

IMPERIUM CROWN LIMITED
(Incorporated in Singapore)
(Company Registration No. 199505053Z)

RESPONSE TO QUERIES BY THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The board of directors (the “**Board**”) of Imperium Crown Limited (the “**Company**”) wishes to announce the following in response to the queries raised by Securities Investors Association (Singapore) (“**SIAS**”):

Q1. Can management provide better visibility of the operations of the group? Specifically:

- **Wonder Stone Park:** In the Portfolio Highlights (page 7 of the Annual Report), the Wonder Stone Park is said to be rated “AAAA” by the China National Tourism Administration. In the Circular to Shareholders dated 15 June 2017, it is stated that the “Wonder Stone Park is currently a tourist site with an “AAAA” rating under the Tourist Attraction Rating Categories of China” (page 16 of Letter to Shareholders dated 15 June 2017).

In Note 28 (page 79 – Events After End of Reporting Year), it was disclosed that the Group had completed the acquisition of 60% equity interests in Global Entertainment Media Pte Ltd (“GEM”), which owns 50-year operating rights to the Wonder Stone Park in Shandong Province, China.

- a) **Can management provide shareholders with better visibility on the current status of the Wonder Stone Park, including the visitor numbers, the ticket prices and the corporate website?**

Company’s Response:

The Wonder Stone Park is currently under development in phases and the initial phase of which (including the corporate website) is expected to be completed by 2018. There are no official statistics on the visitor numbers as entry is currently free as part of its awareness period. The Park plans to only collect tickets, and statistics, after the initial development is completed.

- b) **Can management confirm that the Wonder Stone Park is rated “AAAA” by the China National Tourism Administration?**

- c) **As announced by the China National Tourism Administration on 26 May 2017 (http://www.cnta.gov.cn/xxfb/jdxwnew2/201705/t20170526_826680.shtml), it had reviewed the ratings of the attractions and had delisted or downgraded the attractions. Can management confirm if the “山东省费县奇石城景区” mentioned in the news release of the China National Tourism Administration is the same asset that the Company has acquired?**

Company’s Response:

Management confirms that the Wonder Stone Park was rated “AAAA” as at May 2017 by the China National Tourism Administration. However, subsequent to this, an anonymous inspection was done by the provincial tourism body, which noted that the tourist service centre was inadequate and

the toilet facilities were not friendly to visitors with disabilities. Pursuant to this, the “AAAA” rating of the Wonder Stone Park was removed.

Since the completion of the acquisition of GEM in August 2017, the Company has addressed the issues raised by the provincial tourism body, and has been developing the Wonder Stone Park. The Company aims to regain the “AAAA” rating during the next scheduled inspection, the date of which the Company has not been apprised of as yet.

It should also be noted the change in grading does not affect the operations of the Wonder Stone Park which remains open and accessible to visitors.

- **Development West:** On 28 April 2017, the company announced that it had completed the acquisition of Development West Pty Ltd for a consideration of \$2.46 million (Note 13 – page 66). As disclosed in Note 13 (page 65 – Investments in Subsidiaries), the Company has recognised an allowance of \$2.448 million as at 30 June 2017, two months after the acquisition.

- a) **Can management elaborate further on the development timeline for One Richardson?**

Company’s Response:

The development timeline for One Richardson is currently deferred until December 2018 as further development is pending the fulfilment of a condition of the loan facility which requires that a certain percentage of units be sold before the next tranche of funds is released. As the requisite percentage has not yet been achieved, the release of this tranche is pending the sale of more units.

- b) **What the reasons for the delay in the construction of One Richardson? Does Richardson Trust have sufficient resources to complete the construction and hand-over the units to the buyers?**

Company’s Response:

Further development of One Richardson is pending the fulfilment of a condition of the loan facility which requires that a certain percentage of units be sold before the next tranche of funds is released. Based on the legal due diligence exercise undertaken, 33 of the 75 units available (representing 44% thereof) have been sold. Upon the release of the next tranche of funds, Richardson Trust would have sufficient resources to complete the construction and hand-over the units to the buyers.

- c) **How much of the delay was expected? What was the level of due diligence efforts by the Company prior to the acquisition?**

Company’s Response:

The delay was expected and mentioned in the legal due diligence report. The level of due diligence efforts include legal due diligence, financial due diligence and a valuation report commissioned by the Company. Furthermore, the Chairman and support staff have made numerous trips on site before and near completion to ascertain the on-going level of work.

- d) **How many of the 70 one-bedroom, two-bedroom and three-bedroom luxury apartments have been sold?**

Company's Response:

Based on the legal due diligence undertaken, 33 of the 75 units available (representing 44% thereof) have been sold.

- Q2.** In the Corporate Governance Report (page 25), the Company has disclosed that the Company had granted a payout of S\$48,000 to Mr Lyn Hian Woon for "early termination". In the announcement titled "Cessation as Executive Director and Chief Executive Officer" dated 23 August 2016, the reason for cessation given was "to pursue personal interest the resignation of Mr Lyn Hian Woon as Executive Director and Chief Executive Officer".

