

IMPERIUM CROWN LIMITED

(The “Company”)



**Full-Year Financial
Statements for the Financial Year
Ended 30 June 2020**

28 August 2020

Company Registration Number: 1995-05053-Z

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Note:

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

UNAUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2020

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

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	The Group		Increase/ (Decrease) %
		12 months ended 30 June		
		2020 Unaudited S\$'000	2019 Audited S\$'000	
Revenue	A	1,487	115	>100.0
Other income	B	486	44	>100.0
Depreciation and amortisation expenses	C	(3,487)	(2,631)	32.5
Employee benefits expense	D	(1,385)	(1,090)	27.1
Other operating expenses	E	(10,535)	(2,093)	>100.0
Finance costs	F	(3)	–	n.m.*
Loss before tax		(13,437)	(5,655)	>100.0
Income tax benefit	G	585	572	2.3
Loss for the year		(12,852)	(5,083)	>100.0
<u>Other comprehensive income</u>				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of tax	H	(12)	(3,768)	(99.7)
Realisation of foreign translation reserve on liquidation of foreign subsidiaries	I	–	(1,265)	(100.0)
Other comprehensive loss for the year, net of tax		(12)	(5,033)	(99.8)
Total comprehensive loss for the year		(12,864)	(10,116)	27.2
Net loss attributable to:				
Equity holders of the Company		(10,992)	(3,472)	>100.0
Non-controlling interests		(1,860)	(1,611)	15.5
		(12,852)	(5,083)	>100.0
Total comprehensive loss attributable to:				
Equity holders of the Company		(11,004)	(6,778)	62.3
Non-controlling interests		(1,860)	(3,338)	(44.3)
		(12,864)	(10,116)	27.2

*n.m. – not meaningful

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

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

	The Group		
	12 months ended 30 June		
	2020	2019	Increase/ (Decrease)
	Unaudited	Audited	%
	S\$'000	S\$'000	
Amortisation of intangible assets	2,530	2,509	0.8
Depreciation of property, plant and equipment	957	122	>100.0
Government subsidy income	(390)	(17)	>100.0
Interest Income	(7)	(19)	(63.2)
Legal and professional fees	388	426	(8.9)
Net foreign exchange loss	1	235	(99.6)
Allowance for impairment loss on trade receivables	26	–	n.m.*
Realisation of translation reserves on liquidation of foreign subsidiaries	–	(1,265)	(100.0)
Loss on disposal of property, plant and equipment	30	–	n.m.*
Allowance for impairment on goodwill	6,607	–	n.m.*
Allowance for impairment on intangible assets	881	–	n.m.*

* n.m. – not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

		30 June 2020 \$'000	Group 30 June 2019 \$'000	Increase/ (Decrease) %	30 June 2020 \$'000	Company 30 June 2019 \$'000	Increase/ (Decrease) %
	Note	Unaudited	Audited	%	Unaudited	Audited	%
ASSETS							
Non-current assets							
Property, plant and equipment		20,741	18,536	11.9	30	1	>100.0
Intangible assets		111,660	115,085	(3.0)	–	–	–
Amount due from subsidiaries		–	–	–	–	3,911	(100.0)
Investments in subsidiaries		–	–	–	49,043	59,714	(17.9)
Goodwill		–	6,607	(100.0)	–	–	–
Total non-current assets	J	132,401	140,228	(5.6)	49,073	63,626	(22.9)
Current assets							
Trade and other receivables		2,239	1,385	61.7	23	24	(4.2)
Cash and cash equivalents		737	2,310	(68.1)	565	1,838	(69.3)
Total current assets	K	2,976	3,695	(19.5)	588	1,862	(68.4)
Total assets		135,377	143,923	(5.9)	49,661	65,488	(24.2)
EQUITY AND LIABILITIES							
Equity							
Share capital		84,190	84,190	–	84,190	84,190	–
Treasury shares		(58)	(58)	–	(58)	(58)	–
Accumulated losses		(35,522)	(24,530)	44.8	(39,477)	(23,524)	67.8
Other reserves		2,335	2,347	(0.5)	4,598	4,598	–
		50,945	61,949	(17.8)	49,253	65,206	(24.5)
Non-controlling interests		41,600	43,460	(4.3)	–	–	–
Total equity		92,545	105,409	(12.2)	49,253	65,206	(24.5)
Non-current liabilities							
Deferred tax liabilities		26,371	26,956	(2.2)	–	–	–
Total non-current liabilities	L	26,371	26,956	(2.2)	–	–	–
Current liabilities							
Trade and other payables		16,429	11,558	42.1	376	282	33.3
Lease liability, current		32	–	n.m.*	32	–	n.m.*
Total current liabilities	M	16,461	11,558	42.4	408	282	44.7
Total liabilities		42,832	38,514	11.2	408	282	44.7
Total equity and liabilities		135,377	143,923	(5.9)	49,661	65,488	(24.2)

