

**MEMORANDUM OF UNDERSTANDING DATED 27 JUNE 2018 IN RELATION TO  
THE PROPOSED VERY SUBSTANTIAL ACQUISITION OF  
MACROCAP ASIA CAPITAL LTD AND GLORIA INTERNATIONAL HOTELS LIMITED**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Epicentre Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a memorandum of understanding (the “**MOU**”) dated 27 June 2018 in relation to the proposed acquisition by the Company of the entire issued and paid-up share capital of the following targets: (i) MacroCap Asia Capital Ltd (“**MacroCap**”) and (ii) Gloria International Hotels Limited (“**Gloria International**”) (collectively the “**Targets**”) (the “**Proposed Acquisition**”). The parties to the MOU (the “**Parties**”) are the Company, the Targets and the respective shareholders of each Target entity (the “**Vendors**”), namely Lee Chong Yang (Li Zhong Yang) (“**Lee Chong Yang**”), Mei Hua International Co., Ltd. and Lin, Chih-Hsiung (the shareholders of MacroCap), as well as Cutvale Investments Limited (the shareholder of Gloria) (“**Cutvale**”).

The Proposed Acquisition, if undertaken and completed, is expected to result in a “reverse takeover” of the Company as defined under Chapter 10 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and is subject to, *inter alia*, the approval of shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting to be convened, and the approval of the SGX-ST.

The Vendors and (where applicable) their directors and shareholders are third parties independent from and not connected with the directors, key management or controlling shareholder of the Company and/or their respective associates (as defined in the Listing Manual). Other than Lee Chong Yang, who holds 191,000 shares in the Company (approximately 0.001% of the entire issued and paid-up share capital of the Company), the Vendors do not have any interest in the securities or shares of the Company.

**2. INFORMATION ON THE TARGETS**

(i) MacroCap

MacroCap is an investment holding company holding 100% of the entire issued and paid-up capital in Asia ThaiYuan Construction and Development Co., Ltd. (“**Asia ThaiYuan**”), a company incorporated in Bangkok, Thailand. Asia ThaiYuan is in the business of property development and is led by an experienced management team equipped with a strong grasp of property development, building planning and construction.

Asia Thaiyuan owns a property development located at No. 1124~1126, Phetchaburi Road, Makkasan Subdistrict, Ratchathewi District, Bangkok, Thailand 10400 (“**Smile Square**”). Smile Square is located in an upscale district of Bangkok and covers a land area of approximately 14,856 square metres. With its location in downtown Bangkok, the site is easily and conveniently accessible. The mixed-use development has a total construction floor area of over 148,000 square metres and is conceptually intended to be a large-scale integrated city complex comprising 32 storeys and 2 basement floors. Upon completion, Smile Square will boast a premium shopping centre, commercial space for offices, and two towers housing a hotel with 434 rooms and a 260-unit condominium.

(ii) Gloria International

The principal activities of Gloria International are provision of hotel management services, receipts arising from trademark right and investment holding.

Gloria International currently has four (4) subsidiaries (together, the “**Gloria Group**”) as follows:

Name of Subsidiary	Place of Incorporation	Proportion of Interest held by Gloria International	Principal Activities
Top Gloria International Limited	British Virgin Islands	55% (direct)	Inactive
凱萊國際酒店管理(北京)有限公司 (「凱萊北京」)	PRC	100% (direct)	Provision of hotel management services
青島凱萊商務酒店管理有限公司	PRC	100% (indirect)	Hotel operation
鵬利物業管理(北京)有限公司	PRC	100% (indirect)	Provision of hotel management services

The Gloria Group currently manages 52 hotels under five (5) distinct brands as follows:

- 1) Gloria Grand Hotels – a deluxe hotel brand conceived to satisfy individual discerning travelers seeking a pampering experience amidst luxurious facilities and personalized services;
- 2) Gloria Plaza Hotels – a trusted premium hotel brand offering high-quality facilities and services to modern-day business and leisure travellers;
- 3) Gloria Resorts – leisure retreats located by the sea, the lakeside or at the mountain-top and complemented by a wide range of leisure activities and facilities;
- 4) GtEL – mid-scale business hotels with a full range of self-service facilities, ensuring that guests do not have to give up their individual daily routines while travelling away from the comforts of home; and
- 5) G-LUXE – a high-end boutique concept with uniquely individualistic charm, set in an exclusive and intimate environment.

