

**PROPOSED ACQUISITION OF THE REMAINING 40% STAKE IN GLOBAL ENTERTAINMENT
MEDIA PTE. LTD. – CONDITIONAL SALE AND PURCHASE AGREEMENT**

1. INTRODUCTION

1.1. The Proposed Acquisition

1.1.1. The board of directors (the “**Board**” or the “**Directors**”) of Imperium Crown Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 27 September 2018 entered into a sale and purchase agreement (the “**SPA**”) with Fortsmith Investments Limited (the “**Vendor**”) and Global Entertainment Media Pte. Ltd. (the “**Target**” or “**GEM**”, and collectively with the Company and the Vendor, the “**Parties**”) for the Company to acquire from the Vendor 3,208,354 issued and paid-up shares in the capital of the Target representing 40% of the total issued and paid-up share capital of the Target (the “**Sale Shares**”) on the terms and conditions of the SPA (the “**Proposed Acquisition**”) for an aggregate consideration of S\$24,000,000 (the “**Consideration**”).

1.1.2. The Consideration for the Proposed Acquisition shall be fully paid to the Vendor in the following manner:

- (a) S\$17,100,000 in cash, to be funded by internal funds and/or bank borrowings and payable in the following instalments:
 - (i) S\$2,500,000 in cash shall be payable within three (3) months of the Company convening a general meeting and obtaining the approval of its shareholders (the “**Shareholders**”) for the Proposed Acquisition;
 - (ii) subject to the event described in section 1.1.3 of this announcement, S\$2,600,000 in cash (the “**Milestone 1 Cash Consideration**”) shall be payable upon the enlarged Group (upon completion of the Proposed Acquisition) (the “**Enlarged Group**”) achieving an audited consolidated profit before tax of S\$3,000,000 in a financial year no later than the financial year ending 30 June 2021 (“**FY2021**”) (“**Milestone 1**”);
 - (iii) subject to the event described in section 1.1.4 of this announcement, S\$12,000,000 in cash (the “**Milestone 2 Cash Consideration**”) shall be payable upon the Enlarged Group achieving an audited consolidated profit before tax of S\$12,000,000 in a financial year no later than the financial year ending 30 June 2023 (“**FY2023**”) (“**Milestone 2**”); and
- (b) the remaining Consideration of S\$6,900,000 by way of the issuance of 138,000,000 new ordinary shares in the capital of the Company (the “**Consideration Shares**”) at the issue price of S\$0.050 per share (the “**Issue Price**”), to be completed within seven (7) business days after the Completion Date (as defined below).

For the purpose of this announcement, “**Completion Date**” means no later than five (5) business days after the date on which the last of the conditions precedent as set out in section 6.4 of this announcement (the “**Conditions Precedent**”) has been satisfied or waived, in any event not later than 31 March 2019 (the “**Long-Stop Date**”), or such other date as the Parties may mutually agree in writing.

- 1.1.3. In the event that Milestone 1 is not achieved by the Enlarged Group by the end of FY2021, the Milestone 1 Cash Consideration and Milestone 2 Cash Consideration will no longer be payable by the Company to the Vendor, and the Company will return 1,951,749 Sale Shares (representing 24.3% of the issued share capital of the Target) to the Vendor (the “**Milestone 1 Return**”).
- 1.1.4. In the event that Milestone 1 is achieved by the Enlarged Group by the end of FY2021 but Milestone 2 is not achieved by the Enlarged Group by the end of FY2023, the Milestone 2 Cash Consideration will no longer be payable by the Company to the Vendor, and the Company will return 1,604,177 Sale Shares (representing 20.0% of the issued share capital of the Target) to the Vendor (the “**Milestone 2 Return**”).
- 1.1.5. In the event of the Milestone 1 Return or the Milestone 2 Return, the Vendor shall bear the cost of all stamp duties payable on the transfer of the Sale Shares from the Company back to the Vendor.

1.2. Shareholding Structure of the Target Before and After Completion

Pursuant to an earlier conditional sale and purchase agreement dated 27 February 2017 and as amended and supplemented by the first addendum dated 5 May 2017 and the second addendum dated 18 May 2017, the Company had acquired 60% of the total issued and paid-up share capital of the Target on 11 August 2017 (the “**Earlier Acquisition**”). Approval of Shareholders for the Earlier Acquisition was obtained at an extraordinary general meeting (“**EGM**”) of the Company held on 30 June 2017. For more details on the Earlier Acquisition, please refer to the Company’s announcements dated 2 March 2017, 28 April 2017, 5 May 2017, 18 May 2017 and 11 August 2017.

