



Company Registration No. 199806046G)
(Incorporated in the Republic of Singapore)

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PROPOSED ACQUISITION OF SHARES IN THE CAPITAL OF T T J GREENFUEL PTE. LTD.

1. INTRODUCTION

The Board of Directors ("**Board**") of H2G Green Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that Green Energy Investment Holding Private Limited ("**GEIH**"), a 50.18%-owned subsidiary of the Company (on a fully diluted and as-converted basis), has on 15 August 2023 entered into a sale and purchase agreement (the "**SPA**") with T T J Holdings Limited (the "**Vendor**", and together with GEIH, the "**Parties**") in relation to the proposed acquisition by GEIH of 10,000,000 shares in the capital of T T J Greenfuel Pte. Ltd. ("**Target**") held by the Vendor ("**Sale Shares**"), being all the issued and paid-up shares in the capital of the Target (the "**Proposed Acquisition**").

Upon completion of the Proposed Acquisition (the "**Completion**"), the Target will become a 100%-owned subsidiary of GEIH.

2. INFORMATION ON THE TARGET AND THE VENDOR

Shareholders should note that the information relating to the Target and the Vendor in this paragraph and elsewhere in this announcement was provided by the Vendor.

2.1 Information on the Target

The Target is a private company incorporated in Singapore on 27 November 2018. The Target is principally engaged in the business of waste management and treatment, undertaking the manufacturing and sale of wood pellets and wood chips. The Target is the legal and beneficial owner of a property located at 51 Shipyard Crescent Singapore 627809 (the "**Property**") with a land area of 20,000 square metres, from which it operates its business.

As at the date of the SPA, the Target has an issued and paid-up share capital of S\$16,181,000 comprising 10,000,000 shares. The Target is a wholly-owned subsidiary of the Vendor.

2.2 Information on the Vendor

Based on publicly available information, the Vendor was previously listed on the Main Board of the SGX-ST, and the Vendor and its subsidiaries (including the Target) were engaged in the business as structural steel specialists and in waste management and treatment. The Vendor was subsequently delisted in August 2022. As at the date of this announcement, the Vendor is a wholly-owned subsidiary of THC Venture Pte. Ltd. The sole shareholder and sole director of THC Venture Pte. Ltd. is Mr Teo Hock Chwee. Mr Teo Hock Chwee is also one of the existing directors of the Target as at the date hereof.



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As at the date of this announcement, the Vendor and its respective owners are not related to the Group, the Directors and controlling shareholders of the Company, and their respective associates.

3. SALIENT TERMS OF THE SPA

3.1 Sale Shares

The Sale Shares represent 100% of the issued and paid-up shares in the capital of the Target. Under the SPA, GEIH will not be obliged to complete the purchase of any Sale Shares unless the purchase of all Sale Shares is completed simultaneously.

3.2 Purchase Consideration

The purchase consideration for the Sale Shares ("**Purchase Consideration**") will be S\$16,000,000, being the agreed value to be attributed to the Property (including all plant, machinery, equipment, fixtures, fittings and furniture located at the Property, as well as the furniture, fixtures, fittings, appliances and other equipment (whether fixed or removable) used or held in storage for use on the Property in the operation of the Target's business). The Purchase Consideration was arrived at on a willing buyer and willing seller basis.

Under the SPA, in the event that the Target has any receivables, bank balance in its bank account(s), liabilities and/or payables as at the date of Completion, the Purchase Consideration will be adjusted to net off such sum as set out in the accounts of the Target to be delivered by GEIH to the Vendor within 60 days following the Completion (the "**Adjustment**").

The Purchase Consideration will be satisfied by GEIH in the following manner:

- (i) a deposit of S\$4,000,000 ("**Deposit**"), being equivalent to 25% of the Purchase Consideration, paid to the Vendor within 2 weeks of the date of the SPA. Such Deposit will be applied towards the satisfaction of the Purchase Consideration on Completion; and
- (ii) the balance Purchase Consideration ("**Balance Consideration**"), subject to any Adjustment, will be payable to the Vendor by way of instalments in accordance with a payment schedule set out in the SPA, under which the first instalment will be paid on Completion and the subsequent instalments will be paid on the same day of each calendar month commencing from the calendar month immediately after the calendar month during which Completion occurs (and if such date is not a business day, the business day immediately after such date of such calendar month).

