Experience Life with Technology to Live Out Loud

Annual Report 2017

OUR VISION

Be a World Class Digital
Lifestyle Brand in Asia

OUR MISSION

We are committed to enrich the customer's digital lifestyle with World Class Experience, Innovative Value and Awesomely Great (EPIC) Hospitality

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epiCentre

SINGAPORE SERVICE CLASS

AN ASME-LIANHE ZAOBAO AWARD 新加坡金字品牌奖 Singapore Prestige Brand Award 10
Overall Winner, SPBA - Promising Brands
Winner of '09, '10 & '11
Overall Winner 2010

Premium Service GEM 2013 A cut above the rest

The Entrepreneur of the year
A ROTARY-ASME AWARD
EYA for Info-Communications Technology 2011

APEA 2011

Awarded Singapore Superbrands 2010

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

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST and the Company's Sponsor assume no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The details of the contact person for the Sponsor are:

*Name: **Mr. Bernard Lui, Registered Professional, Stamford Corporate Services Pte. Ltd.***
Address: 10 Collyer Quay, #27-00 Ocean Financial Centre Singapore 049315
Tel: +65 6389 3000

· OUR VALUES ·

LEARNING
We, as a TEAM, to continuously improve our competency for greater fulfilment

VIBRANCY
We enthusiastically work towards innovative solution

ETHICS
We consistently act with integrity and fairness

OWNERSHIP
We act pridefully with accountability and speed

· CORPORATE PROFILE ·

Since its establishment in 2002, EpiCentre Holdings Limited has emerged to be one of Singapore's leading lifestyle retail companies. While its claim to fame is its recognition as the first Apple Premium Reseller ("APR") in the region (and one of the most awarded APRs in Asia Pacific), EpiCentre has since gone above and beyond merely offering a comprehensive range of Apple and Apple-related products, complete with pre-sales and post-sales services, in a bid to diversify its business and revenue stream. To date, it operates 3 EpiCentre stores delivering the complete range of Apple products and a slew of Apple and non-Apple branded accessories in Singapore and 6 EpiCentre stores in Malaysia; a Live Out Loud (LOL) concept store offering innovative digital lifestyle products; and 8 Japan IPL stores in Singapore since recently acquiring a 51 per cent stake in Japan IPL Holdings, a lifestyle and wellness service provider offering mainly hair removal and skin rejuvenation services.

EpiCentre Holdings Limited, which rakes in an average annual revenue of SGD100 million, is aggressively penetrating the local and regional markets, while strategically locating retail stores within prime districts with heavy footfall. The group boasts a dynamic team of 97 employees across its Japan IPL, EpiCentre and LOL stores in the Singapore market alone, to ensure that customers get the service experience they deserve. While retailing an extensive product range, the group also has its very own proprietary accessory brand, iWorld®, and provides top-notch end-to-end services, including iConcierge Service, a one-of-the-kind counter service that provides technical advice and support, for wrapping up the consumer buying experience.

EpiCentre Holdings Limited makes its diverse product range accessible to more consumers through its cloud-based e-commerce platforms and offline channels. And as part of its omni-channel point-of-sales strategy, the group is committed towards continuously enhancing the customer retail experience and improving and differentiating its customer lifestyle privilege programme.

Over the years, the company has been consistently reaping multiple awards for its excellent performance, bagging the Singapore Promising Brand Award (SPBA) for three consecutive years since 2009 under the Promising Brands category, being recognised as the SPBA Overall Winner in 2010 and being inducted into the SPBA – Hall of Fame in 2011. The group's other accolades include Singapore Retailers Association's (SRA) Service GEM award for 2010, 2011, 2012 and 2013, the overall winner of the Prominent Category of the SME One Asia Awards 2013, SPRING Singapore's Singapore Service Class (S-Class) in 2014, and nominations for the Singapore Service Excellence medallion. It has also consistently gained recognition as an Apple partner, winning the Platinum Partner Award during the South Asia Conference 2010 and Apple Best POS Asia from 2006 to 2008.

CHAIRMAN STATEMENT

DEAR SHAREHOLDERS

Notwithstanding the challenging conditions for the financial year ended 30 June 2017 ("FY2017"), the Group achieved revenue of $100 million with lesser retail outlets. As we grappled with retail industry concerns such as increasing retail rentals and a high overhead cost labour market, the Group continues to remain focused on satisfying our customers' need for better customer service experience & value for money products offerings.

MOVING BEYOND DIGITAL LIFESTYLE SHOPPING DESTINATION

As we contend with a soft consumer market that showed signs of dampened buying power and the increasing market trend for online shopping, the Group has plans to move beyond offering Digital IT electronic gadgets & accessories to Lifestyle products & services.

Riding on the rising digital economy trend, we have extended our customer base through e-commerce channels to reach out to the global community of online shoppers. Even though we are still at the early stage of establishing our online shopping experiences, we have successfully advanced into the e-commerce world by staying competitive with free shipping services for all electronic devices bought online to all our customers residing in Singapore. We believe that by providing a hassle-free online shopping experience, it will help us gain their trust & loyalty. In line with our business objective to retain & reward our discounts customers, the Group revamped the Epitude membership program by offering our customers direct discount & saving to retain their loyalty & gain greater acceptance with today's savvy shoppers.

In March 2017, we acquired Japan IPL and its subsidiaries with 8 existing beauty retail chain stores and will soon be embarking on aggressive market expansion plans in China, Malaysia and other regions. In the upcoming months, the Group, will be focusing on opening a new concept store under the brand "Live Out Loud" (LOL) by Epicentre, which will offer customers a different shopping experience as compared to the Apple Premium Reseller business model. At LOL By EpiCentre, we aim to provide our customers a one-stop destination to experience a Dual-platform shopping experience where we allow customer to do a direct comparision of iOS & Android devices. We also welcome consumers to try out Laptops operated by Windows & MacOS. We are set to diversify our product offerings with other lifestyle gadgets and accessories. We are optimistic about expanding our business through providing various IT solution-based services in the year ahead.

In the pipeline, the Group will be embarking on a series of asset acquisition to diversify the business offering and expand our iWorld@ branded accessories. We will also be looking at new possible onshore and offshore locations to expand our physical retail presence in the region.

CAPITAL FUNDING EFFORTS

The Company is offering up to 797,373,000 new shares (the "Right Shares") at the issue price of $0.02 per Right Shares, and up to 797,373,000 Warrants, with each Warrant carrying the right to subscribe for one new Shares (the "Warrant Shares") at the price of $0.10 per Warrant Shares. The Company will be seeking for approval from the Shareholders at an Extraordinary General Meeting. The net proceeds arising from the allotment and issuances of all the Right Shares is approximately $15.8 million. The Group expects to utilise the net proceeds from placement to fund business development initiative and provide liquidity for our business expansion plans, as well as for general working capital purposes.

EFFECTING OPERATIONAL EFFICIENCY TO OVERCOME ADVERSITY

In view of the unfavorable economic climate, we have put in place a strategic plan to consolidate our position through implementing a series of initiatives to enhance the Group's operational efficiency and profitability.

Amongst these initiatives, we have also taken steps to monitor operating expenses and withdraw unprofitable retails stores, while focusing on the more profitable ones. The Group remains prudent in managing our investments & committed to service excellence.

In the new financial year, we will also be integrating several of our internal systems into one single platform. We are optimistic that with the new IT system in place, the Group will be able to better track & respond to customer's needs and wants in a timely manner. With an integrated ERP solution in new financial year, we aim to improve our business processes to better service our clients & internal stakeholders. Going forward, we plan to increase the sales mix of higher margin product & service offering.

LOOKING AHEAD

Looking ahead we expect the operating environment in the next 12 months to remain challenging. We will continue to explore opening more retail stores at strategic locations to widen our reach in the midst of this challenging retail environment while controlling our operating costs.

Nevertheless, the Group has plans to focus more in our distribution network and operations in the region given the lower operating cost in neighbouring countries. As we continue to adapt and improve our operation efficiency, the Group will also continue to work towards diversifying our business into various lifestyle brands through brick & mortal and e-commerce channels.

APPRECIATION

I would like to express my gratitude to the Management team and staff for their hard work and commitment throughout the year. I would also like to thank our customers, suppliers and business associates for their support. Finally, I would also like to thank my fellow Board members for their invaluable insights, guidance and unwavering dedication. We look forward to building the most respected and admired lifestyle brand in ASIA together with you.

LIM TIONG HIAN
Executive Chairman and
Acting Chief Executive Officer

· OPERATIONS REVIEW ·

For the financial year ended 30 June 2017 ("FY2017"), the Group reported revenue of $100 million against $164.10 million in the financial year ended 30 June 2016 ("FY2016"), which translated to an 39% decrease. This was largely attributed to an increase in price competition, closure of retail stores and poor retail sentiments.

Correspondingly, gross profit fell by 13.8% from $12.8 million in the previous year to $11 million in FY2017 as gross profit margin increased from 7.8% in FY2016 to 11% in FY2017 caused by better product mix and minor bundling. During the year, sales mix for Apple products, the Third Party Products ("3PP") and services was 90%, 9% and 1% respectively as compared to the mix of 92% and 8% reported in FY2016.

Nevertheless, other operating income rose by $2.45 million to $5.1 million during the reporting year.

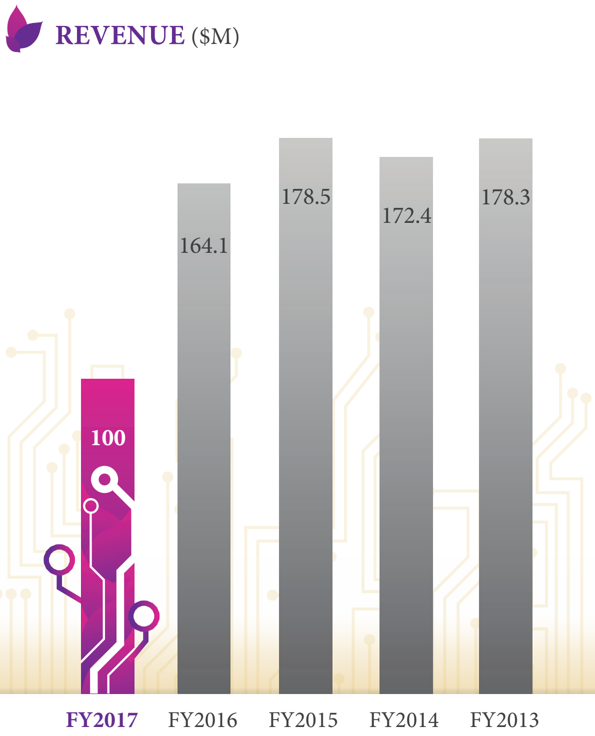
In spite of the economic downturn and rising costs, the Group has managed to effectively control administrative expenses, as well as selling and distribution costs. Administrative expenses reduced significantly from $18 million to $11.7 million in FY2017.

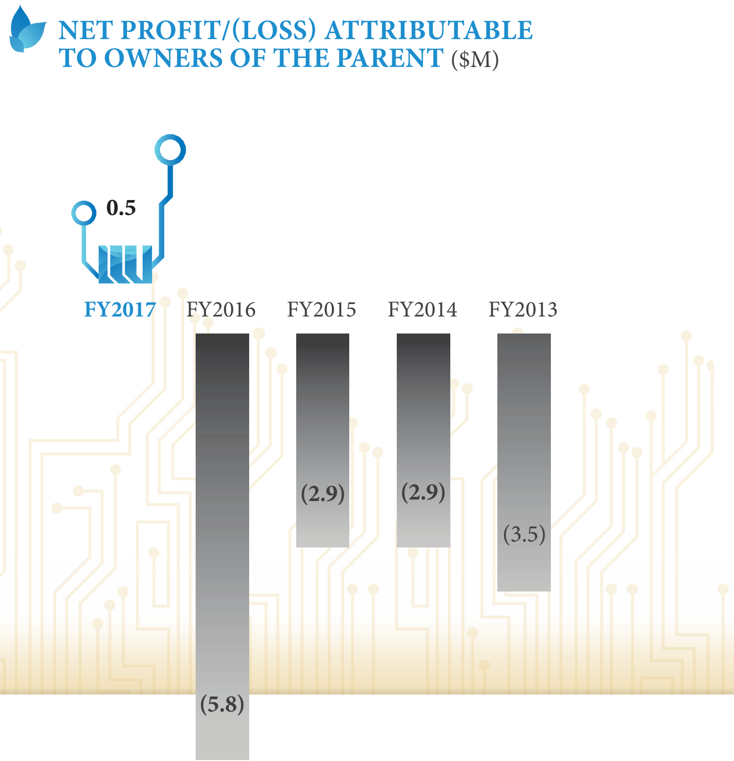
Separately, selling and distribution costs dipped by $404,000 during the year against that in FY2016 as successful management of our advertising and promotion expenses and credit card charges, in line with lower sales registered in the current financial year.

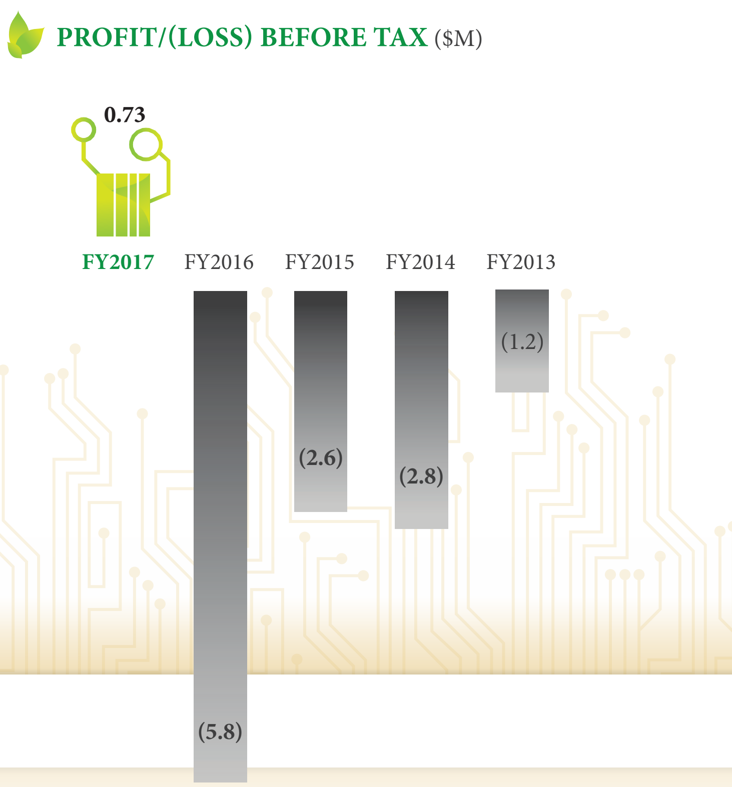
In FY2017, the Group's finance cost largely comprised of interest expenses incurred for borrowings for working capital purposes. Borrowing cost in FY2017 was higher than FY2016 due to higher interest rates implemented in the current financial period.

Arising from the above, the Group incurred a net profit before tax of $726,000 in FY2017, as compared to a net loss of $5.8 million in FY2016.

FINANCIAL HIGHLIGHTS







BOARD OF DIRECTORS

LIM TIONG HIAN
Executive Chairman and Acting Chief Executive Officer

Mr Lim Tiong Hian joined Swee Hong Limited in 2009 as Assistant Director to spearhead the company's technology capability development and has since transformed the company into a high technology company that deploys innovative techniques at the workplace. Mr Lim Tiong Hian was headhunted to join Sino Construction Limited as the Executive Director in 2014. He started a period of transformation of the company, quickly turning it from small construction company to a global resource player. He embarked the company on several major acquisitions, laying the foundation for its future success. Mr Lim Tiong Hian's career spans across technical, project, marketing and business development roles over 15 years in the infocomm technology. Mr Lim Tiong Hian graduated from the University of Huddersfield, UK with a Bachelor of Arts (Multimedia Design). While sourcing for a suitable candidate to fill up the vacancy of the chief executive officer ("CEO") during the transitional period, Mr Lim Tiong Hian will be responsible for setting the strategic direction, tracking of financial and profitability growth of the Group, as well as managing the business and overseeing all aspects of the daily operation of the Company.

GIANG SOVANN

Independent Director

Mr Giang Sovann is the Chairman of the remuneration committee and member of the audit & risk committee and nominating committee of the Company. Giang Sovann is a senior director at RSM Risk Advisory, a leading governance, risk and consulting firm in Singapore. He also serves as independent director of Singapore listed Resources Prima Group Limited and the Cambodia Post Bank PLC. Giang Sovann was the executive director of the Singapore Institute of Directors and has served as executive director, independent director and chief financial officer of a number of listed companies. He started his career as a public accountant with a Big-4 firm in Canada and Singapore. He also has many years of experience in business management, having served as a senior executive at a multinational company and a regional conglomerate, and has managed companies in many industries including aerospace, food and beverage, flexible packaging, mining, oil and gas, real estate, retailing, telecommunications as well as trading and distribution. Giang Sovann holds a Bachelor of Administration degree from the University of Regina, Canada and is a Chartered Accountant, Singapore, a Chartered Accountant, Canada, and a member of the Singapore Institute of Directors.

AZMAN HISHAM BIN JA'AFAR

Independent Director

Mr Azman was appointed to our Board on 3 November 2010. He is an Advocate & Solicitor, and Deputy Managing Partner of RHTLaw Taylor Wessing LLP, Chairman of the firm's ASEAN Plus Group, and heads the firm's Indonesia Practice. He has advised and represented clients in numerous transactions involving mergers and acquisitions, corporate finance, mining, and oil and gas transactions in Singapore, China and Indonesia. He speaks Mandarin and Bahasa Indonesia fluently, and is a guest tutor at the National University of Singapore Law Faculty's Legal Case Studies programme. He is also a regular speaker at seminars on mergers and acquisitions, initial public offerings and regulatory compliance in Singapore. He obtained his LL.B (Hons) from the National University of Singapore.

LIM JIN WEI

Independent Director

Mr Lim Jin Wei was appointed to our Board on 12 July 2016 and is Chairman of the Audit & Risk Committee, and member of the Remuneration Committee and Nominating Committee of the Company. He has been the Director of Choon Hua Trading Corporation Sdn Bhd (Choon Hua) since January 2007 to spearhead various additions and improvement to the company's infrastructure and business of importing and distribution of frozen foods and fast-moving consumer goods (FMCG) in East Malaysia. He also serves as Lead independent Director of Sincap Group Limited as well as the Chairman of its Audit and Risk Committee and also an Independent Director of Allied Technologies Limited as well as the Chairman of its Remuneration Committee. He started his career as an auditor with Deloitte & Touche, Singapore and became an Audit Manager in 2004. During his career as auditor, he managed the financial audit of multinationals and local companies in several industries including computers & electronics, shipping, manufacturing, construction, food and beverages as well as trading and distribution. He also has experience as Independent Auditor for Initial Public Offerings of PRC Companies in Singapore including on-site due diligence. He was also involved in a Reverse Take Over (RTO) exercise of a Singapore listed company and upon completion of the RTO, he remains as the Chief Financial Officer of its property division until February 2015. Lim Jin Wei graduated from the Queensland University of Technology with a Bachelor of Business (Accountancy) degree and is a Certified Public Accountant with the CPA Australia.

· KEY **MANAGEMENT** ·

MS KHOO LAY FEN
Financial Controller
EPICENTRE HOLDINGS LIMITED

Ms Khoo was appointed Financial Controller for Epicentre Holdings Limited ("Epicentre") in Aug 2016. She oversees the various functions of accounting, financial reporting, cost management accounting, foreign exchange management, credit control, management information system, tax, cash flow planning, financial, as well as investors' relations of Epicentre Group of companies.

Prior to joining Epicentre, Ms Khoo held the position of Finance Manager with various companies listed on SGX and ASX. Ms Khoo worked as an audit manager in a mid-tier audit firm in Singapore. Ms Khoo graduated from the Multimedia University (Malaysia) with a Bachelor of Accountancy. She is also a fellow member of the Institute of Singapore Chartered Accountants.

MR GOH LING CHUAN
Executive Director
EPICENTRE LIFESTYLE SDN BHD

Mr Goh Ling Chuan joined Epicentre lifestyle Sdn Bhd in 2007.

He oversees the Country Operations in Malaysia and responsible for overall management, Sales, Marketing, Business development, Human Resource, Finance and general operations.

Major in Electronic and Electrical profession, he has more than 30 years of experience in the IT industry. Involving core business such as IT Distributor distributing more than 40 products, Number Forecast been listed in KLSE including launched the only Big Sweep lottery, System Integrator and Solution Provider for major IT projects.

MR JASON TAN
Manager, Retail Operations
EPICENTRE PTE LTD

Mr Jason Tan joined EpiCentre in 2010. He oversees the retail operations for Singapore's EpiCentre & Live Out Loud retail stores as well as the corporate sales & customer service departments. Before joining the group, he has experience with another Apple Premium Reseller as well as various multibrand Computer Stores.

Mr Tan has more than 10 years experience in the I.T. Retail Industry.

He holds a Bachelor of Business & International Management from the University of Northumbria and a Diploma in Multimedia Design from Nanyang Academy of Fine Arts.

MS JEANNIE YEE
Manager, Merchandising
EPICENTRE PTE LTD

Ms Jeannie Yee joined the Group in 2015 as Merchandising Manager. She is instrumental in overseeing all aspects of merchandise planning, purchasing of Singapore's EpiCentre & Live Out Loud Retail Stores.

Ms Yee has garnered more than a decade of experience in the retail business and has established an outstanding track record in different aspects of retail management, including merchandising, inventory planning and supply chain management.

She holds a Bachelor of Business Management from Royal Melbourne Institute of Technology and a Diploma in Business Administration from Singapore Polytechnic.

KEY MANAGEMENT

MR JONATHAN LIM
Director
JAPAN IPL HOLDINGS PTE LTD and its subsidiaries

Jonathan joined Japan IPL as the Co-founder in 2014. Prior to joining Japan IPL Express, he worked as a Business Development Executive in One Motoring and started up the luxury car rental department.

At Japan IPL Express, he is instrumental in overseeing all aspects of the company not exclusive to office planning, human resource, procurement, sales, branding, and retail operations. The brand has grown from 1 to 8 stores over the years and it is now gaining regional presence across Malaysia, China, and Philippines.

Jonathan completed Business Management Diploma at Ngee Ann Polytechnic.

MR RICH SNG
Director
JAPAN IPL HOLDINGS PTE LTD and its subsidiaries

Rich joined Japan IPL as the founder in 2013. He is also the Owner of Fabulous Aesthetics, which has been operating in Singapore for more than 10 years and further expanded the brand to Cambodia. Prior to joining beauty salon chain, he worked as VP of Telcom 1515, a telecommunication company for 7 years.

He successfully launched several CSR and marketing programs in his past working experiences. He is actively involved in CSR program and has sponsored several National Sports and Beauty Events held by tertiary schools such as NUS, NTU, SMU, SIM and respective Polytechnics.

Rich completed E-commerce and Marketing Diploma at Singapore Institute of Management and Diploma Majoring in Advertisement at LASALLE SIA College of the Arts.

· AWARDS AND ACHIEVEMENTS ·

1. **Singapore Retailers Association (SRA)**
   Premium Service GEM Award 2015
2. **SPRING Singapore**
   The Singapore Service Class
3. **SME One Asia Awards 2013**
   Overall Winner in Prominent Category
4. **Singapore Retailers Association (SRA)**
   Premium Service GEM Award 2013
5. **Singapore Prestige Brand Award 2011**
   Hall of Fame 2011
   Promising Brand Winner
6. **The Entrepreneur of the Year 2011**
   A Rotary – ASME Award
   Overall Winner
7. **The Entrepreneur of the Year 2011**
   A Rotary – ASME Award
   Winner of EYA for Info-Communications Technology
8. **Asia Pacific Entrepreneurship Awards 2011**
   Outstanding Entrepreneurship Award
9. **Singapore Retailers Association (SRA)**
   Premium Service GEM Award 2011
10. **Singapore Prestige Brand Award 2010**
    Overall Winner, Promising Brand
11. **Apple South Asia Conference 2010**
    Platinum Partner Award
12. **Singapore Retailers Association (SRA)**
    Premium Service GEM Award 2010
13. **Singapore Prestige Brand Award 2009**
    Promising Brand Winner
14. **Apple Top 3 Merchandising Award 2009**
15. **Apple Top APR POS Asia 2008**
16. **Apple Top POS Asia 2007**
17. **Apple Best POS Asia 2006**
18. **Best Apple Centre 2003**
    Gold Singapore 2003

OUR VALUE PROPOSITION

Unique Experience
Attractive and unique electronic gadgets offers under one roof.

