



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

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PROPOSED ACQUISITION OF SHARES IN THE CAPITAL OF GASHUBUNITED UTILITY PRIVATE LIMITED ("PROPOSED ACQUISITION")

1. INTRODUCTION

The Board of Directors (the "**Board**") of P5 Capital Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 10 November 2021, 2 December 2021 and 16 December 2021 (the "**Announcements**"), in relation to the Company's entry into a binding memorandum of understanding ("**MOU**") dated 10 November 2021 with Gashubunited Holding Private Limited ("**GHPL**", and together with the Company, the "**Parties**") to set out the key understandings relating to the Parties' intention to explore the Company's proposed acquisition of such number of shares held by GHPL in Gashubunited Utility Private Limited ("**GUPL**") as at the date of the completion of the Proposed Acquisition (the "**Completion**"), representing approximately 51.0% of the total issued ordinary shares in the capital of GUPL ("**Shares**") as at the date of Completion.

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Announcements.

The Board wishes to announce that the Parties have on 31 December 2021 entered into a sale and purchase agreement (the "**SPA**") in relation to the Proposed Acquisition by the Company of such number of the Shares representing approximately (but not less than) 51% of the total enlarged number of the Shares at Completion, rounded up to the nearest whole Share (assuming Conversion (as defined below) prior to Completion) ("**Sale Shares**") from GHPL.

Upon Completion, GUPL will become a 51%-owned subsidiary of the Group.

2. INFORMATION ON GUPL AND GHPL

GUPL is a private company incorporated in Singapore on 1 April 2017. GUPL is principally engaged in the distribution of liquefied natural gas ("**LNG**") through a virtual pipeline approach, being the transportation of LNG via ISO tanks and cylinders. GUPL intends to focus on an initial roll-out of LNG distribution system in Singapore, while poising itself to capture other LNG distribution opportunities across Asia in the long term.

As at the date of the SPA, GUPL is a wholly-owned subsidiary of GHPL. GHPL is principally engaged in the business of providing a full range of smart energy efficient solutions and utility with natural gas at its core for sustainable future energy. GHPL's focus is in providing energy accessibility, energy security and efficiency, and cleaner energy and gas related services solutions which include gas piping installation and cleaner energy and co-generation solutions.

GUPL's focus is complemented by the technical expertise and existing customer relationships of GHPL and its group of subsidiaries.

Mr Lim Shao-Lin ("**Mr Lim**") is a director and shareholder of GHPL holding 60.25% of the total shares in the capital of GHPL. He is also the Executive Director and Chief Executive Officer, and a controlling shareholder of the Company, with a direct interest of 163,699,808 P5 Shares (representing 23.74% of the total shares in the capital of the Company ("**P5 Shares**")). Of the remaining shares in GHPL, 0.79% of the total shares in the capital of GHPL is held by Mr Lim's associate, and 38.96% of the total shares in the capital of GHPL are held by unrelated parties. Ms Leow Sau Wan ("**Ms Leow**"), an Executive Director of the Company, is the spouse of Mr Lim. Ms Leow does not hold any shares in the capital of GHPL.

Save as disclosed herein, the Company and its Directors and controlling shareholders are not related to GHPL.

CLA between GUPL and the Investor

As set out in the Company's announcement dated 16 December 2021, further to the Parties' entry into the MOU, GUPL has entered into a convertible loan agreement ("**CLA**") with the Investor, Direct Union Limited, under which the Investor agreed to grant GUPL the Loan of a principal amount of S\$2 million.

The Company is informed that GUPL has drawn down on the Loan on 20 December 2021. Under the CLA, the entire principal amount of the Loan will be converted into Shares in GUPL simultaneously with the Completion of the Proposed Acquisition ("**Conversion**"), at such conversion price based on the Final Valuation (as defined below) to be applied to the Proposed Acquisition.

The Company is further informed that an associate of the Investor is a 6.3%-shareholder of GHPL. This associate is not related to the Company and any of the interested persons of the Company.

Further details in relation to the CLA are set out in Appendix "A" to this announcement and the Company's announcement dated 16 December 2021.

Following the Completion (assuming Conversion prior to Completion), GHPL will hold approximately 40.84%, the Investor will hold approximately 8.16% and the Company will hold approximately (but not less than) 51% of the total enlarged number of the Shares at Completion.