In the event that any Balance Consideration is not paid within 3 calendar months of such stipulated due date, the remaining unpaid Balance Consideration and any accrued interest thereon will become due and payable immediately, and the Vendor will be entitled to enforce the Share Charge (as defined below) and the Corporate Guarantee (as defined below).

3.3 Security over the Sale Shares

In consideration of the payment arrangements for the Balance Consideration (as set out in paragraph 3.2(ii) above), GEIH will grant the Vendor on Completion:

- (i) a charge over the Sale Shares for the purpose of securing full payment of the remaining unpaid Balance Consideration (including any interests on such Balance Consideration) (the "**Share Charge**"); and
- (ii) a corporate guarantee from the Company guaranteeing full payment of the remaining unpaid Balance Consideration (including interests on such Balance Consideration) (the "**Corporate Guarantee**").



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Upon the full payment of the Balance Consideration to the Vendor, the Share Charge and Corporate Guarantee will be automatically deemed terminated, released and discharged in their entirety without the need for any further action of the parties thereto.

In accordance with the SPA, the Vendor will also deliver to GEIH a duly executed banker's guarantee in favour of GEIH for an amount equal to the Deposit, within 2 weeks of the date of the SPA.

3.4 Conditions Precedent

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

- (i) the Vendor being the legal and beneficial owner of the Sale Shares on the date of the SPA and on Completion;
- (ii) the Target being the legal and beneficial owner of the Property on the date of the SPA and on Completion;
- (iii) the Target being free of all liabilities and debts, whether contingent or otherwise, of any nature on Completion;
- (iv) the receipt of JTC Corporation's approval for the Proposed Acquisition, including approval for the change in shareholding and directors of the Target arising from the Proposed Acquisition ("**JTC Approval**") on terms and conditions acceptable to GEIH, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion, and such JTC Approval remaining in full force and effect;
- (v) the Vendor having notified the National Environment Agency of Singapore ("**NEA**") in writing of the Proposed Acquisition in accordance with the Environmental Public Health (General Waste Disposal Facility) Regulations 2017;
- (vi) the licence issued by the NEA (licence no. WDL-19-07-0050) to the Target to construct, establish, maintain and operate a disposal facility, for the period from 11 July 2023 to 10 July 2025, not having been terminated or withdrawn (the "**Renewed NEA Licence**")
- (vii) the registration of the Target with the Singapore Customs as a manufacturer of "wood chips" (HS Heading: 4401) not having been de-registered (the "**Renewed Singapore Customs Registration**");
- (viii) all approvals, consents, licences, permits, waivers and exemptions for the sale and purchase of the Sale Shares and the Completion, any change to the board of directors of the Target, and the transactions contemplated under the SPA being granted by third parties, and where any such approval is subject to conditions, such conditions being acceptable to GEIH, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion, and such approvals remaining in full force and effect as at Completion, including the approvals (a) from the NEA in respect of the Renewed NEA Licence, and (b) from the Singapore Customs in respect of the Renewed Singapore Customs Registration;
- (ix) GEIH having undertaken and having completed its due diligence investigations in respect of the Target (including but not limited to the affairs, operations, businesses, assets, liabilities (including tax liabilities), contracts, financial condition, accounts, results, prospects and the legal, accounting, financial and tax affairs of the Target), and the results of such due diligence investigation being satisfactory to GEIH in its absolute discretion;



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- (x) there not having been at any time prior to or on the date of Completion the occurrence of any of the following events: (a) liquidation, bankruptcy or insolvency of the Target or the Vendor, (b) termination of substantially all or part of the Target's business by shareholder's resolution of the Target, (c) appointment of any assignee, receiver or liquidator for substantially all or part of the assets or business of the Target or the Vendor, or (d) attachment, sequestration, execution or seizure of substantially all or part of the assets of the Target or the Vendor; and
- (xi) the transactions contemplated under this Agreement having been approved by the shareholders of the Company.

If any condition precedent set out in the SPA is not satisfied or waived or there is an occurrence that will prevent a condition precedent being satisfied by the date falling twelve months after the date of the SPA (or such other date agreed between the Parties), the SPA may be terminated by GEIH by notice in writing to the Vendor.

3.5 Pre-Completion Undertakings

The SPA provides for several pre-Completion undertakings by the Vendor in relation to the conduct of the Target's business including, *inter alia*, the maintenance of insurance or banker's guarantee as required by the JTC Corporation, the reinstatement of any damage to the Property between the date of the SPA and the Completion, and to procure the appointment by the Target of GEIH as sole and exclusive sub-contractor of the Target to operate at the Property on terms acceptable to GEIH (including the payment of such percentage of revenue from such sub-contractor arrangement by GEIH to the Target on a quarterly basis during the term thereof, and subject to the Parties' mutual agreement).

