

**PROPOSED DISPOSAL OF BUSINESS AND ASSETS OF EPICENTRE PTE. LTD.**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Epicentre Holdings Limited (“**EHL**” and together with its subsidiaries from time to time, “the **Group**”) wishes to announce that the wholly-owned subsidiary of EHL, Epicentre Pte. Ltd. (the “**Seller**”), had on 26 June 2018 entered into a conditional Sale & Purchase Agreement (“**S&P**”) with Elush (T3) Pte. Ltd. (the “**Buyer**”), whereby the Seller shall sell and the Buyer shall buy the business at the outlets located in ION Orchard (“**ION**”), Wheelock Place (“**Wheelock**”), Marina Bay Sands (“**MBS**”) and Bugis Junction (“**Bugis**”) (collectively, the “**Outlets**”) as well as the Seller’s online store (collectively, the “**Business**”) and the assets in relation thereto (“**Assets**”), and the Seller shall grant the Buyer licence to use the trademarks of the Seller solely for purposes arising out of the conduct of the Business (“**Trademarks**”), for the sum of S\$516,275 (the “**Consideration**”) on the terms and conditions of the S&P (the “**Proposed Disposal**”).

The Trademarks refer to the trademarks of “Epicentre” and “Live Out Loud by Epicentre” in Singapore. The licensing of Trademarks is only limited to the current Outlets and the online store. The Buyer will be allowed to use the Trademarks for as long as the Business is in operation at the current Outlets and online store. There will be no fees charged to the Buyer.

**2. INFORMATION ON THE SELLER AND THE BUYER**

- 2.1 The Seller is a company incorporated in Singapore and carries out the retail sale of Apple branded products, non Apple branded products and accessories in Singapore. As at the date of this announcement, EHL owns 100% of the entire issued and paid-up share capital of the Seller. On completion of the Proposed Disposal (“**Completion**”), the Seller will remain a subsidiary of EHL as the Proposed Disposal involves only (i) the grant of the licence by the Seller to the Buyer to use its Trademarks solely for purposes arising out of the conduct of the Business; and (ii) the disposal of the Business and Assets of the Seller. Upon completion of the Proposed Disposal and after fulfilling its liabilities/obligations, the Seller will be exiting the Apple Authorised Reseller (“**AAR**”) and Apple Premium Reseller (“**APR**”) business in Singapore.
- 2.2 The Buyer is a company incorporated in Singapore and having its registered office at 400 Orchard Road #06-20 Orchard Towers Singapore 238875. Goh Chee Hong is the shareholder and is also one of the directors of the Buyer. The Buyer, its directors and shareholder are: (a) a third party independent from and not connected with the directors, key management or controlling shareholder(s) of EHL and/or their respective associates (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) – Section B: Rules of Catalist (“**Catalist Rules**”)); and (b) do not have any interest in the securities or shares of EHL. The Buyer is in a similar business as the Seller under the brand iStudio and began operations in 2008.

**3. THE PROPOSED DISPOSAL**

3.1 The Consideration to be received by the Seller for the Proposed Disposal is the sum of S\$516,275 and shall be paid by the Buyer in cash upon completion of the Proposed Disposal (“**Completion**”). The Consideration was arrived at after arm’s length negotiations between the Seller and the Buyer, on a “willing buyer willing seller” basis and after taking into account the following:

3.1.1 the net asset value and book value of the Business and Assets based on the latest unaudited consolidated financial statements of the Group for the financial period ended 31 December 2017 (“**HY Results**”) being approximately S\$2.4 million;

3.1.2 the net loss (before income tax) attributable to the Business and the Assets, based on the HY Results of approximately S\$55,000;

3.1.3 the book value of the Business and Assets being approximately S\$1.4 million, based on stock take of the Assets done on 9 April 2018 for the outlets in Bugis, MBS and Wheelock, and on 12 April 2018 for the ION outlet; and

3.1.4 the Seller’s status as an APR was not renewed and hence the need for the Buyer to incur additional renovation costs at the Outlets.