Comprehensive Customize Solution
Deliver best-fit solution for individual by specialist

Great Location
Conveniently located at prime districts

Epitude Membership
Exclusive membership privileges at and beyond Epicentre

Personalise Customer Experience
Serviced by trained and experience sales person

iConcierge Service
First-of-its-kind counter service that provides technical advice and support

Trade-in-Services
Offer cash for old computer, laptops, iPad and iPod

Shop 24/7
FREE Shipping within Singapore for all devices when you shop online
www.epicentreasia.com
www.lolliveoutloud.com

STORE LISTING
EPICENTRE SINGAPORE

Epicentre @ Wheelock Place
501 Orchard Road
Wheelock Place #02-21/22
Singapore 238880
Tel: +65 6238 9381

Epicentre @ Bugis Junction
200 Victoria Street
Bugis Junction #01-55/56/57
Singapore 188021
Tel: +65 6338 4247

Epicentre @ Marina Bay Sands
2 Bayfront Avenue
The Shoppes at Marina Bay Sands
#B2-60
Singapore 018972
Tel: +65 6688 7070

EPICENTRE MALAYSIA

Epicentre @ IOI Mall
Lot E27 & 28, Ground Floor
IOI Mall, Batu 9
Jalan Puchong Bandar Puchong Jaya
47100 Puchong, Selangor Darul Ehsan
Tel: +603 8075 0870

Epicentre @ e@Curve
Lot G36-38, Ground Floor
e@Curve, No. 2A Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Tel: +603 7726 1006

Epicentre @ Lim Kok Wing
Campus Store, Lot 27, Innovasi 1-1
Jalan Teknorat 1/1, 63000 Cyberjaya
Selangor Darul Ehsan
Tel: +603 8313 0300

Epicentre @ Fahrenheit88
Lot G-23, Ground Floor, Fahrenheit88
179 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: +603 2143 8001

Epicentre @ Bangsar Village II
UGF-21, Floor Level Upper
Ground Floor Bangsar Village II No. 2
Jalan Telawi Satu
Bangsar Baru 59100
Kuala Lumpur
Tel: +603 2287 8970

LIVE OUT LOUD STORE LISTING

Singapore
LOL @ ION Orchard
2 Orchard Turn
ION Orchard #B3-14
Singapore 238801
Tel: +65 6509 5028

Malaysia
LOL @ Pavilion
Lot 5.24.07 Level 5
Pavilion Kuala Lumpur
168 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: +603 2141 6378

· JAPAN IPL EXPRESS STORE LISTING ·

SINGAPORE

Japan IPL Express @ Somerset
Somerset MRT Station
1 Somerset Road #B1-04
Singapore 238162
Tel: +65 6636 0550 (Ext 1)

Japan IPL Express @ Raffles Place
Raffles Place MRT
5 Raffles Place #B1-69
Singapore 048618
Tel: +65 6636 0550 (Ext 2)

Japan IPL Express @ Holland Village
Holland Village MRT
200 Holland Avenue #B1-02
Singapore 278995
Tel: +65 6636 0550 (Ext 3)

Japan IPL Express @ Boon Lay
Boon Lay MRT
301 boon lay way #01-20
Singapore 649846
Tel: +65 6636 0550 (Ext 4)

Japan IPL Express @ Pasir Ris
Pasir Ris MRT Station
10 Pasir Ris Central #01-21
Singapore 519634
Tel: +65 6636 0550 (Ext 5)

Japan IPL Express @ Esplanade
90 Bras Basah Road
#B1-07 Esplanade Exchange
Singapore 189562
Tel: +65 6636 0550 (Ext 6)

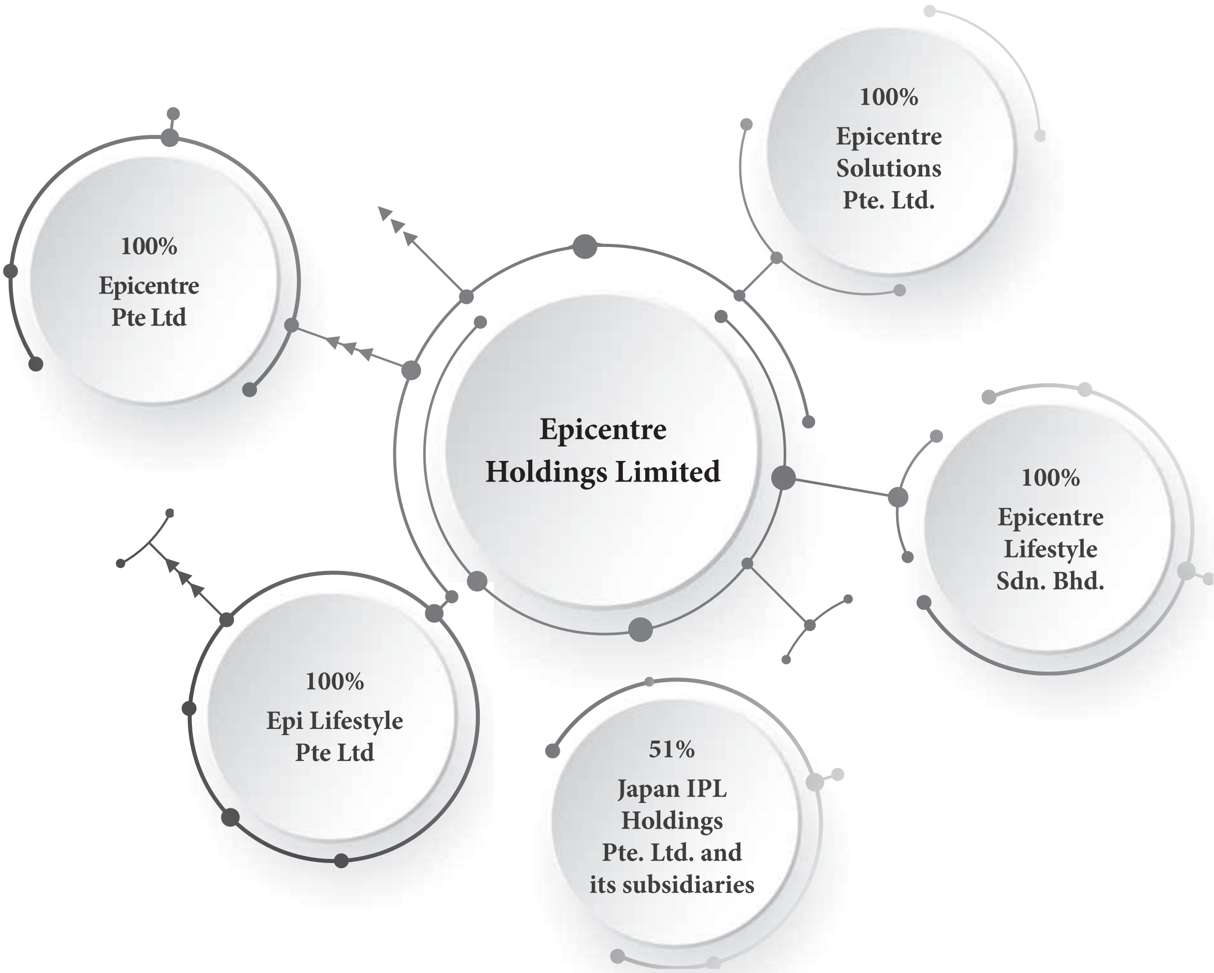
Japan IPL Express @ AMK
53 Ang Mo Kio Ave 3
#02-16 AMK Hub
Singapore 569933
Tel: +65 6636 0550 (Ext 7)

Japan IPL Express @ Serangoon
23, Serangoon Central
Nex #B2-26
Singapore 556083
Tel: +65 6636 0550 (Ext 8)

MALAYSIA

Japan IPL @ Pavilion
Lot B1.02.01
Pavilion Kuala Lumpur
168 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: +603 2110 1508

· GROUP **STRUCTURE** ·



· GROUP OF **COMPANIES** ·

SINGAPORE

Epicentre Holdings Limited
39 Ubi Road 1
#08-01 World Publications Building
Singapore 408695
Tel: +65 6601 9100
Fax: +65 6601 9133

Epicentre Solutions Pte. Ltd.
39 Ubi Road 1
#08-01 World Publications Building
Singapore 408695
Tel: +65 6601 9100
Fax: +65 6601 9133

Japan IPL Holdings Pte. Ltd.
30 Kallang Place
#06-10/11
Singapore 339159
Tel: +65 6636 0550

Epicentre Pte. Ltd.
39 Ubi Road 1
#08-01 World Publications Building
Singapore 408695
Tel: +65 6601 9100
Fax: +65 6601 9133

Epi Lifestyle Pte. Ltd.
39 Ubi Road 1
#08-01 World Publications Building
Singapore 408695
Tel: +65 6601 9100
Fax: +65 6601 9133

MALAYSIA

Epicentre Lifestyle Sdn. Bhd.
34 Jalan Sultan Ismail
Unit 1706 Central Plaza Suite
50250 Kuala Lumpur, Malaysia
Tel: +603 2141 1787
Fax: +603 2141 3787

The Company ceased operation of one of its subsidiary, Epicentre (Shanghai) Co. Ltd. where the Company had an effective equity interest of 87% in FY2013.

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· CORPORATE GOVERNANCE **REPORT** ·

The board of directors (the "**Board**" or "**Directors**") of Epicentre Holdings Limited (the "**Company**") and together with its subsidiaries (the "**Group**") are committed to setting in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interest and enhancement of long term shareholders' value are met.

This report outlines the Company's corporate governance practices and structures in the financial year ended 30 June 2017 ("**FY2017**") with specific reference made to each of the principles and guidelines of Singapore Code of Corporate Governance 2012 (the "**Code**"). Any deviations from the Code are explained. The Company has complied with the principles and guidelines of the Code where appropriate.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guidelines of the Code	Corporate Governance Practices of the Group
1.1 The board's role is to: (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives; (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets; (c) review management performance; (d) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;	The Board is entrusted with the overall management of the business affairs of the Company. It carries out the function by assuming responsibility for effective stewardship and corporate governance of the Company and the Group. Its primary role is to protect and enhance long-term shareholders' value. The principal functions of the Board, apart from its statutory responsibilities, are to: • provide entrepreneurial leadership, set the strategic objectives and directions for the Group and ensure that the necessary financial and human resources are in place for the Company to meet its objectives; • approve the policies, strategies and financial objectives of the Group; • establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets; • oversee the framework for internal controls and risk management and ensure good corporate governance; • monitor the Board composition, selection of Directors and Board processes and performance; • review and monitor Executive Directors' remuneration; • review business results including management performance, monitoring budgeting control and corrective actions (if required); • approve annual budgets, major funding proposals, investment and divestment proposals;

Guidelines of the Code	Corporate Governance Practices of the Group
(e) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.	• identify the key stakeholder groups and recognising that their perceptions affect the Company's reputation; • set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and • consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.
1.2 All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the company.	All Directors exercise reasonable diligence and objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company at all times.
1.3 The board may delegate the authority to make decisions to any board committee but without abdicating its responsibility. Any such delegation should be disclosed.	Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various board committees. The board committees consist of Audit & Risk Committee ("**ARC**") (previously known as Audit Committee and renamed on 3 October 2016), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). These Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis to ensure their continued relevance. The Chairman of the respective Committees report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the respective Committee by the Board. The effectiveness of each Committee is also constantly reviewed by the Board.

Guidelines of the Code	Corporate Governance Practices of the Group
1.4 The board should meet regularly and as warranted by particular circumstances, as deemed appropriate by the board members. Companies are encouraged to amend their articles of association (or other constitutive documents) to provide for telephonic and video-conference meetings. The number of meetings of the board and board committees held in the year, as well as the attendance of every board member at these meetings, should be disclosed in the company's annual report.	The details of the Directors at Meetings of Board and Board Committees during the financial year under review, are set out below. Additional ad-hoc meetings may be held where circumstances require. The Company's Constitution provides for meetings of Directors to be held by means of telephonic conference or other methods of simultaneous communication be it electronic or telegraphic means when necessary. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction. The number of meetings held by the Board and Board Committees and attendance of Directors at the meetings in FY2017 are set out as follows:

		Board of Directors		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
		Numbers of meeting							
Name	Position	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Current Directors									
Mr. Lim Tiong Hian	Executive Chairman & Acting Chief Executive Officer	2	2	2	2*	1	1*	1	1*
Mr. Azman Hisham Bin Ja'afar	Independent Director	2	2	2	2	1	1	1	1
Mr. Lim Jin Wei[1]	Independent Director	2	2	2	2	1	1	1	1
Mr. Giang Sovann[2]	Independent Director	2	2	2	2	1	1	1	1
Past Directors									
Mr. Jimmy Fong Teck Loon[3]	Executive Director and Chief Executive Officer	2	N/A	2	N/A	1	N/A	1	N/A
Ms. Brenda Yeo[4]	Executive Director	2	N/A	2	N/A	1	N/A	1	N/A
Mr. Siow Chee Keong Joshua[5]	Lead Independent Director	2	1	2	1	1	1	1	1
Mr. Ron Tan Aik Ti[6]	Independent Director	2	N/A	2	N/A	1	N/A	1	N/A

* By Invitation
N/A – Not Applicable

Notes:

(1) Mr. Lim Jin Wei was appointed as Independent Director on 12 July 2016.

(2) Mr. Giang Sovann was appointed as Independent Director on 12 July 2016.

(3) Mr. Jimmy Fong Teck Loon resigned as Executive Director on 4 July 2016 and Chief Executive Officer on 31 July 2016.

(4) Ms. Brenda Yeo resigned as Executive Director on 4 July 2016.

(5) Mr. Siow Chee Keong Joshua retired as Lead Independent Director on 27 October 2016.

(6) Mr. Ron Tan Aik Ti resigned as Independent Director on 4 July 2016.

Guidelines of the Code	Corporate Governance Practices of the Group
1.5 Every company should prepare a document with guidelines setting forth: (a) the matters reserved for the board's decision; and (b) clear directions to management on matters that must be approved by the board. The types of material transactions that require board approval under such guidelines should be disclosed in the company's annual report.	The Company has internal guidelines and approval limits for operational, financial and capital expenditure requirements. Under these guidelines, the matters which specifically require Board's approval include, among others, the following: • Material acquisitions, divestments and equity ventures; • Acceptance of bridging loan; • Annual Business Plan; • Major contracts both within and outside of the ordinary course of business; • Material capital expenditures, acquisitions and disposals; • Corporate or financial restructuring; • Dealing with banks and financial institutions, includes all commitments to term loans and lines of credit, opening and closing of bank accounts and bank signatories; • Declaration of dividends and issuance of shares; • Half and full year results announcements, annual report and circulars; and • Other shareholder matters.
1.6 Incoming directors should receive comprehensive and tailored induction on joining the Board. This should include his duties as a director and how to discharge those duties as a director and include an orientation programme to ensure that they are familiar with the company's business and governance practices. The company should provide training for first-time director[1] in areas such as accounting, legal and industry-specific knowledge as appropriate. It is equally important that all directors should receive regular training, particularly on relevant new laws, regulations, and changing commercial risks, from time to time.	The Company will conduct briefing and orientation programmes for new directors to familiarise them with the Company's structure and organisation, businesses and governance policies. The aim of the orientation program is to give new directors a better understanding of the Company's businesses and allow them to assimilate into their new roles. New directors are also informed about matters such as the Code of Dealing in the Company's securities. Changes to regulations and accounting standards are monitored closely by the management of the Company ("**Management**"). In order to keep pace with such regulatory changes, the Company will provide opportunities for ongoing training on Board processes and best practices as well as any updates on changes in legislation and financial reporting standards, regulations and guidelines from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") that affect the Company and/or the directors in discharging their duties effectively. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**"), which are relevant to the Directors are circulated to the Board. Annually, the external auditors update the ARC and the Board on the new and revised financial reporting standards. The Group's Independent Directors as at the date of this report are members of their respective professional institutions and were in compliances with continuing professional development ("**CPD**") requirements of their respective professional institutions. Independent Directors who are members of the Singapore Institute of Directors ("**SID**") were also in compliances with CPD requirements of SID. Directors are also strongly encouraged to undergo relevant training to enhance their skills and knowledge, especially on new laws and regulations affecting the Group's operations.

1 The term "first-time director" shall refer to a director who has no prior experience as a director of a listed company.

Guidelines of the Code	Corporate Governance Practices of the Group
The company should be responsible for arranging and funding the training of directors. The Board should also disclose in the company's annual report the induction, orientation and training provided to new and existing directors.	
1.7 Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	Upon the appointment of a new director, the Company will provide a formal letter to the director. The Company will conduct an orientation that includes briefings by the Executive Chairman and Acting Chief Executive Officer and/or senior Management of the Company on the business activities of the Group and its strategic directions, as well as his duties and responsibilities as a director of the Company.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders[2]. No individual or small group of individuals should be allowed to dominate the board's decision making.

Guidelines of the Code	Corporate Governance Practices of the Group
2.1 There should be a strong and independent element on the board, with independent directors making up at least one-third of the board.	The Company endeavours to maintain a strong and independent element on the Board. The strong independent element on the Board enables the Management to benefit from external diverse and objective perspectives of issues raised. As at the date of this report, the Board comprises the following Directors: **Executive Chairman and Acting Chief Executive Officer ("Acting CEO")** Mr. Lim Tiong Hian **Independent Non-Executive Directors** Mr. Azman Hisham Bin Ja'afar Mr. Lim Jin Wei Mr. Giang Sovann

2 The term "10% shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

Guidelines of the Code	Corporate Governance Practices of the Group
2.2 The independent directors should make up at least half of the board where: (a) the chairman of the board and the CEO (or equivalent) is the same person; (b) the chairman and the CEO are immediate family[3] members; (c) the chairman is part of the management team; or (d) the chairman is not an independent director.	As at current date, the Independent Directors comprise of more than half of the Board's composition. The Board has undertaken a full review of its composition and is of the opinion that the Board continues to exercise objective judgment independently of the Management.

3 The term "immediate family" shall have the same meaning as currently defined in the Listing Manual of the Singapore Exchange (the "**Listing Manual**"), i.e. the person's spouse, child, adopted child, step-child, brother, sister and parent.

Guidelines of the Code	Corporate Governance Practices of the Group
2.3 An independent director is one who has no relationship with the company, its related corporations[4], its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The board should identify in the company's annual report each director it considers to be independent. The board should determine, taking into account the views of the NC, whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. Directors should disclose to the board any such relationship as and when it arises. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including the following: (a) a director being employed by the company or any of its related corporations for the current or any of the past three financial years;	The independence of the Independent Directors is reviewed annually by the NC, based on the definition of independence as set out in the Code. Each Independent Director is required to complete a declaration form to confirm his independence based on the guidelines as set out in the Code. The Directors must also confirm whether they view themselves as independent even if they do not have any relationship with the Company, its related companies or its officers. The Independent Directors have confirmed their independence in accordance with the Code. Taking into account the views of the NC, the Board is satisfied as to the independence of all the Independent Directors.

4 The term "related corporation", in relation to the company, shall have the same meaning as currently defined in the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.

Guidelines of the Code	Corporate Governance Practices of the Group
(b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the remuneration committee; (c) a director, or an immediate family member, accepting any significant compensation from the company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service; (d) a director: (i) who, in the current or immediate past financial year, is or was; or (ii) whose immediate family member, in the current or immediate past financial year, is or was, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which the company or any of its subsidiaries made, or from which the company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments[5] aggregated over any financial year in excess of S$200,000 should generally be deemed significant;	

5 Payments for transactions involving standard services with published rates or routine and retail transactions and relationships (for instance credit card or bank or brokerage or mortgage or insurance accounts or transactions) will not be taken into account, unless special or favourable treatment is accorded.

Guidelines of the Code	Corporate Governance Practices of the Group
(e) a director who is a 10% shareholder or an immediate family member of a 10% shareholder of the company; or (f) a director who is or has been directly associated with[6] a 10% shareholder of the company, in the current or immediate past financial year. The relationships set out above are not intended to be exhaustive, and are examples of situations which would deem a director to be not independent. If the board wishes, in spite of the existence of one or more of these relationships, to consider the director as independent, it should disclose in full the nature of the director's relationship and bear responsibility for explaining why he should be considered independent.	
2.4 The independence of any director who has served on the board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the board should also take into account the need for progressive refreshing of the board. The board should also explain why any such director should be considered independent.	None of the Director of the Company has served more than nine years on the Board since the date of his first appointment.

6 A director will be considered "directly associated" with a 10% shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% shareholder in relation to the corporate affairs of the corporation. A director will not be considered "directly associated" with a 10% shareholder by reason only of his or her appointment having been proposed by that 10% shareholder.

Guidelines of the Code	Corporate Governance Practices of the Group
2.5 The board should examine its size, and with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the board, which facilitates effective decision making. The board should take into account the scope and nature of the operations of the company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the board and board committees. The board should not be so large as to be unwieldy.	The Board considers its size and composition as at FY2017 appropriate, taking into account the nature and scope of the Group's operations and the skills and knowledge of Directors. The Board is of the view that no individual or small group of individuals dominates the Board's decision-making process.
2.6 The board and its board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer based experience or knowledge.	The NC has considered the diversity of the Board and is of the view that there is adequate relevant competence on the part of the Directors, who, as a group, possess specialist background and experience in accounting, finance, business, management and strategic planning and that the current Board comprises persons who together as a group provide capabilities required for the Board to be effective. Details of the Board members' qualifications and experience are presented in this annual report under the heading "Board of Directors". Members of the Board are constantly communicating with Management to provide advice and guidance on matters affecting the affairs and business of the Group, resulting in effective management of the Group's business and operations. The Board's policy in identifying directors is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.
2.7 Non-executive directors should: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.	The Independent Non-Executive Directors participate actively at Board and Board Committee Meetings. They will constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of the management in meeting, agreed goals and objectives, and monitor the reporting of performance. Their views and opinions will provide alternative perspectives to the Group's business. When challenging the Management proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

Guidelines of the Code	Corporate Governance Practices of the Group
2.8 To facilitate a more effective check on management, non-executive directors are encouraged to meet regularly without the presence of management.	When necessary, the Independent Non-Executive Directors meet without the presence of Management to discuss any matters.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines of the Code	Corporate Governance Practices of the Group
3.1 The chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the board. In addition, the board should disclose the relationship between the chairman and the CEO if they are immediate family members.	During FY2017, the role of CEO was held by Mr Jimmy Fong Teck Loon until July 2016. Following his resignation, the role of CEO was assumed by the Executive Chairman, Mr Lim Tiong Hian as the Acting CEO. Although the roles and responsibilities for the Chairman and Acting CEO are vested in Mr. Lim, major decisions are made in consultation with the Board. The Board comprises four members, three of whom are Independent Non-Executive Directors. The Board believes that there are adequate measures in place against an uneven concentration of power and authority in one individual. The Board will consider filing up the position of the CEO until such time deemed necessary or a suitable candidate is sought.

