

CIRCULAR DATED 20 FEBRUARY 2023

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by H2G Green Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”). If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, the Notice of EGM (as defined herein) and the attached Proxy Form (as defined herein) to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (“**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Ms Bao Qing - Registered Professional, 36 Robinson Road, #10-06, Singapore 068877, sponsor@rhtgoc.com.



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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- A. THE PROPOSED SUBSCRIPTION OF 1,162,080 NEW ORDINARY SHARES IN THE CAPITAL OF GASHUBUNITED UTILITY PRIVATE LIMITED (“**GU SHARES**”) BY THE COMPANY (“**PROPOSED H2G SUBSCRIPTION**”) AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SGX-ST (“**CATALIST RULES**”);
- B. THE PROPOSED H2G SUBSCRIPTION AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES; AND
- C. THE PROPOSED SUBSCRIPTION OF 611,621 NEW GU SHARES BY GASHUBUNITED HOLDING PRIVATE LIMITED (“**PROPOSED GHPL SUBSCRIPTION**”) AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES.

Independent Financial Adviser in relation to the
Proposed H2G Subscription and Proposed GHPL Subscription

ASIAN CORPORATE ADVISORS PTE. LTD.

(Company Registration No. 200310232R)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	5 March 2023 at 10.00 a.m.
Last date and time to pre-register online to participate at the Extraordinary General Meeting	:	5 March 2023 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	8 March 2023 at 10.00 a.m.
Place of Extraordinary General Meeting	:	The Extraordinary General Meeting will be held by way of electronic means.

CONTENTS

	PAGE
DEFINITIONS	1
LETTER TO SHAREHOLDERS	
1. INTRODUCTION	7
2. PROPOSED SUBSCRIPTION	8
3. VALUE OF THE SUBSCRIPTION SHARES AND GU	14
4. RATIONALE FOR THE PROPOSED SUBSCRIPTION.....	14
5. PROPOSED H2G SUBSCRIPTION AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES	15
6. PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS INTERESTED PERSON TRANSACTIONS UNDER CHAPTER 9 OF THE CATALIST RULES.....	16
7. FINANCIAL EFFECTS OF THE PROPOSED H2G SUBSCRIPTION	19
8. FINANCIAL EFFECTS OF THE PROPOSED GHPL SUBSCRIPTION	20
9. ADVICE OF THE IFA IN RELATION TO THE PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS INTERESTED PERSON TRANSACTIONS UNDER CHAPTER 9 OF THE CATALIST RULES	21
10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	26
11. SERVICE CONTRACT	27
12. STATEMENT OF THE AUDIT COMMITTEE	27
13. DIRECTORS' RECOMMENDATIONS	27
14. EXTRAORDINARY GENERAL MEETING.....	28
15. ABSTENTION FROM VOTING	28
16. ACTIONS TO BE TAKEN BY SHAREHOLDERS	28
17. DIRECTORS' RESPONSIBILITY STATEMENT	32
18. CONSENTS	32
19. DOCUMENTS FOR INSPECTION	33
APPENDIX A – VALUATION SUMMARY LETTER.....	A-1
APPENDIX B – LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS INTERESTED PERSON TRANSACTIONS	B-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	N-1
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “associate”* : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more,
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee”* : The audit committee of the Company, comprising Mr Chia Soon Hin William, Mr Lau Ping Sum Pearce and Mr Tay Shui Wen
- “Board”* : The board of Directors of the Company as at the Latest Practicable Date
- “Catalist”* : The sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules”* : The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
- “CDP”* : The Central Depository (Pte) Limited
- “Circular”* : This circular to Shareholders dated 20 February 2023
- “Companies Act”* : The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
- “Company”* : H2G Green Limited
- “Control”* : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company

DEFINITIONS

<i>“Controlling Shareholder”</i>	: A person (including a corporation) who: (a) (unless otherwise determined by the SGX-ST) holds directly or indirectly 15% or more of the nominal amount of all voting Shares; or (b) in fact exercises Control over the Company
<i>“CPF”</i>	: The Central Provident Fund of Singapore
<i>“CPF Agent Banks”</i>	: Agent banks included under the CPFIS
<i>“CPFIS”</i>	: CPF Investment Scheme
<i>“CPFIS Investors”</i>	: Investors who purchased Shares using their CPF savings under the CPFIS
<i>“Directors”</i>	: The directors of the Company as at the Latest Practicable Date
<i>“DUL”</i>	: Direct Union Limited
<i>“EGM”</i>	: The extraordinary general meeting of the Company to be held on 8 March 2023, notice of which is set out on pages N-1 to N-5 of this Circular
<i>“FY”</i>	: Financial year of the Company ended or ending 31 March (as the case may be)
<i>“GHPL”</i>	: Gashubunited Holding Private Limited
<i>“GHPL Loan”</i>	: Has the meaning ascribed to it in Section 2.3.4(ii) of this Circular
<i>“GHPL Subscription Shares”</i>	: 611,621 new GU Shares to be subscribed for by GHPL pursuant to the Proposed GHPL Subscription
<i>“Group”</i>	: The Company and its subsidiaries, collectively
<i>“GU”</i>	: Gashubunited Utility Private Limited
<i>“GU Share(s)”</i>	: Ordinary share(s) in the capital of GU
<i>“H2G Subscription Shares”</i>	: 1,162,080 new GU Shares to be subscribed for by the Company pursuant to the Proposed H2G Subscription
<i>“HCT”</i>	: Hongkong China Treasury Limited
<i>“HCT Subscription Agreement”</i>	: The subscription agreement dated 14 December 2022 entered into between the Company and HCT, in relation to the Proposed HCT Placement
<i>“HY”</i>	: 6-month financial period of the Company ended or ending 30 September (as the case may be)

