

Issuance Of Fact-Finding Exercise Report

1. INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of Imperium Crown Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcements dated 21 June 2023, 3 July 2023, 17 July 2023, 21 July 2023 and 29 November 2023 in relation to, amongst others, the Proposed Disposal and Fact-Finding Exercise (the “**Previous Announcements**”).

All capitalised terms used but not defined in this announcement shall have the meanings ascribed to them in the Previous Announcements.

2. SUMMARY OF THE FACT-FINDING EXERCISE

- 2.1. The Company’s legal counsels from Singapore and China (collectively, the “**Counsels**”) have completed the report of the Fact-Finding Exercise and has issued the report in relation thereto (the “**Fact-Finding Report**”). The Board wishes to update shareholders on the key findings as set out in the Fact-Finding Report as follows. A copy of the Executive Summary of the Fact-Finding Report is attached to this announcement as **Appendix A**.

- (i) Creation of security interests over Wonder Stone Hotel and right to use land for the Wonder Stone Park

Both Mr Sun and the PRC Finance Head were aware of the creation of the security pursuant to the Unauthorised Financing Documents (the “**Security**”). Mr Sun indicated that he had given his in-principal approval and Mdm Guo acknowledged that she had caused execution of the Unauthorised Financing Documents, with express instructions from Mr Sun. Whilst Mr Sun was generally aware of the Security, he wanted to make it clear in his interview that he was not involved in the execution of the Unauthorised Financing Documents and creation of the Security.

Mr Sun had explained that the rationale for why he felt it was appropriate for Fei County Wonder Stone to provide the Security was that the Yinguang group of companies¹ had faced substantial pressure to repay its creditors and Fei County Wonder Stone had possessed assets that could be utilised as security. At the same time, there was a sum of money owing from Fei County Wonder Stone (approximately SGD 11.31 million) to two (2) entities from the Yinguang group of companies, being Shandong Yinguang Cultural Tourism Enterprise Co., Ltd (山东银光文化旅游有限公司) (“**YG Cultural Tourism**”) and Shandong Yinguang Chemical Co., Ltd (山东银光化工集团有限公司) (“**YG Chemical**”). It

¹ The term “Yinguang group of companies” had been used during the interviews of the Fact-Finding Exercise, the Counsels had understood from the respective interviewees that it generally means YG Chemical and its subsidiaries, and may from time to time include YG Cultural Tourism. However, the Counsels are not privy to the exact entities that form the Yinguang group of companies as the interviewees were not able to identify the exact entities. Further notes on this are set out in the Executive Summary.

had been intended for the security to be on a short-term basis to alleviate urgent pressure from creditors. Given that the Local Government was initially to have made payment of consideration from 28 January 2023, it was intended for the consideration to be utilised to repay the sum owing and have the security discharged. Instead, payment of the consideration had been extended on multiple occasions.

It was noted from the sighted Unauthorised Financing Documents that execution by Fei County Wonder Stone was via affixation of the Company Seal and Seal of the Legal Representative ("**Legal Representative Seal**"). Based on interviews with the personnel who had accessed the Company Seal for such purposes, it was concluded that given that the personnel accessing take instructions from the PRC Finance Head, any borrowing or utilisation of the Company Seal must have been because the PRC Finance Head had instructed for the same. Based on a register kept of utilisation of the Company Seal, not all personnel accessing the Company Seal were personnel of Fei County Wonder Stone.

It was confirmed that this had been done without knowledge of the Board (including Mr Tan) and none of the directors had been expressly informed and neither the loans nor the Security had been reflected in the accounts reported to Mr Tan from the finance team of Fei County Wonder Stone. The PRC General Manager had also stated that he had not been made aware of the Unauthorised Financing Documents at the material time. It had however subsequently been noted from searches conducted that the PRC General Manager is a director and minority shareholder of YG Chemical and a director of YG Cultural Tourism.²

(ii) Restructuring Proceedings surrounding the companies related to Mr Sun Bowen

During the course of the Fact-Finding Exercise, the Counsels had been informed that companies related to Mr Sun had made an application to the Local Court for creditors' protection and an order for restructuring (the "**Restructuring Proceedings**"). It was understood that the potential presumption of inclusion of Fei County Wonder Stone as part of the group of companies related to Mr Sun undergoing the Restructuring Proceedings is due to Fei County Wonder Stone sharing a common legal representative and there being payables to from Fei County Wonder Stone to YG Cultural Tourism and YG Chemical. However, the ultimate decision as to whether Fei County Wonder Stone is to be part of such group of entities is determined by the Local Court at the application of the appointed managers. Whilst there has been at least one round of process to determine the entities forming part of the group of companies undergoing the Restructuring Proceedings, as at the date of the Report, the Group Management has not sighted any formal notification of such inclusion.³

² When queried subsequently on his role on YG Chemical and YG Cultural Tourism, the PRC General Manager had simply acknowledged his role as director of both YG Chemical and YG Cultural Tourism and had not provided further clarification as to why this had not been earlier disclosed in the Counsels' earlier interview with him.

³ The Group Management has subsequently been unable to obtain any further information on this due to the inability to contact the PRC Staff. Please refer to the Company's announcement dated 29 November 2023 for further information. The Company is trying to contact the PRC General Manager with a view to regain control of the PRC subsidiaries. In the event that he remains uncontactable by 31 January 2024, the Company intends to suspend the PRC General Manager. Since December 2023, the Company has ceased accruing salary to the PRC General Manager.

From the interviews, it was noted that each of Mr Sun, the PRC Finance Head and PRC General Manager did not inform the Board about the Restructuring Proceedings as they see Fei County Wonder Stone as separate and distinct from such group of companies.

(iii) Status of the Proposed Disposals

The Local Government remains keen to complete the Proposed Disposals. However, this is subject to (1) Fei County Wonder Stone not being considered as part of the group of companies undergoing restructuring proceedings; and (2) the Security having been discharged on completion.

(iv) Status of the Partial Land Consideration

During the trip to Fei County in July 2023, the CFO had sought clarification and confirmation from the PRC Finance Head on the receipt of the RMB15 million (representing 51.78% of the consideration for the disposal of the right to use the land on which the Wonder Stone Hotel is situated) (the “**Partial Land Consideration**”) from the land purchaser, Fei County Land Consolidation Center. The PRC Finance Head had then informed him that the monies are no longer in the account of Fei County Wonder Stone and had been transferred out to YG Cultural Tourism. In the bank statement, it had been stated as “*Repayment of loan* (还款)”. The PRC Finance Head informed that this had been done at the instructions of Mr Sun and she had not informed anyone when this was done.

It was further noted that YG Cultural Tourism is an existing entity related to Mr Sun which, together with another related entity, had extended a loan of S\$11.3 million in aggregate to the Group, based on the financial statements for the half year ended 31 December 2022. Whilst it had earlier been intended for the majority of the proceeds of the Proposed Disposal to be used to repay the loan amount extended to the Group by Mr Sun through companies related to him, this repayment was intended to take place subsequent to completion of the Proposed Disposals and with the authorisation of the Board.

(v) Access by the PRC Finance Head to the Company Seal and Legal Representative Seals

It was noted from the sighted Unauthorised Financing Documents that execution by Fei County Wonder Stone was via affixation of the Company Seal and Legal Representative Seal. During the material period, the Company Seal was kept in a safe in the administrative office of Fei County Wonder Stone under the relevant administrative personnel and the Legal Representative Seal was kept under the care of a finance personnel. Access granted to, and use of the Company Seal and Legal Representative Seal (collectively, the “**Seals**”) was typically due to instructions received from the PRC Finance Head. The personnel accessing the Seals were usually unaware of the nature of the documents affixed with the Seals. It was evident that the instructions of the PRC Finance Head was sufficient to engender release of the Company Seal, and the Legal Representative Seal was within the PRC Finance Head’s control as well.