Guidelines of the Code	Corporate Governance Practices of the Group
3.2 The chairman should: (a) lead the board to ensure its effectiveness on all aspects of its role; (b) set its agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (c) promote a culture of openness and debate at the board; (d) ensure that the directors receive complete, adequate and, timely information; (e) ensure effective communication with shareholders; (f) encourage constructive relations within the board and between the board and management; (g) facilitate the effective contribution of non-executive directors in particular; and (h) promote high standards of corporate governance. The responsibilities set out above provide guidance and should not be taken as a comprehensive list of all the duties and responsibilities of a chairman.	As Executive Chairman, Mr. Lim Tiong Hian is primarily responsible for overseeing the overall management and strategic development of the Company. He scheduled Board meetings as and when required and set the agenda for the Board meetings. He ensured the quality, quantity, accuracy and the timeliness of information flow between the Board, the Management and shareholders of the Company. He also encouraged a constructive relationship within the Board, between the Executive and Non-Executive Directors and between the Board and the Management. The Executive Chairman also assisted to facilitate the effective contribution of Non-Executive Independent Directors, taking into consideration their expertise in different disciplines. He promoted a high standard of corporate governance practices by establishing shared acceptance of core business and management values among the Board members.

Guidelines of the Code	Corporate Governance Practices of the Group
3.3 Every company should appoint an independent director to be lead independent director where: (a) the chairman and the CEO is the same person; (b) the chairman and the CEO are immediate family members; (c) the chairman is part of the management team; or (d) the chairman director is not an independent director. The lead independent director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the chairman, the CEO or the chief financial officer (or equivalent) (the "**CFO**") has failed to resolve or is inappropriate.	During FY2017, Mr Siow Chee Keong Joshua was the Lead Independent Director until he retired on 27 October 2016. The Company will consider the appointment of lead independent director in due course.
3.4 Led by the lead independent director, the independent directors should meet periodically without the presence of the other directors, and the lead independent director should provide feedback to the chairman after such meetings.	Notwithstanding that no lead independent director has been appointed, the three Independent Directors do meet periodically to discuss about the Group's affairs without the presence of the other Directors or Management. Any issues, concerns and/or suggestions arising from their discussions will be directly raised to the Chairman of the Board.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

Guidelines of the Code	Corporate Governance Practices of the Group
4.1 The board should establish a NC to make recommendations to the board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least 3 directors, a majority of whom, including the NC chairman, should be independent. The lead independent director, if any, should be a member of the NC. The board should disclose in the company's annual report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the board.	As at the date of this report, the NC comprises the following members, all of whom are Independent Non-Executive Directors: Mr. Azman Hisham Bin Ja'afar – Chairman Mr. Lim Jin Wei – Member Mr. Giang Sovann – Member The NC has adopted written terms of reference defining its members, administration and duties. The NC is responsible for making recommendations to the Board on all Board appointments, among other things.

Guidelines of the Code	Corporate Governance Practices of the Group
4.2 The NC should make recommendations to the board on relevant matters relating to: (a) the review of board succession plans for directors, in particular, the chairman and for the CEO; (b) the development of a process for evaluation of the performance of the board, its board committees and directors; (c) the review of training and professional development programs for the board; and (d) the appointment and re-appointment of directors (including alternate directors, if applicable). Important issues to be considered as part of the process for the selection, appointment and reappointment of directors include composition and progressive renewal of the board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All directors should be required to submit themselves for re-nomination and reappointment at regular intervals and at least once every three years.	The NC is regulated by its terms of reference and its key functions includes: • Making recommendations to the Board on all new Board appointments, re-appointments and re-nominations; • Ensuring that Independent Directors meet the Code's guidelines and criteria; • The development of a process for evaluation of the performance of the Board as a whole and its board committees; • Ensuring that Directors with multiple board representation commit adequately in carrying out his/her duties; and • Reviewing the board succession plan for Directors, in particular, the Executive Chairman and Acting CEO. The NC is responsible for the nomination and the re-election of Directors at regular intervals, taking into consideration the Directors' competencies, commitment, contribution and performance at Board meetings and Board Committee meetings, including attendance, preparedness, candour and participation. Each member of the NC shall abstain from voting on any resolution in respect of his re-nomination as a Director. The Constitution of the Company require one-third of the Board to retire from office at each annual general meeting ("**AGM**") of the Company. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. It was also provided in the Constitution of the Company that the Directors appointed during the course of the year must retire and submit themselves for re-election at the next AGM of the Company following their appointments. The NC has recommended the re-election of Mr Lim Tiong Hian and Mr Azman Hisham bin Ja'afar, who are retiring by rotation at the forthcoming AGM pursuant to regulation 93 of the Constitution of the Company. The Board has accepted the recommendations and the retiring Directors would be offering themselves for re-election.

Guidelines of the Code	Corporate Governance Practices of the Group
4.3 The NC is charged with the responsibility of determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in guidelines 2.3 and 2.4 and any other salient factors. If the NC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the board for the board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in guideline 2.3 or guideline 2.4, and should similarly provide its views to the board for the board's consideration.	The independence of each Director is reviewed annually by the NC based on the Code's definition of what constitutes an Independent Director. The NC has assessed the independence of the Non-Executive Directors, Mr Lim Jin Wei, Mr Azman Hisham bin Ja'afar and Mr Giang Sovann, and is satisfied that there are no relationships which would deem them not to be independent.

Guidelines of the Code	Corporate Governance Practices of the Group
4.4 When a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of each company. The NC should decide if a director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director's number of listed company board representations and other principal commitments.[7] Guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards. The board should determine the maximum number of listed company board representations which any director may hold, and disclose this in the company's annual report.	The NC is of the view that despite multiple board representations in certain instances, each Director is able to allocate sufficient time and attention to the affairs of the Company and has been able to adequately discharge his duties as a Director of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit.

7 The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Guidelines of the Code	Corporate Governance Practices of the Group
4.5 The board should generally avoid approving the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. If an alternate director is appointed, the alternate director should be familiar with the company affairs, and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NC and the board should review and conclude that the person would similarly qualify as an independent director, before his appointment as an alternate director. Alternate directors bear all the duties and responsibilities of a director.	The Company does not have alternate directors in FY2017.
4.6 A description of the process for the selection, appointment and re-appointment of directors to the board should be disclosed in the company's annual report. This should include disclosure on the search and nomination process.	The Company has in place policies and procedures for the appointment of new Directors, including the search and nomination process. For the selection and appointment of new Directors, the NC makes its recommendation based on merit, track record, experience, age, capabilities, industry knowledge and other pertinent criteria. All potential candidates, through the recommendation of the Directors, professional firms and associates, will have their profiles submitted to the NC for screening and selection. The NC will meet with the selected candidate to assess his/her suitability, before making a recommendation to the Board for its approval. In recommending a Director for re-appointment to the Board, the NC considers each of their contribution including attendance and participation at Board and Board committees and the time and efforts accorded to the Group's business and affairs. Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director.

<table>
<tr><th>Guidelines of the Code</th><th>Corporate Governance Practices of the Group</th></tr>
<tr><td>4.7 Key information regarding directors, such as academic and professional qualifications, shareholding in the company and its related corporations, board committees served on (as a member or chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments, should be disclosed in the company's annual report.

In addition, the company's annual disclosure on corporate governance should indicate which directors are executive, non-executive or considered by the NC to be independent. The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions. Such information, which should also accompany the relevant resolution, would include:

(a) any relationships including immediate family relationships between the candidate and the directors, the company or its 10% shareholders;

(b) a separate list of all current directorships in other listed companies; and

(c) details of other principal commitments.</td>
<td>Profiles of the Directors' professional qualifications and background are set out on pages 8 and 9 of the Annual Report.

The dates of initial appointment and last re-election of each of the current Directors are set out below:

<table>
<tr><th>Name of Director</th><th>Position held on the Board</th><th>Date of first appointment to the Board</th><th>Date of last re-election as Director</th></tr>
<tr><td>Mr. Lim Tiong Hian</td><td>Executive Chairman and Acting CEO</td><td>24 June2016</td><td>27 October 2016</td></tr>
<tr><td>Mr. Azman Hisham Bin Ja'afar</td><td>Independent Director</td><td>3 November 2010</td><td>29 October 2015</td></tr>
<tr><td>Mr. Lim Jin Wei</td><td>Independent Director</td><td>12 July 2016</td><td>27 October 2016</td></tr>
<tr><td>Mr. Giang Sovann</td><td>Independent Director</td><td>12 July 2016</td><td>27 October 2016</td></tr>
</table>

The list of directorships in other listed companies, both current and those held over the preceding 3 years, and other principal commitments for each of the current Directors are as follows:

<table>
<tr><th>Name of Director</th><th>Directorship in Other Listed Companies</th><th>Past directorships in other listed companies (preceding three years)</th><th>Details of Other Principal Commitment, if any</th></tr>
<tr><td>Mr. Lim Tiong Hian</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Mr. Lim Jin Wei</td><td>– Sincap Group Limited
– Allied Technologies Limited</td><td>Nil</td><td>Director, Choon Hua Trading Corporation Sdn Bhd</td></tr>
<tr><td>Mr. Azman Hisham bin Ja'afar</td><td>Nil</td><td>Cedar Strategic Holdings Ltd.</td><td>Deputy Managing Partner, RHTLaw Taylor Wessing LLP</td></tr>
<tr><td>Mr. Giang Sovann</td><td>Resources Prima Group Limited</td><td>SBI Offshore Limited</td><td>– Senior Director, RSM Risk Advisory Pte Ltd
– Independent Director of Cambodia Post Bank PLC.
– Independent Director of Funan Microfinance PLC</td></tr>
</table>
</td></tr>
</table>

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.

Guidelines of the Code	Corporate Governance Practices of the Group
5.1 Every board should implement a process to be carried out by the NC for assessing the effectiveness of the board as a whole and its board committees and for assessing the contribution by the chairman and each individual director to the effectiveness of the board. The board should state in the company's annual report how the assessment of the board, its board committees and each director has been conducted. If an external facilitator has been used, the board should disclose in the company's annual report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's annual report.	The NC has examined the Board's size and is satisfied that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operations. The NC has in place a formal process for assessment of the effectiveness of the Board as a whole and its Board Committees. The NC had undertaken a process to assess the effectiveness of the Board as a whole and its Board Committees for FY2017, by having each Director to complete an evaluation form. The appraisal parameters focused on evaluation of factors such as the size and composition of the Board, the Board's access to information, Board's processes and accountability, Board's performance in relation to discharging its principal responsibilities, communication with the Management and the standards of conduct of the Directors. The responses are collated by the Company Secretary and the results are reviewed by the NC before submitting to the Board for discussing and determining areas for improvement and enhancement of the Board's, the Board Committees' and Directors' effectiveness. No external facilitator has been used in the assessment process.
5.2 The NC should decide how the board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, should be approved by the board and address how the board has enhanced long term shareholders value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the board to justify this decision.	The performance criteria approved by the Board addresses how the Board has enhanced long term shareholders value, and are not changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such decision. An evaluation exercise was carried out in the financial year under review, covering the following areas – (i) Board Composition; (ii) Board Information; (iii) Board Process; (iv) Board Accountability; (v) CEO/Top Management; and (vi) Standards of Conduct.

Guidelines of the Code	Corporate Governance Practices of the Group
5.3 Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the board and board committees, and any other duties). The chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the board or seek the resignation of directors.	The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year, and is of the view that the performance of the Board as a whole has been satisfactory. Through the evaluation process and the intensity of participation by the Directors at the Board and Board Committees meetings and their quality of contribution, the NC is satisfied that the Directors are able to continue contributing effectively and the results of the assessment has been communicated to and accepted by the Board.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines of the Code	Corporate Governance Practices of the Group
6.1 The management has an obligation to supply the board with complete, adequate information in a timely manner. Relying purely on what is volunteered by the management is unlikely to be enough in all circumstances and further enquiries may be required if the particular director is to fulfil his duties properly. Hence, the board should have separate and independent access to the management. Directors are entitled to request from the management and should be provided with such additional information as needed to make informed decisions. The management shall provide the same in a timely manner.	All Directors are furnished with information concerning the Company to enable them to be fully informed of the decisions and actions of the Company's executive management in a timely manner. The Board has unrestricted access to the Company's records and information. The key Management personnel are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by engaging external consultants for specific projects. The Board has separate and independent access to the management.

Guidelines of the Code	Corporate Governance Practices of the Group
6.2 Information provided should include board papers and related materials, background or explanatory information relating to matters to be brought before the board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.	In general, board papers which set out, amongst other things, management information such as financial performance, budgets, financial position, capital expenditure and forecasts, are sent to all directors in advance of the Board meeting. Additional information is provided to directors, as and when needed or requested, to enable them to make informed decisions.
6.3 Directors should have separate and independent access to the company secretary. The role of the company secretary should be clearly defined and should include responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the chairman, the company secretary's responsibilities include ensuring good information flows within the board and its committees and between the management and non-executive directors, advising the board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary should attend all board meetings.	The Board has separate and independent access to the Company Secretaries and to the key Management personnel of the Company and the Group at all times, to assist the Board in carrying out its duties. The Company Secretaries or their representatives attend all the meetings of the Board and Board Committees and assist the Board and Board Committees to ensure that proper procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board Committees' meetings are circulated to the Board.

Guidelines of the Code	Corporate Governance Practices of the Group
6.4 The appointment and the removal of the company secretary should be a matter for the Board as a whole.	The appointment and removal of the Company Secretaries are subject to the approval of the Board.
6.5 The board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the company's expense.	Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guidelines of the Code	Corporate Governance Practices of the Group
7.1 The Board should establish a RC with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three directors, the majority of whom, including the RC chairman, should be independent. All of the members of the RC should be non-executive directors. This is to minimise the risk of any potential conflict of interest. The board should disclose in the company's annual report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the board.	As at the date of this report, the RC comprises the following members, all of whom are Independent Non-Executive Directors: Mr. Giang Sovann – Chairman Mr. Lim Jin Wei – Member Mr. Azman Hisham Bin Ja'afar – Member The RC functions under its terms of reference which sets out its responsibilities as follows: • Reviewing and recommending to the Board, a general framework of remuneration and specific remuneration packages and terms of employment for all Directors and key Management personnel of the Company; • Reviewing the service agreements of the Executive Directors and key Management personnel of the Company; • Performing an annual review of the remuneration of employees related to Directors to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scope and level of responsibility; and • Reviewing and approving the bonuses, pay increases and/or promotions of employees related to Directors.

Guidelines of the Code	Corporate Governance Practices of the Group
7.2 The RC should review and recommend to the board a general framework of remuneration for the board and key management personnel[8]. The RC should also review and recommend to the board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire board. The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share based incentives and awards, and benefits in kind.	The RC recommends to the Board a general framework of remuneration for the Directors and key Management personnel and determines specific remuneration packages for each Executive Director. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind, are covered by the RC. The recommendations of the RC would be submitted to the Board for endorsement. Each member of the RC shall abstain from making any recommendation on or voting on any resolutions in respect of his own remuneration package.
7.3 If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company.	The RC is provided with access to expert independent professional advice on remuneration matters, as and when the need arises. The expense of such services is borne by the Company. No individual Director shall be involved in deciding his/her own remuneration. In FY2017, the Company engaged Korn Ferry Hay Group ("**Hay Group**") to review the competitiveness of the total compensation for Executive Chairman & Acting CEO and for Non-Executive Directors, as well as to design a long-term incentive plan using the Company's existing long term incentive program. The Company does not have any relationship with Hay Group which would affect the independence and objectivity of Hay Group.

8 The term "key management personnel" shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Guidelines of the Code	Corporate Governance Practices of the Group
7.4 The RC should review the company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance.	In reviewing the service agreements of the Executive Directors and key Management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guidelines of the Code	Corporate Governance Practices of the Group
8.1 A significant and appropriate proportion of executive directors and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related elements of remuneration should be aligned with the interests of shareholders and promote the long-term success of the company. It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing executive and key management personnel's performance.	The Company's remuneration policy is that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. In setting the remuneration packages, the RC takes into consideration the remuneration and employment conditions within similar industries and in comparable companies. As part of its review, the RC ensures that the performance-related elements of remuneration form a significant part of the total remuneration package of Executive Directors and key Management personnel of the Group and are designed to align their interests with those of shareholders and risk policies of the Company and link rewards to corporate and individual performance. The RC also reviews all matters concerning the remuneration of Non-Executive Directors to ensure that the remuneration commensurate with the contribution and responsibilities of the Directors. No Director is involved in deciding his or her own remuneration.

Guidelines of the Code	Corporate Governance Practices of the Group
8.2 Long-term incentive schemes are generally encouraged for executive directors and key management personnel. The RC should review whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive directors and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.	The Company has an existing performance share plan known as the Epicentre Holdings Limited Performance Share Plan (the "**PSP**") for the eligible employees and Non-Executive Directors ("**participants**"). The PSP will provide eligible participants with an opportunity to participate in the equity of the Company and will increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance.

Guidelines of the Code	Corporate Governance Practices of the Group
8.3 The remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of directors. Non-executive directors should not be over-compensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage non-executive directors to hold shares in the company so as to better align the interests of such non-executive directors with the interests of shareholders.	The fee structure for Directors is assessed by the Board annually after benchmarking such fees against those in the public and private sectors. The Company believes that the fees are competitive and its Directors are adequately compensated in line with market norms. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised. None of the Non-Executive Directors has any service contracts with the Company and they receive remuneration by way of Directors' fees. These Directors' fees are proposed by the Company as a lump sum to be approved by the shareholders at the AGM of the Company.
8.4 Companies are encouraged to consider the use of contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company.	Currently, the Company does not use contractual provisions to reclaim incentive components of remuneration from Executive Directors and key Management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The RC may recommend to the Company to consider such contractual provisions in future.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

<table>
<tr><th>Guidelines of the Code</th><th>Corporate Governance Practices of the Group</th></tr>
<tr><td>
9.1 The company should report to the shareholders each year on the remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. This annual remuneration report should form part of, or be annexed to the company's annual report of its directors. It should be the main means through which the company reports to shareholders on remuneration matters.
The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).
</td><td>
The RC recommends to the Board a framework of remuneration for the Board and senior management to ensure that the structure is competitive and sufficient to attract, retain and motivate the senior Management to run the Group successfully in order to maximise Shareholders' value. Each of the RC members shall abstain from the decision-making process concerning his own remuneration.
A breakdown showing the level and mix of remuneration for each of the Directors in FY2017 is set out as follows:
<u>Remuneration of Directors in FY2017</u>
<table>
<tr><th>Remuneration Band & Name of Director</th><th>Fixed salary</th><th>Directors' Fees</th><th>Total</th></tr>
<tr><td>Above $250,000</td><td></td><td></td><td></td></tr>
<tr><td>Jimmy Fong Teck Loon*</td><td>100%</td><td>–</td><td>100%</td></tr>
<tr><td>Below $250,000</td><td></td><td></td><td></td></tr>
<tr><td>Lim Tiong Hian (Executive Chairman and Acting CEO)</td><td>100%</td><td>–</td><td>100%</td></tr>
<tr><td>Giang Sovann</td><td>–</td><td>100%</td><td>100%</td></tr>
<tr><td>Siow Chee Keong Joshua</td><td>–</td><td>100%</td><td>100%</td></tr>
<tr><td>Azman Hisham Bin Ja'afar</td><td>–</td><td>100%</td><td>100%</td></tr>
<tr><td>Lim Jin Wei</td><td>–</td><td>100%</td><td>100%</td></tr>
<tr><td>Brenda Yeo*</td><td>100%</td><td>–</td><td>100%</td></tr>
</table>
* Resigned as director of the Company on 4 July 2016. Payment was made in accordance to the contracts of employment.
The remuneration packages of the top 7 key Management personnel of the Group (who are not Directors) for FY2017 are set out below:
<table>
<tr><th>Remuneration Band & Name of Key Management Personnel</th><th>Base/Fixed Salary</th><th>Variable or Performance Related Income/Bonus</th><th>Total</th></tr>
<tr><td>Below $250,000</td><td></td><td></td><td></td></tr>
<tr><td>Yun Chee Keen*</td><td>100%</td><td>–</td><td>100%</td></tr>
<tr><td>Khoo Lay Fen</td><td>100%</td><td>–</td><td>100%</td></tr>
<tr><td>Goh Ling Chuan</td><td>87%</td><td>13%</td><td>100%</td></tr>
<tr><td>Jason Tan</td><td>96%</td><td>4%</td><td>100%</td></tr>
<tr><td>Jeannie Yee</td><td>100%</td><td>–</td><td>100%</td></tr>
<tr><td>Jonathan Lim**</td><td>100%</td><td>–</td><td>100%</td></tr>
<tr><td>Sng Chia Huat**</td><td>100%</td><td>–</td><td>100%</td></tr>
</table>
* Resigned on December 2016
** Directors of Japan IPL
</td></tr>
</table>

Guidelines of the Code	Corporate Governance Practices of the Group
	The aggregate total remuneration paid to the top 7 key management personnel (who are not Directors or the CEO) for FY2017 is approximately S$549,000. None of the Directors (including the Acting CEO) and the top 7 key Management personnel (who are not Directors or the CEO) of the Company has received any termination, retirement, post-employment benefits for FY2017. The main expenses of retail companies are comprised of rental and staff costs, and striking a fair balance between expenses and gross profit determines the profitability of the Group. As such, the Company is of the view that the details of its staff remuneration are highly confidential. Additionally, such confidentiality may serve to protect the Company against the poaching of its employees, allowing the Company to better retain talented personnel who have in-depth knowledge of the Company's business and operations. The Board is of the view that the current disclosure information on remuneration matter provides sufficient overview of the remuneration policies of the Group while maintaining the confidentiality of the Directors and staff remuneration matters.
9.2 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. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	After viewing the industry practise and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key Management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment. The Company engaged Hay Group to review the remuneration package of the Executive Chairman and Acting CEO and the Non-Executive directors. Hay Group issued a Compensation Beanchmaking Report based on the study of market data from similarly sized companies in this Commence Sector. The Board is satisfied that current compensation package is fair and competitive. Please refer to the table on Remuneration of Directors on page 46 of this Annual Report.

Guidelines of the Code	Corporate Governance Practices of the Group
9.3 The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.	Please refer to the table on the level of remuneration of key management personnel on page 46 of this Annual Report.
9.4 For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000. The company need only show the applicable bands.	There is no employee of the Group who is an immediate family member of any Director or the Acting CEO or a controlling shareholder and whose remuneration has exceeded S$50,000 during FY2017.

Guidelines of the Code	Corporate Governance Practices of the Group
9.5 The annual remuneration report should also contain details of employee share schemes to enable their shareholders to assess the benefits and potential cost to the companies. The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.	Currently, the Company does not have any employee share option schemes.
9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.	The Company advocates a performance-based remuneration system for Executive Directors and key Management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance, such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guidelines of the Code	Corporate Governance Practices of the Group
10.1 The board's responsibility to provide a balanced and understandable assessment of the company's performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators (if required).	The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to Shareholders in compliance with statutory requirements and the Catalist Rules. The Board provides Shareholders with a balanced and understandable assessment of the Group's performance, position and prospects through its announcements of half year and full year financial statements, as well as other announcements required under the Catalist Rules via the SGXNET. Price sensitive information is publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods.
10.2 The board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.	The Board receives regular updates and briefings on any changes to the laws and regulations to ensure compliance with legislative and regulatory requirements, and observes the obligations of continuing disclosure under the Catalist Rules. Negative assurance statements were issued by the Board with half yearly financial report to confirm that to the best of its knowledge, nothing had come to its attention which would render the Company's half yearly results false or misleading in any material respect.
10.3 The management should provide all members of the board with management accounts and such explanation and information on a monthly basis and as the board may require from time to time to enable the board to make a balanced and informed assessment of the company's performance, position and prospects.	Management of the Company provides the Board with balanced and understandable accounts of the Group's performance, financial position and business prospects on a half-yearly basis for their effective monitoring and decision-making.

Risk Management and Internal Controls

Principle 11: The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

Guidelines of the Code	Corporate Governance Practices of the Group
11.1 The board should determine the company's levels of risk tolerance and risk policies, and oversee the management in the design, implementation and monitoring of the risk management and internal control systems.	The Board recognises 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 affirms 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. In the opinion of the Board, risk management and internal control systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and that it can provide only reasonable, and not absolute, assurance against material misstatement of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes all risk management and internal control systems contain inherent limitations and no system of risk management and internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.
11.2 The board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	The risk management and internal controls functions are performed by the Group's key Management personnel, the internal controls and risks are independently reviewed by internal auditors and their reports are reviewed by the ARC. The Group had appointed Messrs Ernst and Young Advisory Pte. Ltd. as the independent internal auditors of the Group to review the adequacy and effectiveness of the Group's internal controls in light of the size and complexity of the Group's operations. Any material non-compliance or weaknesses in internal controls or recommendations from the independent internal auditors and external auditors to further improve the internal controls will be reported to the ARC. The ARC will follow up on the actions taken by the Management and on the recommendations made by both the independent internal auditors and external auditors.

