



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

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PROPOSED INVESTMENT BY TOHO GAS CO., LTD. IN GASHUBUNITED UTILITY PRIVATE LIMITED

1. INTRODUCTION

The Board of Directors ("**Board**") of H2G Green Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that Gashubunited Utility Private Limited ("**GU**"), a 53.76%-owned subsidiary of the Company, has on 18 August 2023 entered into a share subscription agreement ("**SSA**") with TOHO Gas Co., Ltd. ("**TOHO**", and GU and TOHO collectively, the "**Parties**").

Under the SSA, TOHO will subscribe for 1,495,215 shares in the capital of GU ("**GU Shares**") (the subscription shares referred to as "**Subscription Shares**") for an aggregate subscription consideration of S\$5,000,000 ("**Subscription Consideration**") (the transaction referred to as "**Proposed Investment**"). The Subscription Shares represent approximately 13.82% of the total enlarged number of issued GU Shares immediately following the completion of the Proposed Investment ("**Enlarged GU Shares**").

Upon the completion of the Proposed Investment and based on the Enlarged GU Shares, GU will become a 46.33%-owned subsidiary of the Company.

Pursuant to the SSA, GU, the Company, TOHO, and the existing shareholders of GU (being Gashubunited Holding Private Limited ("**GHPL**") and Direct Union Limited ("**DUL**")) will enter into a shareholders' agreement ("**SHA**") on the date of completion of the Proposed Investment, to regulate the affairs of GU and the respective rights of the shareholders of GU, on the terms and conditions of the SHA.

2. INFORMATION ON GU AND TOHO

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

2.1 GU

GU is a 53.76%-owned subsidiary of the Company. GU is a private company incorporated in Singapore on 1 April 2017, and is principally engaged in the last mile distribution of LNG (Liquefied Natural Gas) via tanks and cylinders in Singapore as well as distributed power solutions such as CCHP (Combined Cooling Heating and Power) systems.

As at the date of this announcement, GU has an issued and paid-up share capital of S\$14,737,294 comprising 9,327,643 GU Shares. The shareholding interest in GU is held in the following proportions:



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GU Shareholders	No. of GU Shares	Shareholding Interest
The Company	5,014,591	53.76%
GHPL	3,696,404	39.63%
DUL	616,648	6.61%
Total	9,327,643	100%

For completeness of disclosure, GHPL, a shareholder of GU, is also a controlling shareholder of the Company holding approximately 31.79% of the total issued shares in the capital of the Company (“Shares”). Mr Lim Shao-Lin, the Chief Executive Officer and Executive Director of the Company, as well as a controlling shareholder of the Company holding an aggregate of 44.49% shareholding interest (comprising 12.70% direct interest and 31.79% deemed interest) in the Company, is also a director and shareholder of GHPL holding approximately 60.25% shareholding interest in GHPL. Of the remaining shares in GHPL, approximately 0.79% of the total shares in the capital of GHPL is held by Mr Lim Shao-Lin’s brother, Mr Lim Wen Jie.

2.2 TOHO

TOHO is a stock company incorporated in Japan that is principally engaged in the sales of gas, heat, and electricity.

The Company, its Directors and controlling shareholders and their associates are not related to TOHO, its associates, controlling shareholders and ultimate beneficial owners.

2.3 Introducer Fee

The Company has agreed to pay the introducer, Prometheus Partners Pte. Ltd (“**Introducer**”), 3% of the Subscription Consideration (“**Introduction Fee**”) for the introductory services provided by the Introducer relating to the Proposed Investment, upon the completion of the Proposed Investment.

The Introducer does not hold any Shares in the Company. Apart from an ongoing corporate finance and strategy consulting arrangement, the Introducer is not related to the Group, the Company’s Directors and controlling shareholders, and their respective associates.

3. SALIENT TERMS OF THE SSA

3.1 Subscription Details

Pursuant to the SSA, TOHO will subscribe for the Subscription Shares, being 1,495,215 GU Shares, for the Subscription Consideration of S\$5,000,000.

The Subscription Shares represent approximately 16.03% of the total number of existing GU Shares of 9,327,643 GU Shares immediately prior to the Proposed Investment, and approximately 13.82% of the total Enlarged GU Shares of 10,822,858 GU Shares immediately following the completion of the Proposed Investment.

3.2 Subscription Consideration

The Subscription Consideration of S\$5,000,000 for the Subscription Shares was arrived at after arm’s length negotiations between GU and TOHO on a “willing buyer-willing seller” basis, taking into consideration, amongst other factors, the capital expenditure, operating expenditure and working capital requirements of GU and the prospects of GU.