(vi) Internal Processes

It was noted that the Company had a Delegated Approval Matrix which sets out, amongst others, that contracts with a value of more than S\$1,000,000 require the approval of the Board. Whilst this had been made aware to both Mr Sun and the PRC Finance Head, in

instructing and authorising the execution of the Unauthorised Financing Documents, the approval of the Board had not been obtained.

- 2.2. Arising from the above, it had been observed that Mr Sun was able to unilaterally decide on the use of the assets of Fei County Wonder Stone as security for the benefit of entities outside of the Group. The PRC Finance Head was able to instruct for the execution of the Unauthorised Financing Documents without further reference to the Company or any party in Fei County Wonder Stone. Mr Sun was able to instruct the PRC Finance Head to proceed with utilisation of the Partial Land Consideration without authorization of the Board. The PRC General Manager had informed that he was unaware of the Security and Legal Proceedings, but it was noted subsequently that he is a director of YG Chemical and YG Cultural Tourism. In addition, personnel who are not from Fei County Wonder Stone are able to access the Company Seal as long as they have authorisation from the PRC Finance Head.

3. POSSIBLE BREACHES AND RECOMMENDATIONS

- 3.1. It had been recommended for management of the Group to take the following steps (with reference to section 3.2 on the actions which have been taken):

- (i) Suspend Mr Sun and the PRC Finance Head with immediate effect.
- (ii) Strengthen the safeguards for the keeping of the Company Seal and Legal Representative Seal.
- (iii) Remove Mr Sun as legal representative and replace him with a nominee.
- (iv) Strengthen the process for accessing the bank account(s) of Fei County Wonder Stone.
- (v) Review of Internal Controls.
- (vi) Reporting the entry into of the Unauthorised Financing Documents being authorised by officers of Fei County Wonder Stone to the police.
- (vii) Confirm the status of the Proposed Disposals with the Local Government.

From the PRC Counsel

- (viii) Conduct a comprehensive legal investigation and collect evidence regarding the existence of collusion or other malicious intent in the undertaking of the Unauthorised Financing Documents.
- (ix) Conduct a comprehensive audit of Fei County Wonder Stone's financial situation with a focus on financial transactions between Mr Sun and Fei County Wonder Stone.
- (x) (Where evidence is available) To make a police report against Mr Sun.
- (xi) (Where evidence is available) To consider initiating a lawsuit to challenge the validity of the Unauthorised Financing Documents and request the release of encumbrances over the assets.

3.2. The Board notes that the following actions had been taken:

- (i) Suspension of Mr Sun and the PRC Finance Head in their respective roles in Fei County Wonder Stone. Mr Sun has also been suspended in his role on the Board.⁴
- (ii) Making a police report in Singapore against Mr Sun in relation to the Unauthorised Financing Transactions.
- (iii) Confirmation in writing of the Local Government's continued interest in completing the Proposed Disposals has been obtained from the representative of the Local Government via WeChat.⁵
- (iv) Subsequent to the Fact-Finding Exercise, action had been undertaken to ensure that the Company Seal is kept in a safe and the PRC General Manager is the only person able to physically access it. The Legal Representative Seal continued to be safeguarded by a finance personnel of Fei County Wonder Stone and both the finance personnel and the PRC General Manager had been instructed to seek the approval of the CFO in the use of any of the seals. A notice was also sent to all staff of Fei County Wonder Stone updating them on this arrangement. As announced by the Company on 29 November 2023 however, the PRC General Manager became uncontactable and the CFO is unaware as to the current arrangements as to the Company Seal and Legal Representative Seal⁶.
- (v) As announced by the Company on 29 November 2023, the Company had intended to make a police report in China as well but their efforts to do so had been rebuffed by the PRC Staff. When the CFO had attempted to make a police report himself in China, he was informed by the police in China that without a letter of authority from Fei County Wonder Stone and relevant supporting documents pertaining to the Unauthorised Financing Documents (the "**Required Documentation**"), there is nothing further that the police can do. The Board further notes that the PRC legal counsel had in fact earlier shared their view with the Board that based on the available information at this juncture, it would not be possible to make a case against Mr Sun in China. As such, it would be difficult to lodge a police report in China. Notwithstanding this however, the Board and AC had determined that the Group should still, in the first instance, make a police report in China. This had resulted in the abovementioned Group Management seeking the assistance of the PRC Staff to do so, and ultimately, as mentioned above, having the CFO travel to Fei County to attempt making a police report. However, as set out above, this attempt had not been successful in the absence of the Required Documentation. The PRC legal counsel had thereafter again concurred with this set of circumstances, that at this stage, there is nothing

⁴ The Company notes that there are outstanding salaries due to Mr Sun which were incurred prior to his suspension, the Company does not intend to make any payment of the outstanding amounts to him until the resolution of the issues arising from the Fact-Finding Exercise. It is also noted that at this current stage, and given the financial position of the Company, the Company would not, in any event, be in a position to make payment of such outstanding salaries. There are no outstanding salaries due to the PRC Finance Head as she is employed by YG Cultural Tourism and seconded to Fei County Wonder Stone. Please see Appendix A.

⁵ The Local Government had indicated that their continued interest remains subject to resolution of the issue of Fei County Wonder Stone potentially being part of the Restructuring Proceedings and Fei County Wonder Stone no longer being subject to the Security.

⁶ The Company has also made enquiries as to potentially cancelling the existing Company Seal and Legal Representative Seal, and to apply for replacement seals. However, it has faced difficulties due to, amongst others, the lack of representative in China who is able and willing to take such action and lack of funds to hire professional and/or new staff.

further that the Company is able to do about making a police report in China against Mr Sun and the PRC Finance Head in relation to the Unauthorised Financing Documents.

- 3.3. Prior to entry into the Unauthorised Financing Documents, including grant of Security for the benefit of the lenders, Mr Sun and the PRC Finance Head should have obtained the approval of the Board. They had, however, failed to do so. Thereafter, Mr Sun and the PRC Finance Head should have made disclosure of the Unauthorised Financing Documents and the transactions in connection thereto to the Board. Mr Sun and the PRC Finance Head had also failed to disclose the same.
- 3.4. Following the findings, the Counsels have identified the following possible breaches of respective legislations, which are not intended to be conclusive and/or exhaustive:
- (i) Mr Sun and the PRC Finance Head had, through their omission to inform the Board, caused the Company to commit the possible breaches of the following Listing Rules:
 - (a) Rules 705(3A) and 705(5): Non-accuracy of the financial statements of the Group
 - (b) Rules 905 and 906: Non-disclosure and unauthorised entry into of interested person transactions
 - (c) Rules 703, 704(34), 1202 and 1203(1): Non-disclosure of security placed over the assets of Fei County Wonder Stone, including the ability of lender(s) to enforce their security interest over such assets
 - (d) Rule 703: Non-disclosure of utilisation of Partial Land Consideration
 - (ii) Companies Act 1967
 - (a) Section 156: Duty of a director to disclose interest in transactions
 - (b) Section 201: Requirement for financial statements to be true and fair
 - (c) Section 157: Duty of a director to act honestly and with reasonable diligence
 - (d) Section 199(2A): Requirement of sufficient internal accounting controls
 - (iii) Laws and Regulations in the People's Republic of China
 - (a) Validity of the Unauthorised Financing Documents – from the perspective of the resolution procedure, affiliated guarantee, malicious collusion and nature of the company
 - (b) Liability for invalidity of the Unauthorised Financing Documents – where the creditor is not in good faith but there is no malicious collusion, and where there is malicious collusion
 - (c) Liability of Legal Representative – civil and criminal liability

4. NEXT STEPS

- 4.1. The Audit Committee and Board had noted the findings set out in the Report and recommended next steps, including engaging professionals to further investigate into and/or review (as the case may be) matters surrounding the Unauthorised Financing Documents, possible inclusion of Fei County Wonder Stone in the restructuring group of companies, and internal controls of the Group, so as to enable the Group Management and Board to assess possible legal action against the relevant parties.