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

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

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

	As at 30 June 2020		As at 30 June 2019	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Gross borrowings	–	–	–	–
Less: Transaction costs in relation to the bank loans	–	–	–	–
Net borrowings	–	–	–	–

(b) Amount repayable after one year

	As at 30 June 2020		As at 30 June 2019	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Gross borrowings	–	–	–	–
Less: Transaction costs in relation to the bank loans	–	–	–	–
Net borrowings	–	–	–	–

(c) Details of any collateral

As at 30 June 2020 and 30 June 2019, there were no borrowings or debt securities in issue.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	12 months ended	
	30 June 2020	30 June 2019
	Unaudited	Audited
	S\$'000	S\$'000
Cash Flows From Operating Activities		
Loss before tax	(13,437)	(5,655)
Adjustments for:		
Depreciation of property, plant and equipment	957	122
Amortisation of intangible assets	2,530	2,509
Interest income	(7)	(19)
Finance costs	3	–
Loss on disposal of property, plant and equipment	30	–
Allowance for impairment on goodwill	6,607	–
Allowance for impairment on intangible assets	881	–
Realisation of foreign translation reserve on liquidation of foreign subsidiaries	–	(1,265)
Operating cash flows before changes in working capital	(2,436)	(4,308)
Trade and other receivables	(855)	(735)
Trade and other payables	4,903	3,514
Net cash flows from/(used in) operations	1,612	(1,529)
Income taxes paid	–	–
Net cash flows from/(used in) operating activities	1,612	(1,529)

	Group	
	12 months ended	
	30 June 2020	30 June 2019
	Unaudited	Audited
	S\$'000	S\$'000
Cash Flows From Investing Activities		
Interest received	7	19
Land use rights (Purchase of intangible assets)	–	(1)
Purchases of property, plant and equipment	(3,192)	(5,319)
Net cash flows used in investing activities	(3,185)	(5,301)
Cash Flows From Financing Activities		
Repayment of bank borrowings	–	–
Advances from related party	–	–
Security deposits	–	–
Interest paid	–	–
Proceeds from issuance shares	–	–
Restricted cash	–	–
Net cash flows from financing activities	–	–
Net decrease in cash and cash equivalents	(1,573)	(6,830)
Cash and cash equivalents at beginning of year	2,310	9,140
Cash and cash equivalents, consolidated statement of cash flows, end of financial year	737	2,310

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Foreign exchange translation reserve S\$'000	Share options reserve S\$'000	Total S\$'000	Non-Controlling interests S\$'000	Total Equity S\$'000
The Group								
Balance as at 1 July 2018 (Audited)	84,190	(58)	(23,359)	1,055	4,598	66,426	49,099	115,525
Dilution of non-controlling interest	–	–	2,301	–	–	2,301	(2,301)	–
Loss for the year	–	–	(3,472)	–	–	(3,472)	(1,611)	(5,083)
Other comprehensive loss	–	–	–	(3,306)	–	(3,306)	(1,727)	(5,033)
Balance as at 30 June 2019 (Audited)	84,190	(58)	(24,530)	(2,251)	4,598	61,949	43,460	105,409
Loss for the year	–	–	(10,992)	–	–	(10,992)	(1,860)	(12,852)
Other comprehensive loss	–	–	–	(12)	–	(12)	–	(12)
Balance as at 30 June 2020 (Unaudited)	84,190	(58)	(35,522)	(2,263)	4,598	50,945	41,600	92,545

