Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: P5 Capital Holdings Ltd.

Stock code: 5AI

Meeting details:
Date: 28 July 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the corporate profile, the lifestyle business comprises the distribution and retail of a collection of mid-range and high-end European brands of furniture, lighting and accessories, serving both business-to-business ("B2B") and business-to-consumer ("B2C") customer types across the retail, commercial and hospitality sectors. To date, there are 3 retail showrooms and an online store.

(i) **What is the business model for the lifestyle business? Does the group have the economies of scale to run the lifestyle business profitably?**

(ii) **Can management also elaborate further on the plans for "PlayGround"?** The inhouse private-label, "PlayGround", was launched in the first quarter of FY2020 to allow the group to move upstream from pure retail and to position itself as a lifestyle product distributor for furniture and accessories.

(iii) **Please provide the URL of the online store.**

(iv) **Who is driving the group's lifestyle business?**

Q2. In Note 25 (page 110 – Acquisition of subsidiaries), it was disclosed that the company acquired 100% of the shares and voting interests in Green Energy Investment Holding Private Limited ("GEI") and Green Waste Recycling Company Private Limited ("GWRC") from the controlling shareholder, Mr Lim Shao-Lin, who is the current chief executive officer and executive director on 13 November 2019.

The acquisitions were to start the group's diversification into the renewable and sustainable energy industry by investing in the production of advanced biodiesel and activated carbon, including the provision of plant maintenance services.

For the year ended 31 March 2020, GEI and GWRC contributed no revenue and a loss of $(13,090) to the group's results. In FY2021, the group recognised revenue of $1,278 in the energy segment.

(i) **Can the board provide shareholders with more clarity on the market entry strategy and the road map for GWRC and GEI?**

At the point of acquisition, GWRC and GEI had intangible assets of $587,920, other receivables amounting to $2,322,371 million and loans from a director and affiliated companies totaling $(2,615,061) million (page 110). The total identifiable net assets amounted to $165,566.

(ii) **Can the company elaborate further on the patented and unpatented technologies that were acquired as intangible assets valued at $587,920?**

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(iii) **How much of the receivables amounting to $2,322,371 have been collected, impaired or remain outstanding?**

(iv) In the company's announcement dated 31 October 2019, it was stated that the existing loans from director taken by GEI and GWRC were interest-free and "will remain interest-free". On page 99 (Note 15 – Lease liabilities), it was shown that there were "interest expense" and "other payables" for the loans from the director (and also amount due to affiliated companies) under "Other changes". **Can the audit committee help shareholders understand what these "interest expense" and "other payables" are for?**

While the two start-ups were acquired for a purchase consideration of $51,381.30, there were existing 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.

(v) **Did the board, especially the independent directors, consider that the total consideration should include the director's loans amounting to USD1,595,275 (or approximately S$2,203,553) since the transaction is an IPT?** 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. As seen on page 99, a sum of $1,834,367 has already been repaid to the director even though GEI and GWRC contributed no revenue in FY2020 and might have contributed $1,278 (under the energy segment).

(vi) **Can the sponsor elaborate further on the advice it has given to the company, including the justification not to include the director's loans in the consideration even though this is an IPT?**

Q3. Mr Lim Shao-Lin was appointed as an executive director of the company on 29 July 2019. Mr Lim had a 1.38% stake and entered into a sale and purchase agreement with the previous substantial shareholders of the company to acquire a 28.52% stake at $0.063 per share. With a 29.90% stake in the company, Mr Lim became the new controlling shareholder without having to make a mandatory general offer to minority shareholders. Mr Lim Shao-Lin currently has direct and deemed interests of 163,699,808 shares or 23.74% (following a placement of 132 million new shares that was completed on 4 February 2021).

As noted in his profile (page 7), Mr Lim was subsequently tasked to lead the group as the Chief Executive Offcer (sic) ("CEO") given his "*29 years of experience successfully starting and leading multiple businesses in Singapore*" [emphasis added]. It was further disclosed that, as CEO, Mr Lim is responsible for the overall performance, strategic direction and business development of the group.

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Lim Shao-Lin *(Chief Executive Officer and Executive Director)*

Mr Lim Shao-Lin ("**Mr Lim**") was appointed as an Executive Director of the Group on 29 July 2019 and was last re-elected on 29 September 2020. Considering his 29 years of experience successfully starting and leading multiple businesses in Singapore, he was subsequently tasked to lead the Group as the Chief Executive Offcer ("**CEO**"). As CEO, he is responsible for the overall performance, strategic direction and business development of the Group. Mr Lim has won multiple awards including the spirit of entrepreneur award. He is also the CEO of the GasHub Group for the past 29 years, after successfully growing it from a startup to having more than 100 employees, focusing on gas engineering and spearheading the greener energy industry in the region through cleaner and more energy-effcient Liquefed Natural Gas.

(Source: company annual report)

(i) **Has the board evaluated the group's performance?** In the past three years, the results from operating activities were $(1.34) million in FY2019, $(1.91) million in FY2020 and $(2.82) million in FY2021.

In particular, as seen in the consolidated statement of profit or loss (page 63), even as revenue decreased by 38%, distribution and administrative costs increased by 14% and 4% to $1.4 million and $4.3 million respectively. Gross profit for the year was only $2.2 million.

(ii) **Can management help shareholders understand the reasons for the increase in distribution and administrative costs? Please provide a breakdown of the distribution and administrative costs.**

(iii) **How effective was management at cost cutting and containment especially given the uncertainties in the economy with the COVID-19 pandemic?**

(iv) In addition to the roles of CEO and executive director, Mr Lim is also the CEO of the GasHub Group. **Can the director help shareholders understand how he is able to devote sufficient time, energy and attention to matters of the group?**

(v) The company has also entered into a binding memorandum of understanding in relation to the proposed acquisition of shares in the capital of Gashubunited Holding Private Limited. **What safeguards are put in place by the independent directors to ensure the interests of the company and of the minority shareholders? What is the experience of the independent directors in deal structuring and valuation to ensure that the company enters into a deal that is fair and reasonable, with due consideration given to protect the company from downside risks?**

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(vi) The Energy Business has been identified as one of the two strategic pillars for the group. **What is the group's progress on its R&D collaboration with the local academic institution (page 6)? What are the objectives and scope of the R&D?**

(vii) **What limits has the board set on the capital allocation to the lifestyle business, to the advanced biodiesel and activated carbon business (through GEI and GWRC) and to the LNG business (through GUPL and GHPL)?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)