

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

DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board of Directors (the “**Board**”) of Imperium Crown Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Auditor, RSM Chio Lim LLP, has included a disclaimer of opinion based on the use of going concern assumption on the consolidated financial statements of the Group and the Company’s balance sheet and statement of changes in equity (the “**Disclaimer Opinion**”) in their Independent Auditor’s Report dated 13 December 2022 (the “**Independent Auditor’s Report**”) in relation to the audited consolidated financial statements of the Group and the Company for the financial year ended 30 June 2022 (“**FY2022**”) (the “**FY2022 Financial Statements**”).

A copy of the Independent Auditor’s Report is attached to this announcement for information. The Independent Auditor’s Report and a complete set of the FY2022 Financial Statements will also be found in the Company’s annual report for FY2022 (the “**FY2022 Annual Report**”), which is released on SGXNET on 15 December 2022. Shareholders of the Company (the “**Shareholders**”) are advised to read this announcement in conjunction with the Financial Statements and the FY2022 Annual Report.

Notwithstanding the Disclaimer Opinion, the Board is of the opinion (which is extracted from Note 1 of the notes to the FY2022 Financial Statements) that the use of the going concern assumption in the preparation of the FY2022 Financial Statements is appropriate due to the following:

i. Obtaining financial support from a controlling shareholder, the Executive Chairman, Sun Bowen and two related entities of the Executive Chairman

A substantial part of the Group’s outstanding liabilities as at the reporting year end date were due to related parties, namely; (i) amounts due to directors and executives (mainly for salary and fees) of S\$917,000; (ii) amount advanced from a controlling shareholder of S\$490,000 and (iii) amounts due to companies related to the Executive Chairman of S\$12.8 million.

The Group has obtained written letters of undertakings from the controlling shareholder, the Executive Chairman and the two related entities of the Executive Chairman which account for S\$12.1 million of the total amounts due to the related entities concerned, to provide continued financial support to the Group as and when is needed within the next twelve months from the reporting year end date and to subordinate the amounts due to them to amounts payable to external parties.

ii. Assessment of the Group's cash requirements and the ability of the controlling shareholder and the two related entities to provide financial support

Management has projected the Group's cash requirements for the next twelve months from the reporting year end date and has assessed the controlling shareholder, the Executive Chairman and the two related entities' ability to provide financial support to the Group to meet its financial obligations. Management is of the view that the financial support providers should be able to honour their commitments. Subsequent to the balance sheet date, the controlling shareholder has advanced an additional S\$250,000 to the Group to meet its operational needs in Singapore. With regard to the two related entities and the Executive Chairman, management has however noted there were legal claims in the People's Republic of China ("PRC") against these entities as well as the Executive Chairman. Management discussed with the Executive Chairman on the matter and obtain an understanding that negotiations are on-going for amicable settlements. The Executive Chairman represented that the situation would not affect the related entities ability in honouring their commitment on their undertakings.

iii. Disposal of non-current assets

As disclosed in Note 27 of the financial statements, the Group has on 28 and 29 November 2022 entered into two separate agreements, namely; Land Use Rights Re-acquisition Agreement and Asset Transfer Agreement with the local government of Fei County in PRC and its related entity to dispose the Group's non-current assets including the hotel and the land use rights. The total disposal consideration is RMB 116 million (about S\$23 million). The Company will convene an extraordinary general meeting to seek shareholders' approval for these transactions and management has obtained letters of irrevocable undertaking from shareholders representing 50.5% of the total and issued shares of the Company to vote in favour of these transactions. In accordance with the terms of the two separate agreements, the disposal consideration of RMB 116 million (about S\$23 million) will be paid in the following manner:

- RMB 29 million by 27 January 2023;
- RMB 61 million by 28 January 2023; and
- RMB 26 million within 60 days of the payment (no later than 29 March 2023) of the RMB 61 million

Based on the above considerations, management has reasonable expectations that the Group will have adequate resources to be in operational existence for at least the next 12 months after 30 June 2022.

Taking into consideration the above, the Board is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner and confirms that all material disclosures have been provided for trading of the Company's shares to continue and therefore, is of the opinion that trading of the Company's shares should be continued.

Shareholders are advised to read the FY2022 Financial Statements in its FY2022 Annual Report in its entirety, which will be available of the Company's website at <http://www.imperium-crown.com/>.

Cautionary Statement

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbroker, bank managers, solicitor or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Sun Bowen
Executive Chairman

15 December 2022

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

*The contact person for the Sponsor is Mr Bernard Lui
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**Independent Auditor's Report to the Members of
IMPERIUM CROWN LIMITED**

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Imperium Crown Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Group and statement of financial position and statement of changes in equity of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

As disclosed in Note 1 in the financial statements, which indicates that the Group has incurred a net loss of \$76,675,000 during the reporting year ended 30 June 2022 and, as of that date, the Group's and Company's total current liabilities exceeded its total current assets by \$15,222,000 and \$1,259,000 respectively. These events or conditions indicate that a material uncertainty exists and may cast significant doubt on the Group and the Company's ability to continue as going concerns. Management has however assessed and reached a conclusion that the going concern basis of accounting is appropriate due to the basis and actions by Management as disclosed in Note 1.

The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent upon the enforceability of financial support undertakings provided by the controlling shareholder, the Executive Chairman and the related entities of the Executive Chairman, the approval of the disposal of assets by the shareholders and the ability of the relevant subsidiaries to remit the proceeds from the disposal of the non-current assets to be received in the People's Republic of China to the Company to support the Company's operations in Singapore in the foreseeable future. At the date of this report, we are however unable to obtain sufficient audit evidence regarding the likely outcome of these matters and assumptions. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation for the accompany financial statements of the Group and the Company is appropriate.

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Basis for disclaimer of opinion (cont'd)

If the going concern is inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at the amounts which could differ significantly from the amounts at which they are now recorded in the statement of financial position. In addition, the Group and Company may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

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Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on other legal and regulatory requirements

In our opinion, in view of the significance of the matter referred to in the Basis for disclaimer of opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ng Thiam Soon.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

13 December 2022

Engagement partner - effective from year ended 30 June 2018.