Upon Completion, the deficit of the proceeds from the Proposed Disposal over the book value of the Business and Assets would amount to approximately S\$950,000.

3.2 Completion shall, unless waived, be conditional upon, amongst others (“**Conditions Precedent**”):

3.2.1 the representations, warranties and undertakings contained in the S&P or referred to in the S&P remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the S&P and Completion;

3.2.2 all necessary requirements under Catalist Rules and all necessary consents or approvals (if any) being granted by third parties or governmental or regulatory bodies or competent authorities having jurisdiction over the Proposed Disposal or the transactions contemplated under the S&P (including without limitation,( where applicable) the consent or approval of Apple South Asia Pte Ltd (or its related corporations), the SGX-ST, EHL, the sponsor of EHL) and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions are fulfilled before Completion, such consents or approvals not being revoked or repealed on or before Completion;

3.2.3 the approval by the shareholders of EHL at an Extraordinary General Meeting (“**EGM**”) to be convened for the Proposed Disposal and the transactions contemplated in relation thereto;

3.2.4 the receipt of approvals of the respective board of directors of the Buyer, the Seller and EHL for the Proposed Disposal on the terms and conditions of the S&P;

3.2.5 the approval of the respective landlords of the Outlets to novate the lease at each Outlet to the Buyer (the “**Novation of Lease**”) and where any such consent or approval is subject to any conditions, such conditions being

reasonably acceptable to the party on which they are imposed, and if such conditions are fulfilled before Completion, such consents or approvals not being revoked or repealed on or before Completion;

- 3.2.6 the execution of novation agreements with respect to the Novation of Lease ("**Novation Agreement**") before Completion;
- 3.2.7 no governmental authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:
  - (a) make the transactions contemplated in the S&P and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
  - (b) render the Buyer unable to complete the Proposed Disposal in the manner set out in the S&P; and/or
  - (c) render the Seller unable to complete the Proposed Disposal in the manner set out in the S&P.
- 3.2.8 the Buyer entering into letters of appointment or service agreements with each of the Seller's employees as set out in the S&P ("**Employees**") which shall commence from such agreed date and such employees confirming their resignation from the Seller as at such agreed date and that they do not have any claims whatsoever against the Seller save for any salary payable by the Seller as at such agreed date; and
- 3.2.9 the transfer of the employment of the Employees to the Buyer.
- 3.3 Completion of the Proposed Disposal will take place not later than 14 days after all the Conditions Precedent are fulfilled in accordance with the S&P. If the Conditions Precedent have not been fulfilled or waived by mutual consent on or before 31 October 2018 (the "**Long-Stop Date**"), the Agreement shall lapse and cease to have effect.

#### **4. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS**

- 4.1 The retail environment remains challenging for the business of the Seller as it now faces stiff competition from other APRs and from the new Apple retail store at Knightsbridge, Orchard. Since the opening of the new Apple retail store, the sales of the Seller have been adversely affected. Further, Apple intends to open more retail stores in Singapore. With Apple's upcoming plan, the Company has decided to dispose the Business and focus on its beauty, wellness and lifestyle business while looking at other possible related businesses.

The Seller's status as an APR expired in April 2018 and was not renewed by Apple. This will further impact the sales of the Seller and the Seller would also have to incur further renovation costs at its Outlets due to the non-renewal of its status as an APR. Without the renewal of the APR status, the Seller will not be able to obtain its stocks

directly from Apple. If the Seller were to obtain the stocks from other Apple Authorised Distributors, it would mean higher cost and potentially lower profit margins.

Considering the factors mentioned above, the Group has decided to exit the AAR and APR business in Singapore through the Proposed Disposal, subject to the approval of EHL's shareholders at the upcoming EGM to be convened.

- 4.2 The Group plans to maintain its business in Malaysia as an AAR and focus on the business of Japan IPL Holdings Pte Ltd and its subsidiaries which are lifestyle and wellness service providers comprising mainly hair removal and skin rejuvenation for men and women.
- 4.3 The Consideration will be used by the Group to pay down the amounts due to suppliers.

