



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

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PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF GREEN ENERGY INVESTMENT HOLDING PRIVATE LIMITED AND GREEN WASTE RECYCLING COMPANY PRIVATE LIMITED

1. INTRODUCTION

The Board of Directors (the "**Board**") of P5 Capital Holdings Ltd. (the "**Company**") wishes to announce that the Company has on 31 October 2019 entered into a sale and purchase agreement (the "**SPA**") with Lim Shao-Lin, the Executive Director and a controlling shareholder of the Company ("**Mr Lim**") in relation to the proposed acquisition by the Company of the entire issued and paid-up share capital of Green Energy Investment Holding Private Limited ("**GEI**") and Green Waste Recycling Company Private Limited ("**GWRC**") (collectively, the "**Targets**") from Mr Lim ("**Proposed Acquisition**") at an aggregate purchase consideration of S\$51,381.30 (the "**Purchase Consideration**").

2. INFORMATION ON THE TARGETS

GEI is a company incorporated in Singapore on 30 December 2016, with an issued and paid-up share capital of US\$1,000 divided into 1,000 ordinary shares (the "**GEI Shares**"). GWRC is a company incorporated in Singapore on 24 September 2015, with an issued and paid-up share capital of S\$50,000 divided into 50,000 ordinary shares (the "**GWRC Shares**"). The Targets are start-up companies principally engaged in the development and integration of green energy solutions, in particular the set up of advanced biodiesel plants that use non-food agricultural waste as its feedstock. The Targets plan to operate in South East Asia with Thailand as the initial focus.

GEI is principally engaged in the holding of plants in the production of advanced biodiesel and activated carbon. Through the plants, GEI will produce a more energy-dense and environmentally-friendly advanced biodiesel which draws from non-food agricultural waste rather than the regular food-based biodiesel, such as palm oil. GEI has also taken steps towards investing in a biodiesel production equipment demonstration system to facilitate the recycling of biomass waste to produce green energy solutions.

GWRC is primarily engaged in the marketing, promoting and research and development efforts for GEI. GWRC currently holds the patents and trademarks for the marketing and sale of advanced biodiesel and activated carbon.

Mr Lim is the sole shareholder and director of GEI and GWRC.

3. PURCHASE CONSIDERATION

The Purchase Consideration of S\$51,381.30 was arrived at on a willing buyer and willing seller basis between the Company and Mr Lim after taking into account the aggregate paid-up capital, financial position and business prospects of the Targets.

The Purchase Consideration will be funded by the Group through internal resources and will be satisfied in cash by the Company on the date of completion.

4. SALIENT TERMS OF THE SPA

4.1 Completion of the Proposed Acquisition ("**Completion**") is conditional upon the fulfilment or waiver of, *inter alia*, the following conditions precedent:

- (i) all consents, approvals and authorisations of any relevant third parties, government or regulatory authorities which are necessary in connection with the transactions contemplated in the SPA having been obtained, and on such conditions acceptable to the Company (if any), and such consents, approvals and authorisations not being revoked prior to Completion;
- (ii) the approval of the Board for the transaction contemplated in the SPA; and
- (iii) the approval of the shareholders of the Company in an extraordinary general meeting being obtained for the Proposed Acquisition (if required), and such other compliance requirements of the relevant authorities and stock exchange in Singapore.
- (iv) all representations, warranties and undertakings of Mr Lim and the Company under the SPA remains true in all respects as of the date of the SPA and at Completion and at all times between the date of the SPA and Completion.

4.2 Completion shall take place within 7 business days from the satisfaction of the abovementioned conditions precedents, or such other day as the Parties may agree.

4.3 In respect of existing interest-free director's loans of USD1,595,275 (or approximately S\$2,203,553) and S\$22,000 extended by Mr Lim to GEI and GWRC respectively, and other interest-free related party loans of an aggregate of S\$457,237 extended to GWRC as at 30 September 2019, Mr Lim agrees and undertakes to the Company that he will not, and shall procure that his related parties and/or associates do not, demand for repayment of any outstanding amounts due and owing by the Targets to him and his related parties for a period of 1 year from the date of Completion and only until and unless the Targets have sufficient funds to meet its obligations as and when due. The aforementioned loans will remain interest-free.

5. RATIONALE

The rationale for and benefits of the Proposed Acquisition are, *inter alia*, as follows:

- (i) In line with the Group's aims to broaden its stream of income and revenue, the Proposed Acquisition will provide the Group with the opportunity to provide an additional revenue stream.
- (ii) The Proposed Acquisition presents an opportunity for the Group to venture into renewable energy business, a growing sector with increasing demand in the region, through the foray advanced by the Targets in this space; and

- (iii) There are various business opportunities that can be created by capitalizing from the strengths of both the Group and the Targets, taking into account the synergy created by both businesses.

As such, the Company is of the view that the Proposed Acquisition will enhance shareholders' value for the Company.

As disclosed under paragraph 6 below, the Proposed Acquisition is not envisaged to materially affect the financials of the Company. Notwithstanding, as the businesses of the Targets would amount to a new business undertaking by the Group, the Company will be seeking shareholders' approval for the diversification of business in due course for conducting business under this new business undertaking, in compliance with the relevant requirements of the Catalist Rules.

6. FINANCIAL EFFECTS

The financial effects of the Proposed Acquisition on the Group set out below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group after Completion.

The financial effects of the Proposed Acquisition were calculated based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2019 ("FY2019"), the unaudited financial statements of GEI for the financial period from 1 April 2018 to 31 March 2019 and the unaudited financial statements of GWRC for the financial period from 1 January 2018 to 31 March 2019.

