EPICENTRE HOLDINGS LIMITED
(Company Registration Number: 200202930G)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUERIES FROM SIAS

The board of directors (the "**Board**") of Epicentre Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the questions from the Securities Investors Association (Singapore) ("**SIAS**") received by the Board on 29 October 2018. The Board wishes to address the questions in this announcement with its responses to each question in the "Answer" column below.

1. As shown in the consolidated statement of profit or loss and other comprehensive income, from the continuing operations, the Group's revenue slipped by 30% while selling and distribution expenses and administrative expenses are higher by 164% and 5% respectively. Losses on continuing operations and discontinued operations were $(3.1) million and $(4.0) million respectively.

   Total comprehensive loss attributable to equity holders was $(6.83) million or (4.46) cents per share. The Group's total equity stands at just $2.8 million as at 30 June 2018.

   In the Chairman statement, it was mentioned that the Group has entered into a MOU to acquire a regional property development business (with an ongoing mixed-use development in Bangkok) and a hotel management company.

   The Company had on 27 June 2018 announced its entry into a memorandum of understanding ("**MOU**") for the proposed acquisition of a property development in Bangkok ("**Smile Square**") and a hotel management group ("**Gloria Group**") (the "**MOU Announcement**"). Unless otherwise defined, capitalised terms used herein shall bear the same meaning ascribed to them in the MOU Announcement.

Question	Answer
(i) Can the Board/management explain in greater detail how it managed to source for the two businesses to be acquired?	The deal was introduced to the Executive Chairman and Acting Chief Executive Officer ("**Acting CEO**") through two intermediaries, one being a long-time business contact with connections in Bangkok and the other being an external business consultant (the Arrangers). Smile Square, once completed, will comprise not only a shopping centre but also offices, condominium units and a hotel.
(ii) What were the roles played by the independent directors in the deal sourcing? What is the level of involvement in the due diligence of the two proposed businesses? Was there unanimous approval by the directors?	The independent directors were not involved in the deal sourcing. However, relevant information was provided to the independent directors before management received unanimous approval on the signing of the MOU. The Company has engaged independent professional firms to perform due diligence and the exercise is still on-going. As part of the assessment of the Board, the Board will look at the responses received and will then decide on how to proceed with this project.
(iii) What is the synergy between a property developer (with ongoing project in Thailand) and a hotel management company with operations in China?	The property developer is developing Smile Square in downtown Bangkok, which will house a premium shopping centre, commercial space for offices, and two towers housing a hotel with 434 rooms and a 260-unit condominium. With the acquisition of the property developer in Bangkok and the hotel management company

	in China, the enlarged Group will have combined expertise in property development, real estate and the retail industry. It is key to note that the hotel management company, with operations in greater China and some parts of Asia, has expanded their operations into property management. The synergy is that the property developer will develop projects whilst the hotel management company / property manager will manage these properties after the completion of the development.
(iv) Would the Board, especially the independent directors, consider it prudent to diversify and venture into new business in a more measured pace to mitigate the risk to the Group? Would the Board consider a review of the proposed acquisitions?	There are two ways of diversification, one of which is to revamp the entire business through a reverse takeover ("**RTO**") as currently proposed, or through a piecemeal approach of diversification via piecemeal acquisitions. There are pros and cons of each approach. The Board has not ruled out any of the two approaches. At the moment, this current proposed potential RTO presents an attractive proposition that the Board is reviewing in a complete diversification. The Board will review the best option for the Group and shareholders of the Company.
(v) How did the board agree on the quantum of the fees for the arrangers? What role did the arrangers play?	The Arrangers brought the deal to the Company and put the deal together, including negotiating with all the relevant parties. Without the Arrangers, the Company would not have access to such deals. The quantum of the fees was negotiated on arms' length basis.
(vi) How are the acquisitions aligned to the Group's vision and mission? Also, how do the company's corporate values (as shown on page 2 of the annual report) link with the company's strategy?	The Group's current vision and mission are aligned with the Group's current business. If the Proposed Acquisition is undertaken and completed, it will result in a complete diversification of the Group's business, which the Company's shareholders will have to approve at a general meeting, at which time the vision and mission would have to be reconsidered to align with the Group's new core business. Nevertheless, the Company's corporate values continue to serve as a guide for the Company in formulating its strategy as it navigates the changes to its businesses.
(vii) For the benefit of new and old shareholders, please disclose the group's business model and identify the key drivers of value.	The enlarged business model will be a real estate company which will be involved in property developments of various sites/projects throughout Asia. Additionally, the Company will also acquire expertise in hotel management and property management to provide follow-on expertise after a site is fully developed. The key drivers of value to the shareholders will be new areas of business that will bring in more revenue and increased profitability.

2. In Note 28 (page 132 – Financial instruments: Financial risk management objectives and policies), the company has stated that it does not have written risk management policies and guidelines and that the directors of the company meet periodically to analyse and formulate measurements to manage the group's exposure to market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

   On the other hand, under Guideline 11.1, the board has stated that it recognizes that it is responsible for risk governance and ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the group's assets. The board affirmed its overall responsibility for the group's systems of risk management and internal controls, for reviewing the adequacy and integrity of those systems on an annual basis.

The Audit & Risk Committee ("**ARC**") comprises Mr Lim Jin Wei (as chairman), and Mr Azman Hisham Bin Ja'afar, Mr Giang Sovann, Mr Lai Choong Hon and Mr Daniel Poong Men Hui as members. Mr Lim and Mr Giang have indicated their intention to retire from the board at the conclusion of the annual general meeting.