Consequently, upon completion of the Proposed Acquisition (“**Completion**”), the shareholding structure of the Target will be as follows:

Shareholders		No. of GEM shares immediately before Completion	No. of GEM shares to be sold	No. of GEM shares immediately after Completion
Imperium Limited	Crown	4,812,530 (60%)	Nil	8,020,884 (100%)
Fortsmith Investments Limited		3,208,354 (40%)	3,208,354 (40%)	Nil
Total		8,020,884 (100%)	3,208,354 (40%)	8,020,884 (100%)

Accordingly, upon Completion, the Target will be a wholly-owned subsidiary of the Company.

1.3. Waiver Application

1.3.1. Context

Rule 1015(1) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) states that where an acquisition of assets (whether or not the acquisition is deemed in the issuer’s ordinary course of business) is one where any of the relative figures computed on the bases set out in Rule 1006 is 100% or more, or is one which will result in a change in control of the issuer, the transaction is classified as a very substantial acquisition (“**VSA**”) or reverse takeover respectively.

As the relative figure calculated in accordance with Rule 1006(c) of the Catalist Rules, being the aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares (excluding treasury shares), for the purposes of the Proposed Acquisition exceeds 100% (as illustrated at section 8 of this announcement) and the Proposed Acquisition will not result in a change in control of the Company, the Proposed Acquisition would constitute a VSA under Chapter 10 of the Catalist Rules.

1.3.2. Application for SGX-ST Waiver

Notwithstanding that the figure computed under Rule 1006(c) of the Catalist Rules has crossed the threshold of 100%, the Company has, through its sponsor, made an application to the SGX-ST to seek a confirmation from the SGX-ST that the Proposed Acquisition is classified as a “major transaction” and not a VSA for the purposes of Chapter 10 of the Catalist Rules (the “**SGX-ST Waiver**”).

1.3.3. Grounds for SGX-ST Waiver

High Asset Ownership of the Company

- (a) The Company is primarily involved in the business of property development and property investment, which includes investments in the real estate sector. The Company aims to build up a portfolio of well-located residential, commercial and mixed residential/commercial development properties with a view towards generating attractive returns for Shareholders. Thus, the Company constantly seeks growth opportunities in the real estate sector, leading to high asset ownership.
- (b) There is an apparent anomaly when calculating the difference between the net asset value (“**NAV**”) per share and the highest market value per share (approximately \$0.0112 per share), and is one that should be noted. The Company’s 6-month historical trading range of S\$0.030 (low on 20 September 2018) to S\$0.073 (high on 9 May 2018) further goes to show that the historical trading prices have been consistently below the Company’s NAV of S\$0.0842 (based on the latest announced unaudited consolidated financial statements of the Company). The NAV is essentially calculated based on total assets less total liabilities. In the course of calculating the NAV, these assets may be amortised or depreciated and the accounting method used for the valuation will largely depend upon the circumstances, and the purposes of the valuation. Thus, with the Company having such a high asset ownership, the NAV would not be indicative of market factors, and is thus not a reflection of the real market value.

- (c) Additionally, with regards to the composition of the NAV, it comprises mainly non-current assets, of which S\$114,000,000 relates to the operating rights of the Park (as defined in section 2.2 of this announcement), and \$8,000,000 relates to land use rights of the Hotel (as defined in section 2.2 of this announcement) and two plots of land. Companies may change the way intangible assets are amortised, and this affects reported earnings. This, in itself, would lead to a very subjective valuation of the NAV, with no real market value to compare against.

No Change in Risk Profile

- (a) The Proposed Acquisition is made in the ordinary course of business and does not seek to diversify the Group's business into a different area. Accordingly, the Proposed Acquisition will not result in a change of risk profile, but instead presents opportunities for the Group to expand its core business and further consolidate control.
- (b) As abovementioned at section 1.2 of this announcement, pursuant to the Earlier Acquisition, the Company had acquired 60% of the total issued and paid-up share capital of the Target on 11 August 2017. Thus, there is clearly no change in risk profile of the Company following the Proposed Acquisition as the Company already possesses management control of the Target with its existing 60% controlling interest in the Target.

No Change in Management of the Company

- (a) There will be no change in the management of the Company as a result of the Proposed Acquisition.

1.3.4. Waiver for the Appointment of a Full Sponsor under Rule 1015(1) Catalist Rules

Alternatively, where the SGX-ST Waiver is not granted by the SGX-ST and the Proposed Acquisition is classified as a VSA, the Company has, through its sponsor, sought a waiver of the requirement under Rule 1015(1) of the Catalist Rules that the Proposed Acquisition be undertaken by a full sponsor (the "**Full Sponsor Waiver**", and collectively with the SGX-ST Waiver, the "**Waiver Application**").

1.3.5. Status of the Waiver Application

In the event that the Waiver Application is unsuccessful, the Parties shall re-negotiate the terms under the SPA in view of the potential costs, opportunity costs and time required for Completion; and in the event that the Parties are unable to re-negotiate the terms of the SPA to the satisfaction of all Parties, the SPA may be terminated immediately by written notice at the election of either the Vendor or the Company.

