

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

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE REGULATION ON THE ANNOUNCEMENTS RELEASED BY THE COMPANY ON (A) CORRIGENDUM TO RESULTS ANNOUNCEMENT AND (B) EGM MINUTES REPLACEMENT

The Board of Directors (the “**Board**”) of Imperium Crown Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Regulation (the “**SGX**”) on 27 February 2023 in relation to the announcements on the Corrigendum to Results Announcement and EGM Minutes Replacement released by the Company on 24 February 2023 (collectively, the “**Announcements**”).

Unless otherwise defined, capitalised terms used herein shall bear the same meaning as ascribed to them in the Announcements.

SGX Queries 1 - 4 on Corrigendum to Results Announcement

Information on loan extended by related companies of Mr Sun Bowen (Executive Chairman of the Company) amounting to S\$11.3 million as at 31 December 2022 and S\$12.1 million as at 30 June 2022 (the “**Loan**”) were omitted from the initial results announcement of 14 February 2023. The Company had announced on 24 February 2023 that such information were inadvertently omitted.

In the same Corrigendum to Results Announcement, the Board also clarified that the Company’s response to SGX queries on 9 December 2022 was inaccurate.

The Company had stated that “*the amounts owing to companies related to Mr Sun Bowen are interest free and carry no fixed repayment dates, the amounts were extended to the Group on the premise that repayment will be made upon the Group having the financial ability to do so*”. The Company then clarified that the amounts owing to companies related to Mr Sun Bowen are interest free and repayable upon the Group having the financial ability to do so or in any case, repayable by 25 March 2023.

On this, we noted that in the Group’s past Annual Reports, it was disclosed under the interested person transaction section that “*The controlling shareholder of the Company and Mr Sun Bowen, through companies related to him, have extended interest-free loans amounting to S\$490,000 and S\$12.110 million respectively to the Group for working capital purposes. The loans are unsecured and there are no specific repayment terms.*”

Please clarify on the following:

- (1) The loan from related companies of Mr Sun Bowen is not new and had been disclosed in prior years annual reports.
 - (a) Why did the Company omit such material information in the notes to its HY2023 financial results announcement?
 - (b) How was the omission of information discovered?
- (2) The Loan was disclosed in the Company’s past Annual Reports as “unsecured and no specific repayment terms.” The Company is now clarifying that the Loan is to be repayable by 25 March 2023.
 - (a) When was the Loan entered into?
 - (b) Would the repayment date have any implications on the classification of the Loan?
 - (c) Did the Company highlight the repayment deadline of the Loan to the Auditors, for confirmation on whether there is any impact on the prior year(s) audited financial statements? If so, please disclose the Auditors' views.
- (3) Please elaborate on the Group’s processes and procedures in monitoring and tracking of Other Payables, in particular, borrowings / loans, as well as terms of such borrowings / loans.

- (4) What has the Board and Audit Committee done to ensure that such omissions do not recur?

Company's response to SGX Query 1

- (1a) The loan from related companies of Mr Sun Bowen ("**Loan from Related Cos**") originated in 2017 and 2018 to enable the Group to finance the acquisition, renovation and refurbishment of its Wonder Stone Hotel and to finance the acquisition of 2 plots of land. Concurrently, the Group then was seeking to obtain external bank loans to enable self-sufficiency in funding and to repay the Loan from Related Cos upon the successful sourcing of external bank financing. No loan agreements were entered into with the related companies of Mr Sun Bowen (the "**Related Cos**") then.

Due to the absence of a track record and the onset of the COVID-19 pandemic, the Group was unable to obtain external bank loans. By 2021, as the Loan from Related Cos had already been in place for a few years, the Group sought to formalise the Loan from Related Cos to set out clearly that it was interest-free. The Related Cos agreed that the Loan from Related Cos was interest-free provided that the Group agree to an expiry date of the Loan from Related Cos and more importantly, to repay the Loan from Related Cos when it had the funds instead of repaying only at the expiration of the Loan from Related Cos. The Group agreed and both parties proceeded to formalise the Loan from Related Cos in March 2021, setting out, amongst others, the loan duration, terms of repayment and that it was interest-free. Prior to the formalisation of the Loan from Related Cos in March 2021, the Loan from Related Cos was unsecured, interest-free and there were no specific repayment terms.

In the course of preparing the HY2023 financial results announcement, the template for past financial results announcement prior to the formalisation of the Loan from Related Cos (which did not contain the material information) was used, leading to the omission of the material information.

- (1b) On 3 February 2023, the Company announced the outcome of its waiver application to SGX. The Company then focused on the preparation of its HY2023 financial results announcement which was released on 14 February 2023. Thereafter, the Company worked on the contents of an appeal application to SGX to seek its approval to repay creditors, irrespective of whether they are third parties or related parties, from funds that would have to be held in an escrow account. In the documentation of the payment justifications to creditors whose debts are due or going to be due, the omission of the material information in relation to the Loan from Related Cos was discovered.

Company's response to SGX Query 2

- (2a) As mentioned in the Company's response under (1a), the terms of the Loan from Related Cos were entered into in March 2021.
- (2b) Under the terms of the Loan, repayment of the Loan is upon the Group having the financial ability to do so or in any case, repayable by 25 March 2023. There has been no change in the classification of the Loan and the Loan has historically been classified as a current liability under the line item titled "Other Payables". In particular, please find below the reasons for such a classification for the financial years ended 30 June 2021 and 30 June 2022.