3. PURCHASE CONSIDERATION

The purchase consideration for the Sale Shares will be calculated by the percentage of the total enlarged number of shares of GUPL at Completion (assuming Conversion prior to Completion) represented by the Sale Shares multiplied by the sum of the Final Valuation and S\$2,000,000 (the "**Purchase Consideration**"). The Purchase Consideration has assumed the Conversion of the entire Loan into Shares.

The Purchase Consideration was arrived at on a willing buyer and willing seller basis, and makes reference to S\$22,500,000 as the indicative valuation price of the base value for 100% of GUPL's Shares as at the date of the SPA. Assuming the Final Valuation of S\$22,500,000, the Purchase Consideration would be S\$12,495,000.

Under the SPA, the Parties agree that, within 3 months from the date of SPA, Chay Corporate Advisory Pte. Ltd. (the "**Valuer**") will determine the final valuation price for 100% of GUPL's Shares based on the base value set out in its formal valuation report ("**Final Valuation**"), and:

- (i) Where the Final Valuation falls within the range of S\$20,000,000 to S\$26,249,999 (both values inclusive), the Purchase Consideration shall be adjusted and determined based on the Final Valuation, according to the following formula:

$$P = A\% \times (NV + S\$2,000,000),$$

Where:

“P” = final Purchase Consideration;

“A%” = the shareholding interest of the Sale Shares, based on the total number of issued Shares as at Completion; and

“NV” = the Final Valuation;

- (ii) Where the Final Valuation is equal to or higher than S\$26,250,000, there shall be no adjustment to the Purchase Consideration; and
- (iii) Where the Final Valuation is lower than S\$20,000,000, the SPA will cease and determine and no Party will have any claim against the other Parties for costs, damages, compensation or otherwise.

Under the SPA, the Purchase Consideration will be satisfied by the Company by way of the allotment and issue of such number of new P5 Shares (the “**Consideration Shares**”) to GHPL, at the issue price of S\$0.0305 per Consideration Share, being the volume weighted average of the prices of the P5 Shares traded on the SGX-ST during the three-month period preceding (but excluding) the date of the MOU (“**Issue Price**”) (fractional entitlements to be disregarded), against the fulfilment of GHPL’s obligations under the SPA at the date of Completion (the “**Completion Date**”).

The Issue Price represents a premium of 8.9% to the volume weighted average price of the P5 Shares (“**VWAP**”) of S\$0.028 on 30 December 2021, which is the last full market day on which the P5 Shares were traded prior to the date of the SPA. The Issue Price, being the daily volume weighted average price of the P5 Shares for trades done on the SGX-ST for the period of three months ending on the full market day immediately prior to the execution of the MOU, was arrived at after arm’s length negotiations between the Parties after taking into consideration, *inter alia*, the prevailing share price of the Company at the date of entry into the MOU in relation to the Proposed Acquisition. The allotment and issue of Consideration Shares would help in conserving cash for the Group for working capital purposes and for future acquisition opportunities and further align the interests of GHPL and the Company moving forward.

The Consideration Shares shall be free from all claims and encumbrances and with all rights, dividends, benefits and entitlements now or hereafter attaching to the Consideration Shares with effect from such date of issue.

Based on the Purchase Consideration as at the date of this Announcement, the Company will issue 409,672,131 Consideration Shares to GHPL, representing approximately 59.41% of the existing issued and paid-up shares in the capital of the Company of 689,524,443 shares (excluding treasury shares and subsidiary holdings) and approximately 37.27% of the enlarged issued and paid-up shares in the capital of the Company of 1,099,196,574 shares (excluding treasury shares and subsidiary holdings) following Completion (assuming no adjustment to the Purchase Consideration under the SPA).

The Company will make the necessary announcement should there be adjustment to the Purchase Consideration and the Consideration Shares.

Specific approval from shareholders of the Company (“**Shareholders**”) will be obtained for the issuance of the Consideration Shares to GHPL. The Company will, through its Sponsor, RHT Capital Pte. Ltd., make an application to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing of and quotation for the Consideration Shares on the Catalist board of the SGX-ST (the “**Catalist**”). The Company will make the necessary announcement upon receipt of the approval from the SGX-ST for the listing of and quotation for the Consideration Shares.

4. SALIENT TERMS OF THE SPA

4.1 Sale Shares

The Sale Shares will represent approximately (but not less than) 51% of the total enlarged number of Shares of GUPL as at Completion (assuming Conversion prior to Completion), rounded up to the nearest whole Share.

The Company is not obliged (but is entitled) to complete the Proposed Acquisition unless the purchase of all Sale Shares is completed simultaneously.

