

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

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE REGULATION ON THE ANNOUNCEMENTS RELEASED BY THE COMPANY ON THE WITHDRAWAL OF OPERATING RIGHTS OF THE WONDER STONE PARK AND THE PROPOSED ACQUISITION OF 51% SHAREHOLDING INTEREST IN WINCO CONSTRUCT & DECOR

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 28 June 2022 in relation to the following announcements released by the Company on 27 June 2022:-

- (i) withdrawal of Operating Rights of the Wonder Stone Park (the “**WSP Announcement**”); and
- (ii) proposed acquisition of 51% shareholding interest in Winco Construct & Décor (the “**Proposed Acquisition Announcement**”, together with the WSP Announcement, the “**Announcements**”)

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

SGX Question 1

Please elaborate on what the differences in development direction between the Local Government and the Company are and how it resulted in the Withdrawal.

Company’s response to SGX Question 1

As disclosed in the WSP Announcement, the Group has been in discussions with the Local Government on the development of the WSP over the years. The Local Government initiated a variation of the previously agreed commercialisation plans, seeking more open spaces, less commercial elements (which will lower projected revenue) and at a faster pace (which entail higher cost outlay). The Group noted the intentions of the Local Government and attempted to taper the expectations of the Local Government, especially with COVID-19 pandemic still affecting the movement of people, on the grounds that further assessment is needed on how consumer behaviour may change post COVID-19. In addition, there were expectations by the Local Government on when the development is to be completed which will present challenges to the Group from a financing perspective. While negotiations thereafter centred on working out a compromise on how best the Group may work within the requirements initiated by the Local Government, the Group was of the opinion that acceding to the requirements of the Local Government would not be in the best interests of the Group. As no final resolution could be reached, the Local Government decided to withdraw the Operating Rights.

SGX Question 2

Please clarify when the Company commenced discussion with the Local Government on this matter, who initiated the discussion and when will the Withdrawal effectuate.

Company’s response to SGX Question 2

As disclosed in the WSP Announcement, the Group has been in discussions with the Local Government on the development of the WSP over the years. More recently, further discussions were held on the future plans of the WSP and its development. The Local Government initiated a variation of the previously agreed commercialisation plans and a compromise between the Group and the Local Government could not be reached. The withdrawal of the Operating Rights is deemed to be effective

on 22 June 2022¹. Notwithstanding, the Local Government and the Group are currently working on the handover of the operations the WSP. .

SGX Question 3

Please clarify whether the Local Government will identify a new party to grant the operating rights of Wonder Stone Park or the Park will be closed down.

Company's response to SGX Question 3

The Group does not have the information on, and has not been informed as to whether the Local Government will identify a new party to grant the operating rights of the WSP to. Notwithstanding, the Group understands that the WSP is currently still open and is not aware of any plans that the Local Government may shut the WSP down.

While the Wonder Stone Hotel (which the Group owns) sits on the fringe of the boundary of the WSP, it is situated outside the WSP and even if the WSP is shut down, the Wonder Stone Hotel has its own access roads for access to the hotel.

SGX Question 4

Notwithstanding that the Local Government is waiving off the RMB 2.73 million of unpaid rental owed by Fei County Wonder Stone, please elaborate on why there is no compensation payable by the Local Government for the Withdrawal when the Group had been granted a 50 year rights to operate the park by the Local Government.

Company's response to SGX Question 4

As disclosed in the WSP Announcement, the Operating Rights were granted to the Group in 2017 at no cost. Notwithstanding that the Group had invested RMB 3.37 million in the development of the WSP, the Local Government is also waiving off the unpaid rental of land to the Local Government amounting to RMB 2.73 million. Given that the Operating Rights was granted at no cost, the Local Government is of the view that no compensation is payable by them upon the withdrawal of the Operating Rights. In addition, the contract for the grant of the Operating Rights did not provide for any compensation by the Local Government, and withdrawal under the contract was at the right of the Local Government.

SGX Question 5

What is the current status of development in the Wonder Stone Park? Has the Group been generating revenue from this?

Company's response to SGX Question 5

As disclosed by the Group in its financial statements, the development status in the WSP has been affected by the ongoing COVID-19 pandemic. The Group has been generating revenue of S\$34,000 for the half year ended 31 December 2021 and S\$101,000 for the financial year ended 30 June 2021 respectively from ad-hoc events organised at the WSP, notwithstanding that the scale of such ad-hoc

¹ Upon the signing of the Agreement at the close of business on 22 June 2022 following a meeting that was called on urgent notice by the Local Government, the Group discussed the implications of the Agreement internally on 23 June 2022 and decided to call for a trading halt which took effect in the afternoon on 23 June 2022. During the time when the Company sought the internal approvals for the implementation of the trading halt, the Company monitored the trading of the shares of the Company for any unusual volume or price fluctuations.

events was downsized since 2020 to meet the precautionary measures imposed due to the COVID-19 pandemic.