The Company will update Shareholders on the outcome of the Waiver Application in due course.

1.4. Shareholders' Approval

Irrespective of the outcome of the Waiver Application, the Board will be seeking Shareholders' approval for the Proposed Acquisition pursuant to Chapter 10 of the Catalist Rules as Rule 1014(2) (in relation to major transactions) and Rule 1015(1)(b) (in relation to VSAs) both require that such acquisitions be made conditional upon the approval of shareholders.

In addition, the Vendor is wholly-owned by Mr. Sun Bowen (“**Mr. Sun**”), an executive director of the Company. As such, the Vendor is an “associate” of Mr. Sun and, further, an “interested person” within the meaning of Chapter 9 of the Catalist Rules. Consequently, the Proposed Acquisition constitutes an “interested person transaction” as defined in Rule 904(5) of the Catalist Rules. Accordingly, the Board will be seeking approval from independent Shareholders for the Proposed Acquisition as an interested person transaction pursuant to Chapter 9 of the Catalist Rules.

Rule 805(1) of the Catalist Rules provides that an issuer must obtain prior approval of shareholders in general meeting for the issue of shares unless such issuance of shares is covered under a general mandate obtained from shareholders of the Company. Also, Rule 804 of the Catalist Rules states that except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Moreover, such directors and associates must abstain from exercising any voting rights on the matter.

The Board will therefore also be seeking approval from independent Shareholders for the allotment and issuance of the Consideration Shares to the Vendor pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore (the “**Act**”), Rule 804 and Rule 805(1) of the Catalist Rules for the following reasons:

- (a) the allotment and issuance of the Consideration Shares to the Vendor for the Proposed Acquisition is not in reliance of a general mandate; and
- (b) the Consideration Shares will be allotted and issued to the Vendor, which is wholly-owned by the Company’s executive director, Mr. Sun.

More details of the above can be found in sections 4 and 5 of this announcement.

A circular to Shareholders setting out more information on the Proposed Acquisition and convening an EGM for the purposes of approving the Proposed Acquisition, the Proposed Acquisition as an interested person transaction, and the issue of Consideration Shares to the Vendor (the “**Circular**”) will be dispatched in due course.

2. INFORMATION ON THE VENDOR AND THE TARGET

The information on the Vendor in this section 2 of this announcement was provided by the Vendor, which has been extracted and reproduced herein. In respect of such information, 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 5 January 2005 under the laws of Samoa with an issued and paid-up capital of USD1.00, whose principle business is investment holding. The Vendor’s sole shareholder and director is Mr. Sun.

As aforementioned, Mr. Sun, a People's Republic of China ("**PRC**") national, is an executive director of the Company. He is also presently the executive director and senior advisor of Fabchem China Limited, a commercial explosives company listed on the Mainboard of the SGX-ST. He has more than 20 years of experience in the explosives industry and also has diverse investments in the PRC. Mr. Sun obtained his degree in Chemical Engineering from Qingdao University of Science & Technology.

As at the date of this announcement, neither the Vendor nor Mr. Sun has any shareholding interests (direct or indirect) in the Company.

2.2. The Target Group

GEM is a private limited company established in Singapore in November 2016 and is principally engaged in the business of investment holding. GEM owns 100% of the equity interest of Linyi Yin Sheng Wen Hua Chuan Mei Co., Ltd. (临沂银升文化传媒有限公司), an entity incorporated in the PRC ("**Linyi Yin Sheng**").

Linyi Yin Sheng in turn owns 90% of Fei County Wonder Stone Characteristic Town Development Co., Ltd (费县奇石特色小镇发展有限公司), an entity incorporated in the PRC ("**Fei County Wonder Stone**"). The remaining 10% of Fei County Wonder Stone is held by a state-owned enterprise representing the state government of Fei County, Shandong, the People's Republic of China (the "**Fei County Government**").

Fei County Wonder Stone holds 50 years of operating rights to Wonder Stone Park, a park located in Shandong, the PRC (the "**Park**"), and owns Wonder Stone Hotel, a hotel located in the Park (the "**Hotel**").

Fei County Wonder Stone also owns 100% of Fei County Yin Sheng Real Estate Co., Ltd. (费县银升置业有限公司), a wholly-owned subsidiary recently incorporated in the PRC on 11 June 2018, whose principal activity is that of property development and investment ("**Fei County Yin Sheng Real Estate**", and collectively with GEM, Linyi Ying Sheng and Fei County Wonder Stone, the "**Target Group**").

As at 30 June 2018, based on the unaudited accounts of the Target Group, the NAV value for the Target Group was approximately S\$101,041,000. For the financial year ended 30 June 2018 ("**FY2018**"), the net loss of the Target Group was S\$2,699,000.