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Share options reserve S\$'000	Total S\$'000
<u>The Company</u>					
Balance as at 1 July 2018 (Audited)	84,190	(58)	(20,711)	4,598	68,019
Loss for the year	–	–	(2,813)	–	(2,813)
Balance as at 30 June 2019 (Audited)	84,190	(58)	(23,524)	4,598	65,206
Loss for the year	–	–	(15,953)	–	(15,953)
Balance as at 30 June 2020 (Unaudited)	84,190	(58)	(39,477)	4,598	49,253

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued and fully paid ordinary share capital

	Number of Shares '000	Issued share capital S\$'000
Balance as at 30 June 2020 and 31 December 2019 (excluding Treasury Shares and subsidiary holdings)	789,000	84,190

As at 30 June 2020, the Company held 1,000,000 ordinary shares as treasury shares (30 June 2019: 1,000,000). As at 30 June 2020, the Company does not have any subsidiary holdings (30 June 2019: Nil).

There was no change in the Company's share capital between 30 June 2020 and 30 June 2019. The total number of issued shares of the Company excluding treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019 was 789,000,000 shares.

The number of shares that may be issued on conversion of share options as at 30 June 2020 was 600,000,000 shares (30 June 2019: 600,000,000).

Treasury shares and subsidiary holdings

	30 June 2020	30 June 2019
Treasury shares	1,000,000	1,000,000
Subsidiary holdings	–	–
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares excluding treasury shares and subsidiary holdings	0.1%	0.1%

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30 June 2020 '000	30 June 2019 '000
Total number of issued shares	790,000	790,000
Treasury shares	(1,000)	(1,000)
Total number of issued shares, excluding treasury shares	789,000	789,000

1(d)(iv) A statement showing all sales, transfers, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellations and/or use of treasury shares by the Company as at 30 June 2020 (30 June 2019: Nil).

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellations and/or use of subsidiary holdings by the Company as at 30 June 2020 (30 June 2019: Nil).

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable as the figures have not been audited or reviewed by the Company's auditors.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- a) Updates on the efforts taken to resolve each outstanding audit issue.
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4 Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period ended 30 June 2020 as applied to the audited annual financial statements for the financial year ended 30 June 2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and all of the new and revised standards and interpretations of SFRS(I)s (“INT SFRS(I)s”) that are relevant to its operations and are effective for financial periods beginning on or after 1 July 2019. The adoption of these new or revised SFRS(I)s and INT SFRS(I)s did not result in any substantial changes to the Group’s accounting policies and does not have any material impact on the Group’s financial statements for the financial year ended 30 June 2020.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

- (a) based on the weighted average number of ordinary shares on issue; and
- (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	The Group	
	12 months ended 30 June	
	2020	2019
	Unaudited	Audited
	S\$’000	S\$’000
Loss attributable to equity holders of the Company	(10,992)	(3,472)
	No. of shares	No. of shares
	’000	’000
Weighted average number of ordinary shares	789,000	789,000
Loss per share		
Basic and diluted loss per share *		
Singapore cents	(1.39)	(0.44)

Note:

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

During financial year ended 30 June 2018, the Company has granted 600,000,000 share options at exercise price of \$0.085 each to Mr. Sun Bowen and Mr. Wee Henry. The options have been approved by shareholders of the Company at the Extraordinary General Meeting held on 29 March 2018. No dilutive effect has arose from these options as the average market price for the period is lower than the exercise price.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
- (a) current financial period reported on; and**
- (b) immediately preceding financial year.**

	The Group		The Company	
	As at 30 June <u>2020</u> Unaudited	As at 30 June <u>2019</u> Audited	As at 30 June <u>2020</u> Unaudited	As at 30 June <u>2019</u> Audited
Net asset value ("NAV") (in S\$'000)	50,945	61,949	49,661	65,206
No. of ordinary shares ('000), excluding treasury shares	789,000	789,000	789,000	789,000
NAV per ordinary share based on Issued share capital (Singapore cents)	6.46	7.85	6.24	8.26

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

STATEMENT OF COMPREHENSIVE INCOME

In financial year ended 30 June 2020 ("FY2020"), the Group's revenue was mainly derived from the Group's management of the Wonder Stone Park (the "WSP") and the Wonder Stone Hotel (the "WSP Hotel").

Note A

Revenue was S\$1.487 million for FY2020 compared to S\$0.115 million for the financial year ended 30 June 2019 ("FY2019").