- 4.2. Whilst the Board wishes to engage such professionals for the above, it also recognises that significant monetary resources and time are required for evidence collection, preparation of legal documents, initiation, conclusion of legal proceedings and enforcement of judgement even if there is a favourable outcome and the Group currently does not have the financial resources to do so. In the absence of financial resources, the Company would not be able to undertake any of the above. The Board also remains cognisant of the restructuring proceedings that the Yinguang group of companies (which include some of the lenders) are undergoing and are aware that this may mean even if the Company is able to successfully take legal action against the relevant parties, it may remain unable to obtain any financial compensation.
- 4.3. As disclosed in the announcement dated 29 November 2023, the Company is not able to meet the extended deadlines which the SGX-ST had no objection to, as announced on 21 November 2023. Further, SGX RegCo had also stated that it will not be granting further extensions if the extended deadlines are not met.
- 4.4. As an update, the Company is currently in the midst of assessing the impact on the financial statements of the Group and the basis of preparation of such financials, as well as the relevant disclosures. The Company anticipates that it will be able to release its FY2023 Financial Statements Announcement by the end of January 2024. Whilst the Company continues to be in discussions with its auditors, the audit for FY2023 is currently unable to commence until outstanding audit fees for the financial year ended 30 June 2022 have been paid by the Company.
- 4.5. The Board is cognisant that in the absence of financial resources, the Company is unable to undertake certain recommended actions and compliance actions, including but not limited to the removal of Mr Sun as legal representative and replacing him with a nominee, the conduct of a comprehensive legal investigation and collection of evidence regarding the existence of collusion or other malicious intent in the undertaking of the Unauthorised Financing Documents and the conduct of a comprehensive audit of Fei County Wonder Stone's financial situation with a focus on financial transactions between Mr Sun and Fei County Wonder Stone (the "**Required Actions**").
- 4.6. The Board is continuing to explore options for the Group, including sourcing for potential investors and engaging with parties who may be interested in acquiring Fei County Wonder Stone. The Board notes that the Company will need to have a resolution for it to move forward with the Required Actions and therefore, while it is exploring the abovementioned actions, the Board hopes to have visibility on which option it would be able to undertake by 31 March 2024. In the event that the Company is unable to raise sufficient funds for the Required Actions within the time frame, the Board will consider winding up the Company.

5. GENERAL

The Company will provide Shareholders with an update when there is further clarity on the matters highlighted in the above-mentioned.

Although the Shares are under suspension, Shareholders, stakeholders and potential investors of the Company 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 advisors if they have any doubt about the actions they should take.

By Order of the Board

Kiar Lee Noi
Company Secretary

19 January 2024

*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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A. EXECUTIVE SUMMARY

1. Background

- 1.1. The Board of Imperium Crown Limited had appointed Aquinas Law Alliance LLP (“**AQLA**” or “**we**”) to review the circumstances surrounding the creation of security interests over the assets of Fei County Wonder Stone and the purported involvement of Fei County Wonder Stone in legal proceedings surrounding entities related to Mr Sun.
- 1.2. On 5 December 2022, ICL announced that Fei County Wonder Stone, an indirect subsidiary of ICL, had entered into the Land Use Rights Re-acquisition Agreement with the Land Purchaser and Shandong Yimeng on 28 November 2022 in relation to the proposed disposal by Fei County Wonder Stone of the right to use the Land. ICL had at the same time also announced that Fei County Wonder Stone and Fei County Inzone (a wholly-owned subsidiary of Fei County Wonder Stone) entered into the Asset Transfer Agreement with the Hotel Purchaser on 29 November 2022 in relation to the proposed disposal by Fei County Wonder Stone of the Wonder Stone Hotel (including certain assets in the Wonder Stone Hotel) and the right to use the land on which the Wonder Stone Hotel is situated (collectively, the “**Proposed Disposals**”).
- 1.3. The completion dates for the Land Use Rights Re-acquisition Agreement and the Asset Transfer Agreement were 27 January 2023 and 28 January 2023 respectively. However, as announced by the Company on 3 February 2023, it was agreed that the completion dates were to extend to 28 February 2023. This was subsequently extended again to 8 June 2023. In the interim, operations of the Wonder Stone Hotel had been handed over to the Hotel Purchaser, who then bore the cost of running (and benefit of revenue) the Wonder Stone Hotel. At the same time, ICL also announced that Fei County Wonder Stone had received the Partial Land Consideration from the Purchaser, and that it was in the bank account of Fei County Wonder Stone, pending the opening of an escrow account.
- 1.4. When completion of the Proposed Disposals did not take place on 8 June 2023, the CFO had requested for an urgent meeting with the Local Government in Fei County. On 13 June 2023 when the CFO met with the representative of the Local Government, the CFO was informed that completion of the Proposed Disposals had been delayed for the following reasons:
 - (i) The Local Government informed the Company that a group of companies (the “**ED Related Companies**”) related to a PRC-based executive director of the Group (the “**ED**”) had recently filed for voluntary bankruptcy proceedings to the local court of Fei County (the “**Local Court**”). Notwithstanding that the subsidiaries of the Group are not part of the ED Related Companies, the Local Government highlighted that amongst others, it appears that the ED Related Companies and certain subsidiaries of the Group have a common legal representative. The Local Court is in the midst of determining the categorisation of certain subsidiaries of the Group for the purposes of the aforementioned bankruptcy proceedings. In light of this development, the Local Government had, on grounds of prudence, informed that completion of the Proposed Disposals will be temporarily delayed until such report is out.
 - (ii) In addition, the Local Government informed the Company that during the bank loan application undertaken by the Local Government, the Local Government was informed by its bankers that the Disposal Assets appear to have been pledged to certain parties (the “**Alleged Security**”) and the Bank Loan Application is unable to proceed until the Disposal Assets are free from encumbrance.

2. Scope of Work

- 2.1. We had travelled to Fei County, Linyi, Shandong Province, the People's Republic of China, to undertake a fact-finding exercise (“**Fact-Finding Exercise**”) from 4 July 2023 to 5 July 2023.

2.2. As part of the Fact-Finding Exercise, our scope of work comprised the following:

- (i) Whether any security interest has been created over the Wonder Stone Hotel and right to use land for the Wonder Stone Park and if so, the details and circumstances thereof
- (ii) Whether a group of companies related to Mr Sun had filed for voluntary bankruptcy proceedings to the Local Court and if so, the details and circumstances thereof in relation to Fei County Wonder Stone
- (iii) The intention of the Purchaser in relation to the Proposed Disposals

2.3. During the course of our Fact-Finding Exercise, we had interviewed the following persons:

- (i) Mr Yang Xingdong (“**Mr Yang**”) – General Manager, Fei County Wonder Stone

Mr Yang is the General Manager of Fei County Wonder Stone. He has oversight over the business and operations of Fei County Wonder Stone and spearheaded negotiations with the Local Government on the Proposed Disposals.

He is employed under Imperium Crown Limited and reports to Mr Sun and Mr Tan. Prior to working under Imperium Crown Limited, he had previously worked with Mr Sun in the Yinguang group of companies for around 20 years.

Mr Yang had stated in his interview that he was not aware of the security and legal proceedings until the June Meeting, but we now note that in the LongAn Report, it is set out that Mr Yang is a director and minority shareholder of YG Chemical. Mr Yang holds 1.5% interest in YG Chemical. We also note from searches conducted by LongAn that Mr Yang is also a director of YG Cultural Tourism.

- (ii) Mdm Guo Shijing (“**Mdm Guo**”) – Head of Finance, Fei County Wonder Stone

Mdm Guo is the Head of Finance of Fei County Wonder Stone. She oversees the finance function of Fei County Wonder Stone, including contracts involving Fei County Wonder Stone. She was not involved in the negotiations relating to the Local Government.