As stated in section 1.2 of this announcement, the Company is, at present, the legal and beneficial owner of 60% of the total issued and paid-up share capital of GEM.

2.3. The Properties

2.3.1. Background

The Target Group, through Fei County Wonder Stone, owns the Hotel and also holds approximately 50 years of operating rights to the Park (collectively, the "**Properties**"), both of which are located in a commercial precinct in Fei County, Shandong, PRC.

The Properties were originally owned by the local Fei County Government. Pursuant to the Fei County Government's plans and policies to encourage investment and participation by private enterprises in assets of this nature, the Target Group acquired an interest in the

Properties from the Fei County Government. This was achieved through the establishment of the aforesaid Fei County Wonder Stone, an 80-20 joint venture with the Fei County Government. As announced by the Company on 14 September 2018, following the increase in the registered share capital of Fei County Wonder Stone, the Group's stake in Fei County Wonder Stone increased to 90% and the Fei County Government's stake in Fei County Wonder Stone decreased to 10%.

2.3.2. *The Park*

The Park is owned by the Fei County Government. Fei County Wonder Stone acquired a 50-year operating right to the Park which allows the Target Group to, *inter alia*, develop and commercialise the Park. The operating rights expire in 2067.

The Park has a total area of one million two hundred thousand square metres and is situated within a five-minute drive from the city centre, bus terminal and a high speed rail station. The bus station is fully operational, while the high speed rail station is expected to be operational in 2019. The Park is currently a tourist site and is on track to regain its "AAAA" rating under the Tourist Attraction Rating Categories of China (旅游景区质量等级)*. It is a free-entry park exhibiting naturally occurring stone boulders and rocks of a wide variety of sizes, colour and patterns and which are native to the Shandong region.

Since mid-2017, the Park has undergone development with the intention of converting it into a commercial development and tourist attraction with a theme park featuring rides and attractions. As stated in the Company's announcement dated 1 September 2018 (the "**MOU Announcement**"), Fei County Wonder Stone has entered into a non-binding memorandum of understanding with Sim Leisure Group Pte Ltd, a holding company with businesses and extensive experience in theme park design, development and operation, to undertake the project of building a custom-designed theme park at the Park. For more information on the theme-park, please refer to the MOU Announcement.

Note:

* The Tourist Attraction Rating Categories of China (旅游景区质量等级) is a rating system administered by the China National Tourism Administration to determine the quality of the attraction in terms of the following factors, including but not limited to basic amenities, transportation and number of visitors. There are five categories, of which AAAA is the second highest rating.

2.3.3. *The Hotel*

The Hotel is owned by Fei County Wonder Stone. It sits on an area of 24,156 square metres with a build-up area of 15,750 square metres and is located strategically within the Park. As stated in the Company's announcement dated 18 July 2018, Fei County Wonder Stone has entered into a license agreement with the Frontier Group for the Hotel to operate under the "Days" brand. The Hotel is envisaged to be fully operational by end 2018 and is able to house approximately 100 guestrooms with dining and conference halls, business centres and retail/commercial outlets.

3. **RATIONALE FOR THE PROPOSED ACQUISITION**

Further to the Earlier Acquisition, the Proposed Acquisition (i) is a further 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.

The Company recognises the potential and, in a bid to enhance Shareholders' value, has decided to acquire the remaining 40% of the Target to allow the Company to consolidate its control over the Target. The Company also wishes to recognise the performance and efforts of Mr. Sun, who has been instrumental in the Group's development. The Board believes that the issuance of the Consideration Shares to Mr. Sun will further incentivise Mr. Sun's work in the Target Group and align his interests with that of the Group's.

Accordingly, the Directors are of the view that the Proposed Acquisition is in the best interests of the Company.

4. THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

As explained in section 1.4 of this announcement, the Vendor is an "interested person" in the Proposed Acquisition pursuant to Chapter 9 of the Catalist Rules, and the Proposed Acquisition constitutes an "interested person transaction" as defined in Rule 904(5) of the Catalist Rules.

The value at risk of the Proposed Acquisition is the value of the Consideration, being S\$24,000,000. Based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2017 ("FY2017"), the audited consolidated net tangible asset ("NTA") of the Group was approximately S\$44,003,000. The value at risk of the Proposed Acquisition expressed as a percentage of the Group's latest audited consolidated NTA value for FY2017 is approximately 54.5%. As this value exceeds 5% of the Group's latest audited consolidated NTA value for FY2017, pursuant to Rule 906 of the Catalist Rules, the Proposed Acquisition is an interested person transaction which is subject to the approval of Shareholders.

Accordingly, the Company will be convening an EGM to seek independent Shareholders' approval in relation thereto. A Circular setting out the details of the Proposed Acquisition and such other information as prescribed under Chapter 9 of the Catalist Rules, together with the notice of EGM, will be despatched by the Company to its Shareholders in due course.