Guidelines of the Code	Corporate Governance Practices of the Group
11.3 The board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's annual report. The board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The board should also comment in the company's annual report on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	For FY2017, the Board has received assurances from the Acting CEO and the financial controller ("**FC**") of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are sufficiently effective except for the transactions in the disclaimer audit opinion in the Auditor's Report. The Company has engaged Deloitte & Touche LLP to perform an independent review on the transactions. Based on systems of risk management and internal control maintained by the Management, reports from the independent internal auditors, management letter issued by the external auditors (to the extent as required by them to form an audit opinion on the statutory financial statements) and the assurance from the Acting CEO and FC, the Board with the concurrence of the ARC is of the opinion that as at 30 June 2017, the Group has adequate and effective systems of risk management and internal controls, addressing financial, operational, compliance and information technology controls except for the transactions in the disclaimer audit opinion in the Auditor's Report. The Company has engaged Deloitte & Touche LLP to perform an independent review on the transactions. The Board will study the findings of the independent review report and will continue to update the shareholders on the actions which the Company will implement to enhance corporate governance and internal control procedures of the Group.
11.4 The board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies.	The ARC assists the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies.

Audit & Risk Committee

Principle 12: The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

Guidelines of the Code	Corporate Governance Practices of the Group
12.1 The ARC should comprise at least three directors, the majority of whom, including the ARC chairman, should be independent. All of the members of the ARC should be non-executive directors. The board should disclose in the company's annual report the names of the members of the ARC and the key terms of reference of the ARC, explaining its role and the authority delegated to it by the board.	As at the date of this report, the ARC comprises the following members, all of whom are Independent Non-Executive Directors: Mr. Lim Jin Wei – Chairman Mr. Azman Hisham Bin Ja'afar – Member Mr. Giang Sovann – Member The ARC's key terms of reference and duties are set out below.
12.2 The board should ensure that the members of the ARC are appropriately qualified to discharge their responsibilities. At least two members, including the ARC chairman, should have recent and relevant accounting or related financial management expertise or experience, as the board interprets such qualification in its business judgement.	The Board considers that the members of the ARC are appropriately qualified to fulfil their responsibilities as the members bring with them invaluable managerial and professional expertise in the financial, legal and industry domain. Mr Lim Jin Wei and Mr Giang Sovann, being certified accountant of respective professional accountancy bodies, have recent and relevant accounting or related financial management expertise or experience.
12.3 The ARC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.	The ARC has the power to conduct or authorise investigations into any matters within the ARC's scope of responsibility, which has or is likely to have material impact on the Group's operating and financial results. The ARC is authorised to obtain independent professional advice, if deemed necessary, in the discharge of its responsibilities. Such expenses are borne by the Company. Each member of the ARC abstains from voting any resolutions in respect of matters he is interested in. The ARC has full access to and cooperation of the Management, internal and external auditors. It also has full discretion to invite any Director or executive officer to attend its meetings and has been given adequate resources to enable it to discharge its functions properly.

Guidelines of the Code	Corporate Governance Practices of the Group
12.4 The duties of the ARC should include: (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; (b) reviewing and reporting to the board at least annually the adequacy and effectiveness of the company's internal controls including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties); (c) reviewing the effectiveness of the company's internal audit function; (d) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and (e) making recommendations to the board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.	The ARC functions under its terms of reference which sets out its responsibilities as follows: • Review the audit plans and scope of work of the external and internal auditors; • Review the result of the audits conducted by the auditors, their reports and actions taken by Management in response to auditors' recommendations; • Review the adequacy and effectiveness of the Company's systems of risk management and internal controls, including financial, operational, compliance and information technology controls; • Review the effectiveness of the Company's internal audit function, which is outsourced to a professional firm; • Review the co-operation given by the Company's officers to the internal and external auditors; • Review the financial statements and results announcements of the Company's and the Group before submission to the Board; and • Make recommendations to the Board on the appointment or re-appointment of external and internal auditors.

Guidelines of the Code	Corporate Governance Practices of the Group
12.5 The ARC should meet (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of the company's management, at least annually.	The Company has complied with Rule 715 of the Catalist Rules as all subsidiaries of the Company are audited by Messrs BDO LLP for the purposes of the consolidated financial statements of the Group. The ARC meets with the external and internal auditors, separately without the presence of Management, at least once a year. The ARC reviews the findings from the auditors and the assistance given to the auditors by the Management.
12.6 The ARC should review the independence of the external auditors annually and should state (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the company's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to the company, the ARC should keep the nature and extent of such services under review, seeking to maintain objectivity.	The ARC, having reviewed the range and value of non-audit services rendered by the external auditors, Messrs BDO LLP, which comprise tax advisory services and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The audit and non-audit fees paid/payable to the external auditors for the financial year ended 30 June 2017 were approximately $108,000 and $20,000 respectively. The ARC has recommended to the Board, and the Board has accepted, the appointment of Crowe Horwath First Trust LLP in replacement of Messrs BDO LLP as the Group's external auditors for the financial year ending 30 June 2018. The ARC confirms that Crowe Horwath First Trust LLP is registered with the Accounting and Corporate Regulatory Authority. Further information on the proposed change of auditors from BDO LLP to Crowe Horwath First Trust LLP is set out in the Appendix to this annual report.
12.7 The ARC should review the policy and arrangements by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The ARC's objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The existence of a whistle-blowing policy should be disclosed in the company's annual report, and procedures for raising such concerns should be publicly disclosed as appropriate.	The Company has in place the whistle blowing framework, endorsed by the ARC, which provides the mechanisms to encourage and provide a channel where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. The details of the whistle blowing policies and arrangements have been made available to all employees.

Guidelines of the Code	Corporate Governance Practices of the Group
12.8 The board should disclose a summary of all the ARC's activities in the company's annual report. The board should also disclose in the company's annual report measures taken by the ARC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.	The ARC met twice in FY2017. In accordance with the Catalist Rules, the ARC reviewed the audit plans and audit reports for FY2017 presented by the external auditors. The AC also reviewed the half-yearly and/or annual financial statements and discussed with the Management, the financial controller and the external auditors regarding the significant accounting policies, judgment and estimates applied by the management in preparing the annual financial statements. Following the review and discussions, the ARC then recommended to the Board for further review and approval of the audited annual financial statements. The ARC also monitors proposed changes in accounting policies, reviews the internal audit functions and discusses the accounting implications of major transactions. In addition, it advises the Board on the adequacy of the Group's internal controls and the contents and presentation of its reports.
12.9 A former partner or director of the company's existing auditing firm or auditing corporation should not act as a member of the company's ARC: (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation.	None of the members of the ARC is a partner or director of the Company's existing auditing firm or auditing corporation.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guidelines of the Code	Corporate Governance Practices of the Group
13.1 The internal auditor's primary line of reporting should be to the ARC chairman although the internal auditor would also report administratively to the CEO. The ARC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The internal auditor should have unfettered access to all the company's documents, records, properties and personnel, including access to the ARC.	The ARC and Board recognise the need for a robust and effective system of internal controls. Based on consideration of the size of the Group, the nature and complexity of its operations as well as cost-effectiveness, the ARC recommended to the Board the appointment of Messrs Ernst and Young Advisory Pte. Ltd., a professional accounting firm providing internal audit, risk and compliance services. The internal auditors report directly to the ARC on all internal audit matters though administratively liaises with the FC.
13.2 The ARC should ensure that the internal audit function is adequately resourced and has appropriate standing within the company. For the avoidance of doubt, the internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff.	The Management is responsible for designing and implementing a system of internal controls, procedures and processes for the Group to safeguard the Shareholders' investments and Company's assets. The internal auditors assess the reliability, adequacy and effectiveness of these risk management and internal controls processes of the Group, assisting the ARC in the review of interested person transactions and checking that the internal controls of the Group is adequate in proper recording of transactions and safeguarding the assets of the Group. The internal auditors will also carry out major internal control checks and compliance tests as instructed by the ARC. The ARC will review the internal auditors' reports and ensure that there are adequate internal controls within the Group.
13.3 The internal audit function should be staffed with persons with the relevant qualifications and experience.	The ARC is satisfied that the internal auditors are staffed by qualified and experienced personnel, and are adequately resourced.

Guidelines of the Code	Corporate Governance Practices of the Group
13.4 The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.	The ARC will ensure that the internal auditors meet or exceed the standards set by recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.
13.5 The ARC should, at least annually, review the adequacy and effectiveness of the internal audit function.	The ARC, on an annual basis, will assess the effectiveness of the internal audit by examining the scope of the internal audit work and its independence, to ensure that the internal auditors have the necessary resources to adequately perform its functions.

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guidelines of the Code	Corporate Governance Practices of the Group
14.1 Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	The Company firmly believes in high standards of transparent corporate disclosure, in line with continuous obligations of the Company under the Catalist Rules, the Board's policy is that all Shareholders should equally and on a timely basis be informed of all major developments that impact the Group. The Company believes that a high standard of disclosure is essential to raise the level of corporate governance. Interim and full year results and press releases are published through the SGXNet. All information of the Company's new initiatives is first disseminated via SGXNet followed by a press release. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts.
14.2 Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	The Company will ensure that all Shareholders have equal opportunity to participate effectively in and vote at general meetings and brief Shareholders on the rules, including voting procedures that govern general meetings. The Company's general meetings are held in Singapore to provide shareholders with an opportunity to meet the Directors and the Management and vote at such general meetings.

Guidelines of the Code	Corporate Governance Practices of the Group
14.3 Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	In accordance with the Constitution of the Company, shareholders may appoint one or two proxies to attend and vote at general meetings in their absence. A relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. All Shareholders are allowed to vote in person or by proxy. Central Provident Fund investors of the Company's securities may attend Shareholders' meetings as observers, provided that they have submitted to do so with the agent banks within the specified time frame.

COMMUNICATION OF SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines of the Code	Corporate Governance Practices of the Group
15.1 Companies should devise an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, companies should be as descriptive, detailed and forthcoming as possible, and avoid boilerplate disclosures.	The Company recognises the importance of actively engaging with stakeholders to promote effective and fair communication. The Board also acknowledges its obligation to furnish timely information to Shareholders and ensure that full disclosure of material information to comply with statutory requirements and the Catalist Rules is made. Any price sensitive information will be publicly released on SGXNet first before being announced to any group of investors or analysts.
15.2 Companies should disclose information on a timely basis through SGXNET and other information channels, including a well maintained and updated corporate website. Where there is inadvertent disclosure made to a select group, companies should make the same disclosure publicly to all others as promptly as possible.	The Company values transparent and timely communication with investing community. Timely, as well as adequate disclosure is made to the public via SGXNet in compliance with SGX-ST guidelines to ensure that the Shareholders are kept informed of the Group's developments and performance.

Guidelines of the Code	Corporate Governance Practices of the Group
15.3 The board should establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.	At general meetings of the Company, Shareholders are given the opportunity to air their views so as to understand the views of the Shareholders. The Company's main forum for dialogue with Shareholders takes place at its AGMs, whereat members of the Board, senior Management and the external auditor are in attendance. At the AGM, Shareholders are given the opportunity to air their views and ask questions regarding the Company. In addition, the Company also attends to enquiries from Shareholders.
15.4 The board should state in the company's annual report the steps it has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or investors' day briefings.	General meetings are the principal forum for dialogue and interaction with Shareholders. During these meetings, Shareholders are given opportunities to voice their views and seek clarification to the Board on any matters relating to the Group's business and operations.
15.5 Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. Where dividends are not paid, companies should disclose their reasons.	The Company does not have any dividend policy in place. The issue of payment of dividends is deliberated by the Board annually having regard to various factors. The Board, having considered the financial performance of the Group for FY2017, did not recommend any dividend payment.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guidelines of the Code	Corporate Governance Practices of the Group
16.1 Shareholders should have the opportunity to participate effectively in and to vote at general meetings of shareholders. Companies should make the appropriate provisions in their articles of association (or other constitutive documents) to allow for absentia voting at general meetings of shareholders.	Our Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay informed of the Group's strategy and goals. Notices of general meetings are dispatched to Shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear calendar days before the meeting for ordinary resolutions and/or 21 clear calendar days before the meeting for special resolutions. At general meetings of the Company, Shareholders are given the opportunity to air their views and ask the Directors and Management questions regarding the Group and its businesses. The external auditors will also be present to assist the Board in addressing any relevant queries from the Shareholders. The Constitution of the Company allows for absentia voting. However, as the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided not to implement voting in absentia by mail, email or fax until issues on security and integrity are satisfactorily resolved.
16.2 There should be separate resolutions at general meetings on each substantially separate issue. Companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.	Resolutions are as far as possible, structured separately and may be voted upon independently. All the resolutions that are put to the vote at the forthcoming AGM would be voted by way of poll. The Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages to the public via SGXNet.
16.3 All directors should attend general meetings of shareholders. In particular, the chairman of the Board and the respective chairman of the ARC, NC and RC should be present and available to address shareholders' queries at these meetings. The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.	The Chairman and members of the ARC, NC and RC will be present at AGMs to answer questions relating to the work of these committees.

Guidelines of the Code	Corporate Governance Practices of the Group
16.4 Companies should prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the board and management, and to make these minutes available to shareholders upon their request.	The Company prepares minutes of general meetings incorporating the substantial and relevant comments or queries from Shareholders that is relevant to the agenda of the meeting and responses from the Board and the Management. Such minutes are available to Shareholders upon request.
16.5 Companies should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Companies are encouraged to employ electronic polling.	All resolutions that are put to the vote at the last AGM and Extraordinary General Meeting of the Company held on 26 January 2017 was voted by way of poll. The detailed results of the number of votes cast for and against each resolution and the respective percentages were announced for each resolution. While acknowledging that voting by electronic polling is integral in the enhancement of corporate governance, the Company is concerned over the cost effectiveness to employ electronic polling.

DEALING IN SECURITIES

The Company is guided by Rule 1204(19) of the Catalist Rules in relation to the dealings in securities of the Company to its Directors and Management.

The Company has in place a policy to prohibit the Directors, key executives and employees who have access to unpublished material price sensitive information from dealing in Company's securities. The Company and its officers are advised not to deal in the Company's securities during the period commencing one month immediately preceding the announcement of the Company's half year and full year financial results and ending on the date of release of the said announcements to the SGX-ST. In addition, the Directors, key executives and employees are expected to observe insider trading laws at all times, even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short term considerations.

INTERESTED PERSON TRANSACTIONS

The Company has established an internal controls policy to ensure that transactions with interested persons are properly reviewed, approved and conducted at arm's length basis, on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

There is no interested person transaction which exceeds $100,000 between the Company and any of its interested persons (Directors, executive officers or controlling shareholders of the Group or the associates of such Directors, executive officers or controlling shareholders) entered into during the financial year.

The Company does not have any shareholders' mandate for interested person transactions.

MATERIAL CONTRACTS

Save as disclosed in the Directors' report and financial statements, there were no material contracts to which the Company or any of its subsidiaries, is a party and which involve the interests of the Acting CEO, any Director or the controlling shareholder, were subsisting at the end of the financial year ended 30 June 2017 or entered into since the end of the previous financial year.

Lender	Borrower	Contract date	Tenure	Loan commitment	Interest rate	Repayment of principal	Security provided
Lim Tiong Hian	Epicentre Pte Ltd	7 Sept 2016	Repayable on demand	$1,760,000	NIL	Repayable on demand*	NIL

* As at 30 June 2017, total outstanding was $310,000. The loan originally bore interest at the rate of 24% per annum. The original lender entered into an assignment agreement whereby the loan was transferred to Mr Lim Tiong Hian and Mr Lim Tiong Hian became the lender on the record. The Loan was subsequently amended and restated on 7 September 2016 so that the loan would be extended by Mr Lim Tiong Hian at zero interest.

USE OF PROCEEDS FROM THE PLACEMENT ISSUE

With reference to the announcements made by the Company on 20 July 2016, 11 October 2016, 24 October 2016, 9 November 2016, 21 November 2016 and 1 December 2016, an update on the use of the net proceeds of approximately S$5.320 million (after deducting expenses of about $84,000) raised from the placement is provided as follow:

Intended purposes	Amount allocated (S$'000)	Amount utilised as at the date of this report (S$'000)	Balance as at the date of this report (S$'000)
To support business development and provide liquidity for business expansion through acquisitions, joint ventures and collaborations (50%)	2,660	(1,519)	1,141
Working capital purposes (50%) as follow: Purchase of goods	2,660	(2,660)	–
	5,320	**(4,179)**	**1,141**

The above utilisations are in accordance with its intended uses.

NON-SPONSOR FEES

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is Stamford Corporate Services Pte. Ltd.

For the purposes of Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to Stamford Corporate Services Pte. Ltd. during FY2017.

· DIRECTORS' **STATEMENT** ·

The Directors of Epicentre Holdings Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2017, the statement of financial position and statement of changes in equity of the Company as at 30 June 2017.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date;

(b) Directors noted the disclaimer of opinion and has engaged Deloitte & Touche LLP to perform an independent review on the transactions; and

(c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Lim Tiong Hian
Lim Jin Wei
Azman Hisham Bin Ja'afar
Giang Sovann

3. Arrangements to enable Directors to acquire shares or debentures

Except as disclosed under the section "Performance share plan", neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

4. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the Directors of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations except as detailed below:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have interest	
	Balance at 1 July 2016	**Balance at 30 June 2017**	**Balance at 1 July 2016**	**Balance at 30 June 2017**
	Number of ordinary shares			
Company				
Lim Tiong Hian	23,025,800	**27,725,800**	–	–
Giang Sovann	–	**32,000**	–	–

By virtue of Section 7 of the Act, Lim Tiong Hian is deemed to have interests in the shares of all the subsidiaries of the Company as at the end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 July 2017 in the shares of the Company have not changed from those disclosed as at 30 June 2017.

5. Performance share plan

At the Extraordinary General Meeting held on 29 June 2010, the shareholders of the Company approved the Epicentre Holdings Limited Performance Share Plan (the "PSP"). In relation to the PSP, the Company will grant fully paid-up ordinary shares of the Company ("Awards") to eligible Group employees and Non-Executive Directors ("Participants"). Awards represent the right of a Participant to receive fully paid-up ordinary shares of the Company ("Shares") free of charge, upon the Participant achieving prescribed performance targets. Awards may only be vested after the vesting period and consequently any new Shares comprised in such Awards shall only be delivered upon the Remuneration Committee's satisfaction that the prescribed performance targets have been achieved.

The aggregate number of new Shares issued pursuant to the PSP shall not exceed 15% of the issued share capital of the Company.

As at 30 June 2017, there was no grant of any new Awards and there was no delivery of any new Shares for any Awards previously granted.

There were no share options granted by the Company and its subsidiaries during the financial year.

6. **Audit & Risk Committee**

The Audit & Risk Committee comprises the following members, who are all Non-Executive Directors and Independent Directors. The members of the Audit & Risk Committee as at the date of this report are:

Lim Jin Wei (Chairman)
Azman Hisham Bin Ja'afar
Giang Sovann

The Audit & Risk Committee performs the functions specified in Section 201B (5) of the Act and the Singapore Code of Corporate Governance 2012. In performing those functions, the Audit & Risk Committee reviewed the audit plans and the overall scope of examination by the external and internal auditors of the Group and of the Company. The Audit & Risk Committee also reviewed the independence of the external and internal auditors of the Company and the nature and extent of the non-audit services provided by the external auditors.

The Audit & Risk Committee also reviewed the assistance provided by the Company's officers to the external and internal auditors and the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as well as the Independent Auditor's Report thereon prior to their submission to the Directors of the Company for adoption and reviewed the interested person transactions as defined in Chapter 9 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

The Audit & Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has also full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit & Risk Committee.

The Audit & Risk Committee has carried out an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

On behalf of the Board of Directors

Lim Tiong Hian
Director

Giang Sovann
Director

Singapore
9 October 2017

INDEPENDENT AUDITOR'S **REPORT**

To the Members of Epicentre Holdings Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Epicentre Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 71 to 128, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2017;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

<u>Purported transactions relating to consultancy services</u>

During the financial year, the Group purportedly entered into consultancy services agreements (the "CS Agreements") with two entities (the "Customers") in which certain directors of these Customers are the shareholders of the Company, to provide consultancy services related to the retail business.

In respect of the CS Agreements, the Group recorded (a) consultancy services income of $3,950,000 for the financial year ended 30 June 2017 as disclosed in Note 19 to the financial statements, and (b) receivables of $2,500,000 as "Other receivables – third parties" as at 30 June 2017 and disclosed in Note 8 to the financial statements. The Group received payments by way of quick cheque deposits and telegrahic transfer from another shareholder of the Company, amounting to $1,450,000 before the financial year end and $800,000 subsequent to the financial year, purportedly from the Customers.

We were not provided with sufficient appropriate audit evidence regarding the veracity of the purported transactions, particularly with respect to:

(a) The commercial reasons and economic substance of the consultancy services;

(b) The legality and legitimacy of the CS Agreements, including whether the CS Agreements were signed by authorised representatives of the Customers; and

(c) The source of funds purportedly received from the Customers.

Consequently, we were unable to determine whether any adjustments may be necessary to the consultancy services income, receivables and other elements in the financial statements.

Report on the Audit of the Financial Statements (Continued)

Basis for Disclaimer of Opinion (Continued)

Purported advances to and refunds from a supplier

During the financial year, the Group purportedly entered into agreements (the "Agreements") with a supplier located in Shenzhen, People's Republic of China (the "Supplier"), for the purchase of complementary accessories for mobile devices for an initial contract sum of $5,330,000 (the "Initial Contract Sum") which was purportedly reduced to $2,810,000. $4,442,000 was purportedly advanced by the Group to the Supplier to enjoy a discount of $888,000 on the Initial Contract Sum.

Based on the Agreements, the Group and the Supplier purportedly appointed a company owned by the Executive Chairman and Acting Chief Executive Officer of the Company (the "EC's Company") and a company owned by a shareholder of the Company to act as escrow agents (the "Escrow Agents").

The Group has purportedly paid advances of $4,442,000 to the Supplier through the Escrow Agents and the Supplier has purportedly refunded $2,100,000 to the Group through one of the Escrow Agents by way of quick cheque deposits.

As at 30 June 2017, the Group's "Advances made to a supplier" amounted to $2,342,000, as disclosed in Note 8 to the financial statements.

We were not provided with sufficient appropriate audit evidence regarding the veracity of the purported transactions, particularly with respect to:

(a) The commercial reasons and economic substance of the Agreements with the Supplier, including the appointment of the Escrow Agents;

(b) The purported payments of $4,442,000 to the Supplier through the Escrow Agents;

(c) The source of the refunds of $2,100,000 purportedly made by the Supplier through one of the Escrow Agents; and

(d) The recoverability of the amount of $2,342,000 purportedly with the Supplier.

Consequently, we were unable to determine whether any adjustments may be necessary to the advances made to the Supplier and other elements in the financial statements.

Purported transactions relating to a loan of $1,760,000

During the financial year, the Group entered into an agreement with a company owned by a shareholder of the Company (the "Lender") for a loan of $1,760,000 at an interest rate of 24% per annum. The loan was disbursed to the Group in September 2016 of which $1,200,000 was made by way of cash deposits.

In September 2016, the Group, the Lender and the Executive Chairman and Acting Chief Executive Officer of the Company (the "EC") entered into an agreement to novate the loan from the Lender to the EC (the "Novation Agreement").

Report on the Audit of the Financial Statements (Continued)

Basis for Disclaimer of Opinion (Continued)

Purported transactions relating to a loan of $1,760,000 (Continued)

In October 2016, the Group made a loan repayment of $400,000 to the Lender. Thereafter, the Group made repayments of an aggregate sum of $1,050,000 to the EC's Company.