The increase was primarily due to the official commencement of operations of WSP Hotel in September 2019 in WSP. Operating under the "Inzone" brand, the WSP Hotel is managed by the Inzone Hotels & Resorts Group. The WSP Hotel has approximately 100 hotel rooms including suites, as well as a range of complementary facilities such as restaurants, conference rooms and banquet halls and contributed S\$1.409 million in revenue for FY2020. In accordance to local regulatory requirements, the WSP Hotel temporarily suspended operations from late January 2020 due to COVID-19 and resumed operations in late March 2020. During the period of suspension, revenue was adversely affected. Notwithstanding, the WSP Hotel experienced a gradual recovery in room occupancy and also a surge in banquet hall bookings during the National Labour Day Holidays in May 2020 as wedding ceremonies previously cancelled during the Chinese Lunar New Year holidays were re-scheduled to May 2020.

Note B

Other income increased by S\$0.442 million from S\$0.044 million in FY2019 to S\$0.486 million in FY2020 mainly due to a one-off government subsidy income received from Fei County government to our subsidiary in the People's Republic of China ("PRC") amounting to S\$0.4 million in relation to our increased investment from our Singapore head office to our PRC subsidiary in the preceding financial year. In addition, interest income decreased due to lower bank balances which resulted in lower fixed deposits being placed.

Note C

Depreciation and amortisation expenses increased by S\$0.856 million from S\$2.631 million in FY2019 to S\$3.487 million in FY2020 mainly due to increase in property, plant and equipment of the WSP Hotel which commenced operations in September 2019.

Note D

Employee benefits expense increased by S\$0.295 million from S\$1.090 million in FY2019 to S\$1.385 million in FY2020 mainly due to a higher headcount in FY2020 following the commencement of operations of the WSP Hotel. In accordance to local regulatory requirements, the WSP Hotel temporarily suspended operations from late January 2020 due to COVID-19 and resumed operations in late March 2020. During the suspension period, staff costs were lower as the WSP Hotel operated with a minimal headcount. Notwithstanding, no staff was laid off during the COVID-19 suspension and the staff had since returned to work upon resumption of operations.

Note E

Other operating expenses increased by S\$8.442 million from S\$2.093 million in FY2019 to S\$10.535 million in FY2020 mainly due to an impairment allowance of S\$7.488 million recognised and elaborated in the next paragraph and the commencement of operations of the WSP Hotel which increased from S\$0.214 million in FY2019 to S\$1.496 million in FY2020. In addition, the increase was offset by lower legal and professional fees incurred in FY2020.

An assessment for impairment for property, plant and equipment and other intangible assets, goodwill (at Group level) and investment in subsidiaries (at Company level) was performed. The Company engaged an independent valuation expert to assist in evaluating the assumptions and methodologies used in a discounted cash flow ("DCF") analysis based on the value-in-use ("VIU") approach and assessed that an impairment allowance of S\$7.488 million was recognised at the Group level. The DCF analysis considered, among other matters, a delay in the completion of the development of the WSP due to COVID-19 which affected the timing in which future forecasted revenue arising from the WSP could be derived.

Note F

Finance costs incurred for FY2020 is due to the adoption of SFRS(I) 16 Leases ("SFRS(I)16") in FY2020. Accordingly, the operating leases which the Group has entered into are examined and a finance cost is computed for FY2020. The value of the remaining lease period beyond FY2020 is recognised in non-current assets and a corresponding liability is recognised in non-current liabilities.

Note G

Income tax benefit comprised 25% deferred tax liabilities on the amortisation of the fair value of WSP operating rights over 50 years.

Note H

Exchange differences on translating foreign operations decreased from S\$3.8 million in FY2019 to S\$0.012 million in FY2020 mainly due to the smaller fluctuation of exchange rates in FY2020 compared to FY2019.

Note I

Following the divestment of all the Japanese Properties in FY2019, the realization of translation reserve on liquidation of foreign subsidiaries resulted in the nil figure for FY2020.

Overall, the net loss for FY2020 was S\$12.852 million, compared to a net loss of S\$5.083 million in FY2019.

STATEMENT OF FINANCIAL POSITION

Note J - Non-current assets

Overall, non-current assets decreased by \$7.827 million from S\$140.228 million as at 30 June 2019 to S\$132.401 million as at 30 June 2020.