Pursuant to Rule 917(5) of the Catalist Rules, the current total value of the Group's transactions with the Vendor for the current financial year up to the date of this announcement is S\$8,000, and the current total value of all interested person transactions for the same financial period is S\$8,000.

The Company will be appointing an independent financial adviser to provide an opinion on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders (the "IFA Opinion"). The Audit Committee of the Board will be obtaining the IFA Opinion before forming its view on the Proposed Acquisition, which will be announced subsequently. A copy of the IFA Opinion will be included in the Circular to be despatched to Shareholders in due course.

5. ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES TO THE VENDOR

The Company will be seeking independent Shareholders' approval for the allotment and issuance of the Consideration Shares to the Vendor at the EGM to be convened pursuant to Section 161 of the Act and Rules 804 and 805(1) of the Catalist Rules as the allotment and issuance of the Consideration Shares (i) is not in reliance of the general mandate obtained from Shareholders at the annual general meeting of the Company on 6 October 2017 and (ii) will be made to the Vendor, which is wholly-owned by the Company's executive director, Mr. Sun.

6. **PRINCIPAL TERMS OF THE PROPOSED ACQUISITION**

6.1. **Sale and Purchase**

Pursuant to the SPA, the Company will acquire the Sale Shares from the Vendor, representing 40% of the total issued and paid-up share capital of the Target, with all rights, benefits and entitlements attaching thereto as at the Completion Date. Following Completion, the Target will become a wholly-owned subsidiary of the Company.

6.2. **Consideration**

The Consideration of S\$24,000,000 for the Proposed Acquisition will be satisfied in full by way of (i) payment of S\$17,100,000 in cash to the Vendor and (ii) the issuance of the Consideration Shares at the Issue Price to the Vendor, on the terms of and subject to the conditions as set out in the SPA. For more information, please refer to sections 1.1.2, 1.1.3 and 1.1.4 of this announcement.

The actual Consideration payable shall be subject to a certification conducted by an independent third party valuer, appointed at the sole discretion of the Company, confirming that the fair value of the Sale Shares is equivalent to or more than S\$24,000,000 (the “**Valuation**”). In the event that the Valuation of the Sale Shares is less than S\$24,000,000, the Company shall have the option (but not the obligation) to proceed with the Proposed Acquisition on the basis that the Consideration be adjusted and reduced to the amount equivalent to the Valuation. The Consideration shall not be adjusted if the Valuation of the Sale Shares is more than S\$24,000,000.

The Consideration, which represents a discount of approximately 40.6% to the NAV of the Target Group, was arrived at following arm’s length negotiations on a willing buyer willing seller basis, taking into account, *amongst others*, the NAV of the Target Group and the business and development plans of the Properties.

The Consideration Shares represent approximately 17.49% of the existing total number of issued and paid-up ordinary shares in the share capital of the Company (“**Shares**”) as at the date of this announcement (comprising 789,000,000 Shares), and approximately 14.89% of the enlarged share capital of the Company (comprising 927,000,000 Shares).

The Issue Price for each Consideration Share is S\$0.050 which represents a premium of approximately 63.0% to the volume weighted average price of S\$0.0307 of the Shares for trades done on the SGX-ST on 21 September 2018, being the last full market day on which the Shares were traded immediately preceding the trading halt (as announced and implemented on 24 September 2018) and the date on which the SPA was signed. The Issue Price was arrived at following arm’s length negotiations between the Company and Mr Sun.

The Consideration Shares shall be issued on the Completion Date as fully-paid Shares and shall rank *pari passu* in all respects with and carry all rights similar to the Shares in issue then, except that they do not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the Consideration Shares.

6.3. **Completion Date**

Subject to the terms and conditions of the SPA, Completion shall take place on the Completion Date, being no later than five (5) business days after the date on which the last of

the Conditions Precedent as set out in section 6.4 of this announcement has been satisfied or waived, in any event not later than the Long-Stop Date, or such other date as the Parties may mutually agree in writing, and at such place and time as the Parties may mutually agree.

6.4. Conditions Precedent to the Completion of the Proposed Acquisition

6.4.1. Company's obligations

The Company's obligations under the SPA are conditional upon, *inter alia*:

