

# IPCO INTERNATIONAL LIMITED

Company Registration No. 199202747M  
(Incorporated in the Republic of Singapore)

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## DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

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In compliance with Rule 704(5) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual, the Board of Directors (the “**Board**”) of IPCO International Limited (the “**Company**” and its subsidiaries, collectively the “**Group**”) wishes to announce that the Company’s Independent Auditors, Baker Tilly TFW LLP, (the “**Auditors**”) have included a disclaimer of opinion on the consolidated financial statements of the Group (the “**Disclaimer**”) in their Independent Auditors’ Report dated 3 October 2018 (the “**Report**”) in relation to the audited consolidated financial statements of the Group and the Company for the financial year ended 30 April 2018 (“**FY2018**”) (the “**Financial Statements**”).

A copy of the Report together with extracts of the relevant extract of the Notes to the Financial Statements, are annexed to this announcement for further information.

The Board is of the opinion that the continuing use of the going concern assumption in the preparation of the Financial Statements is appropriate on the following basis as set out below:

### (a) Capri Investments L.L.C. (“**Capri**”)

Capri is working with Jones Lang LaSalle in conjunction with John L Scott to sell or develop its land in Seattle and preliminary discussions are on-going with major national home builders. Upon completion of land improvement and subdivision, each of the housing lot has market value of US\$80,000 to US\$100,000 each and gross sales value is in the neighbourhood of US\$25 million. The site of Capri property is located at a very desirable upper/ middle income suburb which has seen shortage of housing lots in past few years.

The Pierce County Hearing Examiner had granted approval for the future development of the Falling Water Preliminary Plat/Plan Development District (“**PDD**”) land subject to compliance of conditions imposed and target dates for completion of Phases 1 to 10.

A valuation report done by the CJM Property Advisors appraised the value of Capri’s land (on “**As-is**” basis) at US\$9.45 million (equivalent \$12,512,000) on 22 June 2018. Capri had also been “**pre-approved**” for funding of its engineering expenses for the next 12 to 18 months by financial institutions in the region of US\$700,000 to US\$800,000.

In addition, a legal action is underway to pursue the US\$2 million owed by HeHome Development Inc. for the balance of sale proceeds of the 96 land lots sold in 2015.

### (b) ESA Electronics Pte Ltd (“**ESA**”)

ESA has performed well despite difficult trading conditions. It now has Mr Ng Fook San on its Board of Directors with more than 30 years’ experience in the field of electrical and engineering industry who is actively strategizing ESA’s business development and operations. ESA is looking at expanding production outside Singapore to achieve higher production levels to meet future demands. ESA is financially strong to provide on-going management fees to the Company and it has the ability to declare dividends to all its shareholders.

**(c) Hubei Zonglianhuan Energy Investment Management Inc. (“HZLH”)**

HZLH is providing a utility service on a concession basis. It has good rapport with the local governments and its banks. Its banks are unlikely to “call-in” loans without a long notice period as this may cause disruption to civic services. Banks in China do recognise such concession type arrangements as it is an increasing popular way for local governments to fund infrastructure projects.

HZLH has been profitable in past 7 years of operation. Of the four townships it held 30-year gas supply concessions, 3 has seen significant build-up of pipeline to its consumer, commercial and industrial users through re-investing of all its profits and funding from the banks. The cashflows are stable from its broad customer base and its profitability will grow in tangent with the population growth of its subscriber groups.

The fourth concession Guangshui is in its ramp-up stage. This township has a large industrial users and is expected to exceed the other 3 concessions in terms of revenue and cashflow.

Being listed on China’s New Third Board, HZLH has in place a vehicle to raise additional finance in this market if required. HZLH is in discussions with financial institutions in China which showed positive interest in the financial backing of HZLH should it require funding.

**(d) Fund Raisings**

The Company is actively studying the prospect of fund raising through a rights issue and/or a placement of new shares from third party investors interested in the projects / businesses the Company has in the 3 principal subsidiaries described above in (a) to (c).

For these reasons, the financial statements have been prepared on the assumptions that the Group and Company will continue as going concerns.

This announcement is to be read in conjunction with the attached Report and the Financial Statements. Shareholders of the Company are advised to refer to the entire Financial Statements included in the Company’s annual report for FY2018, which will be dispatched in due course.

The Board confirms that all material disclosures/information have been provided by the Company through announcements made on the SGXNET. Further announcements will be made by the Company and the Board via SGXNET as and when there are material developments in compliance with the listing rules of the Singapore Exchange Securities Trading Limited.

Shareholders of the Company are advised to exercise caution when trading in shares of the Company. When in doubt as to the action they should take, shareholders should consult their stock brokers, bank manager, solicitor, accountant, tax adviser or other professional advisers.

**BY ORDER OF THE BOARD**

Allan Tan Poh Chye  
Company Secretary  
9 October 2018