 million.

As part of the condition precedent of the SPAs, Linyi Cineplex will be established with a paid up capital of RMB 10 million and the business of Linyi Cineplex will be that of property investment and development of a cineplex in the main shopping business district in Feixian county, Linyi city, Shandong province, the PRC (the “**Linyi Property**” as further described below).

### ***Zaozhuang Cineplex***

Zaozhuang Cineplex is also in the final stages of being incorporated. The Vendor has undertaken to procure to complete the said incorporation within 10 working days from the date of the SPAs. Zaozhuang Cineplex will be incorporated under the laws of the PRC with a capital of RMB10 million.

As part of the condition precedent of the SPAs, the Zaozhuang Cineplex will be established with a paid up capital of RMB 10 million and the business of Zaozhuang Cineplex will be that of property investment and development of a property development project in the central shopping district of Shanting district, Zaozhuang city, Shandong province, the PRC (the “**Zaozhuang Property**” as further described below).

## **2.3 The Properties**

### ***Linyi Property***

Linyi Cineplex will own a cineplex of approximately 2,600 square metres and will indicatively comprise 5 cinema halls (“**Linyi Property**”) located within a Entertainment Mall of approximately 63,000 square metres in the main shopping district of Feixian county, Linyi city, Shandong province. Based on the prevailing market price of nearby properties of RMB8,000 per square metre, the Linyi Property is currently valued at RMB20.8 million (approximately S\$4.3 million).

The Linyi Property is fully constructed and is expected to be fully operational by June 2017.

It is currently intended that the Linyi Property will be leased to a joint venture company between the Vendor and Yong Le, which will manage and oversee the day-to-day operations of the cineplex. The Linyi Property is expected to generate an annual lease income of RMB1.14 million (S\$235,000) based on the current prevailing daily rental rate of RMB1.20 (S\$0.25) per square metre for similar properties in the vicinity. Shareholders are to note that these figures are indicative and for reference only and will be subject to rental rates prevailing at the time of the entry into the lease.

### ***Zaozhuang Property***

Zaozhuang Cineplex will own a property development project with an estimated total area of approximately 12,000 square metres and which is currently in the final stages of approval by the local authorities prior to the commencement of construction (“**Zaozhuang Property**”).

The Zaozhuang Property is located in the shopping district of Shanting district, Zaozhuang city, Shandong province and upon completion, the Zaozhuang Property will house a cineplex (comprising indicatively 8 cinema halls), an auction house and retail outlets. Based on the prevailing market rate of nearby developments of a similar nature of RMB5,000 per square metre, the Zaozhuang Property is currently valued at RMB60 million (approximately S\$12.4 million).

Construction of the Zaozhuang Property is expected to commence by November 2016 and the official launch of the project by end 2017.

Upon completion, it is also intended that the Zaozhuang Property will be leased to the same management company which will manage and oversee the day-to-day operations of the Cineplex, auction house and retail outlets jointly with other parties. The Zaozhuang Property is expected to generate an annual lease income of RMB2.62 million (S\$541,000) based on the current prevailing daily rental rate of RMB0.60 (S\$0.12) per square metre for similar properties in the vicinity. Shareholders are to note that these figures are indicative and for reference only and will be subject to rental rates prevailing at the time of the entry into the lease.

(Linyi Property and Zaozhuang Property are collectively, the “**Properties**”)

## **3. RATIONALE FOR THE PROPOSED ACQUISITION AND FUTURE PLANS**

### **3.1 Rationale for the Proposed Acquisition**

The Proposed Acquisition (i) is an expansion of the Group’s existing core business of property investment and development and (ii) is in line with its strategic plans to build

up a diversified portfolio of well-located properties which are able to generate stable recurrent income, thereby enhancing the value and growth of the Company's portfolio over the longer term.

In addition, in relation to the Group's intentions to further develop and conduct property investment by participating in the 100 Cineplex within the 100 Entertainment Mall corporate objective, the Board views this as an essential business development opportunity to allow the Group to explore and develop future business opportunities and future acquisitions within the CMA space in order to diversify the revenues of the Group beyond the traditional rental collection and property income generation. At the appropriate time and as required, the Group will seek shareholders' approval as opportunities emerges to extend the revenue model of the Group into other areas such as advertising, media distribution royalties, event and artist management fees, and other forms of space making revenues relating to the CMA industry. The Proposed Acquisition aligns the business interests of the Group with the Vendor, its partner Yong Le and their partners within the CMA industry of PRC to explore, negotiate and explore any other business ventures that will create value for the stakeholders and shareholders of each of the counter parties.