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3.3 Conditions Precedent for the Proposed Subscription

The completion of the Proposed Investment is conditional upon, *inter alia*:

- (a) GU having obtained the necessary waivers of any pre-emption rights and/or rights of first refusal or similar rights which its shareholders may have under its constitution or the existing shareholders' agreement relating to GU or otherwise, in relation to the allotment and issuance of Subscription Shares under the SSA;
- (b) GU having obtained the necessary written confirmation or consent from United Overseas Bank Limited in relation to any changes in ownership, control or management of GU subsequent to 6 January 2021, and/or resulting from or in connection with TOHO's subscription of Subscription Shares and the transactions contemplated under the SSA;
- (c) GU having obtained the necessary written consent from JTC Corporation in relation to the change in GU's shareholding resulting from TOHO's subscription of the Subscription Shares;
- (d) GU having amended all employment documents with its employees (where necessary) to be compliant with the relevant legislation in Singapore;
- (e) GU having taken measures to renew or otherwise extend the term of the liquefied natural gas ("LNG") truck loading service agreement between GU and Singapore LNG Corporation Pte. Ltd. dated 30 September 2021;
- (f) GU having placed an order for an additional LNG pump that is satisfactory to TOHO;
- (g) the approval of the shareholders of the Company at a general meeting being obtained in relation to the transaction contemplated under the SSA (if required);
- (h) the allotment and issue of and subscription for the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated by any applicable legislative, executive or regulatory body or authority of Singapore or other applicable jurisdiction(s); and
- (i) there being no event that may have a material adverse effect on the management, financial position, operating results, credit standing, etc. of GU, from the date of execution of the SSA to the date of completion of the Proposed Investment under the SSA.

If any of the conditions precedent set out in the SSA is not fulfilled (or otherwise waived by Parties' mutual agreement) within six (6) months from the date of the SSA, the SSA will cease and determine.

3.4 Resultant Shareholding Interests in GU following the Proposed Investment

The resultant shareholding interest in GU immediately following the Proposed Investment will be as follows:

GU Shareholders	Before Proposed Investment		After Proposed Investment	
	No. of GU Shares	Shareholding Interest	No. of GU Shares	Shareholding Interest
The Company	5,014,591	53.76%	5,014,591	46.33%
GHPL	3,696,404	39.63%	3,696,404	34.15%
DUL	616,648	6.61%	616,648	5.70%
TOHO	-	-	1,495,215	13.82%
Total	9,327,643	100%	10,822,858	100%



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4. SHAREHOLDERS' AGREEMENT

Under the SSA, it is intended that GU, the Company, TOHO and the existing shareholders of GU (being GHPL and DUL) will enter into the SHA (in the form or substantially in the same form set out in a schedule to the SSA) on the date of completion of the Proposed Investment, to regulate the affairs of GU and the respective rights of its shareholders, on the terms and conditions of the SHA.

The salient terms of the SHA will include, *inter alia*:

- (i) The SHA will take effect from the date of the SHA, and will supersede and replace all prior agreements between the Parties in respect of the Company, including the Shareholders' Agreement dated 30 March 2022 amongst the Company, GHPL, DUL and GU.
- (ii) GU's board will comprise at least 3 directors (or such larger number as mutually agreed among all shareholders), of which the Company will be entitled to appoint a majority of directors, and any shareholder who is entitled to appoint a director should hold at least 10% shareholding interest in GU. Where GU's board comprises 3 directors, the Company will be entitled to appoint 2 directors and TOHO will be entitled to appoint 1 director.
- (iii) The chairman of GU's board will be appointed by the Company, subject to the Company holding at least 10% shareholding interest in GU. In the event of an equality of votes at a board meeting, the chairman of GU's board will be entitled to a second or casting vote.
- (iv) Certain reserved matters prescribed in the SHA will not be undertaken unless approved by a majority of GU's directors (which will include 1 director nominated by the Company and 1 director nominated by TOHO, subject to each holding at least 10% shareholding interest in GU), such as, the acquisition or disposal by GU or any subsidiary of GU of an interest in a subsidiary, affiliate or other entity, any capital expenditure exceeding a certain amount, any borrowings in excess of a certain amount, the approval of annual budget or business plan, and the execution of contracts in relation to GU's procurement of LNG.
- (v) Certain reserved matters prescribed in the SHA will not be undertaken unless approved by a majority of GU's directors (which will include 1 director nominated by the Company, subject to the Company holding at least 10% shareholding interest in GU), such as the approval of annual financial statements, and the hiring of any officers or senior management.
- (vi) All new shares to be issued by GU will first be offered to all shareholders on a *pro rata* basis to the number of shares held by such shareholders. Where any shareholder declines, GU may then issue such shares to the other shareholders who have applied for their full *pro rata* share of the new shares to be issued by GU, or if such other shareholders decline, to any other person at an issue price no lower than that offered to the shareholders.
- (vii) Restrictions on transfer of shares, including the right of first offer for purchase of any sale shares, drag-along right and tag-along right.
- (viii) Non-competition and non-solicitation undertakings by shareholders for the period during which it is a shareholder till the expiry of 1 year after such party ceases to hold at least 10% shareholding interest in GU.
- (ix) The SHA will cease to have effect as regards any shareholder who ceases to hold any shares, save for any provisions expressed to continue in force after termination.