## 5. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 5.1 The pro forma financial effects of the Proposed Disposal on the net tangible assets (“NTA”) per share and the earnings per share of the Group as set out below are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after the Proposed Disposal. The pro forma financial effects have been prepared based on the audited consolidated financial results of the Group for the financial year ended 30 June 2017 (“FY2017 Results”).
- 5.2 Purely for illustrative purposes only and assuming that the Proposed Disposal had been completed on 30 June 2017, being the end of the most recently completed financial year of the Group, the effect on the NTA per share of the Group as at 30 June 2017 is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA (\$'000)	6,379	5,429
NTA per share (cents)	4.00	3.40

- 5.3 Purely for illustrative purposes only and assuming that the Proposed Disposal had been completed on 1 July 2016, being the beginning of the most recently completed financial year of the Group, the effect on the earnings per share of the Group is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Profit/(Loss) attributable to the shareholders (\$'000)	560	(390)
Weighted average number of shares	126,761,175	126,761,175

Earnings/(Loss) per share 0.44 (0.31)

## 6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006

Based on the HY Results, the relative figures for the Proposed Disposal computed on the bases set out in Rules 1006 (a) to (c) of the Catalist Rules are as follows (Rules 1006 (d) and (e) of the Catalist Rules are not relevant to the Proposed Disposal):

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Business and Assets to be disposed of, compared with the Group's net assets value <sup>(1)</sup>	35.51
(b)	Net loss attributable to the Business and Assets compared with the Group's net loss <sup>(2)</sup>	2.37
(c)	The aggregate value of the consideration received, compared with the company's market capitalisation <sup>(3)</sup> based on the total number of issued shares excluding treasury shares	6.23
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

### Notes:

- 1 The net asset value attributable to the Business and Assets of approximately S\$2.4 million is the carrying value of the Business and Assets based on the HY Results. The Group's net asset value based on the HY Results is approximately S\$6.8 million.
- 2 Net loss is defined as loss before income tax. The net loss attributable to the Business and Assets based on the HY Results is approximately S\$55,000. The Group's net loss based on the HY Results is approximately S\$2.3 million.
- 3 The market capitalisation of EHL of approximately S\$8.29 million is based on a total number of 159,474,600 shares of EHL in issue (excluding treasury shares) as at 26 June 2018 (Singapore time), at the weighted average price of S\$0.052 per share transacted on 26 June 2018 (Singapore time), being the market day preceding the date of the S&P.

The Proposed Disposal is deemed to be a "Discloseable Transaction" as defined under Chapter 10 of the Catalist Rules. As the APR and AAR business is part of the Group's core business, EHL will be seeking shareholder's approval for the Proposed Disposal at an EGM to be convened.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their interests in the shares of EHL (if any), none of the Directors or controlling shareholders of EHL has any interest, direct or indirect, in the Proposed Disposal.

## 8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of EHL in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between EHL and any such person in connection with the Proposed Disposal.

#### **9. EXTRAORDINARY GENERAL MEETING AND CIRCULAR**

A circular containing further details on, *inter alia*, the Proposed Disposal and enclosing a notice of EGM in connection therewith will be despatched to the Shareholders in due course.

#### **10. RESPONSIBILITY STATEMENT**

The Directors of the Company (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and the Directors of the Company jointly and severally accept full responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

#### **11. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the S&P will be made available for inspection during normal business hours at the registered office of EHL for three (3) months from the date of this announcement.

#### **12. CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. EHL will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by EHL carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By order of the Board

**Epicentre Holdings Limited**

**Lim Tiong Hian**

Executive Chairman and Acting Chief Executive Officer

26 June 2018

*This announcement has been prepared by EHL and its contents have been reviewed by the company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the SGX-ST. EHL's Sponsor has not independently verified the contents of this announcement.*

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

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