6.1 Net Tangible Assets

The financial effect of the Proposed Acquisition on the net tangible assets ("NTA") per share of the Group for FY2019, assuming that the Proposed Acquisition had been effected as at 31 March 2019, is as follows:

As at 31 March 2019	Before Proposed Acquisition	After Proposed Acquisition
NTA (S\$'000)	13,951,117	13,427,965 ⁽²⁾
Number of issued shares ⁽¹⁾	557,524,443	557,524,443
NTA per Share (cents)	2.50	2.41

Note:

- (1) Based on the Company's issued ordinary shares of 557,524,443 as at 31 March 2019.
(2) Taking into account the net capital deficiency of GWRC of S\$473,050 and net assets of GEI of S\$1,279 based on their respective unaudited management accounts as at 31 March 2019.

6.2 Earnings per Share

The financial effect of the Proposed Acquisition on the earnings per share of the Group for FY2019, assuming that the Proposed Acquisition had been effected on 1 April 2018, is as follows:

FY2019	Before Proposed Acquisition	After Proposed Acquisition
Loss after tax and non-controlling interests (S\$'000)	(1,419,075)	(1,420,807) ⁽²⁾
Weighted average number of issued shares ⁽¹⁾	557,524,443	557,524,443
Loss per Share (cents)	(0.25)	(0.25)

Note:

- (1) Based on the Company's issued ordinary shares of 557,524,443 as at 31 March 2019.
(2) Taking into account the net loss of GEI of S\$102 and GWRC of S\$1,630 for the financial period ended 31 March 2019.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Acquisition computed on the relevant bases set out in Rule 1006 of Section B: Rules of Catalist of the SGX-ST Listing Manual (the "**Catalist Rules**") are as follows:

Catalist Rule	Bases of calculation	Relative Figures		
		Acquisition of GEI	Acquisition of GRWC	Both Targets
1006 (a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable	Not applicable	Not applicable
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	0.007 ⁽¹⁾	0.115 ⁽¹⁾	0.12% ⁽¹⁾
1006 (c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	Not applicable	Not applicable	0.26% ⁽²⁾
1006 (d)	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	Not applicable	Not applicable
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable	Not applicable	Not applicable

Notes:

- (1) Based on the unaudited net loss before tax attributable to GEI of approximately S\$102 for the financial period from 1 April 2018 to 31 March 2019, the unaudited net loss before tax attributable to GWRC of approximately S\$1,630 for the financial period from 1 April 2018 to 31 March 2019, and the Group's net loss before tax of approximately S\$1,419,075 for FY2019.
- (2) Based on the Purchase Consideration of S\$51,381.30 and the Company's market capitalisation of approximately S\$19,680,612.84 (being its issued ordinary share capital of 557,524,443 shares (excluding treasury shares and subsidiary holdings) and the volume weighted average price of its shares on Catalist of S\$0.0353 on 30 October 2019, which is the last full market day on which the shares were traded preceding the date of the SPA).

On the basis of the relative figures computed on the bases set out in Rule 1006 (c) above, the Proposed Acquisition is a "non-discloseable transaction" for the purposes of Chapter 10 of the Catalist Rules. As the relative figures computed on the bases set out in Rule 1006(b) and (c) of the Catalist Rules are less than 75%, the Proposed Acquisition is not subject to the approval of the Company's shareholders at a general meeting.

However, as the components of the relative figure computed on the bases set out in Rule 1006(b) of the Catalist Rules is negative, the Company will, through its Sponsor, consult the SGX-ST on the applicability of Chapter 10 of the Catalist Rules to the Proposed Acquisition, pursuant to Rule 1007(1) of the Catalist Rules.

8. PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

Mr Lim is the Executive Director and a controlling shareholder of the Company, with a direct interest of 70,684,149 shares (representing 12.68% of the total issued share capital of the Company) and deemed interest of 96,015,659 (representing 17.22% of the total issued share capital of the Company). Accordingly, Mr Lim is an "interested person" within the meaning defined in Chapter 9 of the Catalist Rules and the Proposed Acquisition is an interested person transaction.

Based on the audited consolidated financial statements of the Group for FY2019, the Group's consolidated NTA as at 31 March 2019 was approximately S\$13,951,117. The total value of all interested person transactions with Mr Lim for the current financial year ending 31 March 2020 is S\$51,381.30, which falls below the threshold of S\$100,000. Accordingly, the Proposed Acquisition as an interested person transaction will not require disclosure pursuant to Rule 905 of the Catalist Rules or approval of the shareholders of the Company.

The Company will comply with the relevant requirements of the Catalist Rules on transactions with such interested person for the current financial year ending 31 March 2020 (if any). As at the date of this announcement, the Company has not entered into any other interested person transaction with Mr Lim for the current financial year ending 31 March 2020, save for the Proposed Acquisition.

9. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

10. SERVICE CONTRACT

No director is proposed to be appointed to the Company in connection with the Proposed Acquisition.

11. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Lim, who is the Executive Director and a controlling shareholder of the Company, is also the sole director and shareholder of GEI and GWRC. Save as aforesaid, the Company and its Directors and controlling shareholders are not related to Mr Lim.

Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings (if any), employment and/or directorship (as applicable) in the Company.

Mr Lim had abstained from the deliberation, decision and voting on any resolution in respect of the Proposed Acquisition.

12. DOCUMENT FOR INSPECTION

A copy of the Agreement is available for inspection at the registered office of the Company at 213 Henderson Road, #03-08 Henderson Industrial Park, Singapore 159553 during normal business hours for a period of three months from the date of this announcement.

By Order of the Board

Ong Bee Hoon
Company Secretary

31 October 2019