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5. RATIONALE OF THE PROPOSED INVESTMENT

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

- (i) The Proposed Investment is beneficial to the Group as it will (a) strengthen the financial position of GU, (b) fund the capital expenditure necessary for the continued growth of GU's business as well as the operating expenditure relating to GU's business, and (c) improve GU's cash flow to meet anticipated general working capital requirements (including meeting general overheads, financing requirements and other operating expenses);
- (ii) The Proposed Investment will increase resources available to GU to accelerate its growth in the business of distribution of LNG and other distributed power solutions; and
- (iii) The increased financial resources to GU presents an opportunity for the Group to further grow and venture into the energy and natural gas related business, expand its sustainability focus and spearhead the energy transition, thereby allowing the Company to enhance shareholder value.

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

6. USE OF PROCEEDS

Assuming the completion of the Proposed Investment, the estimated net proceeds from the Proposed Investment (after deducting the Introducer Fee, professional fees, and related estimated expenses pertaining to the Proposed Investment of approximately S\$250,000 to be borne by the Company) will be approximately S\$4,750,000 ("**Net Proceeds**").

The Company intends to allocate the Net Proceeds to finance capital expenditure and working capital in connection with the growth of GU's business as well as operating expenditure relating to GU's business.

Pending the deployment of the Net Proceeds, the Company intends to place the Net Proceeds from the Proposed Investment with banks and/or financial institutions or use the Net Proceeds for any other purposes on a short-term basis, as the Directors may deem fit in the interests of the Group.

7. VALUE OF THE SUBSCRIPTION SHARES

Based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2023 ("**FY2023**"):

- (i) Net Tangible Assets ("**NTA**") of GU amounted to approximately S\$5,317,890 as at 31 March 2023; and
- (ii) the net assets of GU amounted to approximately S\$5,342,680 as at 31 March 2023.

The open market value of the Subscription Shares is not available as the shares of GU are not publicly traded. The terms of the SSA (including the Subscription Consideration for the Subscription Shares) are arrived at after arm's length negotiations between GU and TOHO on a "willing buyer-willing seller" basis, taking into consideration, amongst other factors, the capital expenditure, operating expenditure and working capital requirements of GU and the prospects of GU

Assuming the completion of the Proposed Investment, the Proposed Investment will represent an increase in the Group's equity attributable to owners of approximately S\$2,201,000 (after deducting estimated transaction-related expenses of approximately S\$250,000).



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8. CHAPTER 8 OF THE CATALIST RULES

Under Rule 805(2) of the Catalist Rules, an issuer must obtain the prior approval of shareholders at general meeting if a principal subsidiary of such issuer issues shares or convertible securities that will or may result in (i) the principal subsidiary ceasing to be a subsidiary of the issuer, or (ii) a percentage reduction of 20% or more of the issuer's equity interest in such principal subsidiary. Under the Catalist Rules, a "principal subsidiary" refers to a subsidiary whose latest audited consolidated pre-tax profits as compared with the latest audited consolidated pre-tax profits of the group accounts for 20% or more of such pre-tax profits of the group.

The Board is of the view that GU is a principal subsidiary of the Company taking into consideration the following:

- (a) The Company had obtained the approval of its shareholders at an extraordinary general meeting held on 29 September 2020 regarding the diversification of the core business of the Group to include the energy business, comprising (but not limited to) the energy, energy-related renewable energy and renewable energy-related business; and
- (b) The aforementioned diversification, coupled with the Group's strategy to enhance business performance and shareholder value by unlocking additional streams of income, demonstrates the Group's intention to further grow its sustainable energy footprint.

Pursuant to the terms of the SSA, TOHO will subscribe for 1,495,215 GU Shares, representing approximately 13.82% of the total Enlarged GU Shares. Accordingly, following the completion of the Proposed Investment, the Company's shareholding interest in GU will be diluted from 53.76% to 46.33%.

Notwithstanding that the post-completion shareholding interest of GU will be diluted below 50%, based on the terms of the SHA, the Company will retain its control over the composition of the board of directors of GU following the completion of the Proposed Investment as the Company will be entitled to majority representation on GU's board so long as it holds at least 10% shareholding interest in GU. Hence, pursuant to Section 5(1)(a)(i) of the Companies Act 1967 of Singapore, GU will be deemed as a subsidiary of the Company.

Accordingly, as GU will not cease to be a subsidiary of the Company and the percentage reduction of the Company's shareholding interest in GU is less than 20%, the Proposed Investment is not subject to the approval of the Company's shareholders at a general meeting in respect of Rule 805(2) of the Catalist Rules.

9. SERVICE CONTRACT

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

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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 Investment, other than through their respective shareholdings (if any), employment and/or directorship (as applicable) in the Company.



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11. DOCUMENT FOR INSPECTION

A copy of the SSA is available for inspection by Shareholders 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 during normal office hours.

Shareholders who wish to inspect the above documents shall make an appointment via the email address ir@h2g.green prior to making any visits, to arrange for a suitable time slot for the inspection.

By Order of the Board

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