SGX Question 6

The Group's revenue in FY2021 was mainly derived from its management of the Wonder Stone Park and Wonder Stone Hotel (commenced operations in late Sept 2019).

- Please provide the Board's assessment on the impact of the Withdrawal on the Wonder Stone Hotel.
- Please provide a breakdown of contribution from the Wonder Stone Park and Wonder Stone Hotel to the Group's revenue.

Company's response to SGX Question 6

The Board is of the opinion that the withdrawal of the Operating Rights affects the marketing plans of the Group in terms of attracting tourists to the WSP and thereafter providing accommodation to these tourists at the Wonder Stone Hotel. Notwithstanding, since the start of the COVID-19 pandemic in early 2020, the number of tourists from the international market were severely affected while the number of tourists from the domestic market were also affected due to the continuous changes in the COVID-19 precautionary measures. Irrespective of the withdrawal of the Operating Rights, the Wonder Stone Hotel is still under the operation of the Group where the focus is on the local population within Fei County (of which the Wonder Stone Hotel is situated in) for businesses such as corporate seminars, celebratory banquets for weddings, anniversaries and baby-births. In addition, the Wonder Stone Hotel is in close proximity of the nearby high speed rail station and is accessible within minutes by car, providing a convenient stop over for visitors who commute via the high speed rail.

Based on the unaudited half-year results for the period ended 31 December 2021 which the Company had released on 11 February 2022, the revenue contribution from the WSP and the Wonder Stone Hotel was S\$34,000 and S\$1,027,000 respectively.

SGX Question 7

In view of the Withdrawal, please provide the Board's assessment of the Group's remaining operations and whether the Group will be a cash company under Catalist Rule 1017.

Company's response to SGX Question 7

With the withdrawal of the Operating Rights, the Group continues to own the 2 plots of land of which development plans are underway as well as the Wonder Stone Hotel which continues to operate. In particular, the Hongyun Lake Project is currently being developed on one of the aforementioned 2 plots of land (although development has been halted temporarily due to COVID-19) and development plans of the other plot of land is ongoing internally. The Hongyun Lake Project is intended to be a commercial project which will comprise retail and food and beverage outlets and will have a built-up area of approximately 20,822 square metres with 13 3-storey blocks to be developed over the next 3 years.

In addition, the Group currently operates the Wonder Stone Hotel² which sits on the fringe of the boundary of the WSP, albeit under prevailing COVID-19 precautionary measures.

For further information on the Wonder Stone Hotel, the Hongyun Lake Project and the 2 plots of land mentioned above, please refer to the Company's annual report for its financial year ended 30 June 2021, issued on 14 October 2021.

² The land on which the Wonder Stone Hotel sits on is also presented as land use rights in the financial statements of the Group.

In view of the above, the Board is of the opinion that the Group does not fall within the parameters of a cash company under Catalist Rule 1017.

SGX Question 8

The Company has also entered into a conditional SPA to acquire 51% shareholding interest in a NewCo providing interior design services and renovation contractors. Is the Company diversifying its business focus into ID services? Will the Company be seeking shareholders' approval for the diversification?

Company's response to SGX Question 8

As stated in the Proposed Acquisition Announcement, as the relative figures under Rule 1006 of Chapter 10 of the Catalist Rules do not exceed 5% and fall within the situation as stated in paragraph 4.3(b) of the Practice Note 10A of the Catalist Rules, the Proposed Acquisition constitutes a "non-discloseable transaction" under Chapter 10 of the Catalist Rules.

Further, the Company has also considered other relevant rules under Chapter 10 as well as Practice Note 10A of the Catalist Rules and regards the services of providing interior design services and renovation contractors pursuant to the completion of the Proposed Acquisition to be within its existing business and will not change the risk profile of the Group. In that regard, the Company is of the opinion that there is no diversification of the Company's business requiring it to seek the approval of its shareholders for the Proposed Acquisition.

The Company is mindful of and will seek the approval of its shareholders in the event that it undertakes the acquisition of any assets which will change its risk profile and/or diversify its business.

SGX Question 9

Please provide the Board's plans for the Group going forward.

Company's response to SGX Question 9

As disclosed in the WSP Announcement, the Group is currently assessing its operations in the PRC as well as its future plans and will be providing an update as soon as possible.

SGX Question 10

Please provide the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Company's response to SGX Question 10

Notwithstanding that the Group is still currently in the process of determining the extent of the impact of the withdrawal of the Operating Rights with its external auditors and assessing its operations in the PRC as well as its future plans, the Board confirms that it has disclosed all relevant information to its shareholders to enable trading of the Company's shares to continue in an orderly manner. Further, the Company has also issued trading caution statements with its Announcements for the shareholders to note.

Cautionary Statement

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are reminded to exercise caution when

dealing in the securities of the Company and should consult their stockbroker, bank managers, solicitor or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Sun Bowen
Executive Chairman

30 June 2022

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd, (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any statements or opinions made or reports contained in this announcement.

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