- (a) the Vendor being the legal and beneficial owner of 40% of the equity interest in the Target immediately prior to Completion;
- (b) the approval of the Board for the transactions contemplated in the SPA upon the terms and conditions set out in the SPA, including the allotment and issuance of the Consideration Shares;
- (c) the requisite approval of Shareholders, including the approval of independent Shareholders under Chapters 8 and 9 of the Catalist Rules as well as the approval of Shareholders under Chapter 10 of the Catalist Rules, having been obtained at an EGM to be convened for the transactions contemplated in the SPA;
- (d) the approval in-principle being granted by the SGX-ST (the "**Approval In-Principle**") pursuant to the additional listing application by the Company's sponsor (the "**Additional Listing Application**") for the listing and quotation of the Consideration Shares in accordance with the SPA on the Catalist Board of the SGX-ST ("**Catalist**"), and such approval not having been revoked or amended, and if the approval is granted subject to conditions, such conditions being reasonably acceptable to the Vendor and the Company and if required by the SGX-ST, such conditions being fulfilled or satisfied before Completion, and the SGX-ST not having made any ruling the effect of which is to restrict or impede the listing and quotation of the Consideration Shares;
- (e) the SGX-ST:
 - (i) giving the SGX Confirmation that the Proposed Acquisition is classified as a "major transaction" and not a VSA for the purposes of Chapter 10 of the Catalist Rules; or
 - (ii) (if the SGX Confirmation is not given by the SGX-ST and the Proposed Acquisition is classified as a VSA) granting the Full Sponsor Waiver;
- (f) if required, the approval of the SGX-ST for the Proposed Acquisition and the transactions contemplated in the SPA, and if such approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion, and such approval remaining in full force and effect at Completion;
- (g) no material adverse change or events, acts or omissions likely to lead to such change in the Assets, prospects, performance, financial position or results of operations of the Target Group (as determined by the Company in its sole discretion) occurring on or before the Completion Date; where "**Assets**" means all assets, properties, rights, claims and contracts of every kind, nature, character and description, tangible and intangible, real or personal, wherever located in relation to in connection with or used

in or for the business of the Target Group including but not limited to the goodwill, intellectual property, equipment, contracts, licenses, stock in trade, receivables and personnel;

- (h) all warranties provided by the Vendor under the SPA being complied with, true, accurate and correct as at the date of the SPA and each day up to and including the Completion Date;
- (i) the purchase and transfer of the Sale Shares upon the terms and conditions of the SPA not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or authority of Singapore;
- (j) all approvals and consents from all relevant governmental, statutory, regulatory and other competent authorities in Singapore or elsewhere and any other third parties applicable to the Company, Vendor and/or the Target Group, as the case may be, for the sale and purchase of the Sale Shares, the completion of the terms of the SPA and the transactions contemplated therein and referred to therein having been granted or obtained and continuing to be in force and effect and not having been withdrawn, suspended, amended or revoked, and if such consents or approvals are granted or obtained subject to any conditions, such conditions being satisfactory to the Company in its sole and absolute discretion;
- (k) if applicable, all necessary bank consents and other consents and approvals having been obtained by the Target on terms and conditions acceptable to the Company for the sale and purchase of the Sale Shares and such that Completion will not constitute an event of default or a breach, or result in the acceleration of indebtedness, or constitute or give rise to a prescribed event or a change in condition or position or otherwise at the date of Completion, under the terms of any indebtedness or otherwise whatsoever in respect of the Target to or with any bank, financial institution, third party or authority;
- (l) there not having been at any time prior to or on Completion the occurrence of any of the following events:-
 - (i) liquidation, bankruptcy or insolvency of any member of the Target Group;
 - (ii) termination of substantially all or part of the business of any member of the Target Group;
 - (iii) appointment of any assignee, receiver or liquidator for substantially all or part of the Assets or business of any member of the Target Group; or
 - (iv) attachment, sequestration, execution or seizure of substantially all or part of the Assets of any member of the Target Group;
- (m) the Company being satisfied that all material approvals and consents (including any governmental, regulatory and/or corporate approvals and consents) required for the business of the Target Group has been obtained, and are and shall remain on Completion valid and effective and not withdrawn or amended;

- (n) the Vendor's disclosure letter disclosing information constituting exceptions to the representations and warranties set out in Schedule 1 of the SPA (the "**Disclosure Letter**") being to the satisfaction of the Company (which Disclosure Letter shall be provided to the Company within ten (10) business days after the date of the SPA), provided that the Vendor shall be entitled to update the Disclosure Letter, from time to time but no later than 12 p.m. on the business day which is immediately prior to Completion Date, to reflect any events or circumstances occurring subsequent to the date of the initial letter.