She is employed by YG Cultural Tourism and was seconded to Fei County Wonder Stone to guide and assist the finance function on SGX listing compliance and requirements. Mdm Guo reports to Mr Tan and Mr Sun. Prior to her secondment to Fei County Wonder Stone, Mdm Guo has worked with Mr Sun in the Yinguang group of companies for more than 10 years. Mdm Guo informed us that she is a minority shareholder of the Yinguang group of companies, holding less than 1% interest. Under the LongAn Report, it is set out that Mdm Guo holds 0.4% interest in YG Chemical. Mdm Guo is not a director of YG Cultural Tourism.

- (iii) Ms Ren Suyu (“**Ms Ren**”) – Administrative Manager, Fei County Wonder Stone

Ms Ren was the Administrative Manager of Fei County Wonder Stone. However, she has since resigned as of April 2023. During the course of her work at Fei County Wonder Stone, Ms Ren was in charge of the Company Seal of Fei County Wonder Stone.

She reports to Mr Yang. Prior to joining Fei County Wonder Stone in 2018, she has worked with the Yinguang group of companies since 2007.

- (iv) Ms Chen Yang (“**Ms Chen**”) – Finance personnel, YG Cultural Tourism

Ms Chen is a finance team personnel of YG Cultural Tourism, reporting to Mdm Guo. In the course of her work, she may be instructed to utilize the Company Seal of Fei

County Wonder Stone from time to time. She is not otherwise involved in the finance matters of Fei County Wonder Stone and/or the Proposed Disposals.

(v) Mr Zhao Kai (“**Mr Zhao**”) – Representative of Local Government

Mr Zhao is a representative of the Local Government and has been involved in the negotiations with Fei County Wonder Stone on the Proposed Disposals. He was also present at the June Meeting and had spoken to Mr Yang and Mr Tan on the delay to the completion of the Proposed Disposals. His contact person at Fei County Wonder Stone for the purposes of the Proposed Disposals is Mr Yang.

(vi) Ms Wu Liyang (“**Ms Wu**”) – Accountant, Fei County Wonder Stone

Ms Wu is an accountant with the finance team of Fei County Wonder Stone, involved with the bookkeeping, cash and bank statements of Fei County Wonder Stone. She safeguards the Legal Representative Seal, under the instructions of Mdm Guo. In the course of her work, she may be instructed to utilize the Company Seal of Fei County Wonder Stone from time to time. She reports to Mdm Guo and Mr Tan.

(vii) Mr Tan Keng Keat (“**Mr Tan**”) – Chief Financial Officer and Executive Director, ICL

Mr Tan is an Executive Director and the Chief Financial Officer of ICL. He oversees the finance and compliance function of ICL and its subsidiaries. He reports to the Board of ICL.

Whilst the Proposed Disposals had initially been overseen by Mr Sun, since January 2023, Mr Tan has started being involved in aspects of the Proposed Disposals and since May 2023, has been having oversight of the negotiations with between Fei County Wonder Stone and the Local Government in relation to the Proposed Disposals and had initiated the June Meeting with the Local Government.

(viii) Mr Sun Bowen (“**Mr Sun**”) – Executive Chairman and Executive Director, ICL; Legal Representative and Director, Fei County Wonder Stone

Mr Sun is the Executive Director and Chairman of ICL. He reports to the Board of ICL. Mr Sun is also the Legal Representative of Fei County Wonder Stone. On 12 April 2023, it was announced that Mr Sun had tendered his resignation as the Executive Chairman of the Company due to deterioration in his health in recent months and as the Group is also exiting its existing business in China. However, he would continue to oversee the completion process of the Proposed Disposals and will step down from the Board upon finalising matters in relation thereto.

Mr Sun is also interested in the Yinguang group of companies. Based on the entities who are the YG Obligors and creditors of Fei County Wonder Stone, we note the following:

- (a) Mr Sun holds 60% interest in YG Chemical and is the legal representative, chairman of the board and manager of YG Chemical.
- (b) YG Yuyuan is a subsidiary of YG Chemical and Mr Sun indirectly holds 47.23% interest in YG Yuyuan.
- (c) We note that Sun Qiang, the known son of Mr Sun, is the legal representative, chairman of the board and manager of YG Yuyuan.
- (d) YG Chemical holds 70% interest in YG Cultural Tourism and Mr Sun indirectly holds 42% interest in YG Cultural Tourism.
- (e) Mr Sun is a legal representative of YG Cultural Tourism.
- (f) YG Mengshan is a subsidiary of YG Cultural Tourism and a secondary subsidiary of YG Chemical, where Mr Sun indirectly holds 42% interest in YG Mengshan.

3. Creation of security interests over Wonder Stone Hotel and right to use land for the Wonder Stone Park

3.1. Security interest(s) had been created over the Wonder Stone Hotel and right to use land for the Wonder Stone Park (the “**Disposal Assets**”). We had sighted six (6) financing documents, comprising one (1) loan agreement and five (5) security documents (the “**Unauthorised Financing Documents**”), which had been affixed with the Company Seal and Legal Representative Seal of Fei County Wonder Stone.

3.2. Details of the Unauthorised Financing Documents have been set out below:

No.	Date created	In favour of ⁽¹⁾	For the account of	Amount loaned or secured	Nature of document
(a)	5 August 2019	临沂市万福典当有限责任公司 ⁽⁵⁾	Borrower & Mortgagor: Fei County Wonder Stone	RMB 20,000,000 (SGD 3,846,200) Mortgage over immoveable property	Loan agreement
(b)	1 June 2021	Qian Qing Mei (钱庆美)	Borrower: YG Chemical ⁽²⁾	RMB 6,000,000 (SGD 1,153,860) Mortgage over immoveable property	Fei County Wonder Stone as third-party security provider
(c)	13 August 2021	兰陵县荣庆小额贷款股份有限公司兰陵路分公司	Mortgagor: Fei County Wonder Stone	RMB 30,000,000 (SGD 5,769,300) Mortgage over property	Fei County Wonder Stone as third-party security provider
(d)	20 December 2021	费县蒙雪畜产品养殖加工有限公司	Debtor: YG Chemical ⁽²⁾ Mortgagor: Fei County Wonder Stone	RMB 43,000,000 (SGD 8,269,330) Mortgage over immoveable property	Fei County Wonder Stone as third-party security provider
(e)	18 August 2022	临沂城发汇通产业投资发展有限公司 ⁽⁶⁾	Debtor: YG Mengshan ⁽⁴⁾ Mortgagor: Fei County Wonder Stone	RMB 4,000,000 (SGD 769,240) Mortgage over immoveable property	Fei County Wonder Stone as third-party security provider
(f)	23 August 2022	城发鲁信（天津）商业保理有限公司 ⁽⁶⁾	Factoring applicant: YG Yuyuan ⁽³⁾ Mortgagor: Fei County Wonder Stone	RMB 25,000,000 (SGD 4,807,750) Mortgage over immoveable property	Fei County Wonder Stone as third-party security provider

Notes:

- (1) Based on the LongAn Report, save for Qian Qingmei, the parties who had granted the loans and received benefit of the securities do not share the same legal representative, shareholder(s) or director(s) as Fei County Wonder Stone. None of the legal representatives, shareholders or directors of such parties are Mr Sun. As Qian Qingmei is an individual, LongAn was unable to verify if there is any connection between Qian Qingmei and Mr Sun.

- (2) Based on the LongAn Report, Mr Sun is the actual controller of YG Chemical as he holds 60% shares in YG Chemical.
- (3) Based on the LongAn Report, YG Yuyuan is a subsidiary of YG Chemical and Mr Sun indirectly holds 47% of YG Yuyuan.
- (4) Based on the LongAn Report, YG Mengshan is a secondary subsidiary of YG Chemical and Mr Sun indirectly holds 42% of YG Mengshan. YG Mengshan is also a direct subsidiary of YG Cultural Tourism. YG Chemical also holds 70% of YG Cultural Tourism.
- (5) Based on the LongAn Report, 临沂市万福典当有限责任公司 has been de-registered as at 4 May 2023. Based on the LongAn Report however, the de-registration of such entity does not preclude the possibility of such entity's shareholder(s) to transfer the entity's rights to other parties.
- (6) Based on the LongAn Report, 城发鲁信（天津）商业保理有限公司 is the 40% shareholder of 临沂城发汇通产业投资发展有限公司.