DEFINITIONS

- “IFA”* : Asian Corporate Advisors Pte. Ltd., being the independent financial adviser appointed by the Company in respect of the Proposed H2G Subscription and Proposed GHPL Subscription as interested person transactions under Chapter 9 of the Catalist Rules
- “IFA Letter”* : The letter dated 20 February 2023 issued by the IFA setting out the IFA’s advice to the Non-Interested Directors in relation to the Proposed H2G Subscription and Proposed GHPL Subscription as interested person transactions, a copy of which is set out in Appendix B on pages B-1 to B-64 of this Circular
- “Individual Agreements”* *Subscription* : The subscription agreements dated 15 December 2022 entered into between the Company and each of Chua Weijie and Teo Tat Beng respectively, in relation to the Proposed Individual Placements
- “Interested Persons Group”* : Mr Lim and his associates, collectively (including GU, GHPL and Ms Leow)
- “Latest Practicable Date”* : 10 February 2023, being the latest practicable date prior to the printing of this Circular
- “LPS”* : Loss per Share
- “Mr Lim”* : Mr Lim Shao-Lin, the Chief Executive Officer and Executive Director of the Company, and a controlling shareholder of the Company holding 52.16% shareholding interest (comprising 14.89% direct interest and 37.27% deemed interest) as at the Latest Practicable Date
- “Ms Leow”* : Ms Leow Sau Wan, an Executive Director of the Company and a shareholder of the Company holding 0.29% shareholding interest as at the Latest Practicable Date, as well as the spouse of Mr Lim
- “NAV”* : Net asset value
- “Non-Interested Directors”* : Directors who do not have any interests in the Proposed Transactions, being Mr Koh Beng Leong, Mr Lau Ping Sum Pearce, Mr Chia Soon Hin William and Mr Tay Shui Wen
- “Notice of EGM”* : The notice of EGM set out on pages N-1 to N-5 of this Circular
- “NTA”* : Net tangible assets
- “NTL”* : Net tangible liabilities
- “Ordinary Resolutions”* : The ordinary resolutions to be passed by a simple majority of the Shareholders voting by proxy at the EGM to be convened, as set out in the Notice of EGM

DEFINITIONS

- “Placement Proceeds”* : The aggregate estimated net proceeds of approximately S\$3,955,000 from the Proposed HCT Placement and the Proposed Individual Placements
- “Proposed HCT Placement”* : The proposed placement of 142,180,095 new Shares by the Company to HCT at an issue price of S\$0.0211 per Share, amounting to an aggregate consideration of S\$3,000,000, on the terms and conditions of the HCT Subscription Agreement.
- Further details in relation to the HCT Placement are set out in the Company’s announcement dated 14 December 2022.
- “Proposed Individual Placements”* : The proposed placement of an aggregate of 47,400,000 new Shares by the Company to Chua Weijie and Teo Tat Beng at an issue price of S\$0.0211 per Share, amounting to an aggregate consideration of approximately S\$1,000,140, on the terms and conditions of the respective Individual Subscription Agreements.
- Further details in relation to the Proposed Individual Placements are set out in the Company’s announcement dated 15 December 2022.
- “Proposed GHPL Subscription”* : The proposed subscription of 611,621 new GU Shares by GHPL
- “Proposed H2G Subscription”* : The proposed subscription of 1,162,080 new GU Shares by the Company
- “Proposed Subscription”* : The Proposed H2G Subscription and the Proposed GHPL Subscription, collectively
- “Proposed Transactions”* : Has the meaning ascribed to it in Section 1.1 of this Circular
- “Proxy Form”* : The proxy form attached to this Circular
- “Securities Account”* : The securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
- “SFA”* : The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
- “SGX-ST”* : Singapore Exchange Securities Trading Limited
- “SHA”* : The shareholders’ agreement dated 30 March 2022 entered into between the Company, GHPL, DUL and GU, to regulate the affairs of GU and the parties’ respective rights and obligations as shareholders of GU with effect from the date on which all abovementioned parties became shareholders of GU
- “Share(s)”* : Ordinary share(s) in the capital of the Company

DEFINITIONS

“Share Capital”	:	The issued and paid-up share capital of the Company
“Shareholders”	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
“Sponsor”	:	RHT Capital Pte. Ltd.
“SRS”	:	Supplementary Retirement Scheme
“SRS Investors”	:	Investors who have purchased Shares using their respective SRS contributions and which Shares are held on their behalf by SRS Operators
“SRS Operators”	:	Approved agent banks for SRS Investors
“Subscription Shares”	:	The H2G Subscription Shares and the GHPL Subscription Shares, collectively
“Substantial Shareholder”	:	A person (including a corporation) who holds directly or indirectly 5% or more of the total issued voting Shares
“Valuation Report”	:	The valuation report dated 17 February 2023 issued by the Valuer in respect of the valuation on 100% of the issued GU Shares
“Valuation Summary Letter”	:	The summary of the Valuation Report dated 17 February 2023 which is set out in Appendix A on pages A-1 to A-7 of this Circular
“Valuer”	:	Chay Corporate Advisory Pte. Ltd.

Currencies, Units and Others

“%”	:	Per centum or percentage
“S\$” or “cents”	:	Singapore dollars and cents, respectively

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA. The term “**subsidiary**” shall have the same meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

DEFINITIONS

Any reference in this Circular to Shares being allotted to a person includes allotment to CDP for the account of that person.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in this Circular between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

Opal Lawyers LLC has been appointed as the legal adviser to the Company as to Singapore law in relation to this Circular.

LETTER TO SHAREHOLDERS

H2G GREEN LIMITED
(Company Registration Number 199806046G)
(Incorporated in the Republic of Singapore)

Board of Directors

Lau Ping Sum Pearce (Non-Executive Chairman and Independent Director)
Lim Shao-Lin (Chief Executive Officer and Executive Director)
Koh Beng Leong (Executive Director – Finance)
Leow Sau Wan (Executive Director)
Chia Soon Hin William (Independent Director)
Tay Shui Wen (Independent Director)

Registered Office

39 Kaki Bukit Place
Eunos Techpark
Singapore 416217

20 February 2023

To: The Shareholders of H2G Green Limited

Dear Sir/Madam

- A. THE PROPOSED SUBSCRIPTION OF 1,162,080 NEW ORDINARY SHARES IN THE CAPITAL OF GASHUBUNITED UTILITY PRIVATE LIMITED (“GU”) (“GU SHARES”) BY THE COMPANY (“PROPOSED H2G SUBSCRIPTION”) AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SGX-ST (“CATALIST RULES”);**
- B. THE PROPOSED H2G SUBSCRIPTION AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES; AND**
- C. THE PROPOSED SUBSCRIPTION OF 611,621 NEW GU SHARES BY GASHUBUNITED HOLDING PRIVATE LIMITED (“GHPL”) (“PROPOSED GHPL SUBSCRIPTION”) AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES.**