Property, plant and equipment (“PPE”) at the Group level increased due to renovations and asset enhancements to the WSP and the WSP Hotel. The 11.9% increase in PPE for FY2020 was lower than the 32% increase in FY2019 primarily due to the bulk of the WSP Hotel construction work occurring in FY2019.

PPE at the Company level increased following the adoption of SFRS(I)16 where the remaining lease period of the operating leases which the Company has entered into was recognised as an asset.

Goodwill relates to the 60% acquisition of the equity interest in Global Entertainment Media Pte Ltd (“GEM”) and its group of companies in 2017 and is recognised following the completion of the purchase price allocation exercise in 2018. As elaborated under Note E in the preceding paragraphs, an impairment allowance of S\$6.607 million was provided for using the DCF analysis based on the VIU approach.

Intangible assets of S\$111.660 million relate mainly to the 50 years of property development rights that the Group holds over the WSP. The intangible assets decreased by S\$3.425 million mainly due to the amortisation of the property development rights amounting to S\$2.530 million and the impairment allowance amounting to S\$0.881 million.

At the Company level, investments in subsidiaries decreased by S\$10.671 million following the assessment for impairment exercise as elaborated under Note E in the preceding paragraphs.

The loan receivable from a subsidiary at the Company level decreased from S\$3.911 million as at 30 June 2019 to zero as at 30 June 2020 following the assessment for impairment exercise as elaborated under Note E in the preceding paragraphs. This amount is an interest-free loan and is repayable in March 2028.

Note K - Current assets

Overall, current assets decreased by S\$0.719 million from S\$3.695 million as at 30 June 2019 to S\$2.976 million as at 30 June 2020.

Notwithstanding that the WSP Hotel commenced operations during FY2020, the development of the WSP is being undertaken in phases. The WSP was not fully operational in FY2020. This led to a decrease in cash and cash equivalents from S\$2.310 million as at 30 June 2019 to S\$0.737 million as at 30 June 2020. The decrease was mainly due to administrative expenses incurred by the PRC subsidiaries of approximately S\$0.3 million as well as the administrative expenses incurred by the Company of approximately S\$1.3 million as a listed entity.

Trade and other receivable increased from S\$1.385 million as at 30 Jun 2019 to S\$2.239 million as at 30 Jun 2020. The increase is mainly due to an increase in low valued spare parts and items of S\$0.3 million and S\$0.1 million of prepayments made by the WSP Hotel. Trade receivables of approximately S\$0.3 million from corporate clients of the WSP Hotel was also recorded following the commencement of operations of the WSP Hotel.

Note L - Non-current liabilities

Non-current liabilities decreased by S\$0.585 million from S\$26.956 million as at 30 June 2019 to S\$26.371 million as at 30 June 2020.

Consistent with preceding financial years, deferred tax liabilities of S\$26.371 million relate to the 25% deferred tax (PRC tax) on the fair value of the 50 years of property development rights.

Following the amortisation of the property development rights, the deferred tax liabilities which had been computed previously on the property development rights had correspondingly decreased.

Note M - Current liabilities

Current liabilities increased by S\$4.903 million from S\$11.558 million as at 30 June 2019 to S\$16.461 million as at 30 June 2020. This was mainly due to an increase in trade payables of approximately S\$2 million following the commencement of operations of the WSP Hotel and an increase in other payables of approximately S\$2.5 million arising from a loan advanced from our Executive Chairman to the Group.

Following the adoption of SFRS(I) 16 Leases (“**SFRS(I)16**”) in FY2020, the operating leases which the Group has entered into are examined and a finance cost is computed for FY2020. The value of the remaining lease period beyond FY2020 is recognised in non-current assets and a corresponding liability of S\$32,000 is recognised in non-current liabilities as lease liability.

Working capital

Notwithstanding that the WSP Hotel commenced operations during FY2020, the development of the WSP is being undertaken in phases, and the WSP was not fully operational in FY2020. This led to a negative working capital of S\$13.485 million as at 30 June 2020 as compared to S\$7.863 million as at 30 June 2019. The decrease was mainly due to administrative expenses incurred by the Group of approximately S\$1.6 million, increase in payables incurred by the WSP Hotel of S\$2.0 million following its commencement of operations as well as an increase in the loan amount of S\$2.5 million extended by our Executive Chairman to our PRC subsidiary, and the administrative expenses incurred by the Company of approximately S\$1.3 million as a listed entity. The Group is able to meet its working capital needs in view of the on-going support from its Executive Chairman as well as the ongoing efforts by management to improve its financial position.