3.3. As our mandated scope of work under the Fact-Finding Exercise did not include the Lenders, we had not spoken to them. However, based on the LongAn Report, we note that the Lenders do not appear to be related to Mr Sun and based on the nature of the names of some of the Lenders, such entities appear to be in the business of moneylending. Based on the searches conducted by LongAn as set out in the LongAn Report, we also note the following details on the Lenders:

Lender	Shareholder	Legal Representative	Other Officers
临沂市万福典当有限责任公司 ⁽¹⁾	临沂市东亚建筑安装工程有限公司 (26.5625%) 临沂市兰山区针织厂 (19.6875%) 临沂市固元混凝土有限公司 (18.75%) 段志永 (16.5625%) 吴博 (10.3125%) 赵新生 (8.125%)	段友义	Chairman of Board, Manager: 段友义 Directors: 王彦军、马小平 Supervisor: 吴博、张继光、周景申
Qian Qing Mei (钱庆美)	N.A.	N.A.	N.A.
兰陵县荣庆小额贷款股份有限公司兰陵路分公司 ⁽²⁾	Head office: 兰陵县荣庆小额贷款股份有限公司	Principal: 孟超	
费县蒙雪畜产品养殖加工有限公司	李忠东 (85.82%)	李忠东	Executive Director, Manager: 李忠东 Supervisor: 王广如

Lender	Shareholder	Legal Representative	Other Officers
	费县外贸畜产有限责任公司 (14.18%)		
临沂城发汇通产业投资发展有限公司	城发鲁信（天津）商业保理有限公司 (40%) 山东盛大龙腾建工集团有限公司 (35%) 临沂建通投资咨询有限公司 (25%)	傅浩伦	Chairman of Board, Manager: 傅浩伦 Directors: 马祥忠、马连欢; Chairman of Supervisory Board: 张辉辉 Supervisor: 高丽丽、董勤旭
城发鲁信（天津）商业保理有限公司	临沂城市发展集团有限公司 (100%)	傅浩伦	Chairman of Board, Manager: 傅浩伦 Directors: 葛宇、陈宗娟 Chairman of Supervisory Board: 王峰 Supervisor: 孙西前、李雪

Notes:

- (1) Based on the LongAn Report, 临沂市万福典当有限责任公司 has been de-registered as at 4 May 2023.
 - (2) It is a branch office of 兰陵县荣庆小额贷款股份有限公司. The shareholders comprise three (3) entities and six (6) individuals. None of the shareholders are the Yinguang group of companies, Mr Sun or Sun Qiang.
- 3.4. We understood from Mdm Guo that the total exposure from the Unauthorised Financing Documents is approximately RMB 98 million (excluding interest) (approximately S\$18.8 million).
 - 3.5. We noted that both Mr Sun and Mdm Guo are aware of the creation of the Security. Mr Sun indicated that he had given his in-principal approval and Mdm Guo acknowledged that she had caused execution of the Unauthorised Financing Documents, with express instructions from Mr Sun. Whilst Mr Sun was generally aware of the Security, he wanted to make it clear in his interview that he was not involved in the execution of the Unauthorised Financing Documents and creation of the Security.
 - 3.6. Mr Sun then set out his rationale as to why he felt it was appropriate for Fei County Wonder Stone to provide the security.
 - (i) Following the challenging economic conditions and the Covid-19 pandemic, the Yinguang group of companies had faced substantial pressure to repay its creditors.
 - (ii) In contrast, Fei County Wonder Stone possessed assets that could be utilized as security. It was also noted that there was a sum of money owing from Fei County Wonder Stone to YG Cultural Tourism and YG Chemical.

- (iii) To allay urgent pressure from creditors, loans had been undertaken and security placed over the Disposals Assets. The security had been intended to be on a short-term basis.
 - (iv) Pursuant to the Proposed Disposals, the Local Government was initially to have made payment of the consideration by 28 January 2023. With the receipt of consideration, it was intended to be utilized to repay the sum owing to the Related Entities. This would allow the lenders to be repaid and security over the assets to be discharged. However, the completion of the Proposed Disposals had subsequently been extended on multiple occasions.
- 3.7. When interviewed, Mdm Guo concurred with the abovementioned set of circumstances, noting that at the same time, in the early stages, Fei County Wonder Stone had consistently required financing but had been unable to secure the same from banks. However, she emphasized that the execution of the Unauthorised Financing Documents was undertaken at the express instructions of Sun Bowen. She was however, not able to evidence any detail or documentation to support her assertion. She elaborated that she was not involved in any negotiations with the Lenders. No explanation was provided as to who was the person involved in negotiations. Mr Sun was elusive in his explanation whilst Mdm Guo stated that she was not aware and was not involved in the negotiations.
- 3.8. We note that both the Company Seal and Legal Representative Seal were affixed onto the Unauthorised Financing Documents. We understand that both Seals are kept separately. The Company Seal was kept with the administrative office, under the care of the administrative manager, Ms Ren. The Legal Representative Seal was kept with the finance team, under the care of Ms Wu. In order to utilize the Company Seal, a personnel would have to visit the administrative office and log an entry into the register of utilization of Company Seal (the “**Register**”) detailing amongst others, their name, the date and purpose for which the Company Seal is to be utilized. In order to utilize the Legal Representative Seal, Ms Wu would simply require instruction from Mdm Guo.
- 3.9. Based on the Register, we noted the following three (3) entries logged coinciding with the period during which some of the Unauthorised Financing Documents had been executed. The three (3) entries were logged as follows:
- (i) 18 August 2022: By Chen Lei for Group Documents (集团文件)
 - (ii) 19 August 2022: By Wu Liyang for Mortgage Documents (抵押资料)
 - (iii) 23 August 2022: By Chen Yang for Group Documents (集团资料)
- 3.10. We then interviewed Ms Wu and Ms Chen to enquire further. When shown the 18 August 2022 Document, Ms Wu had stated that she was unable to recall if it had been her who had affixed the Company Seal. This is as even if instructed by Mdm Guo to affix the Company Seal on a document, Ms Wu would typically proceed as instructed and not look into the details of the document. However, when presented with the Register evidencing her entry on 19 August 2022, Ms Wu had acknowledged that more likely than not, it was her who had affixed the Company Seal on the 18 August 2022 Security.
- 3.11. When shown the 23 August 2022 Security, Ms Chen had also similarly indicated that she was unable to specifically recall if it had been her who had affixed the Company Seal. However, when presented with the Register evidencing her entry on 23 August 2022, Ms Chen acknowledged that Mdm Guo had likely instructed her to obtain the Company Seal then. Ms Chen had then stated that whilst she has not used the Company Seal herself, if Mdm Guo instructed her to do so, she would. It is instead more typical that after obtaining the Company Seal, Mdm Guo would instruct Ms Chen to pass the Company Seal to her. Ms Chen would thereafter take it back from Mdm Guo and return it to the administrative office.
- 3.12. Both Ms Wu and Ms Chen confirmed that as a matter of procedure, given that they take instructions from Mdm Guo, any borrowing or utilization of the Company Seal must have been

because Mdm Guo had instructed them as such. What Ms Wu and Ms Chen had stated corroborates the statement from Ms Ren that prior to release of the Company Seal to finance personnel, she would confirm authorization from Mdm Guo. Both Ms Wu and Ms Chen report to Mdm Guo. It is not part of the scope of work for either Ms Wu or Ms Chen to negotiate or review such loan or security documents. We were unable to speak with Chen Lei.