1. INTRODUCTION

- 1.1 The Directors are convening an EGM to be held on Wednesday, 8 March 2023 at 10.00 a.m. to seek the approval of Shareholders for the following proposals:
- 1.1.1 the Proposed H2G Subscription as a major transaction under Chapter 10 of the Catalist Rules;
- 1.1.2 the Proposed H2G Subscription as an interested person transaction under Chapter 9 of the Catalist Rules; and
- 1.1.3 the Proposed GHPL Subscription as an interested person transaction under Chapter 9 of the Catalist Rules,
- (collectively, the **“Proposed Transactions”**).
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to the Proposed Transactions, and the rationale thereof, and to seek Shareholders’ approval at the EGM for the Ordinary Resolutions in respect of the Proposed Transactions as set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

- 1.3 Shareholders should note that the approval of Ordinary Resolution 1 relating to the Proposed H2G Subscription as a major transaction under Chapter 10 of the Catalist Rules and Ordinary Resolution 2 relating to the Proposed H2G Subscription as an interested person transaction under Chapter 9 of the Catalist Rules are inter-conditional. As such, if either of the Ordinary Resolutions 1 or 2 are not carried, both Ordinary Resolutions 1 and 2 will not be carried.
- 1.4 Ordinary Resolution 3 relating to the Proposed GHPL Subscription is contingent upon Ordinary Resolutions 1 and 2 relating to the Proposed H2G Subscription being passed. Accordingly, in the event that Ordinary Resolutions 1 and/or 2 are not passed, GHPL and GU are not entitled to proceed with the Proposed GHPL Subscription, whether or not Ordinary Resolution 3 is passed at the EGM. In the event that Ordinary Resolutions 1 and 2 are passed but not Ordinary Resolution 3, the Company and GU will be entitled to proceed with the Proposed H2G Subscription, to the extent that it does not effect the Proposed GHPL Subscription.
- 1.5 The SGX-ST assumes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular. If a Shareholder is in any doubt as to the course of action he should take, he should consult his bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser(s) immediately.

2. PROPOSED SUBSCRIPTION

2.1 Background

- 2.1.1 On 31 December 2021, the Company entered into a sale and purchase agreement with GHPL in relation to the acquisition of 3,852,511 GU Shares (representing approximately 51% of the total enlarged number of the GU Shares at completion) by the Company from GHPL. Upon the completion of the aforementioned acquisition on 28 June 2022, GU became a 51%-owned subsidiary of the Company. Mr Koh Beng Leong and Ms Leow Sau Wan, being the Executive Director – Finance and the Executive Director respectively of the Company, have also been appointed to the board of directors of GU. In conjunction with the above, the Company also entered into a shareholders' agreement with the other shareholders (being GHPL and Direct Union Limited (“DUL”), holding 40.84% and 8.16% shareholding interest respectively) and GU, to regulate the affairs of GU and the respective rights and obligations of the shareholders of GU.

Further details relating to the Company's acquisition of shares in GU are set out in the Company's announcements dated 10 November 2021, 2 December 2021, 16 December 2021, 31 December 2021, 12 April 2022, 13 May 2022, 30 May 2022 and 28 June 2022, and the Company's circular dated 13 May 2022.

- 2.1.2 GU is an unlisted private subsidiary of the Company. GU is principally engaged in the distribution of liquefied natural gas through a virtual pipeline approach, being the transportation of liquefied natural gas via ISO tanks and cylinders. GU intends to focus on an initial roll-out of liquefied natural gas distribution system in Singapore, while poising itself to capture other liquefied natural gas distribution opportunities across Asia in the long term.
- 2.1.3 As set out in the Company's announcement dated 18 February 2023, GU is undertaking a new share issue exercise and has offered to its existing shareholders the issue of an aggregate of 2,278,588 GU Shares at the issue price of S\$3.270 per GU Share, on a *pro rata* basis according to their respective shareholding interest. In respect of the aforementioned offer by GU for the issue of GU Shares:

LETTER TO SHAREHOLDERS

- (i) the Company, a 51.0%-shareholder of GU, has accepted GU's offer to subscribe for its full *pro rata* portion under the Offer of 1,162,080 new GU Shares (the "**H2G Subscription Shares**"), amounting to an aggregate subscription consideration of S\$3,800,000 (rounded down to the nearest S\$10);
- (ii) GHPL, a 40.84%-shareholder of GU and a controlling shareholder of the Company, has accepted GU's offer to subscribe for 611,621 new GU Shares (the "**GHPL Subscription Shares**") of its full *pro rata* portion of 930,575 new GU Shares under the Offer, amounting to an aggregate subscription consideration of S\$2,000,000 (rounded down to the nearest S\$10); and
- (iii) DUL, a 8.16%-shareholder of GU, has declined to subscribe for its full *pro rata* portion of 185,933 new GU Shares under GU's offer.

2.1.4 As GU is an associate of GHPL, a controlling shareholder of the Company, GU is regarded as an "interested person" within the meaning defined in Chapter 9 of the Catalist Rules and the Proposed H2G Subscription is an interested person transaction under Chapter 9 of the Catalist Rules.

2.1.5 In respect of the Proposed GHPL Subscription, GHPL (being a controlling shareholder of the Company and an associate of Mr Lim Shao-Lin ("**Mr Lim**")) is an "interested person" within the meaning defined in Chapter 9 of the Catalist Rules, while GU (being a 51%-owned subsidiary of the Company) is an "entity at risk" vis-à-vis GHPL within the meaning defined in Chapter 9 of the Catalist Rules. The Proposed GHPL Subscription is thus an interested person transaction under Chapter 9 of the Catalist Rules.

2.1.6 Please refer to Section 2.2 (*Information on GU, GHPL and the Interested Persons Group*) and Section 5 (*Proposed Subscription as an interested person transaction under Chapter 9 of the Catalist Rules*) of this Circular for further details in relation to GU and the Interested Persons Group.

2.2 Information on GU, GHPL and the Interested Persons Group

2.2.1 Information on GU

GU is a 51%-owned subsidiary of the Company. GU is a private company incorporated in Singapore on 1 April 2017, and is principally engaged in the distribution of liquefied natural gas through a virtual pipeline approach, being the transportation of liquefied natural gas via ISO tanks and cylinders. GU intends to focus on an initial roll-out of liquefied natural gas distribution system in Singapore, while poising itself to capture other liquefied natural gas distribution opportunities across Asia in the long term.