4.2 Conditions Precedent

Completion is conditional upon certain conditions precedent including, *inter alia*:

- (i) the issue of the formal valuation report by the Valuer within 3 months from the date of SPA;
- (ii) the issue of the opinion of the Audit Committee of the Company and the opinion of the independent financial adviser, Provenance Capital Pte. Ltd. (the “**IFA**”) appointed by the Company that the Proposed Acquisition (including the SHA), being deemed as an interested person transaction under Chapter 9 of the Catalist Rules, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders;
- (iii) the Company being satisfied with the results of the due diligence investigations (whether legal, financial, contractual, tax or otherwise) carried out by the Company in respect of GUPL, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, financial performance, tax liabilities, accounts, results and prospects of GUPL;
- (iv) all consents, approvals and authorisations of the bankers, financial institutions, landlords of leases, any other relevant third parties, government or regulatory authorities which are necessary in connection with the transfer of the Sale Shares from GHPL to the Company and the Company obtaining legal and beneficial title to the Sale Shares and other transactions contemplated under the SPA, including listing requirements and compliances required by the SGX-ST and if subject to conditions, on such conditions acceptable to the Company, and such consents, approvals and authorisation remaining in full force and effect and not being revoked prior to the Completion Date;
- (v) the Whitewash Waiver (as defined below) being granted by the Securities Industry Council (“**SIC**”) to GHPL, Mr Lim and its concert parties from the requirement to make a mandatory offer for the P5 Shares under Rule 14 of the Singapore Code on Take-overs and Mergers if GHPL's and Mr Lim's, taken together with its concert parties', voting rights in the Company will increase to 30% or more based on the enlarged share capital of the Company as a result of the allotment and issue of Consideration Shares, subject to any conditions that the SIC may impose which are reasonably acceptable to GHPL, including the approval by Shareholders at EGM (as defined below) on the Whitewash Resolution (as defined below) and the opinion of the IFA that the terms of the SPA are fair and reasonable and the Whitewash Resolution, when considered in the context of the transaction, is not prejudicial to the interest of the independent Shareholders;

- (vi) the approval of the Shareholders in an extraordinary general meeting (“**EGM**”) being obtained for the Proposed Acquisition (being an interested person transaction) contemplated in the SPA upon the terms and conditions set out in the SPA, including, *inter alia*, the Proposed Acquisition, the allotment and issue of the Consideration Shares and the waiver by the Shareholders of their rights to receive a mandatory offer for the P5 Shares (“**Whitewash Resolution**”) (if the Whitewash Waiver is obtained), and the approval and such other compliance requirements of the relevant authorities in Singapore (including the listing and quotation notice from the SGX-ST for the admission to and listing and quotation of the Consideration Shares on the Catalist);
- (vii) the execution of the shareholders’ agreement in respect of GUPL (“**SHA**”) by the Parties, GUPL and the Investor (who will become a shareholder of GUPL following the Conversion), on terms to be mutually agreed between such parties, which will include (i) the Company’s entitlement to appoint majority of the directors on GUPL’s board, (ii) board reserved matters, (iii) the management of day-to-day operations of GUPL, (iv) the shareholders’ rights to access of information of GUPL, such as operating reports and financial statements, and (v) the Company’s right of first refusal to participate in future issue of Shares by GUPL; and
- (viii) there being no material adverse change (as reasonably determined by the Company in its absolute discretion) in the corporate structure, management team, principal activities, prospects, operations, assets, business, profits, financial condition of GUPL occurring on or before the Completion Date.

If any of the conditions precedent set out in the SPA is not fulfilled by the respective party, or otherwise waived by the Company, within nine months from the date of the SPA or such later date as agreed in writing by the Parties, the SPA shall *ipso facto* cease and determine at the sole option of the Company, and no Party shall have any claim against the other Parties for costs, damages, compensation or otherwise, save for antecedent breaches of the SPA terms and the Company’s rights under the SPA.

4.3 Moratorium over Consideration Shares

GHPL agrees and undertakes not to directly or indirectly sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose or sell or agree to sell any or all of the Consideration Shares issued to it for a period of six months from the date of allotment and issue of the Consideration Shares, unless agreed otherwise by the Company in writing.

4.4 Completion

Subject to the satisfaction or waiver of the conditions precedent, the Completion shall take place on the Completion Date, to be scheduled by the Parties within 14 days after the fulfilment (or waiver by the Company at its discretion) of the conditions precedent under the SPA.