- 3.13. Due to their statements, we had then requested for second interview with Mdm Guo. When queried, Mdm Guo had in her second interview then acknowledged that in order to fulfil Mr Sun's directions for the Security over Fei County Wonder Stone's assets to be created, it would require use of the Seals. However, Mdm Guo admitted that for execution of the Unauthorised Financing Documents, it is likely that her authorization for affixation of the Seals would have been sought. Whilst Mdm Guo had not directly acknowledged or admitted that she had instructed for execution of the Unauthorised Financing Documents, her authorization would have been sought for the affixation of the Seals on such documents and the Company Seal would only be released by the administrative office upon her approval.
- 3.14. It was confirmed that this was done without the knowledge of the Board (including Mr Tan) of ICL. The other directors had not been expressly informed and neither the loans nor the Security had been reflected in the accounts reported to Mr Tan from the finance team of Fei County Wonder Stone. Based on the interviews conducted with the interviewees, we note the following points:
- (i) ICL was not aware of the Security and/or the Unauthorised Financing Documents; and
 - (ii) No one had spoken to the directors of ICL in Singapore (being Mr Wee Phui Gam, Mr Hau Khee Wee, Dr Danny Oh Beng Teck and Mr Tan Keng Keat) on the Security and/or the Unauthorised Financing Documents.
- 3.15. This was due to the following reasons:
- (i) Given the short timeframe of each loan / security arrangement, Mr Sun and Mdm Guo were of the view that it was not necessary to inform the Board.
 - (ii) The monies from the loan were used by the YG Obligors and the interest is paid by the YG Obligors. Hence, there would be no need to report this under the accounts of Fei County Wonder Stone.
 - (iii) It did not cross the mind of Mdm Guo to report it as an interested person transaction (IPT) as to her mind, IPTs typically concerned business matters.
- 3.16. Mr Yang stated he had also not been made aware of the Unauthorised Financing Documents until the June Meeting. We had however subsequently noted from searches conducted by LongAn that Mr Yang is a director and minority shareholder of YG Chemical and a director of YG Cultural Tourism.

4. Legal proceedings surrounding the companies related to Mr Sun Bowen

- 4.1. During the June Meeting, Mr Tan and Mr Yang had been informed by the Local Government that one of the reasons for the delay of completion of the Proposed Disposals was due to a group of companies related to Mr Sun having entered into voluntary bankruptcy proceedings and there being circumstantial evidence that Fei County Wonder Stone may be construed as being part of this group of companies. At that point in time, Mr Tan was unable to verify the exact entities such group of companies (related to Mr Sun) comprised. There was however a list of entities disclosed by Mr Sun to ICL previously, being entities related to him ("**SBW List of Entities**").

- 4.2. It was on the basis of the SBW List of Entities that LongAn had conducted searches for the purpose of verifying which entities (if any) had entered into any bankruptcy or reorganization proceedings.
- 4.3. During the course of our interviews, we note that the interviewees often made reference to YG Chemical, YG Cultural Tourism and Yinguang group of companies. When we sought to clarify on the entities constituting the Yinguang group of companies however, we were unable to verify the same as some of the interviewees are staff of Fei County Wonder Stone (and not the Yinguang group of companies) and for the other interviewees, they had simply declined or stated they are unable to provide such information. We have hence not sighted any group structure relating to the Yinguang group of companies.
- 4.4. During the course of our interviews, we were informed that companies related to Mr Sun had made an application to the Local Court for creditors' protection and an order for restructuring (the "**Legal Proceedings**"). However, although anticipated, no manager(s) had yet been appointed for the Legal Proceedings as at the time of the interviews.
- 4.5. The potential presumption of inclusion of Fei County Wonder Stone as part of the group of companies related to Mr Sun undergoing the Legal Proceedings is due to Fei County Wonder Stone sharing a common legal representative and there being payables to the YG Chemical and YG Cultural Tourism. However, whether or not Fei County Wonder Stone is ultimately considered to be part of the group of companies under the Legal Proceedings is to be determined by the Local Court at application of the appointed managers as part of the Legal Proceedings. Correspondingly, we also understand that which entities form part of the Yinguang group of companies undergoing the Legal Proceedings will ultimately also be determined by the Local Court at the application of such appointed managers. As at the date of the Report, LongAn has confirmed that manager(s) have been appointed. LongAn has also confirmed that based on enquiries made with the Local Court, YG Chemical and YG Yuyuan are party to such restructuring proceedings. Whilst there has been at least one round of process to determine the entities forming part of the Yinguang group of companies undergoing the Legal Proceedings, as at the date of this Report, Management has not sighted any formal notification of such inclusion.
- 4.6. From the interviews, we understood that each of Mr Sun, Mdm Guo and Mr Yang did not inform the Board as they see Fei County Wonder Stone as separate and distinct from the Yinguang group of companies. Mr Sun and Mdm Guo were also under the impression that others would have informed the Board.

5. Status of the Proposed Disposals

- 5.1. As part of the Interviews, we had spoken to Mr Zhao, a representative of the Local Government. Whilst we note that during the June Meeting, the Local Government had indicated that the Proposed Disposals would be temporarily delayed until report of which entities have been categorized for the purposes of bankruptcy proceedings, Mr Zhao had indicated the following:
- (i) the Purchasers remain keen to proceed with completion of the Proposed Disposals; and
 - (ii) however, this remains subject to resolution of Fei County Wonder Stone potentially being part of the Proceedings and the security provided by Fei County Wonder Stone having been discharged.

However, we note that as at the date of this Report, there is no formal written agreement entered into by the Local Government and Fei County Wonder Stone (and Fei County Inzone, as the case may be) in relation to the same.

- 5.2. When queried as to how Fei County Wonder Stone would be able to proceed with completion of the Proposed Disposals, Mdm Guo was of the view that where the YG Obligors are able to

return the loans, encumbrance over the assets would be discharged and completion can then take place.

6. Status of the Partial Land Consideration

Background

- 6.1. Mr Tan had been informed by the China management team on or around the Chinese Lunar New Year holiday period in 2023 that Fei County Wonder Stone had received the Partial Land Consideration from the Purchaser on 19 January 2023.

Update from Fact-Finding Exercise

- 6.2. During the trip back to Fei County in July 2023, Mr Tan had then sought clarification and confirmation from Mdm Guo on the Partial Land Consideration. Mdm Guo had then informed him that the monies are no longer in the account of Fei County Wonder Stone. She had subsequently provided him with information verifying that the Partial Land Consideration had been transferred out to YG Cultural Tourism over the course of one (1) transaction of RMB300,000 and three (3) transactions of RMB4,900,000 each. The purpose for each transaction has been stated in the bank statement dated 1 February 2023 as "*Repayment of loan* (还借款)".
- 6.3. Mdm Guo subsequently confirmed in her second interview that the transfer of monies out from Fei County Wonder Stone had been done at the instructions of Mr Sun and she had not informed anyone when this was done, including Mr Tan.
- 6.4. We further noted that YG Cultural Tourism is an existing entity related to Mr Sun which, together with YG Chemical, had extended a loan of S\$11.3 million in aggregate to the Group, based on the financial statements for the half year ended 31 December 2022. Whilst we note that it had been stated in the Company's announcement on 5 December 2022 (the "**5 December 2022 Announcement**") and its circular dated 12 January 2023 ("**Circular**") that the majority of the proceeds of the Proposed Disposal, including the Land Consideration which was to be utilized as such in its entirety, was to be used to repay the loan amount extended to the Group by Mr Sun through companies related to him, this repayment was intended to take place subsequent to completion of the Proposed Disposals and with the authorization of the Board.