### **3.2 Future Plans**

The Group's future strategy is to leverage on the strengths of its partners, Yinguang and Yong Le, to grow shareholder value. This strategy entails strategic expansion plans that can grow and sustain its income base. These plans include (i) enlarging its cultural, media and art-related real estate footprint to increase rental income; (ii) entering into management of real estate assets in conjunction with its strategic partners, thereby raising the Group's fee income further; and (iii) exploring mergers and acquisitions of operating businesses in the film and television industry of China.

The Group shall seek shareholders' approval in relation to the above corporate action plans, whenever such approvals are required in compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst .

## **4. KEY TERMS OF THE PROPOSED ACQUISITION**

### **4.1 Purchase Consideration**

The aggregate purchase consideration for the Proposed Acquisition is S\$5 million (S\$1.3 million for Linyi Cineplex and S\$3.7 million for Zaozhuang Cineplex) (the "**Purchase Consideration**") and is payable in full as follows:-

- (a) As soon as practicably possible after the legal and valid incorporation of both Target Companies, a refundable good faith deposit of S\$1 million (S\$0.5 million for each of the Target Companies) (the "**Deposit**") is payable to and shall be held by an escrow agent to be appointed by the Company; and
- (b) the balance of the Purchase Consideration is payable within 10 working days of the Completion Date (as defined below) ("**Payment Date**").

Under the terms of the SPAs, the Vendor and the Company have agreed that the Company is entitled to defer the payment of the Purchase Consideration and

postpone the Payment Date to a date which is 3 months after the Payment Date, or such later date as the Parties may agree in writing.

In the event that the Proposed Acquisition is not completed, the good faith Deposit shall immediately be refunded in full to the Company without demand. If the acquisition of either of the Target Companies is not completed, half of the good faith Deposit (S\$500,000) shall immediately be refunded to the Company without demand.

The Purchase Consideration was arrived at following arm's length negotiations on a willing buyer willing seller basis, and taking into account, *amongst others*, the current market prices of similar properties in the surrounding area of each of the Properties.

The Vendor has also granted an option to the Company to purchase an additional 19% stake (resulting in an aggregate stake of 49%) in each of the Target Companies which is exercisable at any time during the one (1) year period commencing from the date of the SPAs. The consideration for the additional 19% stake in each of the Target Companies will be determined based on an independent valuation of the Properties conducted at the time of exercising the said option.

The Purchase Consideration will be financed by internal funds of the Company and/or bank borrowings.

The Proposed Acquisition is not expected to have any material impact on the consolidated earnings per share and the net tangible assets per share of the Group for the financial year ending 30 June 2017.

## **4.2 Conditions Precedent to Completion**

The Proposed Acquisition is subject to and conditional upon, *amongst others*, the following conditions being fulfilled or waived:-

- (i) the Company having completed the conduct of legal and financial due diligence on the Target Companies and the Properties and being satisfied with the result thereof;
- (ii) the Target Companies having obtained all legal titles and rights relating to the ownership of the Properties;
- (iii) all approvals from the relevant governmental, statutory, regulatory and other competent authorities, and registered with the Administration Bureau for Industry and Commerce and any other relevant third parties applicable to the Proposed Acquisition having been obtained, and if any such approval or registration is subject to conditions, such conditions being reasonably acceptable to the Company and having been duly and timely fulfilled and satisfied before Completion Date, and such approval remaining in full force and effect at completion of the Proposed Acquisition;
- (iv) the approval of the Company's Board for the Proposed Acquisition;
- (v) the execution of shareholders' agreements regulating and governing the relationship between the Company and the Vendor. At the appropriate time, the Company will release an announcement detailing the salient terms of any such agreements; and

- (vi) the independent valuation of the Properties having been completed by independent valuers of international repute to be appointed by the Company.
- (vii) If required, shareholders' approval and SGX-ST approval will be sought by the Company in order to carry out, execute and complete the transactions contemplated in this announcement.

For the avoidance of doubt, the completions of the acquisition of the Linyi Property and the acquisition of the Zaozhuang Property are not inter-conditional.

#### **4.3 Completion**

Completion of the Proposed Acquisition shall take place upon satisfaction or waiver in writing of the last of the conditions precedent to the SPAs. The date on which the completion of the Proposed Acquisition takes place shall be referred to as the "**Completion Date**", and shall be on or before the long stop date which is six (6) months from the date of the SPAs, subject to such extension of time as may be agreed in writing between the Company and the Vendor.

#### **5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholdings in the Company, if any).

#### **6. RESPONSIBILITY STATEMENT**

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

#### **7. CAUTIONARY STATEMENT**

Shareholders are advised to exercise caution in trading their shares in the Company. The Proposed Acquisition is subject to numerous conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their

stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of each of the SPAs will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

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

Wan Jinn Woei  
Executive Chairman and Chief Executive Officer  
1 November 2016

*This announcement has been prepared by Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*