Regulatory Announcement

8 August 2022

SGX RegCo's Statement on Epicentre Holdings Limited's Special Audit Report

Singapore Exchange Regulation ("SGX RegCo") refers to the announcements made by Epicentre Holdings Limited (the "Company" or "Epicentre") on 8 August 2022, in relation to findings by the Company's special auditor, Ernst & Young Advisory Pte. Ltd. ("EY").

On 30 May 2019, the Company requested for a trading suspension and announced that Mr Lim Tiong Hian ("Mr Lim"), Executive Chairman and Acting Chief Executive Officer of the Company, has been uncontactable since 24 May 2019. The Company had also received statutory demands dated 21 May 2019 and 27 May 2019 from three creditors. Subsequently, the Company announced on 16 July 2019 that its solicitors received two new statutory demands from Essex Court Chambers Duxton on behalf of two alleged creditors seeking payment of S$610,012.81 and S$362,478.17. The Company was also served with a writ of summons, endorsed with a statement of claim, filed by Mr Edward Lee Ewe Ming in the High Court of Singapore for the sum of S$2,133,117.94.

The Company appointed EY on 29 July 2019 to conduct a special audit and review circumstances leading to the disappearance of Mr Lim. The review entails (i) examining the nature of all the loan transactions entered into by the Company and its subsidiary, Epicentre Pte Ltd (collective, the "Epicentre Group"), (ii) a cash flow analysis of Epicentre Group, and (iii) reviewing the disposal of the business and assets in relation to Epicentre Pte Ltd.

In EY's special audit report announced on 8 August 2022, EY concluded *inter alia*, that Mr Lim and some individuals had caused companies which were **not** part of the Epicentre Group to enter into loan agreements with various parties totalling approximately S$27.64 million purportedly for the purpose of "Epicentre". Some of these agreements bore Epicentre's stamp. However, the Epicentre Group's accounting and banking records did not record receipt of these funds.

In addition, EY highlighted that the Epicentre Group took up loans of approximately S$40.66 million, of which S$8.09 million was not recorded in the Epicentre Group's accounting and banking records. Three loans totalling S$2.69 million were not duly approved in accordance with the Company's approval requirement. EY also indicated that Mr Lim had received S$1.23 million from the Epicentre Group as at end of FY2019, purportedly for repayment of loans from Mr Lim. However, EY could only identify S$200,000 of cash receipt from Mr Lim to Epicentre Group.

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In view of the above, EY identified potential breaches of the Listing Rules in relation to:
- loan-related disclosures
- lapses in the Company's internal controls
- potential breach by Mr Lim of his fiduciary duties as a director of the Company.

The Commercial Affairs Department ("CAD") and Monetary Authority of Singapore ("MAS") issued an order dated 20 January 2020 to the Company pursuant to Section 20 of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition) and Section 64 of the Police Force Act (Chapter 235) requiring the Company to produce certain documents and information in relation to an offence under the Securities and Futures Act (Chapter 289). The CAD also interviewed Mr Lai Choong Hon, who is an Independent Director of the Company. SGX RegCo will refer EY's findings to the relevant law enforcement and other authorities.

The Company has been under Judicial Management since 4 September 2019. In November 2021, the Judicial Managers of the Company filed applications in the High Court for the discharge of the judicial management order and for the Company to be placed in liquidation. The winding up application was granted by the High Court on 13 January 2022 and the Liquidators have announced their intention for the Company to be delisted from the Catalist Board of the SGX-ST. Accordingly, Epicentre will be delisted in due course.

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