

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

UPDATE ON FACT-FINDING EXERCISE

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 5 December 2022, 16 January 2023, 20 January 2023, 27 January 2023, 3 February 2023, 10 March 2023, 21 June 2023 and 3 July 2023 in respect of the Proposed Disposals (the “**Announcements**”) and its circular to shareholders dated 12 January 2023 (the “**Circular**”) in respect of the Proposed Disposals and the Proposed Diversification.

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

All references to the RMB to S\$ exchange rate in this announcement is based on an exchange rate of RMB1 to S\$0.19231 as of 5 December 2022, being the date on which the Proposed Disposals were announced by the Company, and extracted from Onada.com.

2. UPDATE ON THE FACT-FINDING EXERCISE

2.1. During the first week of July, the Company’s legal counsels from Singapore and China (the “**Fact-Finding Team**”), had undertaken a fact-finding exercise in Fei County, the People’s Republic of China (the “**Fact-Finding Exercise**”). The Fact-Finding Team had ascertained as follows and had reported to the Board on the same:

(i) Security interest(s) had been created over the Wonder Stone Hotel and right to use land for the Wonder Stone Park (the “**Disposal Assets**”). The Fact-Finding Team has sighted six (6) financing documents, comprising one (1) loan agreement and five (5) security documents (the “**Unauthorised Financing Documents**”).

(ii) 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	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: 山东银光化工集团有限公司	RMB 6,000,000 (SGD 1,153,860) Mortgage over immoveable property	Fei County Wonder Stone as third-party security provider

No.	Date created	In favour of ⁽¹⁾	For the account of	Amount loaned or secured	Nature of document
(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: 山东银光化工集团有限公司 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	Debtor: 山东银光蒙山麦饭石文旅发展有限公司 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	Factoring applicant: 山东银光钰源轻金属精密成型有限公司 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

Note:

- (1) The Company has requested for its China counsel to conduct searches to confirm if the parties who had granted the loan and received benefit of the security are related to Fei County Wonder Stone or Mr Sun Bowen, and will include such updates in further announcements to be released by the Company.

In the course of the Fact-Finding Exercise, the Fact-Finding Team understood from the PRC Finance Head (as defined below) that the total exposure from the Unauthorised Financing Documents is approximately RMB 98 million (excluding interest) (approximately S\$18.8 million).

- (iii) As part of the interviews, the Fact-Finding Team noted that both Mr Sun Bowen (“**Mr Sun**”) and Mdm Guo Shijing (Head of Finance of Fei County Wonder Stone) (the “**PRC Finance Head**”) are aware of the above-mentioned financing transactions. Mr Sun indicated that he had given his in-principal approval and the PRC Finance Head acknowledged that she had caused execution of the Unauthorised Financing Documents, with express instructions from Mr Sun.
- (iv) The Fact-Finding Team understands that the Local Court has accepted application by a group of companies related to Mr Sun ⁽¹⁾ for creditors’ protection and an order for restructuring but has not appointed a manager for the restructuring proceedings. The Company has been informed by the China counsel that the YG Obligors ⁽²⁾ may be subject to restructuring proceedings but the status of the restructuring will not be known prior to

appointment of a manager. The Company has instructed the China counsel to keep the Company updated on such proceedings and status.

Notes:

- (1) The Company had earlier understood the group of companies related to Mr Sun as being based on a list of companies earlier declared by Mr Sun (as part of his director's disclosure) as companies in which he has an interest in (whether as a legal representative or as owned by him). The Company is however unable to verify which of these entities exactly are subject to such application and restructuring proceedings as the status (including which entities are involved) will not be known prior to appointment of a manager.
- (2) The YG Obligors refers to the respective Yinguang entities that had been recipients of the respective loan amounts pursuant to the Unauthorised Financing Documents, being 山东银光化工集团有限公司, 山东银光蒙山麦饭石文旅发展有限公司 and 山东银光钰源轻金属精密成型有限公司. Based on searches conducted by the China Counsel, we understand that the YG Obligors do not share the same shareholders as Fei County Wonder Stone, save that Mr Sun is a director and legal representative of Fei County Wonder Stone and 山东银光化工集团有限公司.
- (v) 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 interest(s) over the Wonder Stone Hotel and right to use land for the Wonder Stone Park having been discharged on completion.
- (vi) In the course of the Fact-Finding Exercise, it had also come to the attention of the Fact-Finding Team that the Partial Land Consideration, being RMB 15 million (approximately S\$2.88 million), was no longer in the bank account of Fei County Wonder Stone and had already been transferred to Shandong Yinguang Cultural Tourism Enterprise Co., Ltd (山东银光文化旅游有限公司) (the "**Consideration Recipient**") ⁽¹⁾ at the instruction of Mr Sun.

Note:

- (1) The Consideration Recipient is one of the entities related to Mr Sun which had extended a loan to the Group. Together with Shandong Yinguang Chemical Co., Ltd, another entity related to Mr Sun, the loan extended to the Group is approximately S\$11.3 million in aggregate, based on the financial statements for the half year ended 31 December 2022.
- 2.2. The Board (save for Mr Sun) wishes to categorically state that they had not been aware of the matters set out above. The Audit Committee of the Company (the "**AC**") also notes that the interviewees, in the course of the Fact-Finding Exercise, had clearly stated on record that the CFO was not aware of the matters set out in paragraph 2.1 above.
 - 2.3. In light of the Fact-Finding Exercise, the Board (save for Mr Sun) has decided to suspend Mr Sun and the PRC Finance Head in their respective roles with immediate effect. The Company is also looking to make a police report both in China and in Singapore.
 - 2.4. The Company remains in consultation with its legal counsels (both in Singapore and China) on the above, including but not limited to considering taking further action against Mr Sun and/or the PRC Finance Head, contesting the assumption of Fei County Wonder Stone being considered as part of the group of companies undergoing restructuring proceedings and contesting the enforceability of the Unauthorised Financing Documents. The Company will provide updates when there is further clarity on its next steps, as soon as possible and within the next three weeks. The Board and the AC wish to assure shareholders that the Company takes a serious view of the abovementioned matters and will focus all necessary efforts towards such foregoing matters.

3. MATERIAL UNCERTAINTY AS TO GOING CONCERN

Whilst the Group has received assurance from the Local Government over a conference call that it remains keen to complete the Proposed Disposals, the Board notes that this remains subject to (a) Fei County Wonder Stone not being considered as part of the group of companies undergoing restructuring proceedings; and (b) the security interest(s) over the Wonder Stone Hotel and right to use land for the Wonder Stone Park having been discharged on completion.

The Board further notes the preliminary advice of the China counsel that this would mean: (i) contesting the restructuring proceedings *prima facie* considering Fei County Wonder Stone as part of such group of companies; and (ii) the various lenders being in agreement for the security interest(s) over the Wonder Stone Hotel and right to use land for the Wonder Stone Park to be discharged on completion.

The Board is cognizant that for the above to take place, funds would be required for, amongst others, engagement of counsel to contest the proceedings and negotiate with the lenders and assist in discharge of the security interest(s). Given the uncertainty as to the sufficiency of the cash position of the Group, as well as the uncertainty of support from the existing controlling shareholder, the Board is of the view that the abovementioned indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The trading of the Company's shares has been halted since 15 June 2023 and subsequently converted into a suspension of trading on 21 June 2023. In light of the Board's view as set out above, the Board wishes to inform shareholders that the suspension of trading of the Company's shares is no longer voluntary and is now mandatory.

4. GENERAL

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

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 advisors if they have any doubt about the actions they should take.

By Order of the Board

Kiar Lee Noi
Company Secretary

17 July 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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