6.4.2. *Vendor's obligations*

The Vendor's obligations under the SPA are conditional upon, *inter alia*:

- (a) if required, the requisite approval of the Company's Shareholders at an EGM having been obtained for the transactions contemplated in the SPA;
- (b) the Approval In-Principle being granted by the SGX-ST pursuant to the Additional Listing Application for the listing and quotation of the Consideration Shares in accordance with the SPA on the Catalist, and such approval not having been revoked or amended, and if the approval is granted subject to conditions, such conditions being reasonably acceptable to the Vendor and the Company and if required by the SGX-ST, such conditions being fulfilled or satisfied before Completion, and the SGX-ST not having made any ruling the effect of which is to restrict or impede the listing and quotation of the Consideration Shares;
- (c) all warranties provided by the Company under the SPA being complied with, true, accurate and correct as at the date of the SPA and each day up to and including the Completion Date;
- (d) there not having been at any time prior to or on Completion the occurrence of any of the following events:-
 - (i) liquidation, bankruptcy or insolvency of the Company;
 - (ii) termination of substantially all or part of the business of the Company by resolution of the general meeting of its shareholders;
 - (iii) appointment of any assignee, receiver or liquidator for or over substantially all or part of the Company or any of its assets; or
 - (iv) attachment, sequestration, execution or seizure of substantially all or part of the assets of the Company.

6.5. **Effect of Non-Fulfilment of Conditions**

If a Condition Precedent is not satisfied or waived or fulfilled or there is an occurrence that will prevent a Condition Precedent being satisfied by the Long-Stop Date (other than by reason of default or breach of any terms and conditions of the SPA by any Party), the Parties shall consult in good faith with a view to determining whether the transactions contemplated in the SPA may proceed by way of alternative means or methods or to postpone the Long-Stop Date. If, after such consultation, the Parties are unable to find a solution acceptable to all Parties or are unable to agree to postpone the Long-Stop Date in writing, and any of the Conditions Precedent are not fulfilled or waived by the relevant Party (as the case may be),

the SPA shall automatically terminate (except for clauses 9 and 10 of the SPA in relation to indemnity and confidentiality) and cease to have further effect and all obligations and liabilities of the Parties shall cease and determine with immediate effect and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise by reason of such termination, without prejudice to any claim by the relevant Party arising from an antecedent breach of the terms hereof.

6.6. Unsuccessful Waiver Application

In addition, as stated in section 1.3.5 of this announcement, in the event that the Waiver Application is unsuccessful, the Parties shall re-negotiate the terms under the SPA in view of the potential costs, opportunity costs and time required for Completion; and in the event that the Parties are unable to re-negotiate the terms of the SPA to the satisfaction of all Parties, the SPA may be terminated immediately by written notice at the election of either the Vendor or the Company.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

7.1. Assumptions

For illustrative purposes only, the financial effects of the Proposed Acquisition on the NTA and the earnings per share (“**EPS**”) of the Group, based on the unaudited consolidated financial statements of the Group for FY2018 are set out below.

The pro forma financial effects are presented for illustrative purposes only and are not intended to reflect the actual future financial position of the Company following Completion.

Such pro forma financial effects have been computed based on the unaudited consolidated financial statements of the Group for FY2018 and the unaudited financial statements of the Target for FY2018, based on the following assumptions:

- (a) the financial effects of the Proposed Acquisition on NTA per Share of the Group are computed assuming that the Proposed Acquisition was completed on 30 June 2018;
- (b) the financial effects of the Proposed Acquisition on the EPS of the Group are computed assuming that the Proposed Acquisition was completed on 1 July 2017; and
- (c) the financial effects of the Proposed Acquisition on the gearing of the Group are computed assuming that borrowings of S\$7,960,000 are undertaken for the Proposed Acquisition, which is derived from the difference between the cash consideration of S\$17,100,000 and the Group’s cash and cash equivalent of S\$9,140,000 as at 30 June 2018.

7.2. NTA

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
NTA as of 30 June 2018 (S\$'000)	15,169	4,734
Number of issued Shares ('000)	789,000	927,000
NTA per Share (cents)	1.92	0.51

7.3. EPS

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
Profit / (loss) attributable to the Company for FY2018 (S\$'000)	(14,319)	(15,353)
Number of issued Shares ('000)	789,000	927,000
EPS (cents)	(1.81)	(1.66)

7.4. Gearing

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
Net borrowings as at 30 June 2018 (S\$'000)	-	7,960
Total equity (S\$'000)	115,525	122,275
Gearing ratio	-	6.5%

8. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006

Based on (i) the latest announced unaudited consolidated financial statements of the Group for FY2018 and (ii) the unaudited financial statements of the Target for FY2018, the relative figures for the Proposed Acquisition computed on the bases set out in Rules 1006 (a) to (e) of the Catalist Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. Not applicable to an acquisition of assets	Not applicable ⁽¹⁾