Gloria Group hotels are located in major cities across China. There are currently plans for the management of another 31 hotels, which are still undergoing various stages of development. Through these new hotels, the Gloria Group will expand its presence across China and also establish a presence in Malaysia, as well as develop a new brand, Gloria Residences. Upon the launch of these hotels, the Gloria Group will manage a total of 83 hotels. In addition, through its Affiliate Member Hotels Programme, the Gloria Group also has a presence in Japan and Vietnam.

Gloria International is owned by Cutvale Investments Limited, a company incorporated in the British Virgin Islands and which is in turn owned by three (3) companies incorporated in Hong Kong, namely (i) COFCO (Hong Kong) Limited, (ii) Asia International Hotels Management Limited and (iii) Eagle Base Development Limited.

### 3. RATIONALE

In the face of a challenging operating and retail environment, the Company has seen a downtrend in its revenue since FY2015. Gross profit has also been on a consistent decline. Since the opening of the new Apple retail store at Knightsbridge, Orchard in May 2017, the Company's sales have been adversely affected, and it is expected that sales will take a further hit with Apple's intention to open more retail stores in Singapore. In addition, the Company's status as an Apple Premium Reseller ("**APR**") was not renewed with effect from April 2018. This will incur significant costs for the Company as it has to renovate its existing outlets and is also expected to reduce the Company's profit margins as the Company will no longer be able to obtain its supplies directly from Apple. In this regard, the Company's subsidiary, Epicentre Pte Ltd, has entered into an agreement for the proposed disposal of its retail business in Singapore, as announced by the Company on 26 June 2018.

The Company believes that the Proposed Acquisition of the Targets represents an excellent opportunity for the Company to venture into new business areas that have the potential for growth. This will enable the Company to enhance shareholder value and generate renewed investor interest in the shares of the Company. The Board is hence of the view that the Proposed Acquisition is beneficial to the Company and likely to enhance the long-term interests of the Company and the Shareholders.

As the Group's current business and operations continue to face headwind in an increasingly challenging and competitive environment, the Proposed Acquisition allows the Company to acquire a major property development in the heart of Bangkok, while at the same time acquiring an established and reputable hotel management company, which will in turn potentially provide regular and growing revenue streams for the Group.

Furthermore, following the issue of the Consideration Shares (as defined below), the Company's market capitalization will increase substantially, which will potentially widen the investor base, and lead to an overall increase in investors' interest and trading of the shares of the Company. This will in turn add value to existing Shareholders.

### 4. PRINCIPAL TERMS

The principal terms of the MOU are set out below.

#### 4.1 Proposed Acquisition

The Company shall, after the completion of the Proposed Acquisition, acquire 100% equity interest in the Targets for the aggregate consideration of approximately S\$400,000,000.

#### 4.2 Consideration

The aggregate consideration (the "**Consideration**") payable by the Company for the entire issued and paid-up share capital of the Targets, is approximately S\$400,000,000 (comprising a valuation of S\$375,000,000 for Macrocap and S\$25,000,000 for Gloria). The Consideration was arrived at after arm's length negotiation, on a willing-buyer, willing-seller basis, taking into account, *inter alia*, the current estimated valuation of the Targets, which is subject to changes upon the valuation reports (which comply with the requirements of the SGX-ST) being obtained.

Upon completion of the Proposed Acquisition ("**Completion**"), the Consideration shall be satisfied through the allotment and issuance of 1,739,130,434 new ordinary shares in the capital of the Company ("**Consideration Shares**") to the Vendors (and/or their nominees), at an issue price of S\$0.23 per new share (the "**Issue Price**").

#### 4.3 Proposed Placement

As announced by the Company on 27 June 2018, the Company intends to carry out a proposed placement, by which 79,737,300 new ordinary shares in the capital of the Company will be issued (“**Proposed Placement**”).

After completion of the Proposed Placement and upon Completion of the Proposed Acquisition, the Vendors would own approximately 84.95% of the enlarged share capital of the Purchaser (excluding treasury shares) after issuance of the Arrangement Shares (as defined below).