As at 30 June 2017, the Group's outstanding loan balance of $310,000 owing to the EC was disclosed as "Borrowings" in Note 13 to the financial statements.

We were unable to obtain sufficient appropriate audit evidence regarding the veracity of the transactions, particularly with respect to:

(a) The source of funds purportedly received from the Lender;

(b) The legality and legitimacy of the Novation Agreement;

(c) The rationale of novating the loan from the Lender to the EC; and

(d) The rationale of loan repayment of $400,000 made to the Lender in October 2016 after the loan was novated.

Consequently, we were unable to determine whether any adjustments may be necessary to the Group's borrowings and other elements in the financial statements.

Internal Controls and Corporate Governance

As of the date of this report, the Board of Directors is still in the process of commissioning an independent review and is unable to provide us with further information on these matters.

In view of this and the matters described above, we were unable to evaluate whether the Group and the Company has operated within appropriate internal control and corporate governance frameworks which may have a pervasive effect on the financial statements. Accordingly, we were unable to determine whether there are other matters up to the date of this report that may require any adjustment of, or disclosures in the accompanying financial statements.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

· INDEPENDENT AUDITOR'S **REPORT** ·

To the Members of Epicentre Holdings Limited

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements (Continued)

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeo Siok Yong.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
9 October 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current assets					
Intangible assets	4	2,607	–	–	–
Plant and equipment	5	635	517	31	34
Investments in subsidiaries	6	–	–	13,721	5,865
		3,242	517	13,752	5,899
Current assets					
Inventories	7	7,796	8,156	–	–
Trade and other receivables	8	9,667	3,147	3,187	3,124
Prepayments		311	159	10	21
Prepaid taxes		259	234	–	–
Cash and cash equivalents	9	2,987	2,546	40	80
		21,020	14,242	3,237	3,225
Less:					
Current liabilities					
Trade and other payables	10	5,350	8,796	14,262	12,224
Provisions	11	224	297	–	–
Deferred revenue	12	773	488	–	–
Current income tax payable		191	66	191	–
Borrowings	13	8,257	4,638	–	816
		14,795	14,285	14,453	13,040
Net current assets/(liabilities)		6,225	(43)	(11,216)	(9,815)
Less:					
Non-current liabilities					
Deferred revenue	12	12	69	–	–
Borrowings	13	400	–	400	–
Deferred tax liabilities	14	69	69	15	15
		481	138	415	15
Net assets/(liabilities)		8,986	336	2,121	(3,931)
Equity					
Share capital	15	14,822	6,709	14,822	6,709
Treasury shares	16	(69)	(69)	(69)	(69)
Foreign currency translation reserves	17	(722)	(464)	–	–
Accumulated losses		(4,899)	(5,406)	(12,632)	(10,571)
Equity attributable to owners of the parent		9,132	770	2,121	(3,931)
Non-controlling interests		(146)	(434)	–	–
Total equity/(capital deficiency)		8,986	336	2,121	(3,931)

The accompanying notes form an integral part of these financial statements.

· CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME** ·

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Revenue	18	**100,034**	164,087
Cost of sales		**(89,038)**	(151,324)
Gross profit		**10,996**	12,763
Other items of income			
Other income	19	**5,074**	2,629
Other items of expenses			
Administrative expenses		**(11,729)**	(18,007)
Selling and distribution costs		**(2,235)**	(2,639)
Finance costs	20	**(1,380)**	(540)
Profit/(Loss) before income tax	21	**726**	(5,794)
Income tax	22	**(166)**	33
Profit/(Loss) for the financial year		**560**	(5,761)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency differences on translation of foreign operations		**(263)**	(32)
Other comprehensive income for the financial year, net of tax		**(263)**	(32)
Total comprehensive income for the financial year		**297**	(5,793)
Profit/(Loss) attributable to:			
Owners of the parent		**507**	(5,761)
Non-controlling interests		**53**	–
		560	(5,761)
Total comprehensive income attributable to:			
Owners of the parent		**249**	(5,850)
Non-controlling interests		**48**	57
		297	(5,793)
Profit/(Loss) per share (in cents)			
– Basic and diluted	23	**0.40**	(6.18)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Share capital $'000	Treasury shares $'000	Foreign currency translation reserves $'000	Accumulated losses $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Group								
Balance at 1 July 2016		6,709	(69)	(464)	(5,406)	770	(434)	336
Profit for the financial year		–	–	–	507	507	53	560
Other comprehensive income for the financial year:		–	–	–	–	–	–	–
Foreign currency differences on translation of foreign operations, net of tax		–	–	(258)	–	(258)	(5)	(263)
Total comprehensive income for the financial year		–	–	(258)	507	249	48	297
Contribution by owners of the parent:								
Share issuance	15	5,404	–	–	–	5,404	–	5,404
Share issuance for acquisition of subsidiaries	15	2,856	–	–	–	2,856	–	2,856
Share issuance expenses	15	(147)	–	–	–	(147)	–	(147)
Total		8,113	–	–	–	8,113	–	8,113
Transactions with non-controlling interests:								
Acquisition of subsidiaries	6	–	–	–	–	–	240	240
Balance at 30 June 2017		14,822	(69)	(722)	(4,899)	9,132	(146)	8,986

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Share capital $'000	Treasury shares $'000	Foreign currency translation reserves $'000	Retained earnings/ (Accumulated losses) $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Group								
Balance at 1 July 2015		6,709	(69)	(375)	355	6,620	(491)	6,129
Loss for the financial year		–	–	–	(5,761)	(5,761)	–	(5,761)
Other comprehensive income for the financial year:								
Foreign currency differences on translation of foreign operations, net of tax		–	–	(89)	–	(89)	57	(32)
Total comprehensive income for the financial year		–	–	(89)	(5,761)	(5,850)	57	(5,793)
Balance at 30 June 2016		6,709	(69)	(464)	(5,406)	770	(434)	336

The accompanying notes form an integral part of these financial statements.

· STATEMENTS OF **CHANGES IN EQUITY** ·

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Total (capital deficiency)/ equity $'000
Company					
Balance at 1 July 2016		6,709	(69)	(10,571)	(3,931)
Loss for the financial year, representing total comprehensive income for the financial year		–	–	(2,061)	(2,061)
Contribution by owners of the parent:					
Share issuance for acquisition of subsidiaries	15	2,856	–	–	2,856
Share issuance	15	5,404	–	–	5,404
Share issuance expenses	15	(147)	–	–	(147)
Balance as at 30 June 2017		**14,822**	**(69)**	**(12,632)**	**2,121**
Balance at 1 July 2015		6,709	(69)	(5,451)	1,189
Loss for the financial year, representing total comprehensive income for the financial year		–	–	(5,120)	(5,120)
Balance as at 30 June 2016		6,709	(69)	(10,571)	(3,931)

The accompanying notes form an integral part of these financial statements.

· CONSOLIDATED STATEMENT OF CASH FLOWS ·

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Operating activities			
Profit/(Loss) before income tax		726	(5,794)
Adjustments for:			
Allowance for inventory obsolescence		–	871
Write-back of allowance for inventory obsolescence		(151)	–
Allowance for impairment loss on third parties trade receivables		–	10
Third parties trade receivables written off		–	85
Depreciation of plant and equipment		442	856
Amortisation of intangible assets		–	16
Interest expense		1,380	540
Allowance for impairment loss on intangible assets		–	68
Inventories written off		28	48
Plant and equipment written off		52	133
Provision for onerous contract		–	87
Provision for reinstatement costs		33	–
Reversal of provision for reinstatement costs not utilised		–	(40)
Operating cash flows before working capital changes		2,510	(3,120)
Working capital changes:			
Inventories		280	2,734
Trade and other receivables		(6,189)	1,217
Prepayments		(148)	(24)
Trade and other payables		(3,583)	(121)
Provision		(106)	(19)
Deferred revenue		(327)	175
Cash generated from operations		(7,563)	842
Interest paid		(1,380)	(540)
Income taxes paid		(76)	(224)
Net cash (used in)/from operating activities		(9,019)	78
Investing activities			
Acquisition of subsidiaries, net of cash acquired	6	391	–
Proceeds from disposal of plant and equipment		–	2
Purchase of plant and equipment		(123)	(70)
Net cash from/(used in) investing activities		268	(68)
Financing activities			
Proceeds from issuance of shares, net		5,257	–
Proceeds from borrowings		25,919	11,659
Repayments of borrowings		(21,945)	(14,125)
Movement in fixed deposit pledged with a bank		100	(100)
Movement in placement of cash security for bank guarantee		500	(500)
Net cash from/(used in) financing activities		9,831	(3,066)
Net change in cash and cash equivalents		1,080	(3,056)
Cash and cash equivalents at beginning of financial year		1,946	5,171
Effects of exchange rate changes on cash and cash equivalents		(39)	(169)
Cash and cash equivalents at end of financial year	9	2,987	1,946

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

Epicentre Holdings Limited (the "Company") is a public limited company, incorporated and domiciled in Singapore. The principal place of business and registered office is at 39 Ubi Road 1 #08-01 World Publications Building, Singapore 408695. The Company's registration number is 200202930G. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The consolidated financial statements of the Company and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2017 were authorised for issue in accordance with a Directors' resolution dated 9 October 2017.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Singapore-incorporated companies listed on SGX-ST will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018. The Group will adopt the new framework on 1 July 2018.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("$"), which is the functional currency of the Company. All values are rounded to the nearest thousand ($'000) unless otherwise indicated.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

The Directors of the Company are of the opinion that the going concern basis is appropriate in the preparation of the financial statements based on the following:

(i) The Directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the 12 months ending 30 June 2018. Based on such forecast, the Directors of the Company have estimated that adequate liquidity exists to finance the working capital requirements of the Group and the Company for the next financial year. The Directors of the Company are also confident that continuous financial support will be available from other third parties. External borrowings from other third parties are also made available to meet the Group's short-term working capital requirements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

(ii) As referred to Note 32 to the financial statements, the board of Directors proposed to undertake up to 797,373,000 new shares (the "Right Shares") at the issue price of $0.02 per Right Shares, and up to 797,373,000 Warrants, with each Warrant carrying the right to subscribe for one new Shares (the "Warrant Shares") at the price of $0.10 per Warrant Shares.

During the financial year, the Group and the Company adopted the new or revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years.

FRS and INT FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the following FRS and INT FRS that were issued but not yet effective, and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
FRS 7 (Amendments)	:	Disclosure Initiative	1 January 2017
FRS 12 (Amendments)	:	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 40 (Amendments)	:	Transfer of Investment Property	1 January 2018
FRS 102 (Amendments)	:	Classification and Measurement of Share-Based Payment Transactions	1 January 2018
FRS 109	:	Financial Instruments	1 January 2018
FRS 110 and FRS 28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 115	:	Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	:	Clarifications to FRS115 Revenue from Contracts with Customers	1 January 2018
FRS 116	:	Leases	1 January 2019
INT FRS 122	:	Foreign Currency Transactions and Advance Consideration	1 January 2018
Improvements to FRSs (December 2016)			
FRS 28 (Amendments)	:	Investments in Associates and Joint Ventures	1 January 2018
FRS 101 (Amendments)	:	First-Time Adoption of Financial Reporting Standards	1 January 2018
FRS 112 (Amendments)	:	Disclosure of Interests in Other Entities	1 January 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company expect that the adoption of the above FRS and INT FRS, if applicable, will have no material impact on the financial statements in the period of initial application, except as discussed below.

Adoption of IFRS-identical financial reporting standards

Singapore-incorporated companies listed on SGX-ST are required to apply a new financial reporting framework identical to IFRS in 2018. The Group will adopt the new financial framework on 1 July 2018 and will apply the equivalent of IFRS 1 *First-time Adoption of International Financial Reporting Standards* to the transition. This will involve restating the comparatives for the financial year ended 30 June 2018 and the opening statements of financial position as at 1 July 2017 in accordance with the new framework. The Group is in the process of assessing the impact of transition, including the impact from the adoption of IFRS 9 and IFRS 15 which is expected to be similar to the impact of FRS 109 and FRS 115 respectively disclosed below, as well as other transitional adjustments that may be required or elected under IFRS 1.

FRS 7 (Amendments) Disclosure Initiative

The amendments require additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group will adopt these amendments in the financial year beginning on 1 July 2017 and will include the additional disclosures in its financial statements for that financial year.

FRS 109 – *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 – *Financial Instruments (Continued)*

Classification and measurement (Continued)

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

The Group has commenced its preliminary assessment of the classification and measurement of its financial assets and liabilities, and does not expect any significant changes to the classification and measurement of its financial assets and liabilities currently measured at amortised cost upon adoption of the standard.

The Group does not have any financial liabilities which are designated at fair value through profit or loss and therefore does not expect the adoption of the standard to result in any impact in respect of these financial instruments.

Impairment

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income, the Group will recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to impairment loss allowances on trade receivables and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. The Group is still in the process of determining how it will estimate expected credit losses and the sources of forward-looking data.

Transition

The Group plans to adopt FRS 109 in the financial year beginning on 1 July 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year and will include the additional financial statement disclosures for the financial year when FRS 109 is adopted.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 115 – *Revenue from Contracts with Customers*

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has completed its preliminary assessment. Based on the preliminary assessment, the Group does not anticipate there will be any significant impact on the timing and profile of the revenue recognition of the Group. However, the Group is still in the process of making its detailed assessment of the potential impact of FRS 115 implementation.

The Group plans to adopt FRS 115 in the financial year beginning on 1 July 2018 using the full retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

FRS 116 – *Leases*

FRS 116 supersedes FRS 17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

On initial adoption of this standard, there may be a potentially significant impact on the accounting treatment for the Group's leases, particularly rented office premises and other operating facilities, which the Group, as lessee, currently accounts for as operating leases.

On the adoption of FRS 116, the Group will be required to capitalise its rented office premises and office equipment on the statement of financial position by recognising them as "right-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group plans to adopt the standard in the financial year beginning on 1 July 2019 using the modified retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by to the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.4 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following the initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

2. Summary of significant accounting policies (Continued)

2.4 Intangible assets (Continued)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club membership

Club membership which was acquired separately is amortised to profit or loss over its useful lives of 3 years.

Trademarks

Trademarks which were acquired separately is amortised to profit or loss using the straight-line method over 10 years.

Website development costs

Website development costs relating to the application and infrastructure development, graphical design and content development stages incurred with third parties are recognised as intangible assets and measured at cost.

Direct expenditure which enhances or extends the performance of the website beyond its specifications and which can be reliably measured is added to the original cost of the website. Costs associated with maintaining the website are recognised as expense as incurred.

Amortisation of the intangible assets begin when the assets are available for use. Website development costs have a finite useful life and are amortised to profit or loss using the straight-line method over 3 years.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquire and the acquisition date fair value of any previously held equity interest in the acquire over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rate on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable goodwill is included in the determination of the gain or loss on disposal.

2. Summary of significant accounting policies (Continued)

2.5 Plant and equipment

Plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Demo equipment	3
Office equipment	3
Furniture and fittings	3
Renovation	3
Motor vehicles	7 to 10
Machineries	3 to 6

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2. Summary of significant accounting policies (Continued)

2.6 Impairment of non-financial assets excluding goodwill

At the end of each financial year, the Group and the Company review the carrying amounts of their non-financial assets excluding goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the "first-in-first-out" method. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated costs to be incurred in marketing, selling and distribution. Allowance is made for obsolete, slow-moving and defective inventories.

2.8 Financial instruments

Financial assets and financial liabilities are initially recognised on the statements of financial position when the Group or the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial assets

Financial assets are classified into loans and receivables. The classification depends on the purpose of which the assets are acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the financial year, where allowed and appropriate. All financial assets are initially recognised at fair value plus transactions costs.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, where applicable, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statement of financial position comprise trade and other receivables and cash and cash equivalents.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classified ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

The Group's financial liabilities are classified as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and loans from third parties, loans from crowdfunding and invoice financings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial guarantee contracts

The Company has issued corporate guarantees to a bank, crowdfunding agent and third parties for borrowings of a subsidiary and these guarantees qualify as financial guarantees because the Company is required to reimburse the lenders if the subsidiary breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits, net of fixed deposit pledged and cash held with bank as security.

2.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2. Summary of significant accounting policies (Continued)

2.10 Provisions (Continued)

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

2.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from sale of goods is recognised upon passage of title to the customers which coincides with the delivery and acceptance.

Revenue from rendering of services is recognised when services are performed.

The consideration received from the sale of goods to customers under the customer loyalty programme "Epicentre Loyalty Programme" is allocated to the goods sold and the points issued (award credits) that are expected to be redeemed. The consideration allocated to the award credits is at the fair value of the points. It is recognised as a liability (deferred revenue) on the statements of financial position and recognised as revenue when the points are redeemed, expired or are no longer expected to be redeemed. The amount of revenue is based on the number of award credits that have been redeemed, relative to the total number expected to be redeemed.

Sponsorship income is recognised upon public presentation for media advertising.

Membership fees income is recognised over the membership period.

Rebate income is recognised when certain sales targets are met, or incentives received from suppliers due to early repayment.

Commission income is recognised on an accrual basis when services are rendered.

Consultancy services income is recognised when services are performed.

2.12 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.13 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Summary of significant accounting policies (Continued)

2.14 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Performance share plan

The fair value of employee services received in exchange for the grant of the awards would be recognised as a charge to the consolidated statement of comprehensive income over the vesting period and is determined by reference to the fair value of each award granted on the date of the award with a corresponding credit to equity.

The expense recognised in the consolidated statement of comprehensive income at each financial year reflects the manner in which the benefits will accrue to employees under the share plan over the vesting period. The charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of the financial year.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

2.15 Leases

When the Group and the Company are the lessees of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

Contingent rents are recognised as an expense in profit or loss in the financial year in which they are incurred.

2. Summary of significant accounting policies (Continued)

2.16 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current income tax</u>

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

<u>Deferred tax</u>

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. Summary of significant accounting policies (Continued)

2.16 Taxes (Continued)

Deferred tax (Continued)

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.17 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation account.

2. Summary of significant accounting policies (Continued)

2.17 Foreign currency transactions and translation (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation account.

On disposal of a foreign operation, the accumulated foreign currency translation account relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who makes strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the accounting policies

The following are the critical judgements, apart from those involving estimations that management has made in the process of applying the Group's accounting policies and which have significant effect on the amounts recognised in the financial statements.

<u>Impairment of investments in subsidiaries</u>

The Company follows the guidance of FRS 36 on determining whether an investment in subsidiary is impaired. This determination requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the recoverable amount of an investment in subsidiary is less than its carrying amount and the financial health of and near-term business outlook for the investment in subsidiary, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below.

Accounting for business combinations

In accounting for business combinations using the purchase price allocation method, judgement is required in determining the identification of the acquired assets and liabilities and allocating the purchase price into the various identifiable assets and liabilities acquired from the new business. The fair value measurement of assets and liabilities identified during acquisition is based on management's assessment of fair values. Fair value is the estimated amount for which these assets and liabilities could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction and involved appropriate valuation techniques where fair value is not readily observable from market data. In making this judgement and estimates, the Group evaluates, among other factors, the amount and timing of future cash flows expected from the assets and liabilities. During the financial year, the Group acquired several subsidiaries as disclosed in Note 6 to the financial statements.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of certain cash-generating units ("CGU") to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 30 June 2017 was approximately $2,607,000 (2016: $Nil).

Net realisable values and obsolescence of inventories

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" method. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for excess and obsolete inventories based on historical and estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 30 June 2017 was approximately $7,796,000 (2016: $8,156,000).

Allowance for doubtful receivables

The management establishes allowance for doubtful receivables on a case-by-case basis when it believes that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers the historical experience and changes to the customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 30 June 2017 were approximately $9,667,000 and $3,187,000 (2016: $3,147,000 and $3,124,000) respectively.

4. Intangible assets

	Club membership $'000	Trademarks $'000	Website development costs $'000	Goodwill $'000	Total $'000
Group					
Cost					
Balance at 1 July 2016	–	83	56	–	139
Acquisition of subsidiaries (Note 6)	–	–	–	2,607	2,607
Balance at 30 June 2017	–	83	56	2,607	2,746
Accumulated amortisation and impairment					
Balance at 1 July 2016 and 30 June 2017	–	83	56	–	139
Carrying amount					
Balance at 30 June 2017	–	–	–	2,607	2,607
Cost					
Balance at 1 July 2015	223	83	56	–	362
Written off	(223)	–	–	–	(223)
Balance at 30 June 2016	–	83	56	–	139
Accumulated amortisation and impairment					
Balance at 1 July 2015	223	15	40	–	278
Amortisation for the financial year	–	8	8	–	16
Impairment loss	–	60	8	–	68
Written off	(223)	–	–	–	(223)
Balance at 30 June 2016	–	83	56	–	139
Carrying amount					
Balance at 30 June 2016	–	–	–	–	–

4. Intangible assets (Continued)

	Club membership $'000
Company	
Cost	
Balance at 1 July 2016 and 30 June 2017	–
Accumulated amortisation	
Balance at 1 July 2016 and 30 June 2017	–
Carrying amount	
Balance at 1 July 2016 and 30 June 2017	–
Cost	
Balance at 1 July 2015	223
Written off	(223)
Balance at 30 June 2016	–
Accumulated amortisation	
Balance at 1 July 2015	223
Written off	(223)
Balance at 30 June 2016	–
Carrying amount	
Balance at 30 June 2016	–

In the previous financial year, the club membership with nil carrying amount was vested on a Director of the Company.

In the previous financial year, the Group recognised an impairment loss of approximately $68,000 included in "administrative expenses" line item in profit or loss in relation to its website development costs and trademarks which were included in third party brand segment. Owing to the continuous losses of its wholly-owned subsidiary, Epi Lifestyle Pte. Ltd., the management has assessed that there would be no future economic benefits arising from the use of the related intangible assets in the foreseeable future.

4. Intangible assets (Continued)

Impairment test for goodwill

Goodwill arising on the acquisition of Japan IPL Group (Note 6) is allocated entirely to the salon service segment and is expected to benefit from the business combination.

The Group tests the cash generating unit ("CGU") for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The recoverable amounts of the CGU have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period and projection to terminal year. The key assumptions for the value in use calculations are those regarding the revenue growth rates, terminal growth rate and discount rate during the financial year as follow:

	Revenue growth rate	**Terminal growth rate**	**Discount rate**
	%	**%**	**%**
Salon service segment	0-31	Nil	13

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGUs. The growth rate is based on management's estimates and expectations from historical trends.