As at the Latest Practicable Date, GU has an issued and paid-up share capital of S\$8,937,294 divided into 7,553,942 GU Shares. The shareholding interest in GU is held in the following proportions:

GU Shareholders	No. of GU Shares	Shareholding Interest
The Company	3,852,511	51.0%
GHPL	3,084,783	40.84%
DUL	616,648	8.16%
Total	7,553,942	100%

LETTER TO SHAREHOLDERS

Upon the completion of the abovementioned acquisition of 51% shareholding interest in GU by the Company on 28 June 2022, Mr Koh Beng Leong and Ms Leow Sau Wan, being the Executive Director – Finance and the Executive Director respectively of the Company, have been appointed to the board of directors of GU.

As GU is deemed to be an associate of GHPL (being a controlling shareholder of the Company), GU is regarded as an “interested person” within the meaning defined in Chapter 9 of the Catalist Rules and the Proposed H2G Subscription is an interested person transaction under Chapter 9 of the Catalist Rules.

2.2.2 Information on GHPL

As at the Latest Practicable Date, GHPL is a controlling shareholder of the Company holding approximately 37.27% of the existing total issued shares of the Company. As GHPL holds 40.84% shareholding interest in GU, GU is deemed to be an associate of GHPL.

GHPL is a private company incorporated in Singapore on 3 March 2016. 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.

2.2.3 Relationships amongst the Interested Persons Group

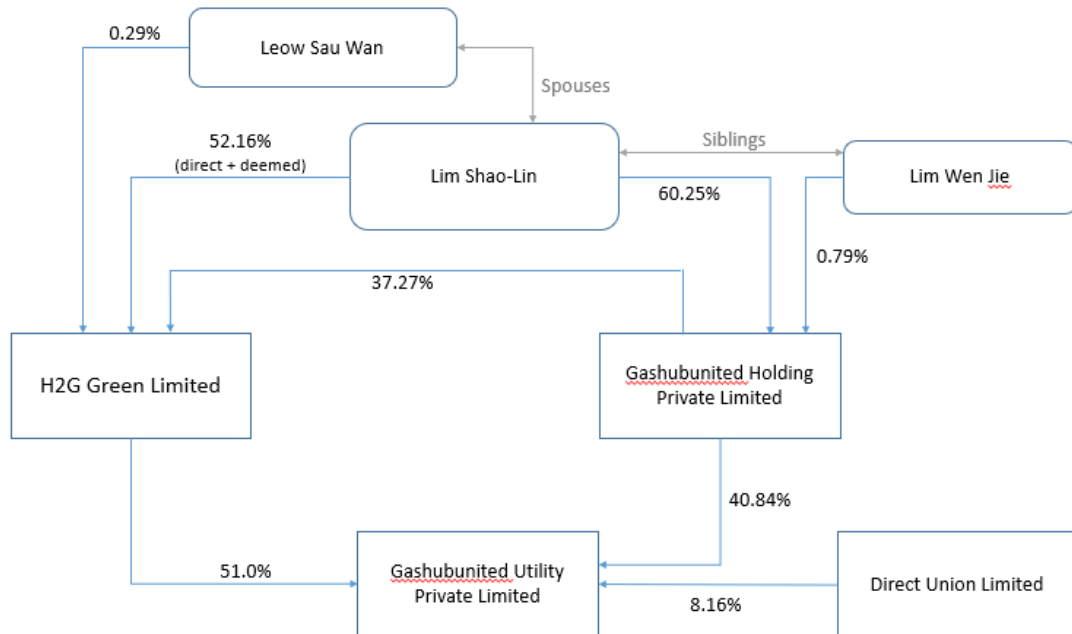
Mr Lim, the Chief Executive Officer and Executive Director of the Company, as well as a controlling shareholder of the Company holding an aggregate of 52.16% shareholding interest (comprising 14.89% direct interest and 37.27% deemed interest) in the Company, is also a director and shareholder of GHPL 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’s brother, Mr Lim Wen Jie. Ms Leow, an Executive Director and a shareholder of the Company (holding 0.29% shareholding interest in the Company as at the Latest Practicable Date), is the spouse of Mr Lim. Ms Leow does not hold any shares in the capital of GHPL. Accordingly, both GHPL and GU are deemed to be associates of Mr Lim.

GHPL (being a controlling shareholder of the Company and an associate of Mr Lim) is an “interested person” within the meaning defined in Chapter 9 of the Catalist Rules, while GU (being a 51%-owned subsidiary of the Company) is an “entity at risk” vis-à-vis GHPL within the meaning defined in Chapter 9 of the Catalist Rules. The Proposed GHPL Subscription is thus an interested person transaction under Chapter 9 of the Catalist Rules.

Save as disclosed herein, the Company and its Directors and controlling shareholders are not related to Mr Lim and his associates (including GU, GHPL and Ms Leow) (collectively, the “**Interested Persons Group**”).

LETTER TO SHAREHOLDERS

For illustrative purposes, the relationships between the abovementioned parties are set out in the following diagram:



Please refer to Section 6 (*Proposed Subscription as an interested person transaction under Chapter 9 of the Catalyst Rules*) of this Circular for further details in relation to the Interested Persons Group.

2.3 Key Details of the Proposed Subscription

2.3.1 Subscription Details

(i) Proposed H2G Subscription

Under the Proposed H2G Subscription, the Company intends to subscribe for the H2G Subscription Shares, being 1,162,080 new GU Shares, at an issue price of S\$3.270 per GU Share, amounting to an aggregate subscription consideration of S\$3,800,000 (rounded down to the nearest S\$10).

The H2G Subscription Shares represent approximately 15.38% of the total number of existing GU Shares of 7,553,942 GU Shares immediately prior to the Proposed Subscription, and approximately 12.46% of the total enlarged number of GU Shares of 9,327,643 GU Shares immediately after the Proposed Subscription.

(ii) Proposed GHPL Subscription

Under the Proposed GHPL Subscription, GHPL intends to subscribe for the GHPL Subscription Shares, being 611,621 new GU Shares, at an issue price of S\$3.270 per GU Share, amounting to an aggregate subscription consideration of S\$2,000,000 (rounded down to the nearest S\$10).