Question	Answer
(i) Can the directors, especially the independent directors on the ARC, explain why the company has yet to have written risk management policies and guidelines? What deliberations did the ARC members have on the implementation of written risk management policies and guidelines at the ARC board meetings?	The Company does have risk management policies in place for its current business. However, as the Company is undergoing massive changes to its businesses (including the potential disposals and Proposed Acquisition as announced in June 2018), the risk management policies will need to undergo an overhaul to meet the new business needs. Once these new diversifications are in place, the Company will be able to put in place new risk management policies to meet the needs of these new businesses.
(ii) Without written risk management policies and guidelines, how does the board govern and manage the group's risks, including ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the group's assets (as stated by the ARC in the Corporate Governance report – page 52)?	Please refer to 2(i) above.
(iii) Without written risk management policies and guidelines, how did the board review the adequacy and effectiveness of the company's systems of risk management and internal controls, including financial, operational, compliance and information technology controls?	Please refer to 2(i) above.
(iv) How does the ARC ensure that there's continuity and preservation of institutional knowledge in the board and board committee without written policies and guidelines?	Please refer to 2(i) above.
(v) Would the ARC consider a review to formalise the Group's risk management policies and guidelines?	Please refer to 2(i) above.

3. In the table of Remuneration of Directors in FY2018 (page 44), the company disclosed the remuneration of the executive director as "More than $250,000".

Remuneration of Directors in FY2018

	Based/ Fixed Salary	Bonus	Director's Fees	Other benefits	Total
More than S$250,000					
Mr Lim Tiong Hian	98%	–	–	2%	100%
Below S$250,000					
Mr Azman Hisham Bin Ja'afar	–	–	100%	–	100%
Mr Lim Jin Wei	–	–	100%	–	100%
Mr Giang Sovann	–	–	100%	–	100%

Note: Directors' fees are subject to the approval of the Shareholders at the forthcoming AGM.

(Source: Company annual report)

The salary Guideline 9.2 of the 2012 Code of Corporate Governance states that:

The company should fully disclose the remuneration of each individual director and the CEO on a named basis. For administrative convenience, the company may round off the disclosed figures to the nearest thousand dollars.

Question	Answer
(i) Would the Board, especially the Remuneration Committee ("**RC**"), help shareholders understand if the Company's disclosure complies with guideline 9.2? If not, please do so or explain why it has not done so.	The Board is of the view that disclosure of the remuneration of each individual director as recommended by the Code will reveal commercially-sensitive information to competitors. As stated in the Annual Report, the main expenses of retail companies comprise rental and staff costs, and striking a fair balance between expenses and gross profit determines the profitability of the Group. As such, the Board is of the view that it is in the best interests of the Group that the details of the remuneration of each Director should be kept confidential. The Board is of the view that the current information disclosed on remuneration matters provides sufficient overview of the remuneration policies of the Group while maintaining the confidentiality of the individual Directors' remuneration. Please also refer to the Company's Corporate Governance Report at Guidelines 9.1 and 9.2 for full disclosure.

As shown in Note 25 (page 127 – Related party information), short-term benefits for directors (other than fees) were $384,000 for the Company and $427,000 at the subsidiaries. This excludes the amount paid to directors as short-term benefits by the discontinued operations, if any.

(b) Compensation of key management personnel

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Continuing operations				
Directors of the Company				
Directors' fee	210	155	210	155
Short-term benefits	384	902	384	902
Post-employment benefits	6	21	6	21
	600	1,078	600	1,078
Directors of subsidiaries				
Short-term benefits	427	182	-	70
Post-employment benefits	39	34	-	10
	466	216	-	80
Other key management personnel				
Short-term benefits	96	370	96	218
Post-employment benefits	12	42	12	18
	108	412	108	236

Question	Answer
(ii) To improve the level of transparency on remuneration of directors, would the RC consider disclosing the remuneration of the executive director?	Please refer to 3(i) above.
(iii) Has the RC reviewed the remuneration policy and did the RC benchmark the remuneration package of executive director to comparable companies, taking into account the performance of the Group and of the individual director?	In FY2017, as disclosed in the Company's Annual Report 2017 at Guideline 9.2 of the Corporate Governance Report, the Company had engaged an independent professional firm to review the remuneration packages of the Executive Chairman and Acting CEO and the Non-Executive Directors and was provided with the Compensation Benchmarking Report based on the study of market data from similar sized companies in this commerce sector. As there were no significant changes to the Group's business over this financial year, the Board is satisfied that the current compensation packages remain fair and competitive.

4. Additional query by SIAS on sustainability reporting by the Group

Under the SGX guidelines for sustainability reporting that was introduced in 2016, companies have up to 12 months from the end of the financial year to publish their first report, starting with any financial year ending on or after 31 December 2017.

Question	Answer
Can the Board/management clarify if it will be publishing a full Sustainability Report, including the key material issues affecting the Group, in accordance with Rule 711B? The Company should also show how the material issues affect its business model and how the business model	The Company's first sustainability report is due in June 2019 and will be published in due course. The management will ensure compliance with the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in its preparation of the report. Please also refer to page 62 of the Company's Annual Report 2018.

delivers long term value for its stakeholders.	

Shareholders of the Company ("**Shareholders**") are advised to exercise caution when dealing in the shares of the Company ("**Shares**"), and to refrain from taking any action in respect of their Shares which may be prejudicial to their interests. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

EPICENTRE HOLDINGS LIMITED
Lim Tiong Hian
Executive Chairman and Acting Chief Executive Officer
31 October 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.

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