Sensitivity analysis

As at 30 June 2017, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

5. Plant and equipment

	Demo equipment $'000	Office equipment $'000	Furniture and fittings $'000	Renovation $'000	Motor vehicles $'000	Machineries $'000	Total $'000
Group							
Cost							
Balance at 1 July 2016	19	1,586	974	3,912	52	–	6,543
Acquisition of subsidiaries (Note 6)	–	63	58	170	–	206	497
Additions	–	36	–	30	–	57	123
Written off	–	(39)	–	(1,139)	–	–	(1,178)
Currency translation adjustment	–	(16)	(25)	(27)	–	–	(68)
Balance at 30 June 2017	19	1,630	1,007	2,946	52	263	5,917
Accumulated depreciation							
Balance at 1 July 2016	19	1,468	891	3,601	47	–	6,026
Depreciation for the financial year	–	85	74	244	5	34	442
Written off	–	(36)	–	(1,090)	–	–	(1,126)
Currency translation adjustment	–	(13)	(23)	(24)	–	–	(60)
Balance at 30 June 2017	19	1,504	942	2,731	52	34	5,282
Carrying amount							
Balance at 30 June 2017	–	126	65	215	–	229	635
Cost							
Balance at 1 July 2015	50	1,581	1,017	4,504	408	–	7,560
Additions	–	67	–	3	–	–	70
Disposal	–	(37)	–	–	–	–	(37)
Written off	(31)	–	–	(547)	(356)	–	(934)
Currency translation adjustment	–	(25)	(43)	(48)	–	–	(116)
Balance at 30 June 2016	19	1,586	974	3,912	52	–	6,543
Accumulated depreciation							
Balance at 1 July 2015	50	1,397	768	3,623	257	–	6,095
Depreciation for the financial year	–	126	156	518	56	–	856
Disposal	–	(35)	–	–	–	–	(35)
Written off	(31)	–	–	(504)	(266)	–	(801)
Currency translation adjustment	–	(20)	(33)	(36)	–	–	(89)
Balance at 30 June 2016	19	1,468	891	3,601	47	–	6,026
Carrying amount							
Balance at 30 June 2016	–	118	83	311	5	–	517

5. Plant and equipment (Continued)

	Demo equipment $'000	Office equipment $'000	Furniture and fittings $'000	Renovation $'000	Motor vehicles $'000	Total $'000
Company						
Cost						
Balance at 1 July 2016	**–**	**326**	**178**	**360**	**52**	**916**
Additions	**–**	**–**	**–**	**31**	**–**	**31**
Balance at 30 June 2017	**–**	**326**	**178**	**391**	**52**	**947**
Accumulated depreciation						
Balance at 1 July 2016	**–**	**309**	**166**	**360**	**47**	**882**
Depreciation for the financial year	**–**	**9**	**12**	**8**	**5**	**34**
Balance at 30 June 2017	**–**	**318**	**178**	**368**	**52**	**916**
Carrying amount						
Balance at 30 June 2017	**–**	**8**	**–**	**23**	**–**	**31**
Cost						
Balance at 1 July 2015	31	319	178	360	408	1,296
Additions	–	12	–	–	–	12
Disposal	–	(5)	–	–	–	(5)
Written off	(31)	–	–	–	(356)	(387)
Balance at 30 June 2016	–	326	178	360	52	916
Accumulated depreciation						
Balance at 1 July 2015	31	298	125	253	257	964
Depreciation for the financial year	–	16	41	107	56	220
Disposal	–	(5)	–	–	–	(5)
Written off	(31)	–	–	–	(266)	(297)
Balance at 30 June 2016	–	309	166	360	47	882
Carrying amount						
Balance at 30 June 2016	–	17	12	–	5	34

In the previous financial year, a motor vehicle with carrying amount of approximately $90,000 was vested on a Director of the Company.

6. Investments in subsidiaries

	Company	
	2017	**2016**
	$'000	**$'000**
Unquoted equity investments, at cost	**16,363**	8,507
Allowance for impairment loss	**(2,642)**	(2,642)
	13,721	5,865

The management carried out a review of the investments in subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of subsidiaries at the end of each financial year. The assessment was made with reference to the value in use and net assets value of the subsidiaries which represented the fair value less costs of disposal. Based on the management review, there is no movement in impairment loss. The key assumptions for the value in use calculations are those regarding the revenue growth rates, terminal growth rate and discount rate during the financial year as follow:

	%
Revenue growth rate	**0-31**
Terminal growth rate	**Nil**
Discount rate	**13**

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the subsidiary. The growth rate is based on management's estimates and expectations from historical trends.

Increase of share capital in wholly-owned subsidiary of the Company

In the previous financial year, Epicentre Lifestyle Sdn. Bhd., a wholly-owned subsidiary of the Company, increased its issued and paid-up capital by additional allotment of 11,150,528 ordinary shares, for a consideration of $3,731,000 by way of capitalisation of intercompany balances owing to the Company.

Subscription for redeemable preference shares in wholly-owned subsidiary of the Company

During the financial year, Epicentre Pte. Ltd. ("EPI"), a wholly-owned subsidiary of the Company, issued 5,000,000 (2016: 1,300,000) redeemable preference shares ("RPS") at $1 per share to the Company. EPI may redeem any or all of the RPS for the time being outstanding by giving not less than one month's prior notice in writing to the Company.

Incorporation of a subsidiary

On 31 May 2017, Japan IPL Holdings Pte. Ltd., incorporated a wholly-owned subsidiary namely Japan IPL Express Sdn. Bhd. for a total consideration of MYR100,000 (equivalent to $31,792).

6. Investments in subsidiaries (Continued)

Acquisition of subsidiaries – Japan IPL Holdings Pte. Ltd. and its subsidiaries ("Japan IPL Group")

On 30 March 2017, the Company completed the acquisition of the 51% equity interest in Japan IPL Group with an aggregate purchase consideration of $2,856,000 which was satisfied by the allotment and issuance of 20,400,000 of the Company's ordinary shares ("Consideration Shares") at a fair value of $0.14 per share. The fair value of shares issued is the published price of the shares at the acquisition date. Japan IPL Group comprised eight entities, namely Japan IPL Holdings Pte. Ltd., Japan IPL Boon Lay Pte. Ltd., Japan IPL Development Pte. Ltd., Japan IPL Esplanade Pte. Ltd., Japan IPL Express Pte. Ltd., Japan IPL Pasir Ris Pte. Ltd., Japan IPL Raffles Pte. Ltd. and Japan IPL Holland Pte. Ltd.. The acquisition of Japan IPL Group represents a strategic development of the Group's business to diversify its business and revenue stream.

Pursuant to the sale and purchase agreement dated 11 February 2017, the non-controlling shareholders have provided a profit guarantee that Japan IPL Group shall achieve a consolidated net profit after tax of an amount of not less than $800,000 for the period beginning from 1 January 2017 and ending on 31 December 2017 (the "Profit Guarantee"). In the event of a shortfall from the Profit Guarantee, the non-controlling shareholders shall jointly and severally pay to the Company the difference between the Profit Guarantee and the actual consolidated net profit after tax ("Shortfall"). Accordingly, 8,160,000 out of the Consideration Shares was issued to Elitaire Law LLP to hold on behalf until the Profit Guarantee is achieved. As at year end, management performed an assessment and determined that the probability in the event of the Shortfall and the fair value of the contingent consideration as at the acquisition date, is not significant.

The initial accounting for the acquisition of Japan IPL Group has only been provisionally determined as the acquisition occurred close to the end of the reporting period. At the date of finalisation of these financial statements, the necessary market valuations and other calculations for the items listed below had not been finalised and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

The estimated values of the identifiable assets and identities of Japan IPL Group as at date of acquisition were:

	Japan IPL Group
	2017
	$'000
Plant and equipment	497
Trade and other receivables	350
Prepayments	6
Cash and cash equivalents	391
Total assets	1,244
Trade and other payables	(155)
Bank borrowings	(44)
Deferred revenue	(556)
Total liabilities	(755)
Net identifiable assets acquired	489
Purchase consideration (non-cash)	(2,856)
Less: Non-controlling interest measured at the non-controlling interests' proportionate share of net identifiable assets	(240)
Goodwill arising from acquisition	(2,607)

6. Investments in subsidiaries (Continued)

Goodwill on acquisition

Goodwill of approximately $2,607,000 arising from the acquisition of subsidiaries is allocated to the cash generating units ("CGU") that are expected to benefit from the business combination.

None of the goodwill are expected to be deductible for tax purposes.

Transaction costs related to the acquisition of approximately $107,000 have been recognised in "administrative expenses" line item in the Group's profit or loss for the financial year.

The effects of the acquisition of subsidiaries on the consolidated statement of cash flows were as follows:

	2017 $'000
Total purchase consideration	2,856
Less: Non-cash consideration (Note 15)	(2,856)
Less: Cash and cash equivalents of subsidiaries acquired	391
Net cash inflow on acquisition	391

From the acquisition date, Japan IPL Group had contributed revenue of approximately $721,000 and profit for the year of approximately $108,000 to the Group. Had the business combination during the financial year ended 30 June 2017 been effected at 1 July 2016, the revenue of the Group would have been approximately $103,000,000 and the profit for the year would have been approximately $885,000.

The details of the subsidiaries are as follows:

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2017 %	2016 %	2017 %	2016 %
Held by the Company						
Epicentre Pte. Ltd.[(1)]	Singapore	Retail of Apple brand and complementary products	100	100	–	–
Epicentre Lifestyle Sdn. Bhd.[(2)]	Malaysia	Retail of Apple brand and complementary products	100	100	–	–
Epi Lifestyle Pte. Ltd.[(1)]	Singapore	Retail, trading, repair and service of consumer electronics and digital lifestyle products	100	100	–	–

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2017 %	2016 %	2017 %	2016 %
Held by the Company (Continued)						
Japan IPL Holdings Pte. Ltd.[4]	Singapore	Investment holding	51	–	49	–
Epicentre Solutions Pte. Ltd.[1]	Singapore	Dormant	100	100	–	–
Epicentre (Shanghai) Co., Ltd.[3]	People's Republic of China	Dormant	87	87	13	13
Held by Japan IPL Holdings Pte. Ltd.						
Japan IPL Boon Lay Pte. Ltd.[4]	Singapore	Wellness services comprising mainly hair removal and skin rejuvenation	51	–	49	–
Japan IPL Development Pte. Ltd.[4]	Singapore	Business and management consultancy and business support services	51	–	49	–
Japan IPL Esplanade Pte. Ltd.[4]	Singapore	Wellness services comprising mainly hair removal and skin rejuvenation	51	–	49	–
Japan IPL Express Pte. Ltd.[4]	Singapore	Wellness services comprising mainly hair removal and skin rejuvenation	51	–	49	–
Japan IPL Pasir Ris Pte. Ltd.[4]	Singapore	Wellness services comprising mainly hair removal and skin rejuvenation	51	–	49	–
Japan IPL Raffles Pte. Ltd.[4]	Singapore	Wellness services comprising mainly hair removal and skin rejuvenation	51	–	49	–

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2017 %	2016 %	2017 %	2016 %
Held by Japan IPL Holdings Pte. Ltd. (Continued)						
Japan IPL Holland Pte. Ltd.(4)	Singapore	Wellness services comprising mainly hair removal and skin rejuvenation	51	–	49	–
Japan IPL Express Sdn. Bhd.(4)	Malaysia	Wellness services comprising mainly hair removal and skin rejuvenation	51	–	49	–

(1) Audited by BDO LLP, Singapore

(2) Audited by BDO, Malaysia, a member firm of BDO International Limited

(3) The subsidiary ceased operation in 2013 and is not considered as significant subsidiary under Rule 718 of the Listing manual – Section B, Rules of Catalist of the Singapore Exchange Securities Trading Limited

(4) Audited by BDO LLP, Singapore for purpose of group consolidation

Non-controlling interests

The summarised financial information before intra-group elimination of the subsidiaries that have material non-controlling interests as at the end of each reporting period are as follows:

	Japan IPL Group 2017 $'000
Assets and liabilities	
Non-current assets	473
Current assets	946
Current liabilities	(822)
Net assets	597
Accumulated non-controlling interests	293

6. Investments in subsidiaries (Continued)

Non-controlling interests (Continued)

	Period from 30 March 2017 (Date of acquisition) to 30 June 2017
	$'000
Revenue	721
Profit for the financial year, representing total comprehensive income for the financial year	108
Profit allocated to non-controlling interest	53
Total comprehensive income allocated to non-controlling interests	53
Net cash generated from operating activities	138
Net cash used in investing activities	(56)
Net cash used in financing activities	(16)
Net change in cash and cash equivalents	66

7. Inventories

	Group	
	2017	2016
	$'000	$'000
Trading goods	7,796	8,156

The cost of inventories recognised as an expense and included in "cost of sales" line item in profit or loss amounted to approximately $89,038,000 (2016: $151,324,000).

As at 30 June 2017, the Group carried out a review of the realisable values of its inventories and the review had led to a reversal of allowance for inventory obsolescence and inventories written off of approximately $151,000 and $28,000 (2016: allowance for inventory obsolescence $871,000 and $48,000) included in "administrative expenses" line item in profit or loss.

8. Trade and other receivables

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Trade receivables – third parties	**1,008**	1,304	**29**	25
Allowance for impairment loss	**(10)**	(10)	**–**	–
	998	1,294	**29**	25
Due from subsidiaries – non-trade	**–**	–	**4,959**	4,900
Allowance for impairment loss	**–**	–	**(1,802)**	(1,802)
	–	–	**3,157**	3,098
Other receivables – third parties	**3,740**	453	**–**	–
Advances made to a supplier	**2,342**	–	**–**	–
Cash deposits held by suppliers	**1,372**	–	**–**	–
Rental and other deposits	**1,215**	1,400	**1**	1
Total trade and other receivables	**9,667**	3,147	**3,187**	3,124
Add: Cash and cash equivalents (Note 9)	**2,987**	2,546	**40**	80
Less: Goods and services tax receivable	**–**	–	**(29)**	(25)
Total loans and receivables	**12,654**	5,693	**3,198**	3,179

Trade receivables are unsecured, interest-free and generally on 30 to 60 days (2016: 30 to 60 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The non-trade amounts due from subsidiaries are unsecured, interest-free, repayable on demand and are expected to be settled in cash.

The non-trade amounts due from third parties mainly relate to the consultancy services income earned during the financial year.

Advances made to a supplier relates to the payments made in advance for the purchase of products.

Cash deposits held by suppliers relates to cash deposits paid to suppliers as guarantee to secure goods supplies with credit term.

Movements in allowance for impairment loss on third parties trade receivables were as follows:

	Group	
	2017 $'000	**2016 $'000**
Balance at beginning of financial year	**10**	9
Allowance made during the financial year	**–**	10
Allowance written off during the financial year	**–**	(9)
Balance at end of financial year	**10**	10

In the previous financial year, the Group recognised an allowance for impairment loss on and wrote off individual third parties trade receivables amounting to approximately $10,000 and $85,000 respectively subsequent to a debt recovery assessment performed by management.

8. Trade and other receivables (Continued)

Trade receivables that were individually determined to be impaired in previous financial year related to debtors that were in significant financial difficulties and had defaulted on payments. These receivables were not secured by any collateral or credit enhancements.

Movement in allowance for impairment loss on non-trade amounts due from subsidiaries was as follows:

	Company	
	2017	**2016**
	$'000	**$'000**
Balance at beginning of financial year	**1,802**	1,792
Allowance made during the financial year	**–**	10
Balance at end of financial year	**1,802**	1,802

In the previous financial year, an allowance for impairment loss on non-trade amounts due from subsidiaries amounting to approximately $10,000 arose mainly from subsidiaries which had suffered significant losses from their operations where it was not probable that the balances due from these subsidiaries will be recoverable.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Singapore dollar	**9,240**	2,667	**3,070**	3,026
Ringgit Malaysia	**427**	480	**117**	98
	9,667	3,147	**3,187**	3,124

9. Cash and cash equivalents

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	**2,977**	2,436	**40**	80
Fixed deposits	**10**	110	**–**	–
Cash and cash equivalents as per statements of financial position	**2,987**	2,546	**40**	80
Less:				
Fixed deposit pledged with a bank	**–**	(100)	**–**	–
Cash held with bank as security	**–**	(500)	**–**	–
Cash and cash equivalents as per consolidated statement of cash flows	**2,987**	1,946	**40**	80

9. Cash and cash equivalents (Continued)

Fixed deposits have maturity within 1 month (2016: 1 to 4 months) from the end of the financial year. The effective interest rate of the fixed deposit is 0.05% (2016: 0.05% to 0.25%) per annum.

In the previous financial year, a deposit of $500,000 was placed with a bank as security for bank guarantees extended by the bank. The deposit was fully discharged during the financial year upon expiry of the bank guarantees.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Singapore dollar	**1,691**	1,644	**11**	40
United States dollar	**434**	172	**29**	40
Ringgit Malaysia	**862**	730	**–**	–
	2,987	2,546	**40**	80

10. Trade and other payables

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Trade payables – third parties	**3,725**	6,279	**–**	–
Deferred income	**269**	1,165	**1**	1
Accrued operating expenses	**475**	803	**227**	465
Other payables – third parties	**778**	549	**195**	71
Due to subsidiaries – non-trade	**–**	–	**13,839**	11,687
Due to directors of subsidiaries	**103**	–	**–**	–
Total trade and other payables	**5,350**	8,796	**14,262**	12,224
Add: Borrowings (Note 13)	**8,657**	4,638	**400**	816
Less:				
Goods and services tax payable	**(57)**	(201)	**–**	–
Deferred income	**(269)**	(1,165)	**(1)**	(1)
Total financial liabilities carried at amortised cost	**13,681**	12,068	**14,661**	13,039

Trade payables are unsecured, interest-free and are normally settled between 30 to 60 days (2016: 30 to 60 days).

The non-trade amounts due to subsidiaries and directors of subsidiaries are unsecured, interest-free, repayable on demand and are expected to be settled in cash.

Deferred income relates to cash received in advance for the sale of Epi vouchers. This income is deferred until actual redemption.

10. Trade and other payables (Continued)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Singapore dollar	**4,375**	7,653	**14,262**	12,224
Ringgit Malaysia	**508**	686	**–**	–
Chinese renminbi	**461**	457	**–**	–
United States dollar	**6**	–	**–**	–
	5,350	8,796	**14,262**	12,224

11. Provisions

	Provision for reinstatement costs $'000	**Provision for onerous contract $'000**	**Total $'000**
Group			
Balance at 1 July 2016	210	87	297
Provision made during the financial year	33	–	33
Utilisation during the financial year	(29)	(77)	(106)
Balance at 30 June 2017	214	10	224
Balance at 1 July 2015	269	–	269
Provision made during the financial year	–	87	87
Utilisation during the financial year	(19)	–	(19)
Reversal of provision not utilised	(40)	–	(40)
Balance at 30 June 2016	210	87	297

Provision for reinstatement costs

The provision for reinstatement costs are the estimated costs of dismantlement, removal or restoration of plant and equipment arising from the use of assets which are capitalised and included in the cost of plant and equipment.

Provision for onerous contract

The Group entered into a non-cancellable lease for an outlet and the lease will expire in August 2017. The outlet has been making losses in past financial years and management expects to continue making losses in the remaining lease period. The obligation for the discounted future payments, net of expected income generated, has been provided for.

12. Deferred revenue

	Group 2017 $'000	Group 2016 $'000
Non-current		
Membership fee	12	69
Current		
Customer loyalty award	63	223
Membership fee	130	265
Unutilised IPL shots	580	–
	773	488

The Group operates the Epicentre Loyalty Programme, where every dollar on the purchase of the Group's products entitles the member to earn reward points. Reward points accumulated can be used to redeem cash vouchers. The movement in the deferred revenue is as follows:

	Group 2017 $'000	Group 2016 $'000
Customer loyalty award		
Balance at beginning of the financial year	223	165
Revenue deferred during the financial year	63	223
Recognised in profit or loss during the financial year	(223)	(165)
Balance at end of the financial year	63	223

The Group operates the Epitude Membership Scheme, where membership fees are received from members at the start of the membership scheme for a period of 2 years.

	Group 2017 $'000	Group 2016 $'000
Membership fee		
Balance at beginning of the financial year	334	217
Revenue deferred in respect of membership fees received	102	350
Recognised in the profit or loss during the financial year	(294)	(233)
Balance at end of the financial year	142	334

Cash received in advance for the sale of IPL shots to the customers. The income is deferred until actual redemption within a period of 12 months from the date of purchase.

	Group 2017 $'000	Group 2016 $'000
Unutilised IPL shots		
Balance at beginning of the financial year	–	–
Acquisition of subsidiaries (Note 6)	556	–
Revenue deferred during the financial year	24	–
Balance at end of the financial year	580	–

13. Borrowings

		Group		Company	
	Note	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current					
Unsecured					
Loan I	(a)	200	–	200	–
Loan II	(b)	200	–	200	–
		400	–	400	–
Current					
Secured					
Loan III	(c)	2,000	–	–	–
Unsecured					
Loan IV	(d)	5,000	–	–	–
Loan V	(e)	918	–	–	–
Loan VI	(f)	29	–	–	–
Loan VII	(g)	–	816	–	816
Loan VIII	(h)	310	–	–	–
Invoice financings	(i)	–	2,000	–	–
Crowdfunding financings	(j)	–	1,822	–	–
		8,257	4,638	–	816
Total borrowings		8,657	4,638	400	816

(a) Loan I from a third party is non-interest bearing, unsecured and repayable by 21 July 2019.

(b) Loan II from a shareholder is non-interest bearing, unsecured and repayable by 21 July 2019.

(c) Loan III from a third party bears monthly interest at 8% per annum, secured by floating charge over the assets of a subsidiary and repayable by 16 April 2018.

(d) Loan IV from a third party bears monthly interest at 42% per annum, supported by personal guarantees of a Director of the Company and corporate guarantee provided by the Company. The loan is repayable in October 2017.

(e) Loan V from third parties bears monthly interest at 36% per annum, supported by personal guarantee provided by a Director of the Company. The loan is repayable from July 2017 to December 2017.

(f) Loan VI from a financial institution bears monthly interest at 9.5% per annum, jointly supported by personal guarantee provided by certain Directors of a subsidiary.

(g) Loan VII relates to revolving credit facilities from a financial institution, which are unsecured and bear interest from 2.89% to 4.00% per annum. It was fully settled during the financial year ended 30 June 2017.

(h) Loan VIII from a Director of the Company is non-interest bearing, unsecured and repayable on demand.

(i) Invoice financings bore interests from 2.64% to 9.25% per annum and were supported by the corporate guarantee provided by the Company. It was fully settled during the financial year ended 30 June 2017.

13. Borrowings (Continued)

(j) Crowdfunding financings relate to fundraising campaigns launched by Epicentre Pte. Ltd., a wholly-owned subsidiary of the Company through peer-to-peer lending platform which is operated by MoolahSense Private Limited. Crowdfunding financings bore interests at 13.50% per annum and were supported by the corporate guarantee provided by the Company. It was fully settled during the financial year ended 30 June 2017.

The borrowings are denominated in Singapore dollar.

As at 30 June 2016, one of the Company's subsidiary (the "subsidiary") was not in compliance with financial covenants set out in the banking facilities letter in respect of invoice financings with a carrying value of $2,000,000 where the subsidiary shall maintain a net worth (defined as paid-up capital, revenue reserves/retained earnings and capital reserves) of not less than $5,000,000. During the current financial year, the subsidiary repaid the invoice financings and the invoice financing facilities was subsequently terminated by the bank.

14. Deferred tax liabilities

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Balance at beginning and end of financial year	**69**	69	**15**	15

Deferred tax liabilities arise as a result of temporary differences between the tax written down values and the carrying amount of plant and equipment.

15. Share capital

	Group and Company			
	2017	**2016**	**2017**	**2016**
	Number of ordinary shares		**$'000**	**$'000**
Issued and fully-paid:				
Balance at beginning of financial year	**93,501,600**	93,501,600	**6,709**	6,709
Share issues for acquisition of a subsidiary (Note 6)	**20,400,000**	–	**2,856**	–
Share issuance	**45,800,000**	–	**5,404**	–
Share issuance expenses	**–**	–	**(147)**	–
Balance at end of financial year	**159,701,600**	93,501,600	**14,822**	6,709

On 18 November 2016, the Company issued 45,800,000 ordinary shares at $0.118 per share amounting to approximately $5,404,000, pursuant to the resolution passed by shareholders of the Company.

On 30 March 2017, the Company issued 20,400,000 ordinary shares at $0.14 per share amounting to $2,856,000 for the acquisition of Japan IPL Group (Note 6), pursuant to the resolution passed by shareholders of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

Share issuance expenses of approximately $147,000 were incurred in the issuance of the new ordinary shares.

16. Treasury shares

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		$'000	$'000
Issued and fully-paid:				
Balance at beginning and end of financial year	227,000	227,000	69	69

17. Foreign currency translation reserves

The foreign currency translation reserves comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is non-distributable.

18. Revenue

	Group	
	2017 $'000	2016 $'000
Sales of goods	99,098	164,019
Rendering of services	936	68
	100,034	164,087

19. Other income

	Group	
	2017 $'000	2016 $'000
Consultancy services income	3,950	–
Commission income	97	80
Government grants	81	287
Rebates	98	1,294
Membership fee income	294	233
Sponsorship income	403	720
Expired unredeemed voucher	93	–
Others	58	15
	5,074	2,629

Consultancy services income relates to retail business consultancy services provided to the entities in which certain directors of these entities are the shareholders of the Company.