In accordance with the SPA, the Parties agree that GEIH will pay to the Vendor an amount of S\$40,000 per month on the last business day of each calendar month commencing from (a) the calendar month immediately after the calendar month during which the SPA is signed, up to (b) the calendar month during which the Completion or termination of the SPA occurs (whichever is earlier), for the entry into the abovementioned sub-contractor arrangement ("**Sub-Contracting Entry Fee**"). For the avoidance of doubt, the Sub-Contracting Entry Fee will not form part of the Purchase Consideration.

The Parties further agree that, where GEIH has taken possession of and is in control of the Property, the possession and control of the Property shall be transferred to GEIH on an "as-is-where-is" basis.

3.6 Termination

The SPA (other than any surviving provisions) may be terminated at any time prior to the date of Completion by notice in writing to the other party in the event of, *inter alia*, the following:

- (i) by any Party:
 - (a) if any court of competent jurisdiction or any government bodies, stock exchange, and other regulatory authority issues an order, decree or ruling or takes any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated in the SPA, and such order, decree, ruling, other action or refusal is final and non-appealable; or
 - (b) if any applicable laws or regulations have been enacted or proposed which will prohibit, materially restrict or materially delay the implementation of the transactions contemplated in the SPA;
- (ii) if any Party does not comply with or fulfil any of its respective obligations at Completion, the non-defaulting Party may elect to terminate the SPA;



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- (iii) by GEIH:
 - (a) if the Vendor is in material breach of any provision of the SPA, or has failed to perform and comply in any material respect with any of its representations, warranties and undertakings under the SPA, or if any of its representations, warranties and undertakings is untrue, inaccurate or misleading in any material respect before Completion;
 - (b) if any condition precedent set out in the SPA is not satisfied or waived or there is an occurrence that will prevent a condition precedent being satisfied by the date falling twelve months after the date of the SPA (or such other date agreed between the Parties); or
 - (c) if there is any written notice of compulsory acquisition or any written notice of intended compulsory acquisition or any gazette notification under any applicable laws or regulations affecting at least 50% of the lot area of the Property; or
- (iv) by the Vendor:
 - (a) if GEIH is in material breach of any provision of the SPA or has failed to perform and comply in any material respect with any of its representations, warranties and undertakings under the SPA;
 - (b) if GEIH fails to make payment of the Deposit in accordance with the SPA; or
 - (c) if GEIH fails to make payment of the Sub-Contracting Entry Fee in accordance with the SPA.

In the event of termination of the SPA, the Vendor shall refund to GEIH an amount equal to (a) all payments made (directly and indirectly) to the Vendor (or to the Target) by the Purchaser, its related corporation or its nominees in connection with the SPA, less (b) a termination fee (the “**Refund Amount**”). Such termination fee will be the amount equal to S\$185,000 multiplied by the number of months from the effective date under the Sub-Contractor Arrangement until the date of termination of the SPA (where such period includes part of a month, such part shall be rounded up to a full month). However, such termination fee shall not be net off in the event that the Vendor wilfully cause a material breach notwithstanding that the JTC Corporation has approved the Proposed Acquisition.

4. RATIONALE FOR 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 Shareholder value by unlocking additional streams of income, the Group has been keeping a lookout for various opportunities for the Group to further grow and venture into the energy and natural gas related business on a domestic and international scale;
- (ii) GEIH has been seeking suitable opportunities for the purchase of property or procurement of a long-term lease from the JTC Corporation at such premises in Singapore to build and operate a manufacturing plant in Singapore for the purposes of the manufacture and production of bio-fuel from non-food cellulosic biomass waste, to consolidate and expand GEIH’s operations;
- (iii) The Target is in a similar area of business as GEIH and possesses certain relevant licences, permits and/or approvals, as well as the existing plant, machinery, equipment, fixtures, fittings and furniture located at the Property, which are applicable for use in GEIH’s business operations. As such, the Proposed Acquisition of the Target would facilitate a smoother transition of the shift of the Target’s business and operations to the new premises; and



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- (iv) The Proposed Acquisition may also create future business opportunities by capitalising on the synergy from the business of GEIH and the existing business and processes of the Target.