#### 4.4 Conditions Precedent

The Proposed Acquisition shall be conditional upon, *inter alia*, the following:

- a) Satisfactory financial, business and legal due diligence on the Targets and subsidiaries of the Targets by the Company including but not limited to the provision of valuation reports with regards to the valuation of the Targets which comply with the requirements of the SGX-ST.
- b) Satisfactory financial, business and legal due diligence on the Company (excluding its subsidiaries) by the Targets.
- c) Approval of the respective Boards of Directors of each Target entity, each Vendor (where applicable) and the Company for the Proposed Acquisition.
- d) Application to the Securities Industry Council (“**SIC**”) by the Purchaser (for waiver of mandatory offer requirements and other relevant issues) and by the Targets (for certain exemptions) and conditions of the SIC being acceptable to the respective applicants.
- e) Shareholders’ approval of the Proposed Acquisition.
- f) Approval by the SGX-ST of the listing and quotation of the Consideration Shares and the Arrangement Shares (as defined below) on the Catalist of the SGX-ST and all other necessary approvals by the SGX-ST or other relevant authorities.
- g) Completion of the disposal of Epicentre Pte. Ltd. by the Company.
- h) Buyback of 51% of the entire issued and paid-up capital of Japan IPL Holdings Pte. Ltd. (“**J IPL**”), a current 51% subsidiary of the Company, by the management of J IPL.

#### 4.5 Undertakings

- a) Key members of the management teams of Targets (as may be agreed) shall remain for at least two (2) financial years following Completion, on terms to be agreed.
- b) The Company is not to sell any of its existing 227,000 treasury shares at any time until after the Completion of the Proposed Acquisition.
- c) The Company shall repay all its existing debts and liabilities prior to Completion.

#### 4.6 Arrangement Shares

The parties agree that subject to and conditional upon the completion of the Proposed Acquisition, the Company shall issue 68,788,100 new ordinary shares in the capital of the Company at the Issue Price (the “**Arrangement Shares**”) to:

- a) Cresco Investments Pte Ltd (“**Cresco**”) (or such person nominated by it), which shall receive 28,000,000 of the Arrangement Shares; and

- b) China Elite Incorporated (or such person nominated by it), which shall receive 40,788,100 of the Arrangement Shares

(Cresco and China Elite Incorporated collectively, the “**Arrangers**”) in consideration for the Arrangers arranging the Proposed Acquisition.

#### **4.7 Definitive Agreements**

The Parties shall negotiate in good faith to enter into a sale and purchase agreement and/or such other agreements as may be required in respect of the Proposed Acquisition (the “**Definitive Agreements**”), along the terms and conditions set out in the MOU within six (6) months after the date of this MOU (or such other date as the Parties shall agree in writing) and which shall contain the usual warranties, representations and undertakings for such transactions.

#### **4.8 Governing Law**

The MOU shall be governed by the laws of Singapore.

#### **4.9 Costs**

The Parties agree that each Party shall bear its own costs and expenses associated with the Proposed Acquisition, including such costs and expenses incurred in the preparation, negotiation, and execution of the MOU, while costs and expenses that are incurred jointly by the Parties shall be borne equally by the Purchasers and the Vendors.

Provided Always that, in the event the Proposed Acquisition is terminated as a result of breach of obligations by any of the Parties, the Party in breach shall be responsible for all professional cost associated with the Proposed Acquisition which is incurred by the innocent Party.

### **5. FURTHER ANNOUNCEMENTS**

The Company will make further announcements, in compliance with requirements of Chapter 10 of the Listing Manual of the SGX-ST, upon the execution of the Definitive Agreements and/or when there are material developments in respect of the Proposed Acquisition.

### **6. CAUTION IN TRADING**

**Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the Definitive Agreements will be entered into, the terms and conditions of the Proposed Acquisition will not differ from those set out in the MOU, or the Proposed Acquisition will be undertaken at all.**

**Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.**

#### **BY ORDER OF THE BOARD**

##### **EPICENTRE HOLDINGS LIMITED**

**Lim Tiong Hian**

Executive Chairman and Acting Chief Executive Officer

27 June 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the*

*Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr. Bernard Lui, Telephone: +65 63893000, Email: [bernard.lui@morganlewis.com](mailto:bernard.lui@morganlewis.com).*