LETTER TO SHAREHOLDERS

The GHPL Subscription Shares represent approximately 8.10% of the total number of existing GU Shares of 7,553,942 GU Shares immediately prior to the Proposed Subscription, and approximately 6.56% of the total enlarged number of GU Shares of 9,327,643 GU Shares immediately after the Proposed Subscription.

The Subscription Shares, amounting to an aggregate of 1,773,701 new GU Shares, represent approximately 23.48% of the total number of existing GU Shares of 7,553,942 GU Shares immediately prior to the Proposed Subscription, and approximately 19.02% of the total enlarged number of GU Shares of 9,327,643 GU Shares immediately after the Proposed Subscription.

2.3.2 Issue Price

The issue price of S\$3.270 per share for the Subscription Shares is determined based on the valuation on 100% of the issued GU Shares performed by the Valuer as at 31 December 2022.

Please refer to Section 3 (*Value of the Subscription Shares and GU*) of this Circular for further details in relation to the Valuation Report issued by the Valuer.

2.3.3 Conditions Precedent for the Proposed Subscription

Each of the Proposed H2G Subscription and the Proposed GHPL Subscription is conditional upon:

- (a) the approval of the shareholders of the Company in a general meeting being obtained in relation to the Proposed H2G Subscription or the Proposed GHPL Subscription (as may be applicable), and the approval and such other compliance requirements of any regulatory authority in Singapore (if applicable);
- (b) the completion of the Proposed HCT Placement and the Proposed Individual Placements;
- (c) the allotment and issue of and subscription for the H2G Subscription Shares (in the case of the Proposed H2G Subscription) and the GHPL Subscription Shares (in the case of the Proposed GHPL Subscription) 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
- (d) the issue of the opinion of the Audit Committee and the opinion of the IFA that the Proposed H2G Subscription or the Proposed GHPL Subscription (as may be applicable), being deemed as an interested person transaction under Chapter 9 of the Catalyst Rules, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

2.3.4 Financing for the Proposed Subscription

(i) Proposed H2G Subscription

The subscription consideration for the Proposed H2G Subscription of S\$3,800,000 will be fully funded by the disbursement of the aggregate estimated net proceeds of approximately S\$3,955,000 from the Proposed HCT Placement and the Proposed Individual Placements ("**Placement Proceeds**") less S\$155,000 (being the estimated fees and expenses to be incurred in relation to the Proposed H2G Subscription), by the Company to GU.

LETTER TO SHAREHOLDERS

(a) Proposed HCT Placement

The Company has on 14 December 2022 entered into a subscription agreement with Hongkong China Treasury Limited (“HCT”) (“**HCT Subscription Agreement**”), in relation to the proposed placement of 142,180,095 new Shares by the Company to HCT at an issue price of S\$0.0211 per Share, amounting to an aggregate consideration of S\$3,000,000, on the terms and conditions of the HCT Subscription Agreement (“**Proposed HCT Placement**”). Pursuant to the HCT Subscription Agreement, the estimated net proceeds from the Proposed HCT Placement of approximately S\$2,965,000 will be used to finance the capital expenditure of GU.

(b) Proposed Individual Placements

The Company has on 15 December 2022 entered into subscription agreements (“**Individual Subscription Agreements**”) with two individual subscribers, namely Chua Weijie and Teo Tat Beng, in relation to the proposed placement of an aggregate of 47,400,000 new Shares by the Company at an issue price of S\$0.0211 per Share, amounting to an aggregate consideration of approximately S\$1,000,140, on the terms and conditions of the respective Individual Subscription Agreements (“**Proposed Individual Placements**”).

As set out in the Company’s announcement dated 15 December 2022 in relation to the Proposed Individual Placements, the Company intends to utilise the estimated net proceeds of approximately S\$990,000 from the Proposed Individual Placements to fund the general working capital of GU (including meeting general overheads, financing requirements and other operating expenses of GU).

Further details in relation to the HCT Placement and the Proposed Individual Placements are set out in the Company’s announcements dated 14 December 2022 and 15 December 2022 respectively.

Assuming the completion of both the Proposed HCT Placement and the Proposed Individual Placements, the Placement Proceeds of approximately S\$3,955,000 (less S\$155,000, being the estimated fees and expenses to be incurred in relation to the Proposed H2G Subscription) will be applied by the Company towards the Proposed H2G Subscription.

(ii) Proposed GHPL Subscription

The subscription consideration for the Proposed GHPL Subscription of S\$2,000,000 will be fully funded by the capitalisation of outstanding shareholders’ loans owing by GU to GHPL.

As at the Latest Practicable Date, the total shareholders’ loans owing by GU to GHPL amounts to an aggregate of S\$2,000,000 (the “**GHPL Loan**”). The GHPL Loan is comprised of outstanding amounts owing to (a) Gashubin Engineering Private Limited (S\$1,257,495), (b) Gashubunit (SEA) LNG Pte. Ltd. (S\$619,338) and (c) Mr Lim (S\$123,167), which have been novated to GHPL via novation agreements respectively. The abovementioned outstanding amounts were extended by the relevant parties to GU to fund working capital and capital expenditure and are interest-free, unsecured and repayable on demand.

LETTER TO SHAREHOLDERS

2.4 Resultant Shareholding Interests in GU following the Proposed Subscription

The resultant shareholding interest in GU immediately following the Proposed Subscription (assuming the simultaneous completion of both the Proposed H2G Subscription and the Proposed GHPL Subscription) will be as follows:

GU Shareholders	Before Proposed Subscription		After Proposed Subscription	
	No. of GU Shares	Shareholding Interest	No. of GU Shares	Shareholding Interest
The Company	3,852,511	51.0%	5,014,591	53.76%
GHPL	3,084,783	40.84%	3,696,404	39.63%
DUL	616,648	8.16%	616,648	6.61%
Total	7,553,942	100%	9,327,643	100%

3. VALUE OF THE SUBSCRIPTION SHARES AND GU

Based on the latest announced unaudited consolidated financial statements of the Group for the half year ended 30 September 2022 (“HY2023”):

- (i) NTA of GU amounted to approximately S\$1,346,171 as at 30 September 2022; and
- (ii) the net assets of GU amounted to approximately S\$1,346,171 as at 30 September 2022.