7. Access by the PRC Finance Head to the Company Seal and Legal Representative Seals

- 7.1. In sighting the Unauthorised Financing Documents, we noted that it had been executed by Fei County Wonder Stone via affixation of the Company Seal and Seal of the Legal Representative ("**Legal Representative Seal**"). During the course of our interviews, we had made the following observations:

Company Seal

- (i) The Company Seal is kept in a safe with the administrative office of Fei County Wonder Stone under the relevant administrative personnel. During the material period when the Unauthorised Financing Documents had been executed, the Company Seal had been under the care of Ms Ren, the administrative manager, in a safe.
- (ii) Procedurally, a personnel would be required to fill in the Register on the details of the date, their name, purpose, including whether the Company Seal is borrowed out or utilized within the administrative office, before the Company Seal is released to them.
- (iii) Where the personnel requiring use of the Company Seal is from the finance team, Ms Ren would typically seek the confirmation of Mdm Guo prior to release of the Company Seal. However, such personnel stated that they are not aware of such confirmation and

to their re-collection, would be able to obtain the Company Seal as long as they have completed the Register.

- (iv) The relevant finance personnel also indicated that whilst they are unable to recall every instance in which they may have obtained the Company Seal for utilization, they were clear that they would only have done so at the instruction of Mdm Guo.

Legal Representative Seal

- (v) The Legal Representative Seal is kept under the care of Ms Wu Liyang, an accountant on the finance team of Fei County Wonder Stone.
- (vi) It would typically be utilized by herself, or as requested by Mdm Guo from time to time.
- (vii) No register on use of the Legal Representative Seal is kept.

7.2. We had sighted the Register in respect of the period of January 2022 to May 2023. We were unable to sight the Register in respect of earlier periods as we were informed that such earlier registers would already have been warehoused. From the sighted Register however, we noted three (3) entries logged as follows:

- (i) 18 August 2022: By Chen Lei for Group Documents (集团文件)
- (ii) 19 August 2022: By Ms Wu for Mortgage Documents (抵押资料)
- (iii) 23 August 2022: By Chen Yang for Group Documents (集团资料)

7.3. In addition to paragraph 7.1 above, we noted from Ms Wu and Ms Chen Yang the following:

- (i) Ms Wu and/or Ms Chen would typically receive instructions from Mdm Guo to use the Company Seal for finance-related documents, and they would visit the administrative office to retrieve the same.
- (ii) Where the finance-related document is affixed with the Company Seal on premises, Ms Wu or Ms Chen (as the case may be) would be provided with the finance document by Mdm Guo for such execution.
- (iii) Where Ms Chen receives instructions to borrow the Company Seal off-premises, she would do so and ensure the same is personally handed to Mdm Guo.
- (iv) For such finance-related documents, both Ms Wu and Ms Chen are unaware of the nature of the finance-related documents that are being affixed with the Company Seal.

7.4. Ms Chen Yang and Ms Chen Lei are not employees of Fei County Wonder Stone. We understand that they are employed by YG Cultural Tourism. It is evident that the instructions of Mdm Guo (both to the relevant finance personnel and Ms Ren) are sufficient to engender release of the Company Seal. It is noted that the Legal Representative Seal, being kept by the finance office, is within Mdm Guo's control as well.

7.5. Ms Chen Yang and Ms Wu have stated during the interviews that they do not conduct any independent verification of either the nature of documentation or nature of instructions (including verifying with Mr Sun) before accepting Mdm Guo's instructions as such.

8. Internal Processes

- 8.1. We note that ICL has a Delegated Approval Matrix which sets out, amongst others, contracts with a value of more than S\$1,000,000 require the approval of the Board. This had been made aware to both Mr Sun and Mdm Guo. However, in instructing and authorizing the execution of the Unauthorised Financing Documents, the approval of the Board had not been obtained.
- 8.2. In particular, Mr Sun had indicated that Mdm Guo and Mr Yang often reminded him of the Singapore listed company requirements. Mdm Guo had also stated that she was aware Board approval would be required for such documents. However, she had neither informed nor sought approval for this as she was under the impression that Mr Sun would speak to the Board.

9. Observations and Recommendations

9.1. Observations

- (i) Mr Sun was able to unilaterally decide on the use of the assets of Fei County Wonder Stone as security for the benefit of entities outside of the ICL group.
- (ii) Mdm Guo was able to instruct for the execution of the Unauthorised Financing Documents without further reference to ICL or any party in Fei County Wonder Stone.
- (iii) Mr Sun was able to instruct Mdm Guo to proceed with utilization of the Partial Land Consideration without authorization of the Board.
- (iv) Mr Yang informed us that he was unaware of the Security and Legal Proceedings but we noted subsequently that he is a director of YG Chemical and YG Cultural Tourism.
- (v) Personnel who are not from Fei County Wonder Stone are able to access the Company Seal as long as they have authorization from Mdm Guo.

9.2. Recommendations

Immediately upon conclusion of the interviews, we recommended that management of the Group take the following steps:

- (i) Suspend Mr Sun and Mdm Guo with immediate effect
- (ii) Strengthen the safeguards for the keeping of the Company Seal and Legal Representative Seal
- (iii) Remove Mr Sun as legal representative and replace him with a nominee
- (iv) Strengthen the process for accessing the bank account(s) of Fei County Wonder Stone
- (v) Review of Internal Controls
- (vi) Reporting the entry into of the Unauthorised Financing Documents being authorized by officers of Fei County Wonder Stone to the police
- (vii) Confirm the status of the Proposed Disposals with the Local Government

LongAn had also, amongst others, made the following recommendations:

- (viii) Conduct a comprehensive legal investigation and collect evidence regarding the existence of collusion or other malicious intent in the undertaking of the Unauthorised Financing Documents

- (ix) Conduct a comprehensive audit of Fei County Wonder Stone's financial situation with a focus on financial transactions between Mr Sun and Fei County Wonder Stone
- (x) (Where evidence is available) To make a police report against Mr Sun
- (xi) (Where evidence is available) To consider initiating a lawsuit to challenge the validity of the Unauthorised Financing Documents and request the release of encumbrances over the assets

9.3. Actions Taken

As at the date of this Report, we understand that the following actions had been taken:

- (i) Suspension of Mr Sun and Mdm Guo in their respective roles in Fei County Wonder Stone. Mr Sun has also been suspended in his role on the Board.
- (ii) Making of a police report in Singapore against Mr Sun in relation to the Unauthorised Financing Transactions.
- (iii) Confirmation in writing of the Local Government's continued interest in completing the Proposed Disposals has been obtained from Mr Zhao via WeChat.

Subsequent to the Fact-Finding Exercise, action had been undertaken to ensure that the Company Seal is kept in a safe and Mr Yang being the only person who is able to physically access it. The Legal Representative Seal continued to be safeguarded by Ms Wu, and both Mr Yang and Ms Wu had been instructed to seek the approval of Mr Tan in the use of any of the seals. A notice was also sent to all staff of Fei County Wonder Stone updating them on this arrangement. Subsequently however, Mr Yang was no longer contactable. In light of the above, Mr Tan is unaware as to the current arrangements as to the Company Seal and Legal Representative Seal and has informed that he has no means to find out.

Mr Tan had also attempted to make a police report in China against Mr Sun in relation to the Unauthorised Financing Transactions. However, he was informed by the police that without a letter of authority and relevant supporting documents, there is nothing further that the police can do. Please refer to the Company's announcement made on 29 November 2023.