As at 30 June 2021, the Group had commenced with the planning and development of the Hongyun Lake Project within the Wonder Stone Park with plans of conducting a pre-launch sale of the units. The Group also sought to obtain project financing from external banks for the Hongyun Lake Project separately. On grounds of prudence, the Loan was classified as a current liability in its statement of financial position as at 30 June 2021 as a successful pre-launch sale of the units and the successful sourcing of financing from external banks would have led to the repayment of the Loan from Related Cos as it was envisioned that the Group would then have had the funds to repay the Loan from Related Cos (either partially or in full).

The Loan was classified as a current liability in its statement of financial position as at 30 June 2022 as it would fall due in March 2023.

- (2c) The Company is currently engaging with its external auditors and the component auditors of its subsidiary in the People's Republic of China regarding SGX Query 2(c), noting that it is currently a peak period for audit firms, and will provide shareholders with a response on SGX Query 2(c) as soon as possible following the conclusion of its discussions and checks with its auditors.

Company's response to SGX Query 3

- (3) As part of the Group's processes and procedures in monitoring and tracking of Other Payables, in particular, borrowings / loans, as well as terms of such borrowings / loans, the Group adopts the following practices:
- (a) At the subsidiary level, the accountant in charge of the subsidiary will review the balances in Other Payables for accuracy and completeness on a monthly basis as part of the month end closing procedures. For borrowings and loans, interest charges (if any) are accrued based on the terms of such borrowings and loans. On an annual basis, a confirmation is done with the counterparty for borrowings.
- (b) At the Group level, the finance department of the Company will review the balances of the borrowings for material variances and explanations are sought for such material variances as part of the month end closing procedures. Thereafter, consolidation of the financials of the Group will take place.

Company's response to SGX Query 4

The Board and the AC acknowledge that the omission should not have happened. To this end, an additional procedure has been inserted where the Chief Financial Officer (the "CFO") has been tasked to personally run through all existing balances in Other Payables (including borrowings / loans) to ensure that the balances, terms and monthly accruals that are currently recorded are accurate. For completeness, the CFO will also run through existing and future contracts involving Other Payables to ensure that the terms are accurately recorded and will perform additional checks during the month end closing process.

SGX Queries 5 - 7 on Replacement Announcement on EGM Minutes

- (5) The Company released 2 announcements on EGM Minutes. Please clarify what the differences are between the two announced EGM minutes and why there is a need to announce a replacement?
- (6) Please elaborate on the Group's processes and procedures on preparation and release of announcements, in particular minutes of general meetings.
- (7) What has the Board done to avoid a recurrence?

Company's response to SGX Query 5

In view of the inadvertent typographical error on the Announcement Sub Title (as described below and highlighted in **red** for ease of reference), a replacement announcement was made following the general announcement that was made on 24 February 2023.

Announcements made on 24 February 2023	Announcement Sub Title
General Announcement released at 11:06 pm	<u>INCORRECT TITLE</u> – Minutes of Extraordinary General Meeting held on 29 January 2023 (INCORRECT)
Replacement Announcement released at 11:12 pm	<u>CORRECT TITLE</u> – Minutes of Extraordinary General Meeting held on 27 January 2023

Save for the above, there is no other difference between the 2 announcements pertaining to the EGM Minutes (including contents of the Minutes of EGM attached to the SGXNet announcement template).

Company's response to SGX Query 6

The following sets out the steps of the Group's processes and procedures on the preparation and release of announcements, in particular, minutes of general meetings:

- (1) Upon the general meetings being held,
 - (a) the Company Secretary or her representative prepares minutes of general meetings (in this instance, the Minutes of EGM held on 27 January 2023) to be released on SGXNet within one month from the date of relevant general meeting;
 - (b) the Company Secretary or her representative circulates a draft of the minutes to the management of the Company (the "**Management**") for review and comment; and
 - (c) thereafter, the Management circulates the minutes, with the Management's comments (if any) incorporated therein, to the Board and Company's Sponsor for review and comment;
- (2) Upon obtaining the clearance from the Company's sponsor and the approval from the majority of the Board on the minutes, the Company Secretary or her representative then prepares the draft SGXNet announcement template and attaches the minutes (in this instance, the Minutes of EGM held on 27 January 2023) in SGXNet announcement template and circulates to the Management for approval to release on SGXNet; and
- (3) Upon obtaining the signed off approval of the SGXNet announcement template from any Director or the CFO, the approved SGXNet announcement template containing the Minutes of EGM is released on SGXNet by the Company Secretary or her representative.

Company's response to SGX Query 7

The release of the repetitive announcements on EGM Minutes was primarily due to the inadvertent typographical error in the Announcement Sub Title. The Company Secretary (together with her representative) and the Chief Financial Officer have been reminded to rigorously check for typographical errors for future announcements. The Board remains fully committed and will continue to adhere to the established protocols and where necessary, strengthen the existing processes and procedures to prevent a recurrence.

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

Kiar Lee Noi
Company Secretary

2 March 2023

*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.*

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