20. Finance costs

	Group	
	2017 $'000	2016 $'000
Interest expense		
– borrowings	1,380	540

21. Profit/(Loss) before income tax

The following have been included in arriving at profit/(loss) before income tax:

	Group	
	2017 **$'000**	**2016** **$'000**
Administrative expenses		
Allowance for inventory obsolescence	–	871
Write-back of allowance for inventory obsolescence	(151)	–
Amortisation of intangible assets	–	16
Third parties trade receivables written off	–	85
Depreciation of plant and equipment	442	856
Directors' fees – Directors of the Company	155	245
Foreign exchange loss, net	17	294
Provision for reinstatement costs	33	–
Reversal of provision for reinstatement costs not utilised	–	(40)
Inventories written off	28	48
Plant and equipment written off	52	133
Allowance for impairment loss on third parties trade receivables	–	10
Allowance for impairment loss on intangible assets	–	68
Provision for onerous contract	–	87
Audit fees		
– auditors of the Company	108	76
– other auditors	8	8
Non-audit fees		
– auditors of the Company	20	15
– other auditors	2	2
Operating lease expenses		
– minimum lease payments	4,143	5,713
– contingent rents	–	121
Employee benefits expense		
– salaries, wages and bonuses	4,434	6,097
– contributions to defined contribution plans	503	585
– other employee benefits	387	863
Selling and distribution costs		
Advertising and promotion	202	369
Commission expenses	619	679
Credit card charges	1,109	1,518

Included in the employee benefits expense were key management personnel's remuneration as shown in Note 26 to the financial statements.

22. Income tax

	Group 2017 $'000	Group 2016 $'000
Current income tax		
– current financial year	232	9
– over provision in respect of prior financial years	(66)	(42)
Total income tax expense recognised in profit or loss	166	(33)

Reconciliation of effective income tax rate

	Group 2017 $'000	Group 2016 $'000
Profit/(Loss) before income tax	726	(5,794)
Income tax calculated at Singapore's statutory income tax rate of 17% (2016: 17%)	123	(985)
Effect of different income tax rate in other countries	4	(1)
Tax effect of expenses not deductible for income tax purposes	675	1,158
Tax effect of income not subject for tax purposes	(80)	(15)
Income tax exemption and rebate	(60)	–
Deferred tax asset not recognised in profit or loss	73	–
Utilisation of deferred tax asset previously not recognised	(364)	(135)
Over provision in respect of prior financial years	(66)	(42)
Enhanced income tax deduction	(68)	(20)
Others	(71)	7
Total income tax expense recognised in profit or loss	166	(33)

22. Income tax (Continued)

Unrecognised deferred tax assets

	Group	
	2017	**2016**
	$'000	**$'000**
Balance at beginning of financial year	**549**	684
Amount not recognised during the financial year	**73**	–
Utilisation of deferred tax asset previously not recognised	**(364)**	(135)
Balance at end of financial year	**258**	549

The unrecognised deferred tax assets are attributable to the following temporary differences:

	Group	
	2017	**2016**
	$'000	**$'000**
Excess of tax written down value over net book value of plant and equipment	**166**	214
Unutilised tax losses	**37**	335
Other temporary differences	**55**	–
	258	549

At the end of the financial year, the Group had unutilised tax losses amounting to approximately $217,000 (2016: $1,970,000) available for offset against future taxable profits which has no expiry date and subject to agreement by the tax authorities and provisions of the tax legislations of Singapore.

These tax benefits have not been recognised in the financial statements due to the uncertainty of the sufficiency of future taxable profits to be generated for the subsidiaries in the foreseeable future.

23. Earnings/(Loss) per share

The calculation for earnings/(loss) per share is based on:

	Group	
	2017	**2016**
Group		
Profit/(Loss) for the financial year attributable to owners of the parent ($'000)	**507**	(5,761)
Weighted average/Actual number of ordinary shares ('000)	**126,761**	93,275
Basic and diluted earnings/(loss) per share (in cents)	**0.40**	(6.18)

Basic earnings/(loss) per share is calculated by dividing profit/(loss) for the financial year attributable to owners of the parent by the weighted average/actual number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings/(loss) per share is equivalent to basic earnings/(loss) per share for the financial year.

24. Operating lease commitments

As at the end of the financial year, lease commitments in respect of non-cancellable rental payable of premises and office equipment were as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Within one financial year	3,238	3,339	38	40
After one financial year but within five financial years	4,237	2,929	32	70
	7,475	6,268	70	110

The above operating lease commitments are based on existing rental rates. Some of the operating leases of premises provide for rentals based on percentage of sales derived from the rented premises. The Group and the Company have the options to renew certain agreements on the lease premises for another 3 years.

25. Capital commitments

As at the end of the financial year, commitments in respect of capital expenditure are as follows:

	Group and Company	
	2017 $'000	2016 $'000
Capital expenditure contracted but not provided for		
– Commitments for the implementation of accounting system	225	–

26. Significant related party transactions

The Company's transactions and arrangements with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

During the financial year, the following were significant related party transactions at rates and terms agreed between the parties:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
With a Director of the Company				
Loan proceeds from a Director	1,760	1,500	–	1,000
Loan repayment to a Director	(1,450)	(1,500)	–	(1,000)
Rental expense paid to a Director	–	28	–	–
Loan interest paid to a Director	–	90	–	54

26. Significant related party transactions (Continued)

In the current financial year, a Director has novated the loan from an entity in which the Director of this entity is the shareholder of the Company and it is interest-free and repayable on demand. In the previous financial year, the loan from a Director bore interests of 30% per annum and the principal and interests were fully repaid to the Director.

In the previous financial year, one of the Company's executive directors disposed of his 100% equity stake in the Company, resulting in the change of controlling shareholder.

Compensation of key management personnel

The remuneration of the key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Directors of the Company				
Directors' fees	**155**	245	**155**	245
Short-term benefits	**902**	1,976	**902**	1,976
Post-employment benefits	**21**	34	**21**	34
	1,078	2,255	**1,078**	2,255
Directors of subsidiaries				
Short-term benefits	**182**	92	**70**	–
Post-employment benefits	**34**	10	**10**	–
	216	102	**80**	–
Other key management personnel				
Short-term benefits	**370**	413	**218**	259
Post-employment benefits	**42**	36	**18**	11
	412	449	**236**	270

In the previous financial year, a motor vehicle with net carrying amount of $90,000 and a fully amortised club membership of the Company were vested on a Director of the Company. The depreciation of the motor vehicle and amortisation of the club membership for the previous year which amounted to $50,000 and $Nil respectively, and net carrying amount of motor vehicle were included in the short-term benefits as benefit-in-kind of the Director of the Company.

27. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

27. Segment information (Continued)

Management monitors the operating results of the segments separately for the purpose of making decision about resources to be allocated and of assessing performance. Segments performances are evaluated based on operation profit or loss which is similar to the accounting profit or loss.

The Group has three reportable segments being Apple brand products, third party and proprietary brand complementary products, and salon services.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customers group. They are managed separately because each business unit requires different market strategies.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. Management evaluates performance on the basis of profit or loss from operations before income tax expense not including corporate expenses and non-recurring gains and losses.

There is no change from prior year in the measurement methods used to determine reported segment profit or loss.

Segment revenue includes transfers between operating segments are on agreed terms between the operating segments. All inter-segment sales are eliminated on consolidation.

	Apple Brand $'000	Third party brand $'000	Salon Services $'000	Group $'000
2017				
Revenue				
External parties	90,335	8,978	721	100,034
Results(1)				
Segment results	1,107	110	108	1,325
Unallocated income				3,950
Unallocated expenses				(3,169)
Finance costs				(1,380)
Profit before income tax				726
Other material non-cash items				
Depreciation of plant and equipment	(328)	(33)	(81)	(442)
Inventories written off	(25)	(3)	–	(28)
Plant and equipment written off	(47)	(5)	–	(52)
Provision for reinstatement cost	(30)	(3)	–	(33)
Write-back of allowance for inventory obsolescence	137	14	–	151
Capital expenditure				
Intangible assets	–	–	2,607	2,607
Plant and equipment	60	6	554	620

27. Segment information (Continued)

	Apple brand $'000	Third party brand $'000	Group $'000
2016			
Revenue			
External parties	150,184	13,903	164,087
Results[(1)]			
Segment results	(41)	(4)	(45)
Unallocated expenses			(5,209)
Finance costs			(540)
Loss before income tax			(5,794)
Other material non-cash items			
Allowance for inventory obsolescence	(801)	(70)	(871)
Depreciation of plant and equipment	(787)	(69)	(856)
Amortisation of intangible assets	(15)	(1)	(16)
Allowance for impairment loss on third parties trade receivables	(9)	(1)	(10)
Third parties trade receivables written off	(78)	(7)	(85)
Inventories written off	(44)	(4)	(48)
Plant and equipment written off	(122)	(11)	(133)
Allowance for impairment loss on intangible assets	–	(68)	(68)
Provision for onerous contract	(80)	(7)	(87)
Reversal of provision for reinstatement costs not utilised	37	3	40
Capital expenditure			
Plant and equipment	64	6	70

(1) Other than revenue and costs of goods sold which can be directly attributable to each operating segment, all other income and expenses except for finance costs are allocated based on each operating segment's proportion of sales for the financial year.

27. Segment information (Continued)

	Apple brand $'000	Third party brand $'000	Salon services $'000	Elimination $'000	Total $'000
2017					
Segment assets	43,804	4,353	1,419	(25,573)	24,003
Prepaid taxes					259
					24,262
Segment liabilities	32,340	3,214	822	(21,360)	15,016
Current income tax payable					191
Deferred tax liabilities					69
					15,276
2016					
Segment assets	33,251	2,891	–	(21,617)	14,525
Prepaid taxes					234
					14,759
Segment liabilities	33,919	2,949	–	(22,580)	14,288
Current income tax payable					66
Deferred tax liabilities					69
					14,423

Geographical information

The Group's business segments operate in two main geographical areas. Revenue is based on the countries in which the customers are located.

	Singapore $'000	Malaysia $'000	Group $'000
2017			
Total revenue from external parties	74,404	25,630	100,034
Non-current assets	3,160	82	3,242
2016			
Total revenue from external parties	138,447	25,640	164,087
Non-current assets	294	223	517

Non-current assets shown by the geographical area in which the assets are located.

Major customers

The Group does not have any major customer from which revenue generated is 10% or more of the Group's revenue.

28. Financial instruments and financial risks

The Group's and the Company's activities expose them to credit risk, interest rate risk and liquidity risk. The Group's and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management then established the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

28.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform on-going credit evaluation of their counterparties' financial conditions and generally do not require collateral.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics on trade receivables from third parties except for non-trade receivables due from a third party and advances made to a supplier amounting to $2,500,000 and $2,342,000 (2016: $Nil and $Nil) respectively as at end of financial year. The Company has significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to approximately $3,157,000 (2016: $3,098,000) as at the end of the financial year.

The Group's and the Company's major classes of financial assets are cash and cash equivalents and trade and other receivables.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track records within the Group. The Group's historical experience in the collection of receivables falls within the credit terms. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings assigned by international credit rating agencies.

The age analysis of the Group's trade receivables as at the end of the financial year that are past due is as follows:

	Gross receivables	Impairment	Gross receivables	Impairment
	2017	2017	2016	2016
	$'000	$'000	$'000	$'000
Past due 1 to 30 days	222	–	252	–
Past due 31 to 60 days	52	–	193	–
Past due 61 to 90 days	20	–	92	–
Past due more than 90 days	222	10	119	10
	516	10	656	10

28. Financial instruments and financial risks (Continued)

28.1 Credit risk (Continued)

Management believes that no impairment allowance is necessary in respect of those trade receivables that are past due but not impaired. They are substantially companies with good collection track record and no recent history of default.

28.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and Company's exposure to market risk for changes in interest rates relates primarily to borrowings as shown in Note 13 to the financial statements. All the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced to market interest rates on or near the end of the financial year.

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities as at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% (2016: 0.5%) change in the interest rates from the end of the financial year, with all variables held constant.

	Increase/(Decrease) Profit or loss	
	2017 $'000	**2016 $'000**
Group		
Interest rate		
– increased by 0.5% per annum	(40)	(23)
– decreased by 0.5% per annum	40	23
Company		
Interest rate		
– increased by 0.5% per annum	–	(4)
– decreased by 0.5% per annum	–	4

28. Financial instruments and financial risks (Continued)

28.3 Liquidity risk

Liquidity risk refer to the risk in which the Group and the Company encounter difficulties in meeting short-term obligations. Liquidity risk is managed by matching the payment and receipt cycles.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of the overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and available banking facilities to meet their working capital requirements.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Within one financial year $'000	After one financial year but within five financial years $'000	Total $'000
Group			
2017			
Financial liabilities			
Non-interest bearing			
– Trade and other payables	**5,024**	**–**	**5,024**
– Borrowings	**310**	**400**	**710**
Interest bearing			
– Borrowings	**8,915**	**–**	**8,915**
	14,249	**400**	**14,649**
2016			
Financial liabilities			
Non-interest bearing			
– Trade and other payables	7,430	–	7,430
Interest bearing			
– Borrowings	4,812	–	4,812
	12,242	–	12,242

28. Financial instruments and financial risks (Continued)

28.3 Liquidity risk (Continued)

	Within one financial year $'000	After one financial year but within five financial years $'000	Total $'000
Company			
2017			
Financial liabilities			
Non-interest bearing			
– Trade and other payables	14,261	–	14,261
– Borrowings	–	400	400
	14,261	400	14,661
Financial guarantee contracts	5,000	–	5,000
2016			
Financial liabilities			
Non-interest bearing			
– Trade and other payables	12,223	–	12,223
Interest bearing			
– Borrowings	824	–	824
	13,047	–	13,047
Financial guarantee contracts	3,822	–	3,822

The Company has issued corporate guarantees to a lender for borrowings utilised by its subsidiary, namely EPI. The borrowings amounted to approximately $5,000,000 (2016: $3,822,000) as at the end of the financial year and represented the maximum amount of the guarantee that the Company would be called upon to pay. The earliest period that the guarantee could be called is within 1 year from the end of the financial year. These guarantees are financial guarantee contracts as they require the Company to reimburse the lender if the subsidiary fails to make repayments when due in accordance with the facilities or credit terms.

The financial guarantees have not been recognised in the Company's separate financial statements as the Directors have assessed that the impact is immaterial and the requirements to reimburse is remote.

29. Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company will be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The capital structure of the Group and the Company consists of equity attributable to owners of the parent, issued capital, treasury shares, foreign currency translation account and accumulated losses. To maintain or adjust the capital structure, the Group and the Company may adjust the return capital to shareholders or issue new share, make dividend payment or obtain new borrowings. The Group's and the Company's overall strategy remained unchanged from the previous financial year.

29. Capital management policies and objectives (Continued)

The gearing ratio is calculated as net debt divided by total equity plus debt. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Equity consists of total equity attributable to the owners of the parent.

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Trade and other payables	**5,350**	8,796	**14,262**	12,224
Borrowings	**8,657**	4,638	**400**	816
Cash and cash equivalents	**(2,987)**	(2,546)	**(40)**	(80)
Net debt	**11,020**	10,888	**14,622**	12,960
Equity attributable to owners of the parent	**9,132**	770	**2,121**	(3,931)
Total capital	**20,152**	11,658	**16,743**	9,029
Gearing ratio	**55%**	93%	**87%**	144%

The Group and the Company does not have any externally imposed capital requirements for the financial year ended 30 June 2017. The Group and the Company were subject to and have complied with externally imposed capital requirements for the financial year ended 30 June 2016, except as disclosed in Note 13 to the financial statements.

30. Fair value of financial instruments

Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation at fair value

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables and borrowings approximate their respective fair values due to the relative short-term maturity of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The carrying amounts of the non-current borrowings approximate their fair value at the end of the financial year.

Fair value of financial instruments that are carried at fair value

The Group has no financial assets and financial liabilities carried at fair value as at 30 June 2017 and 30 June 2016.

31. Contingent liabilities

The Company has undertaken to provide continued financial support to certain of its subsidiaries to enable them to operate as going concern and to meet their obligations as and when they fall due for at least 12 months from the end of the financial year. At the end of the financial year, certain subsidiaries had deficiencies in shareholders' fund aggregating approximately $2,191,000 (2016: $4,349,000).

In the opinion of the Directors, no significant actual losses are expected to arise from these contingent liabilities.

32. Events after the reporting period

Proposed renounceable non-underwritten rights issue

On 7 April 2017, the board of Directors proposed to undertake up to 797,373,000 new shares at the issue price of $0.02 per Right Shares, and up to 797,373,000 Warrants, with each Warrant carrying the right to subscribe for one new Shares at the price of $0.10 per Warrant Shares.

On 29 September 2017, the Company has obtained the listing and quotation notice from SGX-ST. The Company will be seeking for approval from the Shareholders at an Extraordinary General Meeting.

· STATISTICS OF **SHAREHOLDINGS** ·

AS AT 2 OCTOBER 2017

SHAREHOLDERS' INFORMATION

Total number of shares excluding treasury shares	:	159,474,600
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary shares

TREASURY SHARES

Total number of shares held as treasury shares	:	227,000
Voting Rights	:	None
Percentage of holding against the total number of issued shares excluding treasury shares	:	0.14%

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	73	11.25	58,291	0.04
1,001 – 10,000	371	57.16	1,800,800	1.13
10,001 – 1,000,000	190	29.28	16,407,709	10.29
1,000,001 AND ABOVE	15	2.31	141,207,800	88.54
TOTAL	**649**	**100.00**	**159,474,600**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	KGI SECURITIES (SINGAPORE) PTE. LTD.	87,992,206	55.18
2	CITIBANK NOMINEES SINGAPORE PTE LTD	7,935,000	4.98
3	DBS NOMINEES (PRIVATE) LIMITED	7,438,800	4.66
4	LEOW KOK MENG (LIAO GUOMING)	5,311,794	3.33
5	CHAN LAI CHOO	4,896,000	3.07
6	JONATHAN LIM ZHENG JIE	4,896,000	3.07
7	ROWSLEY SPORTS PTE LTD	4,861,000	3.05
8	GOH ANN ANN JOHNSON	4,858,200	3.05
9	RHB SECURITIES SINGAPORE PTE. LTD.	3,244,000	2.03
10	LIM ZE-TIAN (LIN ZETIAN)	2,448,000	1.54
11	LIM & TAN SECURITIES PTE LTD	1,875,000	1.18
12	LI CHOW CHIN	1,600,000	1.00
13	LAM WAI HENG	1,387,800	0.87
14	LEONG MEE WAN	1,232,000	0.77
15	NEO SAY HWEE (LIANG SHIHUI)	1,232,000	0.77
16	LIM TIONG HIAN (LIN ZHONGXIAN)	932,000	0.58
17	NEO CHOON KHIM	932,000	0.58
18	TAN SIEW EIM	932,000	0.58
19	TAN POH GUAN (CHEN BAOYUAN)	650,000	0.41
20	BRENDA YEO	630,000	0.40
	TOTAL	**145,283,800**	**91.10**

· STATISTICS OF **SHAREHOLDINGS** ·

AS AT 2 OCTOBER 2017

SUBSTANTIAL SHAREHOLDERS
(As registered in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of shares	**%**	**No. of shares**	**%**
Lim Tiong Hian[(1)]	28,657,800	17.97%	–	–
Wong Kum Yong[(2)]	12,800,000	8.03%	–	–
Ng Shunmu[(3)]	12,800,000	8.03%	–	–
Sy Meng Meng[(4)]	10,260,206	6.43%	–	–
Jonathan Lim Zheng Jie[(5)]	8,160,000	5.12%	–	–
Chan Lai Choo[(6)]	8,160,000	5.12%	–	–

The percentage of shareholding above is computed based on the total issued shares of 159,474,600 excluding treasury shares of the Company.

Notes:

(1) Lim Tiong Hian's direct interest of 27,725,800 shares are held through KGI Securities (Singapore) Pte. Ltd.

(2) Wong Kum Yong has direct interest of 12,800,000 shares held through KGI Securities (Singapore) Pte. Ltd.

(3) Ng Shunmu has direct interest of 12,800,000 shares held through KGI Securities (Singapore) Pte. Ltd.

(4) Sy Meng Meng has direct interest of 10,260,206 shares held through KGI Securities (Singapore) Pte. Ltd.

(5) Jonathan Lim Zheng Jie's direct interest of 3,264,000 shares are held through KGI Securities (Singapore) Pte. Ltd.

(6) Chan Lai Choo's direct interest of 3,264,000 shares are held through KGI Securities (Singapore) Pte. Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

49.28% of the Company's total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

· NOTICE OF **ANNUAL GENERAL MEETING** ·

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as used in the appendix dated 16 October 2017 issued by Epicentre Holdings Limited.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Epicentre Holdings Limited (the "**Company**") will be held at 39 Ubi Road 1 #08-01 World Publications Building Singapore 408695 on 31 October 2017 at 9.00 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statements and the Audited Financial Statements of the Company for the financial year ended 30 June 2017 together with the Auditors' Report thereon.
   (Resolution 1)

2. To re-elect the following directors of the Company ("**Directors**") retiring pursuant to Regulation 93 of the Constitution of the Company:

   (i) Mr Lim Tiong Hian **(Resolution 2)**

   (ii) Mr Azman Hisham Bin Ja'afar
   [See Explanatory Note (i)] **(Resolution 3)**

3. To approve the payment of Directors' fees of S$154,649 for the financial year ended 30 June 2017 (2016: S$215,000).
   (Resolution 4)

4. To appoint Crowe Horwath First Trust LLP as auditors of the Company in place of retiring auditors of the Company, Messrs BDO LLP, to hold office until the conclusion of the next Annual General Meeting of the Company ("**Proposed Change of Auditors**") and to authorise the Directors to fix their remuneration.
   [See Explanatory Note (ii)] **(Resolution 5)**

5. To transact any other ordinary business which may be transacted at the Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to allot and issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

6. **Authority to allot and issue shares (continued)**

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.
[See Explanatory Note (iii)] **(Resolution 6)**

7. **Authority to issue shares under the Epicentre Holdings Limited Performance Share Plan**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant share awards under the Epicentre Holdings Limited Performance Share Plan (the "**Plan**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)] **(Resolution 7)**

8. **Authority to issue shares under the Epicentre Holdings Limited Scrip Dividend Scheme**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to the Epicentre Holdings Limited Scrip Dividend Scheme (the "**Scheme**") from time to time in accordance to the terms and conditions of the Scheme set out on pages 81 to 86 of the Circular dated 7 June 2010 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (v)] **(Resolution 8)**

9. **To approve the proposed grant of Award to Mr Lim Tiong Hian**

That:

(a) the proposed grant of the Award of up to 768,000 Shares to Mr Lim Tiong Hian (who is regarded as a Controlling Shareholder), be and is hereby approved; and

(b) the Directors of the Company be and are hereby authorised to allot and issue Shares, or transfer existing Shares procured by the Company, upon the release of the Award.

(Resolution 9)

By Order of the Board

Khoo Lay Fen
Leow Siew Yon
Joint Company Secretaries

Singapore, 16 October 2017

Explanatory Notes:

(i) Mr Azman Hisham Bin Ja'afar will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee, member of the Audit & Risk Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) In accordance with the requirements of Rule 712(3) of the Catalist Rules:

(a) Messrs BDO LLP, the Company's current auditors for FY2017, has confirmed that it is not aware of any professional reasons why Crowe Horwath First Trust LLP should not accept appointment as new auditors of the Company;

(b) the Company confirms that there were no disagreements with Messrs BDO LLP on accounting treatments within the last 12 months from the date of the Appendix to the Annual Report for FY2017 ("**Appendix**") in relation to the proposed change of auditors;

(c) the Company confirms that it is not aware of any circumstances connected with the proposed change of auditors that should be brought to the attention of Shareholders which has not been disclosed in the Appendix;

(d) as a matter of good corporate governance, the ARC is of the view that it would be appropriate to periodically rotate auditors to enable the Company to benefit from fresh perspectives and views of another professional accounting firm, thereby enhancing the value of the audit. As Messrs BDO LLP has been auditors of the Company for almost ten (10) years, the Company is of the view that it would be timely to effect a change of external auditors. In addition, the Proposed Change of Auditors will also enable the Company to better control the rise in cost of auditing services overall; and

(e) the Company confirms that it complies with Rules 712 and 716 of the Catalist Rules in relation to the proposed appointment of Crowe Horwath First Trust LLP as auditors of the Company.