The Company has appointed the Valuer, Chay Corporate Advisory Pte. Ltd., as an independent professional valuer to carry out a valuation on 100% of the issued GU Shares as at 31 December 2022, for the purposes of the Proposed Subscription. The valuation was carried out in accordance with the International Valuation Standards as prescribed by the International Valuation Standards Council. The valuation on GU was performed by Mr Chay Yiowmin. Chay Corporate Advisory Pte. Ltd. is a boutique corporate advisory house which provides corporate advisory services in the areas of business services outsourcing, merger and acquisition, corporate restructuring, financial modelling, financial instrument and business valuation, financial and operational due diligence, accounting advisory, and litigation support to a diverse clientele across a broad array of industry sectors, ranging from multinational corporations and public listed companies, to private businesses, entrepreneurs and individuals.

Based on the Valuation Summary Letter set out in Appendix A to this Circular, the market value of 100% of the equity interest in GU ranges from S\$24.3 million to S\$25.2 million, with a base value of S\$24.7 million as at 31 December 2022.

The Board is of the view that the key assumptions used by the Valuer in the valuation of the Target are reasonable, and the key limitations as disclosed in the Valuation Report are acceptable.

4. RATIONALE FOR THE PROPOSED SUBSCRIPTION

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

- (i) The Proposed Subscription is beneficial for the Group as it will (a) strengthen the financial position of GU, being a 51%-owned subsidiary of the Company, (b) fund the capital expenditure necessary to continue GU's growth, and (c) improve GU's cash flow to meet anticipated general working capital requirements (including meeting general overheads, financing requirements and other operating expenses);

LETTER TO SHAREHOLDERS

- (ii) The Proposed GHPL Subscription will also improve GU's working capital position and reduce its indebtedness, gearing and LPS, as well as eliminate the need for any cash repayment for the GHPL Loan amounting to S\$2,000,000;
- (iii) Pursuant to the Proposed H2G Subscription, the Placement Proceeds from the Proposed HCT Placement and the Proposed Individual Placements will be applied to finance the capital expenditure and general working capital to GU, thus increasing resources available to GU to further grow and enhance its business; and
- (iv) 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 on a domestic and international scale, thereby allowing the Company to enhance Shareholders' value.

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

5. PROPOSED H2G SUBSCRIPTION AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES

5.1 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 2022 ("HY2023"), the relative figures of the Proposed H2G Subscription as computed on the relevant bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule	Bases	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	3.30 ⁽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	17.29 ⁽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

LETTER TO SHAREHOLDERS

Notes:

- (1) Based on the unaudited loss before income tax and non-controlling interests of the assets to be acquired, being 3.30%, which amounted to approximately S\$36,862, and the Group's unaudited loss before income tax and non-controlling interests of S\$1,117,000, for HY2023.
- (2) Based on the aggregate subscription consideration of S\$3,800,000 for the H2G Subscription Shares, and the Company's market capitalisation of S\$21,983,931 (based on the Company's issued ordinary share capital (excluding treasury shares and subsidiary holdings) of 1,099,196,574 Shares and weighted average price of the Shares of S\$0.020 on 17 February 2023, being the last full market day on which the Shares were traded prior to the Company's acceptance of GU's Offer to subscribe for the H2G Subscription Shares, as set out in the Company's announcement dated 18 February 2023.

5.2 Shareholders' approval for the Proposed H2G Subscription as a major transaction

As the relative figure calculated under Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 75%, the Proposed H2G Subscription 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, 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 H2G Subscription 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 H2G Subscription as a "major transaction" under Chapter 10 of the Catalist Rules.

6. PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS INTERESTED PERSON TRANSACTIONS UNDER CHAPTER 9 OF THE CATALIST RULES

6.1 Thresholds under Chapter 9 of the Catalist Rules

Pursuant to Rule 905 of the Catalist Rules, where the value of a transaction with an interested person singly, or, in aggregation with the values of other transactions entered into with the same interested person during the same financial year, equals or exceeds 3.0% of the Group's latest audited NTA, an immediate announcement shall be made regarding that transaction.

Pursuant to Rule 906 of the Catalist Rules, where the value of a transaction with an interested person singly, or, in aggregation with the values of other transactions entered into with the same interested person during the same financial year, equals or exceeds 5.0% of the Group's latest audited NTA, that transaction shall be subject to the approval of the Shareholders.

LETTER TO SHAREHOLDERS

6.2 GU as an Interested Person under Chapter 9 of the Catalist Rules

GU is a 51%-owned subsidiary of the Company.

GHPL, a controlling shareholder of the Company, also holds 40.84% shareholding interest in GU. GU is hence deemed to be an associate of GHPL. In addition, Mr Lim, the Chief Executive Officer and Executive Director of the Company, as well as a controlling shareholder of the Company holding an aggregate of 52.16% shareholding interest (comprising 14.89% direct interest and 37.27% deemed interest) in the Company as at the Latest Practicable Date, 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's brother, Mr Lim Wen Jie. Ms Leow, an Executive Director and a shareholder of the Company (holding 0.29% shareholding interest in the Company as at the Latest Practicable Date), is the spouse of Mr Lim. Ms Leow does not hold any shares in the capital of GHPL. Accordingly, both GHPL and GU are deemed to be associates of Mr Lim.

By virtue of being an associate of GHPL and Mr Lim, GU is regarded as an "interested person" within the meaning defined in Chapter 9 of the Catalist Rules.

In view of the above, notwithstanding that GU is a subsidiary of the Company, the Proposed H2G Subscription is deemed to be an interested person transaction under Chapter 9 of the Catalist Rules.

Please refer to Section 2.2 (*Information on GU and the Interested Persons Group*) of this Circular for further details in relation to GU and the Interested Persons Group.

6.3 Value of the Proposed H2G Subscription as an Interested Person Transaction

Based on the audited consolidated financial statements of the Group for FY2022, the Group's consolidated NTA as at 31 March 2022 was approximately S\$10,059,000.

The value-at-risk of the Proposed H2G Subscription would amount to S\$3,800,000, representing approximately 37.78% of the Group's latest audited NTA as at 31 March 2022. Pursuant to Rule 906 of the Catalist Rules, the Company is seeking the Shareholders' approval at the EGM for the Proposed H2G Subscription as an interested person transaction under Chapter 9 of the Catalist Rules.

Pursuant to Rule 919 of the Catalist Rules, the Interested Persons Group and their respective associates shall abstain from exercising their voting rights in respect of all existing 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 H2G Subscription.