4.5 Transfer and Assignment of Intellectual Property Rights

GHPL agrees and undertakes to the Company that it will, prior to Completion, transfer and assign (and procure the same) the ownership of all existing and future intellectual property rights which are registered (or to be registered) in its name (or the name of any third party) at the date of the SPA, which are required in the business of GUPL, to GUPL (“**IP Assignment**”), provided that such obligation to transfer and assign intellectual property rights will cease upon GHPL (or any of its subsidiaries or related companies) ceasing to be a shareholder of GUPL. GUPL and GHPL will enter into a separate agreement to provide for the IP Assignment and the assignment of any future intellectual property rights which are registered in GHPL’s name to GUPL, with no further consideration payable by GUPL.

As at the date of the SPA, the existing intellectual property rights and ongoing applications for patents required in the business of GUPL have been transferred to GUPL.

5. SHAREHOLDERS' AGREEMENT

Pursuant to the SPA, the Parties, GUPL and the Investor (being a shareholder following Conversion) will execute (or procure the execution of) the SHA to regulate the affairs of GUPL and the relevant parties' respective rights and obligations as shareholders of GUPL with effect from Completion.

The SHA will be on terms to be mutually agreed between the abovementioned parties, which will include, *inter alia*:

- (i) the Company's entitlement to appoint majority of the directors on GUPL's board
- (ii) board reserved matters,
- (iii) the management of day-to-day operations of GUPL,
- (iv) the shareholders' rights to access of information of GUPL, such as operating reports and financial statements,
- (v) the Company's right of first refusal to participate in future issue of Shares by GUPL; and
- (vi) other customary provisions governing shareholders' rights and obligations.

6. RATIONALE OF THE PROPOSED ACQUISITION

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

- (i) In line with the Group's business diversification strategy to enhance the Group's business performance and Shareholders' value by unlocking additional streams of income, the Proposed Acquisition will provide the Group with the opportunity to further grow the Group's energy business and provide recurring revenue streams;
- (ii) The Proposed Acquisition presents an opportunity for the Group to further grow and venture into the energy and natural gas related business, a growing sector with increasing demand in the region, on a domestic and international scale, by tapping on the resources of GUPL; and
- (iii) The Proposed Acquisition creates various future business opportunities by capitalising on the synergy from both the businesses of GUPL and the energy division of the Group.

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

7. FINANCING

The Purchase Consideration will be fully funded by the allotment and issue of the Consideration Shares by the Company to GHPL. Please refer to section 3 of this Announcement for further details.

8. VALUE OF SALE SHARES AND GUPL

The unaudited pro forma net tangible liabilities ("**NTL**") of GUPL for the 9 months ended 30 September 2021 was S\$2,825,493, and the net liabilities of GUPL for the 9 months ended 30 September 2021 was S\$2,825,493. The unaudited pro forma loss before tax of GUPL for the latest 9 months period ended 30 September 2021 was S\$1,296,196. The unaudited pro forma net tangible liabilities ("**NTL**") of the Sale Shares for the 9 months ended 30 September 2021 was S\$1,441,001, and the net liabilities of the Sale Shares for the 9 months ended 30 September 2021 was S\$1,441,001.

For completeness, after 30 September 2021, GUPL has capitalised loans (from Mr Lim, GHPL and its related companies) amounting to approximately S\$5 million. Accordingly, GUPL is in a net tangible assets position as at the date of this Announcement.

The Company has engaged the Valuer as an independent professional valuer to carry out a valuation on GUPL as at 30 September 2021 in accordance with the International Valuation Standards (2017 edition) as published by the International Valuation Standard Committee. Based on a preliminary valuation conducted by the Valuer, the indicative market value of the 100% equity interest in GUPL is approximately S\$22,500,000 as at 30 September 2021. The valuation is based on discounted cash flow approach. Details of the independent valuation report, including the Final Valuation set out in such report, will be set out in the circular ("**Circular**") to be despatched to Shareholders in connection with the EGM to seek Shareholders' approval on, *inter alia*, the Proposed Acquisition.

Assuming the Conversion prior to Completion, the Loan amounting to S\$2,000,000 will be capitalised and the abovementioned indicative market value of the 100% equity interest in GUPL would increase by S\$2,000,000 to S\$24,500,000. Please refer to section 3 of this announcement for further details on the determination of the Purchase Consideration.

9. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The tables illustrating the financial effects of the Proposed Acquisition (assuming the Final Valuation of S\$22,500,000 and the Purchase Consideration of S\$12,495,000) on (i) the NTA per share of the Group (assuming the Proposed Acquisition had been completed at the end of that financial year); and (ii) the loss per share ("**LPS**") of the Group (assuming that the Proposed Acquisition had been completed at the beginning of that financial year), based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2021 ("**FY2021**") are set out below.

For the avoidance of doubt, the financial effects of the Proposed Acquisition on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the Completion. These financial effects do not take into account (i) any other corporate actions announced and undertaken by the Group; and (ii) any issuance of new P5 Shares, on or after 1 April 2021. The financial effects also do not take into account any fees and expenses to be incurred in relation to the Proposed Acquisition.

9.1 NTA per Share of the Group

Assuming the Proposed Acquisition had been completed on 31 March 2021, the financial effects on the NTA per share of the Group as at 31 March 2021 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to equity holders of the Company (S\$'000)	12,973	11,532
Number of P5 Shares	689,524,443	1,099,196,574
NTA per share (S\$ cents) ⁽¹⁾	1.88	1.05

Note:

(1) NTA refers to net assets value of the Group less intangible assets and goodwill.

9.2 Loss per Share of the Group

Assuming the Proposed Acquisition had been completed on 1 April 2020, the financial effect on the LPS of the Group for FY2021 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to equity holders of the Company (S\$'000)	3,175	3,832
Weighted average number of P5 Shares	577,414,854	987,086,985
LPS (S\$ cents)	0.55	0.39

9.3 Gearing

The effects of the Proposed Acquisition on the gearing of the Group for FY2021, assuming that the Proposed Acquisition had been effected at the end of FY2021 are as follows:

FY2021	Before the Proposed Acquisition	After the Proposed Acquisition
Borrowings (S\$'000)	3,757	4,431
Shareholders' funds (S\$'000)	13,639	12,197
Gearing ratio (times)	0.28	0.36

10. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

Based on the latest announced unaudited consolidated financial statements of the Group for the half year ended 30 September 2021 (“HY2022”), the relative figures of the Proposed Acquisition (assuming the Final Valuation of S\$22,500,000 and the Purchase Consideration of S\$12,495,000) as computed on the relevant bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “Catalist Rules”) are as follows:

Rule		Relative Figures (%)
1006 (a)	Net asset value of the assets to be disposed of, compared with the group’s net asset value	Not applicable
1006 (b)	Net loss attributable to the assets acquired or disposed of, compared with the group’s net loss	31.98 ⁽¹⁾
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer’s market capitalisation based on the total number of issued shares excluding treasury shares	64.72 ⁽²⁾⁽³⁾
1006 (d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	59.41 ⁽⁴⁾
1006 (e)	The 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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) Based on the unaudited loss before income tax and non-controlling interests of S\$520,638 attributable to the Sale Shares for HY2022, and the Group’s unaudited loss before income tax and non-controlling interests of S\$1,627,814 for HY2022.
- (2) Pursuant to Rule 1003(3) of the Catalist Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value (“NAV”) represented by such shares, whichever is higher. In this instance, (a) the Purchase Consideration under the SPA is S\$12,495,000; (b) the market value of the 409,672,131 Consideration Shares is S\$11,470,820 based on VWAP of S\$0.028 on 30 December 2021, which is the last full market day on which the P5 Shares were traded prior to the date of the SPA; and (c) the NAV represented by such shares of the Group of S\$7,201,672 as at 30 September 2021. Based on the above, the relative figure has been computed based on S\$12,495,000, being the highest of (a) to (c).

- (3) The Company's market capitalisation of S\$19,306,684 is based on the Company's issued ordinary share capital (excluding treasury shares and subsidiary holdings) of 689,524,443 shares and VWAP of S\$0.028 on 30 December 2021, which is the last full market day on which the P5 Shares were traded prior to the date of the SPA.
- (4) Based on 409,672,131 Consideration Shares (assuming no adjustment to the Purchase Consideration under the SPA) and the Company's issued ordinary shares (excluding treasury shares and subsidiary holdings) of 689,524,443 shares.

As the relative figure(s) calculated under Rule 1006(b), (c) and (d) of the Catalist Rules exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a "discloseable transaction" within the meaning of Chapter 10 of the Catalist Rules, and 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 Proposed Acquisition does not fall within the relevant scenarios provided for in paragraphs 4.3 and 4.4 of Practice Note 10A of the Catalist Rules. Accordingly, pursuant to paragraph 4.6 of Practice Note 10A of the Catalist Rules, the Company will be seeking the approval of Shareholders for the Proposed Acquisition as a "major transaction" under Chapter 10 of the Catalist Rules.