STATEMENT OF CASH FLOWS

Net cash flows from operating activities was S\$1.612 million as at 30 June 2020 as compared to net cash flow used in operating activities amounting to S\$1.529 million as at 30 June 2019. The increase was mainly due to the absence of the liquidation of our Japanese subsidiaries in this current year which contributed an outflow of \$1.3 million; and an increase in trade and other payables in the FY2020.

Net cash flows used in investing activities was S\$3.185 million as at 30 June 2020 as compared to S\$5.301 million as at 30 June 2019 mainly due to renovations and asset enhancements at the WSP Hotel. The amount in FY2020 was lower than FY2019 as the bulk of the purchases had occurred in FY2019 and the WSP Hotel commenced operations in September 2019.

Net cash flows from financing activities was nil as at 30 June 2020.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was previously given.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The coronavirus pandemic has adversely affected tourism and the movement of people globally. While the WSP Hotel has resumed operations, safety measures in compliance with the regulations as prescribed by the local authorities remain in place. Barring unforeseen circumstances or any outbreak of another wave of the COVID-19 virus within the PRC, the WSP Hotel expects to continue its normal operations. Notwithstanding, the restriction on international travel coupled with the lifting of lockdowns within the PRC is envisaged to lead to an increase in domestic travel and tourism. The Group continues to monitor the situation closely and will take the necessary measures to safeguard the interests of its employees and the Group.

The Group continues to engage the local authorities on the development plans of the WSP. Barring unforeseen circumstances or any outbreak of another wave of the COVID-19 pandemic within the PRC, the Group expects to commence charges for entry into the WSP as well as to commence the development of the 2 plots of land previously acquired in the WSP during the next 12 months.

On the proposed acquisition of the remaining 40% equity interest in GEM, the Company is pending a response from the SGX-ST on the relevant rules that are applicable to the transaction. Please refer to the announcements made on 27 September 2018, 28 March 2019, 26 September 2019 and 31 March 2020 in relation to the acquisition.

Concurrently, discussions with the PRC regulatory authorities are also underway on the proposed development and operation of an "ESCAPE" theme park.

11 If a decision regarding dividend has been made whether an interim (final) ordinary dividend has been declared (recommended)

(a) Current financial period reported on

None.

(b) Corresponding period of the immediately preceding financial year

None.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect and the reasons for the decision.

No dividend has been declared or recommended as the Group is in a loss making position.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

Name of Interested Person	Financial year ended 30 June 2020		
	Nature of relationship	Aggregate value of all IPTs during the financial period under review	Aggregate value of all IPTs conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than \$100,000)
		\$'000	\$'000
Mr. Sun Bowen - Acquisition of 40% of the issued and paid-up share capital of GEM ⁽¹⁾	Mr. Sun Bowen is the executive chairman of the Company.	24,000	-

Note:

1. This relates to the proposed acquisition of the remaining 40% equity interest in GEM which is pending a response from the SGX-ST on the relevant rules that are applicable to the transaction and subsequently, subject to the convening of an extraordinary general meeting to seek the approval of shareholders of the Company.
2. Mr. Sun Bowen, through companies related to him, has extended an interest-free RMB-denominated loan amounting to \$5,974,000 to the Group for working capital purposes. The amount at risk of the interest-free loan is zero.