6.4 GHPL as an Interested Person under Chapter 9 of the Catalist Rules

As at the Latest Practicable Date, GHPL is a controlling shareholder of the Company holding approximately 37.27% of the existing total issued shares of the Company. In addition, as disclosed under Section 6.1 above, GHPL is also deemed to be an associate of Mr Lim. Accordingly, GHPL is an "interested person" within the meaning defined in Chapter 9 of the Catalist Rules.

In respect of the Proposed GHPL Subscription, GU, as a 51%-owned subsidiary of the Company, is an "entity at risk" vis-à-vis GHPL within the meaning defined in Chapter 9 of the Catalist Rules. The Proposed GHPL Subscription is thus regarded as an interested person transaction under Chapter 9 of the Catalist Rules.

LETTER TO SHAREHOLDERS

Please refer to refer to Section 2.2 (*Information on GU and the Interested Persons Group*) Section 6.1 (*GU as an Interested Person under Chapter 9 of the Catalyst Rules*) for further details in relation to GHPL and the Interested Persons Group.

6.5 Value of the Proposed GHPL Subscription as an Interested Person Transaction

Based on the audited consolidated financial statements of the Group for FY2022, the Group's consolidated NTA as at 31 March 2022 was approximately S\$10,059,000.

The value-at-risk of the Proposed GHPL Subscription would amount to S\$2,000,000, representing approximately 19.88% of the Group's latest audited NTA as at 31 March 2022. Pursuant to Rule 906 of the Catalyst Rules, the Company is seeking the Shareholders' approval at the EGM for the Proposed GHPL Subscription as an interested person transaction under Chapter 9 of the Catalyst Rules.

Pursuant to Rule 919 of the Catalyst Rules, the Interested Persons Group and their respective associates shall abstain from exercising their voting rights in respect of all existing 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 Proposed GHPL Subscription.

6.6 Total Amount of Interested Person Transactions

Pursuant to Catalyst Rule 905(2), the aggregate value of all interested person transactions with the Interested Persons Group for the current FY2023 (including transactions which are less than \$100,000) is S\$480,637, representing approximately 4.78% of the Group's latest audited NTA as at 31 March 2022.

For completeness, the aggregate value of all interested person transactions of S\$6,280,637 with the Interested Persons Group for the current FY2023 consists of (a) S\$3,800,000, being the subscription consideration for the Proposed H2G Subscription, (b) S\$2,000,000, being the subscription consideration for the Proposed GHPL Subscription, and (c) S\$480,637, being the total value of all other interested person transactions (including transactions less than S\$100,000) with the Interested Persons Group for FY2023. For FY2023, the value of interested person transactions (excluding transactions less than S\$100,000 and the Proposed Subscription) with the Interested Persons Group is S\$212,154, representing approximately 2.11% of the Group's latest audited NTA as at 31 March 2022.

The details in relation to the interested person transactions (excluding transactions less than S\$100,000 and the Proposed Subscription) with the Interested Persons Group are set out below:

Name of Interested Person	Particulars of IPT	Amount at Risk	% of Group's latest audited NTA as at 31 March 2022
GHPL	Management fees charged to GHPL for project management during FY2023 ⁽¹⁾	S\$212,154	2.11%
	Total	S\$212,154	2.11%

Note:

- (1) As disclosed in the Company's announcement dated 15 December 2020, the Company had entered into a project investment agreement with GU and GHPL in relation to the proposed investment of S\$500,000 by the Company in a project undertaken by GU. The interested person transaction value of S\$212,154 pertains to management fees which have been charged to GHPL for project management relating to the aforementioned project during FY2023.

LETTER TO SHAREHOLDERS

Save as disclosed herein, there were no other interested person transactions (excluding transactions less than S\$100,000) entered into by the Group with the Interested Persons Group for the current FY2023.

Save as disclosed, as at the Latest Practicable Date, there were no other interested person transactions entered into by the Group for the current FY2023.

7. FINANCIAL EFFECTS OF THE PROPOSED H2G SUBSCRIPTION

The tables illustrating the financial effects of the Proposed H2G Subscription on (i) the NTA per share of the Group (assuming that the Proposed HCT Placement, the Proposed Individual Placements and the Proposed H2G Subscription had been completed at the end of that financial year); and (ii) the LPS of the Group (assuming that the Proposed HCT Placement, the Proposed Individual Placements and the Proposed H2G Subscription had been completed at the beginning of that financial year), based on the latest audited consolidated financial statements of the Group for FY2022, are set out below.

For the avoidance of doubt, the financial effects of the Proposed H2G Subscription 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 of the Proposed H2G Subscription. 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 by the Company, on or after 1 April 2022. The financial effects also do not take into account any fees and expenses to be incurred in relation to the Proposed H2G Subscription.

7.1 NTA per Share of the Group

Assuming that the Proposed HCT Placement, the Proposed Individual Placements and the Proposed H2G Subscription had been completed on 31 March 2022, the financial effect on the NTA per share of the Group as at 31 March 2022 is as follows:

	Before the Proposed H2G Subscription	After the Proposed H2G Subscription
NTA attributable to equity holders of the Company (S\$'000)	10,059	14,059
Number of Shares ⁽¹⁾	689,524,443	879,104,538
NTA per share (S\$ cents) ⁽²⁾	1.46	1.60

Notes:

(1) Based on the Company's issued ordinary share capital (excluding treasury shares and subsidiary holdings) as at 31 March 2022 of 689,524,443 Shares.

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

LETTER TO SHAREHOLDERS

7.2 LPS of the Group

Assuming that the Proposed HCT Placement, the Proposed Individual Placements and the Proposed H2G Subscription had been completed on 1 April 2021, the financial effect on the LPS of the Group for FY2022 is as follows:

	Before the Proposed H2G Subscription	After the Proposed H2G Subscription
Net loss attributable to equity holders of the Company (S\$'000)	2,765	2,765
Weighted average number of Shares ⁽¹⁾	689,524,443	879,104,538
LPS (S\$ cents)	0.40	0.31

Note:

(1) Based on the Company's issued ordinary share capital (excluding treasury shares and subsidiary holdings) as at 1 April 2021 of 689,524,443 Shares.