11. SHAREHOLDERS' APPROVAL

11.1 Proposed Acquisition as an Interested Person Transaction

Mr Lim, who is the Executive Director and Chief Executive Officer and a controlling shareholder of the Company, is also a director of and shareholder of GHPL holding 60.25% shareholding interest in GHPL. Of the remaining shares in GHPL, 0.79% of the total shares in the capital of GHPL is held by Mr Lim's associate. Ms Leow, an Executive Director of the Company, is the spouse of Mr Lim. Ms Leow does not hold any shares in the capital of GHPL.

Accordingly, GHPL is an "interested person" within the meaning defined in Chapter 9 of the Catalist Rules and the Proposed Acquisition (including the SHA) is an interested person transaction.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2021, the Group's audited NTA as at 31 March 2021 was approximately S\$12,973,367. Pursuant to Catalist Rule 905(2), the aggregate value of all interested person transactions with Mr Lim and GHPL for the current financial year ending 31 March 2022 is S\$12,784,347, representing approximately 98.57% of the Group's latest audited net tangible assets as at 31 March 2021.

For completeness, the aggregate value of all interested person transactions of S\$12,784,347 consists of (a) S\$12,495,000, being the Purchase Consideration for the Proposed Acquisition (assuming the Final Valuation of S\$22,500,000), and (b) S\$289,347, being the total value of all interested person transactions (including transactions less than S\$100,000) with Mr Lim, GHPL and its associates for the current financial year ending 31 March 2022 up to the date of this announcement. Please refer to section 12 of this announcement for further details on the interested person transactions entered into by the Group for the current financial year ending 31 March 2022.

Accordingly, the Company will be seeking the approval of Shareholders for the Proposed Acquisition as an interested person transaction. The value-at-risk of the Proposed Acquisition (including the SHA) would amount to S\$12,495,000 (assuming the Final Valuation of S\$22,500,000 and the Purchase Consideration of S\$12,495,000), representing approximately 96.32% of the Group's latest audited net tangible assets as at 31 March 2021.

Pursuant to Rule 919 of the Catalist Rules, Mr Lim, GHPL and its associates, and Ms Leow (being the spouse of Mr Lim) shall abstain from exercising their voting rights in respect of all existing P5 Shares held by them, and shall not accept appointments as proxies unless specific instructions as to voting are given, in respect of the resolutions to approve the Proposed Acquisition.

11.2 Allotment and Issue of Consideration Shares

The allotment and issue of the Consideration Shares, pursuant to the SPA, requires the approval of Shareholders under Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and Rule 805(1) of the Catalist Rules, as the Consideration Shares will not be issued pursuant to the general share issuance mandate granted by Shareholders during the annual general meeting of the Company held on 28 July 2021 (“**2021 AGM**”).

In addition, Rule 812(1) and Rule 812(2) of the Catalist Rules provide that an issue of shares must not be placed to corporations in whose shares an issuer’s directors and substantial shareholders have an aggregate interest of at least 10%, unless specific shareholders’ approval has been obtained for such placement. As Consideration Shares will be allotted and issued to GHPL (in which 60.25% shareholding interest is held by Mr Lim, the Executive Director and Chief Executive Officer, and a controlling shareholder of the Company), Shareholders’ approval is required to be obtained in connection thereto pursuant to Rule 812(2) of the Catalist Rules.

Pursuant to Rule 812 of the Catalist Rules, Mr Lim, GHPL and its associates, and Ms Leow (being the spouse of Mr Lim) shall abstain from exercising their voting rights in respect of all existing P5 Shares held by them, and shall not accept appointments as proxies unless specific instructions as to voting are given, in respect of the resolution to approve the allotment and issue of Consideration Shares to GHPL.

11.3 Whitewash Waiver

Pursuant to the allotment and issue of the Consideration Shares at Completion (assuming no adjustment to the Purchase Consideration under the SPA), GHPL will hold an aggregate of 409,672,131 P5 Shares, representing approximately 37.27% of the enlarged issued and paid-up shares in the capital of the Company of 1,099,196,574 shares (excluding treasury shares and subsidiary holdings) following Completion.