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

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

Statement of Operations by Segments

Profit or Loss from Continuing Operations and Reconciliations

	Property development and property investment S\$'000	Leisure and hospitality S\$'000	Unallocated segment ⁽¹⁾ S\$'000	Consolidated financial statements S\$'000
FY2020 (Unaudited)				
Sales to external customers	–	1,487	–	1,487
Recurring EBITDA⁽²⁾	–	(8,531)	(1,035)	(9,566)
Depreciation and amortisation	–	(3,441)	(46)	(3,487)
ORBIT⁽³⁾	–	(11,972)	(1,081)	(13,053)
Interest income	–	–	7	7
Finance costs	–	–	(3)	(3)
Legal and professional fee	–	(98)	(290)	(388)
Loss before tax	–	(12,070)	(1,367)	(13,437)
Income tax benefit	–	585	–	585
Loss after tax	–	(11,485)	(1,367)	(12,852)
FY2019 (Audited)				
Sales to external customers	–	115	–	115
Recurring EBITDA⁽²⁾	–	(1,393)	(2,568)	(3,961)
Depreciation and amortisation	–	(2,630)	(1)	(2,631)
ORBIT⁽³⁾	–	(4,023)	(2,569)	(6,592)
Interest income	–	–	19	19
Legal and professional fee	–	(52)	(295)	(347)
Realisation of foreign exchange translation reserve on liquidation of foreign subsidiaries	1,265	–	–	1,265
Loss before tax	1,265	(4,075)	(2,845)	(5,655)
Income tax benefit	–	572	–	572
Loss after tax	1,265	(3,503)	(2,845)	(5,083)

Note:

- (1) Unallocated Segment comprised primarily corporate office expenses which cannot be attributed meaningfully to any particular segment.
- (2) Earnings from operations before depreciation and amortization, interest and income taxes (called “Recurring EBITDA”).
- (3) Operating result before interests and income taxes and other unallocated items (called “ORBIT”).

Assets and Reconciliations

	Leisure and hospitality S\$'000	Unallocated segment* S\$'000	Consolidated financial statements S\$'000
<u>As at 30 June 2020 (Unaudited)</u>			
Total assets for reportable segment			
- Property, plant and equipment	20,711	30	20,741
- Intangible assets	111,660	–	111,660
- Others	2,388	588	2,976
Total			135,377
<u>As at 30 June 2019 (Audited)</u>			
Total assets for reportable segment			
- Property, plant and equipment	18,535	1	18,536
- Intangible assets	115,085	–	115,085
- Goodwill	6,607	–	6,607
- Others	1,833	1,862	3,695
Total			143,923

Note:

* Unallocated Segment comprised primarily assets which cannot be reasonably allocated to an identified segment.

Liabilities and Reconciliations

	Leisure and hospitality S\$'000	Unallocated segment* S\$'000	Consolidated financial statements S\$'000
<u>As at 30 June 2020 (Unaudited)</u>			
Total liabilities for reportable segment			
- Deferred tax liabilities	26,371	–	26,371
- Others	16,053	408	16,461
Total			42,832
<u>As at 30 June 2019 (Audited)</u>			
Total liabilities for reportable segment			
- Deferred tax liabilities	26,956	–	26,956
- Others	11,276	282	11,558
Total			38,514

Note:

* Unallocated Segment comprised primarily liabilities which cannot be reasonably allocated to an identified segment.

Geographical segments

	The Group	
	FY2020 (Unaudited) S\$'000	FY2019 (Audited) S\$'000
Revenue		
- China	1,487	115
	<u>1,487</u>	<u>115</u>

	The Group	
	As at 30 June 2020 (Unaudited) S\$'000	As at 30 June 2019 (Audited) S\$'000
Total consolidated assets		
- China	134,759	142,060
- Singapore	618	1,863
	<u>135,377</u>	<u>143,923</u>

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

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

Please refer to paragraph 8 for more details on the factors leading to the material changes in contributions to turnover and earnings of the Leisure and hospitality segment.

16. A breakdown of sales as follows:

	Year ended 30 June 2020 S\$'000	Year ended 30 June 2019 S\$'000	Increase / (Decrease) %
Sales reported for the first half year	577	69	>100.0
Operating loss after tax reported for first half year	(3,522)	(3,635)	(3.1)
Sales reported for the second half year	910	46	>100.0
Operating loss after tax reported for second half year	(9,330)	(1,448)	>100.0

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

Total net annual dividend

	2020 \$'000	2019 \$'000
Ordinary Dividend	–	–
Interim	–	–
Total	–	–

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

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

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

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Wee Shuo Siong Milton	30	Son of Mr. Wee Henry, a substantial shareholder	Current position: Business development manager. Duties: Responsible for the business development of the Group. Year position first held: January 2018	No changes in duties and position during the year.

BY ORDER OF THE BOARD

SUN BOWEN
Executive Chairman
28 August 2020

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

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