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

5. FINANCING

The Purchase Consideration will be fully funded by internally generated funds and the proceeds from the proposed investment by RD Property Holdings Pte. Ltd. in GEIH pursuant to the amended and restated share subscription agreement dated 6 February 2023 (as amended and varied in accordance with the variation letter dated 14 August 2023).

Please refer to the Company's announcements dated 14 December 2022, 30 December 2022, 16 January 2023, 6 February 2023, 23 February 2023 and 14 August 2023, and the Company's circular dated 30 December 2022, for further information relating to the proposed investment by RD Property Holdings Pte. Ltd. in GEIH.

6. VALUE OF THE SALE SHARES AND THE TARGET

The unaudited net tangible assets ("**NTA**") of the Target as at 31 July 2023 was S\$1,621,535.95, and the net assets of the Target as at 31 July 2023 was S\$1,621,535.95. The unaudited loss before tax of the Target for the 12 month period ended 31 July 2023 was S\$957,233.38. Accordingly, the unaudited net tangible assets ("**NTA**") of the Sale Shares as at 31 July 2023 was S\$1,621,535.95, and the net assets of the Sale Shares as at 31 July 2023 was S\$1,621,535.95.

The open market value of the Sale Shares is not available as the shares of the Target are not publicly traded. The terms of the SPA (including the Purchase Consideration) are arrived at after arm's length negotiations between GEIH and the Vendor on a "willing buyer-willing seller" basis, taking into consideration the agreed value to be attributed to the Property (including all plant, machinery, equipment, fixtures, fittings and furniture located at the Property, as well as the furniture, fixtures, fittings, appliances and other equipment (whether fixed or removable) used or held in storage for use on the Property in the operation of the Target's business).



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7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The tables illustrating the financial effects of the Proposed Acquisition 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 2023 (“FY2023”) 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 shares in the capital of the Company (“Shares”), on or after 1 April 2023. The financial effects also do not take into account any fees and expenses to be incurred in relation to the Proposed Acquisition.

7.1 NTA per Share of the Group

Assuming the Proposed Acquisition had been completed on 31 March 2023, the financial effect on the NTA per share of the Group as at 31 March 2023 is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to equity holders of the Company (S\$'000)	15,548	16,362
Number of Shares	1,288,776,669	1,288,776,669
NTA per share (S\$ cents) ⁽¹⁾	1.21	1.27

Note:

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

7.2 Loss per Share of the Group

Assuming the Proposed Acquisition had been completed on 1 April 2022, the financial effect on the LPS of the Group for FY2023 is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to equity holders of the Company (S\$'000)	3,317	3,797
Weighted average number of Shares	1,009,126,202	1,009,126,202
LPS (S\$ cents)	0.33	0.38



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

Based on the latest announced audited consolidated financial statements of the Group for FY2023, the relative figures of the Proposed Acquisition 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	20.81 ⁽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	80.61 ⁽²⁾
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	Not applicable
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 net loss of the assets to be acquired, which amounted to approximately S\$957,233, and the net loss of the Group which amounted to approximately S\$4,599,614, as at 31 March 2023.
- (2) Based on the aggregate consideration payable under the SPA of S\$17,660,000, and the Company’s market capitalisation of S\$21,909,203 (based on the Company’s issued ordinary share capital (excluding treasury shares and subsidiary holdings) of 1,288,776,669 Shares and weighted average price of the Shares of S\$0.017 on 14 August 2023, being the last full market day on which the Shares were traded prior to the date of the SPA.

As the relative figure calculated under Rule 1006(c) of the Catalist Rules exceeds 75%, the Proposed Acquisition constitutes a “major transaction” within the meaning of Chapter 10 of the Catalist Rules, and is subject to the approval of the Company’s shareholders at a general meeting.



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In addition, the components of the relative figure computed on the bases set out in Rule 1006(b) of the Catalist Rules is negative, and 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 Investment as a “major transaction” under Chapter 10 of the Catalist Rules.

9. EXTRAORDINARY GENERAL MEETING

The Company will be convening an EGM to seek the approval of the Shareholders for, inter alia, the Proposed Acquisition as a major transaction. The Circular containing, amongst others, the notice of EGM and details of the Proposed Acquisition and the abovementioned resolution will be made available to the Shareholders in due course.

10. 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.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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.

12. 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

Lim Shao-Lin
Chief Executive Officer and Executive Director
16 August 2023