10. Possible Breaches

Listing Manual Section B: Rules of Catalist ("Listing Rules")

- 10.1. Prior to entry into the Unauthorised Financing Documents, including grant of Security for the benefit of the YG Obligors, Mr Sun and Mdm Guo should have obtained the approval of the Board. They had however failed to do so. Thereafter, Mr Sun and Mdm Guo should have made disclosure of the Unauthorised Financing Documents and the transactions in connection thereto to the Board. Mr Sun and Mdm Guo had also failed to disclose the same.
- 10.2. We note that Mr Sun and Mdm Guo has, through their omission to inform the Board, caused the Company to commit the possible breaches of the following Listing Rules:
 - (i) Rules 705(3A) and 705(5): Non-accuracy of the financial statements of ICL
 - (ii) Rules 905 and 906: Non-disclosure and unauthorized entry into of interested person transactions
 - (iii) Rules 703, 704(34), 1202, 1203(1): Non-disclosure of security placed over the assets of Fei County Wonder Stone, including the ability of lender(s) to enforce their security interest over such assets

- (iv) Rule 703: Non-disclosure of utilization of Partial Land Consideration

Companies Act 1967

- 10.3. As part of the Fact-Finding Exercise, we had made observations and have considered possible breaches of the Companies Act:

- (i) Section 156: Duty of a director to disclose interest in transactions
- (ii) Section 201: Requirement for financial statements to be true and fair
- (iii) Section 157: Duty of a director to act honestly and with reasonable diligence
- (iv) Section 199(2A): Requirement of sufficient internal accounting controls

Laws and Regulations in the People's Republic of China

- 10.4. LongAn had also highlighted possible breaches of laws and regulations in the People's Republic of China. The following has been extracted from the LongAn Report.

- (i) Validity of the Unauthorised Financing Documents – from the perspective of the resolution procedure, affiliated guarantee, malicious collusion and nature of the company
- (ii) Liability for invalidity of the Unauthorised Financing Documents – where the creditor is not in good faith but there is no malicious collusion, and where there is malicious collusion
- (iii) Liability of Legal Representative – civil and criminal liability

- 10.5. Our summary concerning possible liability is not intended to be conclusive and/or exhaustive as liability for breaches under such regulation often depend on findings of the requisite intent and/or knowledge as determined by a forum of appropriate competency.

Legend

Entities & Persons

AQLA	: Aquinas Law Alliance LLP
Board	: The Board of ICL, excluding Mr Sun
CFO or Mr Tan	: Chief Financial Officer of ICL, being Mr Tan Keng Keat
Fei County Inzone	: Fei County Inzone Wonder Stone Cultural Hotel Co., Ltd.
Fei County Wonder Stone	: Fei County Wonder Stone Characteristic Town Development Co., Ltd
ICL	: Imperium Crown Limited, excluding Mr Sun
Hotel Purchaser	: Feixian Yuanxiang Hotel Management Co., Ltd.
Land Purchaser	: Fei County Land Consolidation Center
Lenders	: The lenders involved in the Unauthorised Financing Documents, being 临沂市万福典当有限责任公司, Qian Qing Mei (钱庆美), 兰陵县荣庆小额贷款股份有限公司兰陵路分公司, 费县蒙雪畜产品养殖加工有限公司, 临沂城发汇通产业投资发展有限公司 and 城发鲁信（天津）商业保理有限公司
Local Government	: The local government in Fei County, Linyi, Shandong Province, involved through state-owned entities in the Proposed Disposals, and as referred to from time to time as the “Purchaser”
Mdm Guo	: Guo Shijing
Mr Sun	: Sun Bowen
Mr Yang	: Yang Xingdong
Mr Zhao	: Zhao Kai
Ms Chen	: Chen Yang
Ms Ren	: Ren Suyu
Ms Wu	: Wu Liyang
LongAn	: LongAn Law Firm
Shandong Yimeng	: Shandong Yimeng Yuanxiang Cultural Tourism Development Group Co., Ltd. (山东沂蒙原乡文化旅游发展集团有限公司)
YG Chemical	: Shandong Yinguang Chemical Co., Ltd (山东银光化工集团有限公司)
YG Cultural Tourism	: Shandong Yinguang Cultural Tourism Industry Group Co., Ltd (山东银光文化旅游产业集团有限公司)

YG Mengshan	: Shandong Yinguang Mengshan Maifanshi Cultural Tourism Development Co., Ltd. (山东银光蒙山麦饭石文旅发展有限公司)
YG Obligors	: YG Chemical, YG Yuyuan and YG Mengshan, being the entities that had received the benefit of the loans from the Lenders.
YG Yuyuan	: Shandong Yinguang Yuyuan Light Metal Precision Forming Co., Ltd. (山东银光钰源轻金属精密成型有限公司)
Yinguang group of companies	: Where used during the interviews, we understand that it generally means YG Chemical and its subsidiaries, and may from time to time include YG Cultural Tourism. However, we were not privy to the exact entities that form the Yinguang group of companies as the interviewees could not identify to us the exact entities. After the interviews, LongAn conducted searches on the entities known to be related to Mr Sun (as listed in Appendix 2). These entities may form part of the Yinguang group of companies. However, there is no group structure sighted on the Yinguang group of companies. We were also informed that this is to be determined by the Local Court at the application of the appointed managers as part of the legal proceedings. For the purposes of the interview however, we have relied on the list of entities set out in Appendix 2.

Other Definitions

1 June 2021 Security	: The security document as described in paragraph 1.2(b) of Section C (<i>Key Observations and Findings</i>)
5 August 2019 Loan Agreement	: The loan agreement as described in paragraph 1.2(a) of Section C (<i>Key Observations and Findings</i>)
13 August 2021 Security	: The security document as described in paragraph 1.2(c) of Section C (<i>Key Observations and Findings</i>)
18 August 2022 Security	: The security document as described in paragraph 1.2(e) of Section C (<i>Key Observations and Findings</i>)
20 December 2021 Security	: The security document as described in paragraph 1.2(d) of Section C (<i>Key Observations and Findings</i>)
23 August 2022 Security	: The security document as described in paragraph 1.2(f) of Section C (<i>Key Observations and Findings</i>)
Asset Transfer Agreement	: The asset transfer agreement dated 29 November 2022 between Fei County Wonder Stone, Fei County Inzone and the Hotel Purchaser
Company Seal	: Company seal of Fei County Wonder Stone
Disposal Assets	: The Wonder Stone Hotel and right to use land for the Wonder Stone Park
June Meeting	: The meeting held on 13 June 2023 amongst Mr Zhao Kai, Mr Tan Keng Keat and Mr Yang Xingdong in Fei County, Linyi, Shandong, the People's Republic of China in relation to the Proposed Disposals

Land	: Comprising 2 plots of land owned by a subsidiary of ICL within the Wonder Stone Park in Fei County, Shandong, the People's Republic of China and which are presented as land use rights in the consolidated financial statements of ICL and its subsidiaries
Land Use Rights Re-acquisition Agreement	: The land use rights re-acquisition agreement dated 28 November 2022 between Fei County Wonder Stone, the Land Purchaser and Shandong Yimeng
Legal Representative Seal	: Seal of Mr Sun, the legal representative of Fei County Wonder Stone
LongAn Report	: Report prepared by LongAn as set out in Appendix 3
Partial Land Consideration	: The sum of RMB15 million (approximately S\$2.88 million), representing approximately 51.78% of the consideration for the disposal of the right to use the land on which the Wonder Stone Hotel is situated, from the Purchaser as an early partial payment of the consideration
Proposed Disposals	: The proposed disposal by Fei County Wonder Stone of the Wonder Stone Hotel (including certain assets in the Wonder Stone Hotel) and the right to use the land on which the Wonder Stone Hotel is situated
Register	: Register of utilisation of Company Seal. We had only sighted the register for the period commencing 1 January 2022 and ending May 2023.
Seals	: Company Seal and Legal Representative Seal of Fei County Wonder Stone
Security	: Means the security created pursuant to the Unauthorised Financing Documents
Unauthorised Financing Documents	: The six (6) financing documents, comprising one (1) loan agreement and five (5) security documents as set out in paragraph 1.2 of Section C (<i>Key Observations and Findings</i>) and Appendix 1, comprising the 5 August 2019 Loan Agreement and the YG Obligor Security Documents
YG Obligor Security Documents	: 1 June 2021 Security, 13 August 2021 Security, 20 December 2021 Security, 18 August 2022 Security and 23 August 2022 Security