An application will be submitted to the Securities Industry Council (“**SIC**”) to seek a whitewash waiver from the requirement for GHPL, Mr Lim and its concert parties to make a mandatory offer for the P5 Shares under Rule 14 of the Singapore Code on Take-overs and Mergers if GHPL’s and Mr Lim’s, taken together with its concert parties’, voting rights in the Company will increase to 30% or more based on the enlarged share capital of the Company as a result of the allotment and issue of Consideration Shares pursuant to the Proposed Acquisition (the “**Whitewash Waiver**”). If the Whitewash Waiver is granted by the SIC, the Company will also seek its Shareholders’ approval for the Whitewash Resolution at the EGM to be convened.

In the event that the Whitewash Waiver is granted by the SIC, the IFA will advise the Directors who are independent for the purposes of the Whitewash Resolution on whether the terms of the Proposed Acquisition are fair and reasonable and the Whitewash Resolution, when considered in the context of the Proposed Acquisition, is not prejudicial to the interest of the independent shareholders of the Company. The IFA’s opinion will be included in the Circular.

Please refer to section 13 of this announcement for the statement from the Audit Committee of the Company.

12. TOTAL AMOUNT OF INTERESTED PERSON TRANSACTIONS

For the current financial year ending 31 March 2022, the value of interested person transactions (excluding transactions less than S\$100,000) involving Mr Lim is S\$173,460 as at the date of this Announcement. As disclosed in the Company's announcement dated 15 December 2020, the Company had entered into a project investment agreement with GUPL and GHPL in relation to the proposed investment of S\$500,000 by the Company in a project undertaken by GUPL. Mr Lim, who is the Executive Director and Chief Executive Officer and a controlling shareholder of the Company, is also a director of and shareholder of GHPL holding 60.25% shareholding interest in GHPL. The interested person transaction value of S\$173,460 pertains to management fees which have been charged to GUPL for project management during the current financial year ending 31 March 2022.

Save for the Proposed Acquisition and as disclosed herein, there were no other interested person transactions (excluding transactions less than S\$100,000) entered into by the Group with Mr Lim, GHPL and its associates for the current financial year ending 31 March 2022 up to the date of this announcement.

For completeness, the total value of all interested person transactions (including transactions less than S\$100,000) with Mr Lim, GHPL and its associates for the current financial year ending 31 March 2022 up to the date of this announcement is S\$289,347. As the Company will be seeking the approval of Shareholders for the Proposed Acquisition (including the SHA) as an interested person transaction, the aforesaid total value of interested person transactions does not include the Proposed Acquisition.

Save as disclosed herein, as at the date of this announcement, there were no other interested person transactions entered into by the Group for the current financial year ending 31 March 2022.

13. STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rules 917(4)(a) of the Catalist Rules, a statement (i) whether or not the audit committee of the issuer is of the view that the transaction is on normal commercial terms, and is not prejudicial to the interests of the issuer and its minority shareholders; or (ii) that the audit committee is obtaining an opinion from an IFA before forming its view, which will be announced subsequently, is required to be disclosed in this announcement.

The Audit Committee has appointed Provenance Capital Pte. Ltd. as the IFA, and the Audit Committee will form and announce its view as to whether the Proposed Acquisition (including the SHA), being deemed as an interested person transaction under Chapter 9 of the Catalist Listing Rules, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders after considering the IFA's opinion to be obtained in due course.

In the event that the Whitewash Waiver is granted by the SIC, the IFA will advise the Directors who are independent for the purposes of the Whitewash Resolution on whether the terms of the Proposed Acquisition are fair and reasonable and the Whitewash Resolution, when considered in the context of the Proposed Acquisition, is not prejudicial to the interest of the independent shareholders of the Company. The Audit Committee will form its views on the Proposed Acquisition after taking into account the opinion of the IFA.

The Audit Committee's view on the Proposed Acquisition will be set out in the Circular to be despatched in due course.

14. EXTRAORDINARY GENERAL MEETING

The Company will be convening an EGM to seek the approval of the Shareholders for, *inter alia*, the Proposed Acquisition, the allotment and issue of the Consideration Shares to GHPL pursuant to the Proposed Acquisition and the Whitewash Resolution.

The Circular containing, *inter alia*, the notice of the EGM and details of the abovementioned resolutions will be made available to the Shareholders in due course.

15. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into in connection with the Proposed Acquisition.

16. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Lim, who is the Executive Director and Chief Executive Officer and a controlling shareholder of the Company, is also a director of and shareholder of GHPL holding 60.25% shareholding interest in GHPL. Of the remaining shares in GHPL, 0.79% of the total shares in the capital of GHPL is held by Mr Lim's associate. Ms Leow, an Executive Director of the Company, is the spouse of Mr Lim.

Save as disclosed herein, the Company and its Directors and controlling shareholders are not related to GHPL.

Save as disclosed herein, none of the Directors or controlling shareholders of the Company and their respective associates 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 and Ms Leow have abstained from the deliberation, decision and voting on any resolution in respect of the Proposed Acquisition.

17. DOCUMENT FOR INSPECTION

A copy of the SPA is available for inspection during normal office hours at the registered office of the Company at 39 Kaki Bukit Place Eunos Techpark Singapore 416217 for a period of three (3) months from the date of this announcement.

By Order of the Board

Koh Beng Leong
Executive Director – Finance

31 December 2021

Appendix A

The salient terms of the CLA are as follows:

- (i) GUPL may draw down on the Loan in one lump sum from the date of the CLA up to 30 December 2021;
- (ii) The Loan will mature on the earlier of (1) the second anniversary of the abovementioned drawdown date or (2) the occurrence of any specified event, including the insolvency or bankruptcy of GUPL, any unremedied breach of the CLA by GUPL, or where (a) GHPL (or following the Completion of the Proposed Acquisition, the Company) holds less than 51% shareholding in GUPL, (b) Mr Lim's direct or indirect shareholding in GUPL falls below 30%, or (c) Mr Lim ceases to be on GUPL's management team;
- (iii) Unless Conversion takes place, the Loan (together with interest accrued thereon) will be repayable to the Investor on the maturity date;
- (iv) The Loan will bear interest at 5% per annum, which will be payable on the maturity date or the conversion date of the Loan (as the case may be). Any interest accrued is repayable: (a) where Conversion occurs simultaneously with the Completion of the Proposed Acquisition, by way of cash; or (b) where the Proposed Acquisition is terminated or the Company acquires less than 51% shareholding interest in GUPL at Completion ("**Termination or Partial Completion**"), by way of cash or convertible into Shares at the Conversion Price, at the Investor's option;
- (v) The Investor will convert the entire outstanding principal amount of the Loan into new Shares in GUPL ("**Conversion Shares**") simultaneously with the Completion of the Proposed Acquisition where the Company acquires at least 51% shareholding in GUPL at Completion, at a conversion price ("**Conversion Price**") based on the indicative valuation of 100% of GUPL's shares at S\$26,250,000. If the indicative valuation is higher than the Final Valuation for the Proposed Acquisition, the number of Conversion Shares to be issued to the Investor shall be adjusted as follows:

$$A = L / (NV / S)$$

Where:

"**A**" = the number of Conversion Shares to be issued to the Lender, rounded down to the nearest whole number;

"**L**" = the principal amount of the Loan to be converted;

"**NV**" = the Final Valuation; and

"**S**" = the total number of Shares in GUPL immediately prior to the issue of Conversion Shares;

- (vi) In the event of the Termination or Partial Completion, the Investor may opt to convert all or part of the outstanding principal amount of the Loan and accrued interest thereon into Conversion Shares any time from the Termination or Partial Completion up to 7 business days prior to the maturity of the Loan;
- (vii) In the event of the Termination or Partial Completion, the Investor is entitled to receive 6.5% of the net profit after tax from such date of Termination or Partial Completion to the maturity date or the conversion date of the Loan (as the case may be). If any part of the Loan is converted into Conversion Shares, the rate of 6.5% shall be reduced proportionally from such conversion date based on the reduction of amount of Loan;
- (viii) If (a) the Termination or Partial Completion occurs, and (b) GUPL issues, allots and/or sells its equity at a price lower than the Conversion Price within 12 months after such conversion, GUPL will issue such number of additional shares to the Investor as if the relevant amount of Loan (and any accrued but unpaid interest) had been converted into Conversion Shares at such lower share price, for a nominal consideration of S\$1; and

- (ix) Under the CLA, GUPL undertakes to the Investor that, so long as any amounts remain unpaid, GUPL shall, *inter alia*, not, without the prior consent of the Investor (a) effect any diversification or material change to GUPL's business, (b) incur any borrowings, guarantee, indemnity or other forms of indebtedness in excess of S\$2 million, and (c) split, consolidate, issue any new Shares, options, warrants or other forms of convertible securities.