

P5

P5 CAPITAL HOLDINGS LTD.
(Company Registration No. 199806046G)
(Incorporated in the Republic of Singapore)

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**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.

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RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST")

The Board of Directors of P5 Capital Holdings Ltd. (the "**Company**", together with its subsidiaries, "**Group**") refers to its announcement on 23 July 2019 (the "**Announcement**").

Unless otherwise defined herein, all capitalised terms and references used herein shall have the definitions ascribed to them in the Announcement.

The Board of Directors of the Company (the "**Board**") would like to provide the Company's responses to queries raised by the SGX-ST on 24 July 2019 and 25 July 2019, in respect of the Announcement:-

Query 1

Regarding the Purchaser, Mr Lim Shao-Lin:

- (a) **Following the sale of the aggregate 159,015,659 shares, to Mr Lim Shao-Lin, will he be the new controlling shareholder of the Company?**

Company's response:

Yes, on the assumption that the total number of issued and paid-up shares of the Company remains the same, Mr Lim Shao-Lin will be the new controlling shareholder of the Company on the 2nd Tranche Completion Date. Mr Lim Shao-Lin currently holds 7,684,149 shares or approximately 1.38% of the total issued and paid-up shares in the capital of the Company. As disclosed in the Announcement, the Purchaser will become a substantial shareholder of the Company on the 1st Tranche Completion Date i.e. tentatively 29 July 2019, holding approximately 12.68% of the total issued and paid-up shares in the capital of the Company (after acquiring 11.30% of the total issued and paid-up shares in the capital of the Company from the first tranche). Thereafter, on the 2nd Tranche Completion Date i.e. on or before 22 January 2020, the Purchaser would hold approximately 29.90% of the total issued and paid-up

shares in the capital of the Company (after acquiring 17.22% of the total issued and paid-up shares in the capital of the Company from the second tranche), thus making him the new controlling shareholder of the Company.

(b) What are his plans for the Company going forward?

Company's response:

As of now, Mr Lim Shao-Lin has indicated that the business operations of the Company will continue status quo. Mr Lim Fong Yee Roland (CEO and Executive Director of the Company) ("**Mr Roland Lim**"), following his resignation from the Board, will remain part of management team of the subsidiaries of the Company, namely P5 Pte. Ltd., P5 Luminaire Pte. Ltd. and P5 Studio Pte. Ltd.

(c) How was Mr Lim Shao-Lin introduced to acquire the shares from the Vendors?

Company's response:

Mr Lim Shao-Lin is a business acquaintance of Mr Roland Lim. The Company is not aware of any introducer.

Query 2

We noted in the announcement that the EDs of the Company, Mr Lim Kwang Joo (Executive Chairman), Mr Lim Fong Yee Roland (Chief Executive Officer & Executive Director) and Mr Song Wei Ming (Executive Director) (collectively "EDs") will be resigning from the Company.

(a) Who will be left driving the business? Have their replacement been found?

Company's response:

As mentioned in the Announcement, Mr Roland Lim shall remain part of management team at the subsidiaries of the Company, namely P5 Pte. Ltd., P5 Luminaire Pte. Ltd. and P5 Studio Pte. Ltd., following his resignation from the Board of the Company. In addition, the Company and the Sponsor are in the midst of conducting the necessary checks and assessments in relation to the proposed appointment of Mr Lim Shao-Lin as the Executive Director of the Company. Pending the Nominating Committee's recommendation and the approval of the Board and the Sponsor of Mr Lim Shao-Lin's appointment as an Executive Director of the Company, the Company will make the necessary announcement(s) accordingly.

(b) Are there any other reasons behind the cessation of each the EDs?

No, save as otherwise set out in this announcement.

Query 3

Song Wei Ming was appointed to the Board in Dec 2017, concurrently with the resignation of then directors - Tan Boon Seng, Sung Puay Kiang and Tan Kok Keng [reasons for resigning - Company's disposal of Sunlight Electrical Pte Ltd (subsidiary in switchgear business)]. Why is Song Wei Ming stepping down now?