(b)	The net loss attributable to the assets acquired, compared with the Group's net profits	Not meaningful as the relative figure is a negative figure due to losses of the Target Group ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	Based on NAV of shares: 118.7% ⁽³⁾ Based on market price of shares: 88.16%
(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	17.49% ⁽⁴⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) The unaudited net loss attributable to 40% of the Target Group for FY2018 of approximately S\$1.034 million, primarily arising from exhibition income, property operating expenses, depreciation, other operating expenses and interest expense, compared with the Group's latest announced unaudited net loss of approximately S\$14.319 million for FY2018. Under Rule 1002(3)(b) of the Catalist Rules, net profits is defined as profit or loss before income tax, minority interests and extraordinary items.
- (3) Based on the weighted average price of the Company's Shares of S\$0.0307 for trades done on the SGX-ST on 21 September 2018, being the last full market day on which the Shares were traded immediately preceding the trading halt (as announced and implemented on 24 September 2018) and the date on which the SPA was signed, the 138,000,000 Consideration Shares have a market value of approximately S\$4.232 million. Based on the latest announced unaudited consolidated financial statements of the Company, the NAV represented by the Consideration Shares would amount to approximately S\$11.620 million. Pursuant to Rule 1003(3) of the Catalist Rules, the NAV of the Consideration Shares was used to compute the relative figures for Rule 1006(c). As such, the value of the Consideration Shares is S\$11.62 million and the aggregate value of the Consideration is S\$28.720 million, compared to the Company's market capitalisation of S\$24.20 million which is determined by multiplying the number of Shares in issue being 789,000,000 Shares by the weighted average price of S\$0.0307 as abovementioned.
- (4) This figure was arrived at by dividing the number of Consideration Shares by the number of Shares previously in issue as at 30 June 2018, being 789,000,000 Shares.
- (5) This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company. The Company is not a mineral, oil and gas company.

As the relative figure computed based on Rule 1006(b) of the Catalist Rules is a negative figure, the Company shall through its sponsor, consult with the SGX-ST in accordance with the Catalist Rules. The Company will update Shareholders on the outcome of such consultation in due course.

As the relative figure computed based on Rule 1006(c) of the Catalist Rules exceeds 100%, the Proposed Acquisition would constitute a VSA under Chapter 10 of the Catalist Rules. Notwithstanding the foregoing, as stated in section 1.3 of this announcement, the Company has, through its sponsor, made the Waiver Application to seek, *inter alia*, a confirmation from the SGX-ST that the Proposed Acquisition is classified as a “major transaction” and not a VSA for the purposes of Chapter 10 of the Catalist Rules. The Company will update Shareholders on the outcome of the Waiver Application in due course.

As the Consideration will be satisfied partly by the allotment and issuance of the Consideration Shares for which listing is being sought, the Company is also obliged to announce the Proposed Acquisition pursuant to Rule 1009 of the Catalist Rules.

9. LISTING APPROVAL

Pursuant to the Conditions Precedent as set out in sections 6.4.1(d) and 6.4.2(b) of this announcement, the Company will be making the Additional Listing Application to the SGX-ST through its sponsor for the listing of and quotation for the Consideration Shares on the Catalist. An announcement will be made in due course to notify Shareholders when the Approval In-Principle for the listing of and quotation for the Consideration Shares from the SGX-ST is obtained.

10. EXTRAORDINARY GENERAL MEETING

The Company will be seeking Shareholders’ approval at the EGM to be convened for the purposes of approving the Proposed Acquisition, the Proposed Acquisition as an interested person transaction, and the issue of Consideration Shares to the Vendor.

The Circular to the Shareholders setting out information on the above together with a notice of the EGM to be convened will be dispatched to Shareholders in due course.

11. ABSTENTION FROM RECOMMENDATION AND VOTING

Rule 804 of the Catalist Rules states that except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Further, such directors and associates must abstain from exercising any voting rights on the matter.

Moreover, Rule 920(1)(b)(viii) and Rule 921(7) of the Catalist Rules require that an interested person abstain, and undertakes to ensure that its associates will abstain, from voting on the resolution approving the relevant transaction.

As at the date of this announcement, as the Vendor and Mr. Sun do not own any shares in the Company, Rules 804, 920(1)(b)(viii) and 921(7) of the Catalist Rules are not applicable to the Vendor and Mr. Sun.

Notwithstanding the above, Mr. Sun will abstain from voting on the Board resolution and from making a recommendation to the Shareholders in respect of the Proposed Acquisition.

12. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, 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 in their capacity as Directors or Shareholders of the Company).

13. SERVICE AGREEMENT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Save for service agreements already in place prior to the signing of the SPA, no service agreements will be entered into with the Directors or controlling shareholders of the Company or their respective associates in connection with the Proposed Acquisition.

14. CAUTIONARY IN TRADING

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that there is no assurance that any business activities or transactions mentioned in this announcement will materialise. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisors.

15. DIRECTORS' 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 statement in this announcement misleading. Where information in this 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.

16. DOCUMENTS AVAILABLE FOR INSPECTION

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

By Order of the Board

Sun Bowen
Executive Director

27 September 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's continuing sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Company's Sponsor has not independently verified the contents of this announcement.

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

The contact person for the Sponsor is Mr Bernard Lui.

Telephone number: (65) 6389 3000

Email address: bernard.lui@morganlewis.com