

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

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE REGULATION ON THE ANNOUNCEMENT RELEASED BY THE COMPANY IN RELATION TO THE UPDATE ON THE COMPLETION OF THE PROPOSED DISPOSALS

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 23 June 2023 in relation to the announcement on the update on completion of the Proposed Disposals released by the Company on 21 June 2023 (the “**Announcement**”).

Unless otherwise defined, capitalized terms used herein shall bear the same meaning as ascribed to it in the Announcement and/or the earlier announcements dated 5 December 2022, 16 January 2023, 20 January 2023, 27 January 2023, 3 February 2023 and 10 March 2023 in respect of the Proposed Disposals and its circular to shareholders dated 12 January 2023 in respect of the Proposed Disposals and the Proposed Diversification.

SGX’s questions and the Company’s corresponding responses are listed below to enable investors to understand the matters raised by SGX:

We refer to the Company’s Announcement. It was stated that:

- a. The local government of Fei County (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**”).
- b. 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.
- c. 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.
- d. The Company is not aware of the Alleged Security and the complications arising from the ED Related Companies (the “**Complications**”) prior to meeting the Local Government.
- e. The CFO then proceeded to conduct his clarification from the hotel which he was based in.
- f. The Company is in the midst of engaging legal counsels in Singapore and China to undertake a fact-finding exercise into the circumstances surrounding the Alleged Security to verify and ascertain the situation and management hopes to undertake the fact-finding exercise in China on or around early July.

SGX Query 1

Please identify the PRC-based executive director of the Group as mentioned in (a).

Company’s Response

The Company presently does not have any additional information to disclose, aside from those in the Announcement. The Board wishes to stress that the Company was informed of the Alleged Security and the Complications by the Local Government during the CFO’s meeting with the Local Government on 13 June 2023. As background, the completion of the Proposed Disposals did not take place on 8 June 2023, which was the revised completion date which the parties agreed on after the Local Government’s previous request for additional time to complete the Proposed Disposals. The Board had instructed Management to

halt and thereafter suspend the trading of the Company's shares until the Group's state of affairs can be addressed, and for the conduct of a fact-finding exercise by Management and its legal counsel. The Company also made the Announcement on an urgent basis based on what it knew at that point in time, in the interests of full and frank disclosure of material information to its shareholders. As the Company had been advised by its legal counsel that it should not make any speculations nor make any unverified allegations (including specifying the identity of such ED), and place itself in a position where it may be at risk of a defamation action if it were to name the ED, the Company will be maintaining its current position.

SGX Query 2

In relation to (b), please identify the subsidiaries which have the common legal representative and the legal representative.

Company's Response

The subsidiary in question, which may be affected, is Fei County Wonder Stone Characteristic Town Development Co., Ltd. (the "**Subsidiary**"). The legal representative of the Subsidiary is Sun Bowen. We however wish to refer to our response to Query 1 above and at this point in time, the Company has not independently verified the allegations, which includes whether the ED Related Companies are insolvent. As part of the fact-finding exercise, the Company has engaged legal counsel to assist in conducting searches on publicly available third-party platforms on entities which may fall within the ED Related Companies. The Company will provide updates once material findings are available.

SGX Query 3

Why did the legal representative not inform the Company of the voluntary bankruptcy proceedings?

Company's Response

The Company did not receive any notifications from the legal representative in relation to any voluntary bankruptcy proceedings and is not aware of the reason for the lack of notification. However, we would like to refer to our responses to Query 1 and Query 2 and highlight that, as at the date of this announcement, the Company is not able to confirm that any voluntary bankruptcy proceedings have been commenced on the ED Related Companies, and may only be able to update shareholders once it has completed its fact-finding exercise (including the searches on publicly available third-party platforms). It is intended for the circumstances surrounding the Complications to form a part of the anticipated fact-finding exercise.

SGX Query 4

Has the Company confirmed that the Alleged Security and Complications mentioned in (a) to (c) are factual?

Company's Response

We refer to our response to Query 1 above. Due to the sensitive nature of the matter and to facilitate direct access to any supporting documents, the Company intends to undertake an in-person fact-finding exercise in China commencing this first week of July to assist the Board in ascertaining the facts in relation to the Alleged Security and Complications. As an update, Management has made attempts to contact the ED but has not been successful up to the date of this Announcement.

SGX Query 5

In relation to (e), has the CFO clarified with the PRC-based executive director ("**ED**") and the management on the Alleged Security and Complications? If yes, please provide the relevant information.

Company's Response

We refer to our response to Queries 1 and 4 above. As we have not been able to contact the ED, the Company presently does not have factual evidence of the allegations made and will be focusing its efforts at this stage on fact finding, and for the team to be able to speak to the relevant staff in China first, to ensure that the team continues to have access to the staff in China. If the Company is made aware of any issues arising from the fact-finding exercise, we will comply with all regulatory requirements, including making disclosures to shareholders.

SGX Query 6

Please disclose:

- (i) The Group's processes and procedures relating to approving and authorizing authority for pledging of assets.
- (ii) Under the current process, is it possible that the assets could have been pledged without the Board's knowledge?
- (iii) How does the Board assure itself that there are no other assets being pledged without their knowledge?