For further information in relation to the Proposed Change of Auditors, please refer to the Appendix which is circulated to Shareholders together with the Company's Annual Report for FY2017.

(iii) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a *pro rata* basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of share awards under the Plan provided that the aggregate additional shares to be issued pursuant to the Plan do not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(v) That Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the Epicentre Holdings Limited Scrip Dividend Scheme.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. A member who is not a relevant intermediary (as defined in section 181 of the Companies Act, (Cap. 50)) is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's proxy form appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.

4. In any case where more than one proxy is appointed, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

5. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), if required by law, be duly stamped and lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

6. The instrument appointing a proxy must be deposited at the registered office of the Company at 39 Ubi Road 1, World Publications Building, #08-01, Singapore 408695 not less than forty-eight (48) hours before the time of the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representative appointed for the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to company with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representatives to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representatives for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

The contact person for the Sponsor is Mr. Bernard Lui, Telephone: +65 63893000, Email: bernard.lui@morganlewis.com.

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16 October 2017

This Appendix (as defined herein) is circulated to the shareholders ("**Shareholders**") of Epicentre Holdings Limited (the "**Company**") together with the Company's annual report for the financial year ended 30 June 2017 (the "**Annual Report**").

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

If you are in any doubt in relation to the contents of this Appendix or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee, or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

This Appendix 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 (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this Appendix. The SGX-ST and the Sponsor assume no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix. The contact person for the Sponsor is Mr. Bernard Lui, Tel: 63893000 or email: bernard.lui@morganlewis.com.

epiCentre

(Company Registration No.: 200202930G)
(Incorporated in the Republic of Singapore)

APPENDIX TO SHAREHOLDERS

IN RELATION TO

(1) THE PROPOSED CHANGE OF AUDITORS FROM BDO LLP TO CROWE HORWATH FIRST TRUST LLP

(2) THE PROPOSED GRANT OF AWARD TO THE CONTROLLING SHAREHOLDER UNDER THE EPICENTRE HOLDINGS LIMITED PERFORMANCE SHARE PLAN

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In this Appendix, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"**Act**" or "**Companies Act**"	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"**AGM**"	:	The annual general meeting of the Company
"**2010 EGM**"	:	The extraordinary general meeting of the Company convened on 29 June 2010
"**2017 AGM**"	:	The AGM of the Company to be held on 31 October 2017 at 9.00 a.m. at 39 Ubi Road 1, #08-01 World Publications Building, Singapore 408695, notice of which is set out in the Annual Report
"**Appendix**"	:	This Appendix to Shareholders dated 16 October 2017
"**Award**"	:	A contingent award of shares granted under the Plan
"**BDO**"	:	Messrs BDO LLP
"**Board of Directors**" or "**Board**"	:	The board of Directors of the Company for the time being
"**Catalist Rules**"	:	The SGX-ST's Listing Manual – Section B: Rules of Catalist, as may be amended, varied or supplemented from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**Company**"	:	Epicentre Holdings Limited
"**Control**"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
"**Controlling Shareholder**"	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company (unless the SGX-ST determines that such a person is not the Controlling Shareholder of the Company); or (b) in fact exercises control over the Company.
"**Director**"	:	A director of the Company for the time being
"**Group**"	:	The Company and its subsidiaries
"**Latest Practicable Date**"	:	2 October 2017, being the latest practicable date prior to the printing of this Appendix
"**Performance Shares**"	:	The Shares which may be allotted, issued or transferred from time to time pursuant to an Award under the Plan
"**Plan**" or "**Epicentre Holdings Limited Performance Share Plan**"	:	The performance share plan adopted by the Company on 29 June 2010, as the same may be modified or altered from time to time

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"**Proposed Change of Auditors**"	:	The proposed change of auditors of the Company from BDO to Crowe Horwath First Trust LLP
"**Remuneration Committee**"	:	The remuneration committee of the Company whose members are Mr Giang Sovann (Chairman), Mr Lim Jin Wei and Mr Azman Hisham Bin Ja'afar
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
"**Securities and Futures Act**" or "**SFA**"	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	The registered holders of the Shares, except that where the registered holder is CDP, the term "**Shareholders**" shall, where the context admits, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Sponsor**"	:	Stamford Corporate Services Pte. Ltd.
"**Subsidiaries**"	:	Has the meaning ascribed to it in Section 5 of the Companies Act and "**Subsidiary**" shall be construed accordingly
"**S$**" and "**cents**"	:	Singapore dollars and cents, being the lawful currency of the Republic of Singapore
"**%**" or "**percent**"	:	Percentage of per centum

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them in the relevant sections of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the SFA, the Catalist Rules or any modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Act, the SFA, the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

Any reference to date and time of day in this Appendix shall be a reference to Singapore date and time, unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

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EPICENTRE HOLDINGS LIMITED

(Company Registration No.: 200202930G)
(Incorporated in the Republic of Singapore)

Board of Directors:	**Registered Office:**
Lim Tiong Hian (Executive Chairman and Acting Chief Executive Officer) Lim Jin Wei (Independent Director) Giang Sovann (Independent Director) Azman Hisham Bin Ja'afar (Independent Director)	39 Ubi Road 1 #08-01 World Publications Building Singapore 408695

16 October 2017

To: The Shareholders of the Company

Dear Sir/Madam,

1. INTRODUCTION

The Directors propose to seek the approval of Shareholders at its 2017 AGM for the following:

(a) the Proposed Change of Auditors; and

(b) the Proposed grant of Award to the Controlling Shareholder under the Plan.

(collectively, the "**Proposals**").

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and explaining the rationale for the Proposals. The notice of 2017 AGM is set out on pages 131 to 134 of the Annual Report.

2. THE PROPOSED CHANGE OF AUDITORS

The Company's existing auditors, BDO, were re-appointed as the auditors of the Company at the last AGM of the Company held on 27 October 2016, to hold office until the conclusion of the forthcoming 2017 AGM. BDO has served as auditors of the Company since the financial year ended 30 June 2008.

The Company proposes to seek Shareholders' approval at the 2017 AGM for Crowe Horwath First Trust LLP to be appointed as the auditors of the Company, in place of BDO.

2.1 RATIONALE FOR THE PROPOSED CHANGE OF AUDITORS

The Audit & Risk Committee of the Company (the "**ARC**") reviews the independence and objectivity of the auditors of the Company annually. As a matter of good corporate governance, the ARC is of the view that it would be appropriate to periodically rotate auditors to enable the Company to benefit from fresh perspectives and views of another professional accounting firm, thereby enhancing the value of the audit. As BDO has been auditors of the Company for almost ten (10) years, the Company is of the view that it would be timely to effect a change of external auditors. In addition, the Proposed Change of Auditors will also enable the Company to better control the rise in cost of auditing services overall.

Following the evaluation of the proposals from established accounting firms and after due deliberation, the Board, at the recommendation of the ARC, proposes that Crowe Horwath First Trust LLP be appointed as the auditors of the Company for the financial year ending 30 June 2018, in place of BDO.

The scope of audit services to be provided by Crowe Horwath First Trust LLP will be comparable to the services currently provided by BDO.

The Company had received notification from BDO that they will not seek re-election as auditors of the Company and Crowe Horwath First Trust LLP, had on 10 October 2017, given their provisional acceptance to be appointed as auditors of the Company, subject to the approval of Shareholders at the 2017 AGM.

The appointment of Crowe Horwath First Trust LLP would be effective upon obtaining the approval of Shareholders at the 2017 AGM. Upon the appointment, Crowe Horwath First Trust LLP will hold office until the conclusion of the next annual general meeting of the Company.

The resignation of BDO will take effect upon the appointment of Crowe Horwath First Trust LLP as auditors of the Company. The Board wishes to express their appreciation for the past services rendered by BDO.

2.2 INFORMATION ON CROWE HORWATH FIRST TRUST LLP

Crowe Horwath First Trust LLP, registered with the Accounting and Corporate Regulatory Authority, is an established medium-sized professional service firm in Singapore. The Crowe Horwath network consists of more than 140 independent accounting and advisory services firms and 640 offices in more than 100 countries around the world providing audit, tax and professional services to the Singapore and global markets. Crowe Horwath First Trust LLP has relevant industry experience with audit clients in the consumer products and retail industry which the Company is in.

Mr Alfred Cheong will be the engagement partner assigned to the Company. Mr Cheong is a Chartered Accountant and a member of Institute of Singapore Chartered Accountants. He is also a member of CPA Australia. Mr Cheong has over 20 years of diverse professional experience providing internal and statutory audits, corporate governance reviews, risk consulting and business advisory to various multinationals, public and private companies in a diversified range of industries. His clients include financial institutions, venture capital, investment banks, information technology, internet, manufacturing, engineering and trading companies. Mr Cheong has also assisted in initial public issues by local and overseas companies for listings on the SGX-ST.

2.3 COMPLIANCE WITH RULE 712 OF THE CATALIST RULES

The ARC has reviewed and deliberated, and after taking into consideration the suitability of Crowe Horwath First Trust LLP and compliance with the Catalist Rules, has recommended the Proposed Change of Auditors.

The Board, having taken into account the recommendation of the ARC, and having considered various factors including, *inter alia*, the fee structure, the size and complexity of the Group, the adequacy of the resources and experience of Crowe Horwath First Trust LLP, the experience of the engagement partner and the number and experience of the supervisory and professional staff to be assigned to the audit of the financial statements of the Company and the Group, is of the opinion that Crowe Horwath First Trust LLP will be able to meet the audit requirements of the Company and that Rule 712 of the Catalist Rules has been complied with. Accordingly, the Board has recommended the Proposed Change of Auditors.

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In accordance with the requirements of Rule 712(3) of the Catalist Rules:

(a) the outgoing auditors, BDO, have confirmed to Crowe Horwath First Trust LLP, that they are not aware of any professional reasons why Crowe Horwath First Trust LLP should not accept appointment as auditors of the Company as at the date of this Appendix;

(b) the Company confirms that there were no disagreements with BDO on accounting treatments within the last 12 months from the date of this Appendix;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders and which has not been disclosed in this Appendix;

(d) the specific reasons for the Proposed Change of Auditors are disclosed in Section 2.1 above. The Proposed Change of Auditors is not due to the dismissal of BDO; and

(e) the Company confirms that it complies with Rules 712 and 716 of the Catalist Rules in relation to the appointment of Crowe Horwath First Trust LLP as its new auditors.

The Company may appoint different auditing firms for its subsidiaries or significant associated companies, provided that the Board and the ARC are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Group.

3. THE PROPOSED GRANT OF AWARD TO THE CONTROLLING SHAREHOLDER UNDER THE EPICENTRE HOLDINGS LIMITED PERFORMANCE SHARE PLAN

3.1 The Plan was approved by Shareholders and adopted by the Company at the 2010 EGM.

A summary of the Plan is set out below:

Eligibility

Employees who are eligible to participate in the Plan must be:

(i) confirmed full-time employees of the Company and/or its Subsidiaries who have attained the age of 21 years on or before the date of Award; and

(ii) Executive Directors, Directors who are Controlling Shareholders, and Directors who are Associates of Controlling Shareholders; and

(iii) Independent Directors who, in the opinion of the Remuneration Committee, have contributed or will contribute to the success of the Group.

Size

The aggregate number of Shares which may be issued pursuant to Awards granted under the Plan on any date, when added to the number of new Shares issued and/or issuable in respect of all Awards granted under the Plan and any other share scheme which the Company may implement from time to time, will not exceed 15% of the total issued Shares in the capital of the Company.

Duration

The Plan shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Plan is adopted by the Company in a general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

Remuneration Committee

The Remuneration Committee will be designated as the committee responsible for the administration of the Plan.

Awards

Awards represent the right of a Participant to receive fully-paid Shares free of charge, provided that certain prescribed performance targets (if any) are met prior to the expiry of the prescribed performance period.

The Company believes that the ability to offer Awards free of charge will operate as a means to recognise and acknowledge the Participant for their outstanding performance and as a reward for their valuable and dedicated service to the Company, as well as to motivate and encourage greater dedication and loyalty to the Company. It will also help to place the Company in a more competitive position in the recruitment and retention of staff in an intensively competitive environment by enhancing the competitiveness of remuneration packages offered to existing and prospective employees.

Shares which are allotted and issued or transferred to a Participant are not subject to any restrictions against disposal or sale of any other dealings by the Participant.

Entitlement to Awards

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period.

Release of Awards

Subject to prevailing legislation and the Catalist Rules, the Company, in its sole and absolute discretion, will deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of Shares to the Participant.

In determining whether to issue New Shares or to transfer Shares held in treasury to satisfy the Award, the Company will have the right to take into account factors such as but not limited to the number of Shares to be delivered, the prevailing market price of the Shares, the financial effect on the Company of either issuing New Shares or transferring Shares held in treasury.

Potential Cost of Awards

The Plan is considered a share-based payment that falls under the scope of FRS102, Share-based payment. For the grant of the Awards with a vesting period, the fair value of employee services received in exchange for the grant of the Awards would be recognised as an expense in the Statement of Comprehensive Income with a corresponding increase in a reserve account over the vesting period. The total expense to be recognised over the vesting period is determined by reference to the fair value of each Award granted on the date of the grant.

3.2 At the 2010 EGM, a resolution was passed approving the participation of controlling shareholder in the Plan.

The Company proposes to grant an Award to Mr Lim Tiong Hian on the following terms:

Number of Shares comprised in the Award	Vesting period of the Award	Proposed date of grant of Award
Up to 768,000 Shares (representing approximately 0.48% of the total issued shares as at the Latest Practicable Date)	The Award to be granted will be based on the achievement of certain predetermined performance targets as determined by the Remuneration Committee administering the Plan and such Award shall have a vesting period of three years commencing from the proposed date of grant of Award.	At any time within six months from the date of the AGM

Mr Lim Tiong Hian is the Controlling Shareholder and also the Executive Chairman and Acting Chief Executive Officer ("**Acting CEO**") of the Group. Mr Lim took on the role as the Acting CEO following the resignation of the former CEO during FY2017. He is in charge of the overall management of the Group and is responsible for the developing and steering the corporate plans, directions and business strategies of the Group including the formulation of new joint ventures, business alliances and investments. The Board believes that Mr Lim Tiong Hian has made and will continue to make invaluable contributions to the Group. The Board also believes that the leadership of the Controlling Shareholder will be critical as the Group embarks on its next phase of growth. For these reasons, the Board considers his experience and contribution towards the growth of the Company to be invaluable.

As at the Latest Practicable Date, Mr Lim Tiong Hian has a direct interest in 28,657,800 Shares, representing approximately 17.97% of the total number of issued Shares (excluding treasury shares). For FY2017, Mr Lim Tiong Hian received above S$200,000 as remuneration for his services to the Group. The remuneration includes fixed salary and allowances.

The Award would form part of remuneration of Mr Lim Tiong Hian and may be more effective than cash bonuses in motivating him to work towards predetermined targets and/or to maximise his contributions while allowing the Company to offer incentives and remuneration packages comparable with other major lifestyle retailing company. In addition, the Company believes that Mr Lim Tiong Hian will be more encouraged and motivated to continue his efforts and contributions towards the Group's long term objectives. Despite the substantial shareholding held by Mr Lim Tiong Hian, the Company is of the view that the Award will motivate him to further create higher shareholders' value in order to realise the benefits of the Award. Furthermore, as such Award may not be released until after the vesting period or otherwise determined by the Remuneration Committee, the rewards to be reaped from the grant of the Award would not be immediate. The value of the Award would be best realised only when the results and prospects of the Group's long term performances translate into higher profitability for the Group.

In view of the above reasons, the Company proposes to grant Mr Lim Tiong Hian up to 768,000 Shares under the Award.

As at the Latest Practicable Date, the total number of issued Shares (excluding treasury shares) is 159,474,600. The total number of Performance Shares which may be issued pursuant to the Awards granted under the Plan, when aggregated with the aggregate number of Shares over which options are granted under any other share option schemes of the Company, shall not exceed 23,921,190, being 15% of the total number of Issued Shares (excluding treasury shares). The Company does not have any other share option scheme. The maximum number of Shares under the Award in relation to Mr Lim Tiong Hian based on the weighted average price of the Shares of S$0.1346 per Share for trades done as at the Latest Practicable Date represents approximately 0.45% of the total number of Issued Shares (excluding treasury shares). Assuming that there is no change in the total issued share capital, the Awards would result in an increase in the Controlling Shareholder's interest from 17.97% to 18.42% of the enlarged share capital after the issuance of Awards to Mr Lim Tiong Hian.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Shares of the Company as at the Latest Practicable Date:

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Lim Tiong Hian[(1)]	28,657,800	17.97	–	–
Giang Sovann	32,000	0.02	–	–

Substantial Shareholder(s) other than Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Wong Kum Yong[(2)]	12,800,000	8.03	–	–
Ng Shunmu[(3)]	12,800,000	8.03	–	–
Sy Meng Meng[(4)]	10,260,206	6.43	–	–
Jonathan Lim Zheng Jie[(5)]	8,160,000	5.12	–	–
Chan Lai Choo[(6)]	8,160,000	5.12	–	–

(1) Lim Tiong Hian's direct interest of 27,725,800 shares are held through KGI Securities (Singapore) Pte. Ltd.
(2) Wong Kum Yong has direct interest of 12,800,000 shares held through KGI Securities (Singapore) Pte. Ltd.
(3) Ng Shunmu has direct interest of 12,800,000 shares held through KGI Securities (Singapore) Pte. Ltd.
(4) Sy Meng Meng has direct interest of 10,260,206 shares held through KGI Securities (Singapore) Pte. Ltd.
(5) Jonathan Lim Zheng Jie's direct interest of 3,264,000 shares are held through KGI Securities (Singapore) Pte. Ltd.
(6) Chan Lai Choo's direct interest of 3,264,000 shares are held through KGI Securities (Singapore) Pte. Ltd.

5. DIRECTORS' RECOMMENDATIONS

The Directors, having taken into account the ARCs recommendations, are satisfied that Crowe Horwath First Trust LLP will be able to meet the audit requirements of the Group and are of the opinion that the proposed appointment of Crowe Horwath First Trust LLP as auditors of the Company in place of the retiring auditors, BDO, is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 5 as set out in the Notice of 2017 AGM.

The Directors (other than Mr Lim Tiong Hian), after having considered the rationale for the grant of Awards to Mr Lim Tiong Hian, are of the opinion that the proposed grant of Awards to Mr Lim Tiong Hian is in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of Ordinary Resolution 9 as set out in the Notice of 2017 AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2017 AGM and who wish to appoint a proxy to attend and vote at the 2017 AGM on their behalf, may complete, sign and return the Proxy Form attached to the Notice of 2017 AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company not less than 48 hours before the time fixed for the AGM. The completion and lodgment of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2017 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the AGM.

7. ABSTENTION FROM VOTING

Pursuant to Rule 858 of the Catalist Rules, Shareholders who are eligible to participate in the Plan must abstain from voting on any resolution relating to the Plan.

Accordingly, Mr Lim Tiong Hian will abstain from voting in respect of Ordinary Resolution 9 and will also decline to accept any appointment as proxy to vote at and attend the forthcoming 2017 AGM in respect of Ordinary Resolution 9 unless the Shareholder concerned have given specific instructions as to the manner in which his votes are to be cast.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Proposed grant of Award to the controlling shareholder under the Plan and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been reproduced from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information is accurately and correctly extracted from these sources and/or reproduced in this Appendix in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company during normal business hours from the date of this Appendix to the time and date of the AGM:

(a) the Constitution of the Company;

(b) the Annual Report of the Company;

(c) the professional clearance letter issued by BDO to Crowe Horwath First Trust LLP;

(d) the letter of consent to act as auditors of the Company from Crowe Horwath First Trust LLP; and

(e) Circular dated 7 June 2010 in respect of the Plan.

Yours faithfully
For and on behalf of the Board of Directors of
Epicentre Holdings Limited

Lim Tiong Hian
Executive Chairman and Acting Chief Executive Officer

EPICENTRE HOLDINGS LIMITED
(Company Registration No. 200202930G)
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. For investors who have used their CPF monies to buy Epicentre Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Annual General Meeting.

I/We, ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being a Member/Members of **EPICENTRE HOLDINGS LIMITED** (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings to be represented by proxy**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings to be represented by proxy**	
		No. of Shares	**%**
Address			

or failing *him/her/them, the Chairman of the meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company, to be held at 39 Ubi Road 1 #08-01 World Publications Buildings Singapore 408695 on 31 October 2017 at 9:00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick ✓ within the box provided.)

No.	**Resolutions relating to:**	**By way of poll**	
		For	**Against**
Ordinary Business			
1.	Directors' Statements and Audited Financial Statements for the financial year ended 30 June 2017 together with Auditors' Report thereon		
2.	Re-election of Mr Lim Tiong Hian as a Director		
3.	Re-election of Mr Azman Hisham Bin Ja'afar as a Director		
4.	Approval of Directors' fees amounting to S$154,649		
5.	Appointment of Crowe Horwath First Trust LLP as auditors of the Company in place of retiring auditors of the Company, Messrs BDO LLP, and to authorise the Directors to fix their remuneration		
Special Business			
6.	Authority to allot and issue shares		
7.	Authority to issue shares under the Epicentre Holdings Limited Performance Share Plan		
8.	Authority to issue shares under the Epicentre Holdings Limited Scrip Dividend Scheme		
9.	To approve the proposed grant of Award to Mr Lim Tiong Hian		

Dated this ______ day of ______________ 2017

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature of Member(s) and
Common Seal of Corporate Member

* *Delete were inapplicable*

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in the relevant sections of the Securities and Futures Act, Cap. 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the above Annual General Meeting of the Company ("**AGM**") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50 of Singapore ("**Companies Act**") is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy.
4. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's proxy form appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.
5. In any case where a more than one proxy is appointed, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 39 Ubi Road 1, World Publications Building, #08-01, Singapore 408695 not less than forty-eight (48) hours before the time appointed for the AGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
8. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company), must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.
10. Completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
11. CPF Investors who buy Shares in the Company may attend and cast their vote at the AGM in person. CPF Investors who are unable to attend the AGM but would like to vote, may inform their CPF Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF Investors shall be precluded from attending the AGM.
12. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 16 October 2017.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

· GROUP **INFORMATION** ·

FULL NAME OF COMPANY
Epicentre Holdings Limited

COMPANY REGISTRATION NUMBER
200202930G

WEBSITE
www.epicentreasia.com
www.lolliveoutloud.com
www.japaniplexpress.com

BOARD OF DIRECTORS
Lim Tiong Hian
(Executive Chairman and Acting Chief Executive Officer)
Azman Hisham Bin Ja'afar (Independent Director)
Giang Sovann (Independent Director)
Lim Jin Wei (Independent Director)

AUDIT & RISK COMMITTEE
Lim Jin Wei (Chairman)
Azman Hisham Bin Ja'afar
Giang Sovann

NOMINATING COMMITTEE
Azman Hisham Bin Ja'afar (Chairman)
Giang Sovann
Lim Jin Wei

REMUNERATION COMMITTEE
Giang Sovann (Chairman)
Azman Hisham Bin Ja'afar
Lim Jin Wei

REGISTERED OFFICE
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COMPANY SECRETARIES
Khoo Lay Fen
Leow Siew Yon

AUDITORS
BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
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Singapore 188778
Partner-in-charge: Yeo Siok Yong

SHARE REGISTRAR & SHARE TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte. Ltd.
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PRINCIPAL BANKERS
Australia and New Zealand Banking Group Limited
DBS Bank Limited
United Overseas Bank Limited
OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad

EPICENTRE HOLDINGS LIMITED

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