Mr Lyn Hian Woon was appointed as a Director of the Company at an EGM held on 30 June 2016.

- a) **Can the company clarify if Mr Lyn had resigned?** In the announcement dated 23 August 2016, the reason given for Mr Lyn's cessation was "to pursue personal interest".

Company's Response:

As disclosed in the announcement, Mr Lyn has resigned.

- b) **If Mr Lyn had resigned, can the board and the nominating committee help shareholders understand the justification for a \$48,000 payout for his "early termination"?**

Company's Response:

The Executive Chairman was of the view that Mr Lyn had been instrumental during the turbulent period in stabilising the Company after its EGM on 30 June 2016. When Mr Lyn offered to resign, the Chairman decided to make the \$48,000 payout to him, in recognition of his efforts. The Audit and Nominating Committees concurred with the view and the Board ratified this decision subsequently.

- Q3.** As disclosed in the Corporate Governance Report (page 14), Ms Pok Mee Yau was appointed as an Independent Director of the company and a member of the audit committee, the nominating committee and the remuneration committee (RC) on 28 February 2017. Ms Pok Mee Yau was subsequently appointed as the Chairman of the RC on 25 August 2017.

Ms Pok Mee Yau is a partner in JLC Advisors LLP (a legal firm) which had provided professional services to the group and had received fees of \$151,000 in 2017. This is disclosed in Note 3 (page 54 – Related party transactions).

- a) **Can the company help shareholders understand the specific nature of the services rendered by JLC Advisors LLP?**

Company's Response:

Prior to the appointment of Ms Pok as an Independent Director of the Company, the services rendered by JLC Advisors LLP included a review of existing contracts entered into by the Company during the period before the appointment of the board members at the EGM held on 30 June 2016. It was during this review that the Company noted a payment to a former board member that, in the opinion of then existing board members, might be in trust on behalf of the Company. The work was undertaken by lawyers from JLC Advisors LLP. Ms Pok was not involved in the work.

Subsequent to the appointment of Ms Pok, the Company began a legal suit against the aforementioned former board member. Again, JLC Advisors LLP was the legal firm representing the Company for ease of follow up. Ms Pok was not involved in that legal suit.

It should also be noted that Ms Pok is a non-equity, salaried partner of JLC Advisors LLP.

- b) **As Ms Pok is the only independent director on the board with legal expertise, would Ms Pok be frequently asked to review work carried out by JLC Advisors LLP, which she is a partner of?**

Company's Response:

The Company engages a number of other legal firms other than JLC Advisors LLP. Apart from the aforementioned legal suit, the work carried out by JLC Advisors LLP was mainly procedural, such as being an escrow agent.

Notwithstanding that Ms Pok is the only independent director with a legal background, the Board had, and still has, members with experience in legal matters. The review of work carried out by lawyers was not confined to Ms Pok and was undertaken collectively by the Board.

The company has made the following disclosure in the Corporate Governance Report (page 18):

"The NC is also responsible for determining annually, the independence of Directors. In doing so, the NC takes into account the circumstances set forth in Guidelines 2.3 and 2.4 of the Code and any other salient factors. The Independent Directors, namely Mr Chen Yeow Sin, Mr Poh Wee Chiow, Roger and Ms Pok Mee Yau, have confirmed that they do not have any relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. The NC has reviewed and determined that the said Directors are independent".

- c) **Would the company consider disclosing the director fees for Ms Pok Mee Yau?**

Company's Response:

The director fees for Ms Pok amounted to \$13,333 for FY2017.

- d) **Can Ms Pok elaborate further on the reasons why the provision of legal services by JLC Advisors (including the professional fees of \$151,000) would not interfere, or be reasonably perceived to interfere, with the exercise of her independent business judgement with a view to the best interest of the company?**

Company's Response:

As mentioned above, the Company engages a number of other legal firms other than JLC Advisors LLP. Apart from the aforementioned legal suit, the work carried out by JLC Advisors LLP was mainly procedural, such as being an escrow agent. Ms Pok was not involved in these engagements which were undertaken by other lawyers of JLC Advisors LLP. It should also be noted that Ms Pok is a non-equity, salaried partner of JLC Advisors LLP.

- e) **Would the nominating committee also justify the basis on which it had “reviewed and determined” that Ms Pok is independent?**

Company’s Response:

The Nominating Committee reviewed and determined Ms Pok’s independence based on the definitions and guidelines set out in the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore, and the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee. The Nominating Committee is of the view that Ms Pok had fulfilled the necessary criteria and consistently demonstrated strong independence in character and judgment in the discharge of her responsibilities. Except for being a partner at JLC Advisors LLP, where she was not involved in the legal work undertaken for the Company, the Nominating Committee understands that Ms Pok did not have any relationships or circumstances which were likely to, or could appear to, interfere with the exercise of her independent business judgment with a view to the best interests of the Company. It should also be noted that Ms Pok is a non-equity, salaried partner of JLC Advisors LLP.

Ms Pok has since resigned on 1 December 2017.

By order of the Board

Wan Jinn Woei
Executive Chairman and Chief Executive Officer
8 January 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s 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 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.

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