Company's Response

The approval matrix of the Group requires the pledging of any assets owned by the Group at a transaction value of more than S\$1,000,000 to be approved by the Board. Any such request for the pledging of assets owned by the Group would be required to be highlighted to the Management, and should such pledge be assessed to be a need, Management would thereafter bring it to the attention of the Board for their consideration.

Based on the Group's internal processes and procedures, the Board is not aware of any pledge of the Group's assets which they have not previously approved. In respect of the Alleged Security, as set out in the Company's response to Query 1, the Company is currently seeking to ascertain and verify the facts of the matter through the anticipated fact-finding exercise.

The Board is however cognizant that under the laws of China, wide-ranging responsibility and authority is afforded to a legal representative. The Company has historically managed this through requiring regular reporting from the China management team to Management and through Management, to the Board. The Board is of the view that the internal processes and procedures of the Group are sufficient and adequate, taking into consideration the business of the Group. However, the Board also recognizes that effective processes and procedures do not preclude all errors and irregularities and will assess matters subsequent to the outcome of the anticipated fact-finding exercise. If required, the Board will revise and/or supplement its current responsibility and authority matrix. At the same time, the Company has instructed the legal representative of its Subsidiary not to sign any documents for and on behalf of the subsidiaries without the express authorization of the Board, but the Company has not received any acknowledgement from the legal representative. Notice of these arrangements had been provided to the staff in the China office. The Board also wishes to inform its shareholders that the legal representative of the Subsidiary no longer has access to the Company Seal of the Subsidiary as it is under the control of the administrative office of the Subsidiary who has been informed that Board approval is required for any matters outside the ordinary course of business requiring use of the Company Seal.

SGX Query 7

Please provide the Company's planned timeline and key milestones on completion of the fact-finding exercise and the Proposed Disposals.

Company's Response

As set out in the Announcement, the fact-finding exercise will commence this first week of July. With reference to the Company's response to Query 1, the Company does not currently have factual evidence of the allegations made and is not in a position to make speculations. Accordingly, the Company intends to complete its fact-finding exercise and thereafter explore its options when more information is available. Contemporaneous with the fact-finding exercise in China, Management will also separately be speaking to the Local Government on the follow-up actions in relation to the Proposed Disposals. However, the Company wishes to reiterate that it would be better placed to make a decision on how to proceed with the Proposed Disposals, including any further extensions of time in respect of the completion, subsequent to the fact-finding exercise. The Company will at make appropriate announcements as and when any material findings have surfaced.

The Company notes that at this stage, pursuant to the relevant agreements, the Group has a contractual obligation to complete the Proposed Disposals.

SGX Query 8

In view of the delay in completing the Proposed Disposals, please provide the Board's assessment on the Group's ability to operate as a going concern.

Company's Response

Please refer to the Company's response to Query 7. At this point in time, the Group has a contractual obligation to complete the Proposed Disposals. The Board anticipates that the fact-finding exercise will provide clarity into the circumstances surrounding the Alleged Security and Complications, which in turn will allow the Company greater visibility on the timeline as well as receipt of the remaining proceeds for the Proposed Disposals (should the completion of the Proposed Disposals take place).

In the interim, discussions have been conducted with, amongst others, the existing controlling shareholder of the Company, the Management and the Board, on the various ways to streamline its cashflow and alleviate its financial burdens. In particular, the Board wishes to refer shareholders to the announcement released on 28 June 2023 in relation to the disposal of its stake in its 51% subsidiary, Winco Construct & Décor Pte Ltd ("**Winco**"), for S\$51,000 (the "**Winco Disposal**"). Amongst others, the Board is of the view that the Winco Disposal will alleviate some of the Group's future financial burdens as it will not need to provide for any funding of the working capital of Winco, and the consideration received from the Winco Disposal will be used for working capital purposes of the Company whilst the Company conducts its fact-finding exercise. At the same time, as stated in the Company's announcement on 10 March 2023, the operations of the Wonder Stone Hotel, which are loss-making, are being handled by the proposed purchaser of the Wonder Stone Hotel which now bears the cost of running (and receives any revenue derived from) the Wonder Stone Hotel. Accordingly, the Group currently does not incur any costs of nor receives any revenue from the operations of the Wonder Stone Hotel.

For the reasons mentioned above, the Board is of the view that as the Company is currently unable to ascertain the materiality of the Alleged Security and Complications, there has yet to be a material change in the Board's assessment that the Group is able to operate as a going concern. Assuming the Proposed Disposals can be completed and the Company continues to receive shareholders' support, the Company would be able to operate as a going concern following completion of the Proposed Disposals, notwithstanding that the Group will not have any revenue. However, in the event that the Proposed Disposals do not complete, the Board will make an assessment and update shareholders accordingly at such point in time. In the interim, it is noted that as a matter of prudence, trading in the Company's shares has been suspended, further to the trading halt called on 15 June 2023, which was subsequently converted into a suspension of trading.

By Order of the Board

Kiar Lee Noi
Company Secretary

3 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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