Company's response:

Mr Song Wei Ming is the son of Mr Song Poo Hok. As Mr Song Poo Hok is selling his shares in the Company and will no longer be a substantial shareholder in the Company pursuant to the transaction,

Mr Song Wei Ming has decided to step down from the Board. In connection with the Proposed Sale, the Purchaser had requested that the EDs cease to be directors of the Company.

Query 4

Mr Lim Kwang Joo (Executive Chairman and 14.14% shareholder), Mr Lim Fong Yee Roland (Chief Executive Officer & Executive Director and 6.28% shareholder) have been with the Group since 1976 and 1994 respectively. Song Poo Hok is a substantial shareholder of the Company (8.61%).

Why are the 3 single largest shareholders (Lim Kwang Joo, Roland Lim and Song Poo Hok) selling their entire stakes in the Company? Was the sale negotiated together?

Company's response:

The sale was negotiated together. The Purchaser approached Mr Roland Lim with a request to purchase a certain number of shares in the Company. Mr Roland Lim thereafter introduced Mr Lim Kwang Joo and Mr Song Poo Hok to the transaction so as to sell to the Purchaser the required number of shares that the Purchaser requested.

Query 5

Why are all 3 EDs stepping down from their board positions at the same time? The remaining directors will be solely IDs. Are there concerns raised by the directors and / or substantial shareholder Song Poo Hok?

Company's response:

All 3 EDs are, or are related to, the Vendors in this transaction. In connection with the Proposed Sale, the Purchaser had requested that the EDs cease to be directors of the Company. The independent directors of the Company highlighted that the EDs should continue the running of the existing businesses until the new executive director(s) has(have) been appointed. Accordingly, it was assured that Mr Roland Lim will continue to be a director/key management staff of the subsidiaries of the Company, namely P5 Pte. Ltd, P5 Luminaire Pte. Ltd. and P5 Studio Pte. Ltd. Further, the current EDs shall also continue to oversee the executive running of the Group until the new executive director(s) has(have) been appointed, save that Mr Lim Kwang Joo intends to retire at the upcoming annual general meeting of the Company to be held on 26 July 2019, and not stand for re-election. The Nominating Committee of the Company and the remaining members of the Board are in the process of appointing new and suitable candidates as directors of the Company to lead and enhance the Group's performance.

Query 6

Who will oversee the executive running of the Group?

Company's response:

The Board will continue its supervisory role in overseeing the Group. Please refer to the Company's response to Query 2(a) for more information.

Query 7

Why is the disposal of the shareholdings of the 3 shareholders structured in 2 tranches? What are the conditions precedent for the disposal? Is Tranche 2 contingent on completion of Tranche 1?

Company's response:

The structuring of 2 tranches for the disposal of the shareholdings of the 3 shareholders was a negotiation point amongst the parties to the transaction. There are no conditions precedent for the disposal of the shares. Tranche 2 is not contingent on Tranche 1, and the Vendors' and the Purchaser's obligations in relation to each of Tranche 1 and Tranche 2 are separate, independent and stand-alone obligations.

Query 8

Board to opine on the spate of resignations, taking into consideration that within 1.5 years, there were 2 major groups of board changes (in 2017 – resignation of 3 directors at the same time; and now resignation of all 3 EDs).

Company's response:

In 2017, the former 3 executive directors (namely Mr Tan Boon Seng, Mr Sung Puay Kiang and Mr Tan Kok Keng) had resigned from the Company as a result of the disposal of Sunlight Electrical Pte Ltd, where they were directors handling the business operations.

The Board opined that the past changes are not related to the current event. The reasons for the current proposed changes to the Board are explained in the Company's response to Query 5.

Query 9

How was the sale consideration of about \$0.063/share (which is at a significant premium to then market price of about \$0.01/share) was arrived at. What had the buyer (new controlling shareholder) considered?

Company's response:

The purchase consideration was determined at arm's length and on a "willing-buyer-willing-seller" basis, taking into consideration the following reasons:-

- (1) The reputable branding of the Group and the premium product range offered presents a potential for future growth in the industry.
- (2) The net asset value per share of the Company is at 2.52 cents.
- (3) As the proposed acquisition via married deals will allow the Purchaser to acquire a controlling stake in the Company, the purchase consideration was agreed at a premium to the prevailing market price.

By Order of the Board

Ong Bee Hoon
Company Secretary
25 July 2019