8. FINANCIAL EFFECTS OF THE PROPOSED GHPL SUBSCRIPTION

The tables illustrating the financial effects of the Proposed GHPL Subscription on (i) the NTA per share of the Group (assuming that the Proposed HCT Placement, the Proposed Individual Placements, the Proposed H2G Subscription and the Proposed GHPL Subscription had been completed at the end of that financial year); and (ii) the LPS of the Group (assuming that the Proposed HCT Placement, the Proposed Individual Placements, the Proposed H2G Subscription and the Proposed GHPL Subscription had been completed at the beginning of that financial year), based on the latest audited consolidated financial statements of the Group for FY2022, are set out below.

For the avoidance of doubt, the financial effects of the Proposed GHPL Subscription 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 of the Proposed GHPL Subscription. 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 by the Company, on or after 1 April 2022. The financial effects also do not take into account any fees and expenses to be incurred in relation to the Proposed GHPL Subscription.

8.1 NTA per Share of the Group

Assuming that the Proposed HCT Placement, the Proposed Individual Placements, the Proposed H2G Subscription and the Proposed GHPL Subscription had been completed on 31 March 2022, the financial effect on the NTA per share of the Group as at 31 March 2022 is as follows:

	Before the Proposed GHPL Subscription	After the Proposed GHPL Subscription
NTA attributable to equity holders of the Company (S\$'000)	10,059	15,134
Number of Shares ⁽¹⁾	689,524,443	879,104,538
NTA per share (S\$ cents) ⁽²⁾	1.46	1.72

LETTER TO SHAREHOLDERS

Notes:

- (1) Based on the Company's issued ordinary share capital (excluding treasury shares and subsidiary holdings) as at 31 March 2022 of 689,524,443 Shares.
- (2) NTA refers to net assets value of the Group less intangible assets and goodwill.

8.2 LPS of the Group

Assuming that the Proposed HCT Placement, the Proposed Individual Placements, the Proposed H2G Subscription and the Proposed GHPL Subscription had been completed on 1 April 2021, the financial effect on the LPS of the Group for FY2022 is as follows:

	Before the Proposed GHPL Subscription	After the Proposed GHPL Subscription
Net loss attributable to equity holders of the Company (S\$'000)	2,765	2,765
Weighted average number of Shares ⁽¹⁾	689,524,443	879,104,538
LPS (S\$ cents)	0.40	0.31

Note:

- (1) Based on the Company's issued ordinary share capital (excluding treasury shares and subsidiary holdings) as at 1 April 2021 of 689,524,443 Shares.

9. **ADVICE OF THE IFA IN RELATION TO THE PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS INTERESTED PERSON TRANSACTIONS UNDER CHAPTER 9 OF THE CATALIST RULES**

Asian Corporate Advisors Pte. Ltd. has been appointed as the IFA to advise the Non-Interested Directors as to whether the financial terms of the Proposed H2G Subscription and the Proposed GHPL Subscription, as an interested person transaction, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

A copy of the IFA Letter is set out in Appendix B to this Circular. **Shareholders are advised to read the IFA Letter in its entirety carefully and consider the recommendation of the Independent Directors for the Proposed H2G Subscription and the Proposed GHPL Subscription as set out in Section 13 of this Circular before deciding on whether to approve the Proposed Subscription.**

The advice of the IFA to the Non-Interested Directors in relation to the Proposed H2G Subscription and the Proposed GHPL Subscription has been extracted from the IFA Letter and is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

"In summary, having regard to our analysis and the consideration in this Letter (including its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to, inter alia, our terms of reference and earlier analysis, as well as the limitations of the valuation of GU which is premised, inter alia, on GU's ability to continue as a going concern, with ability to raise financing or refinancing for, inter alia, its working capital and capital expenditure requirements to meet the forecasted revenues. There is no certainty that the assumptions for the valuation can be achieved by GU as described in the Letter. Further, the valuation of GU is sensitive to, inter alia, growth and discount rates.

LETTER TO SHAREHOLDERS

In addition, we had also considered the confirmations from the Directors that, inter alia, there is no alternative offer for financing, and that the Company has decided to proceed with the Proposed H2G Subscription subject to approval from Shareholders not interested in the transaction to, inter alia, retain its controlling interest in GU (more than 51%) as the Directors are of the view that the further allotment and issue of GU Shares would enable GU to strengthen its financial position, fund the capital expenditure necessary to continue its growth and improve its cash flow to meet anticipated general working capital requirements, which would allow GU to further grow and enhance its business on a domestic and international scale.

*Accordingly, we are of the opinion that, on balance, the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs are **ON NORMAL COMMERCIAL TERMS, AND NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders.*

For the purposes of evaluation of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs, we have adopted the approach that the term “normal commercial terms” and “not prejudicial” comprises two distinct concepts:

- (i) Whether each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT is on “normal commercial terms” relates to an opinion on the value of the Issue Price. “Normal commercial terms” are terms which a party could obtain if the transaction were on an arm’s length basis or on terms no less favourable to the listed issuer than terms available to or from independent third parties. This has not considered in the particular context or circumstances facing the Company and/or the Group and/or GU. This is based strictly on a fundamental analysis and evaluation of the Issue Price as set out in this Letter and based on information known to us and/or which is publicly available).*
- (ii) Whether each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT is “not prejudicial”, after taking into consideration the actual and potential financial impact of other circumstances surrounding the Proposed H2G Subscription and the Proposed GHPL Subscription, which we consider relevant (being both quantitative and qualitative factors available and made known to us).*

*We consider each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT to be, on balance, **ON NORMAL COMMERCIAL TERMS**, after factoring, inter alia, the following:*

- (i) The Proposed H2G Subscription and the Proposed GHPL Subscription are both based on an Issue Price and such number of GU Shares which was offered on a pro rata basis to all existing shareholders of GU, based on each GU Shareholder’s respective shareholding interest in GU as at the date of such offer.*
- (ii) Whilst the Proposed H2G Subscription will require the Company to subscribe and pay for the H2G Subscription Shares in cash, we note that the Proposed GHPL Subscription will be settled via capitalisation of GU owings to GHPL at the same Issue Price and such owings were pursuant to advances made and goods and services provided to GU, and these includes amounts which were owed prior and subsequent to the Company’s Past Acquisition of GU. These amounts would remain outstanding and have to be paid in cash in the event that the amounts are not capitalised into GU Shares at the Issue Price.*
- (iii) The Issue Price is supported by the valuation of GU as ascribed by the Valuer. The Issue Price is determined based on the Base Value as set out in the Valuation Report divided by the existing number of issued GU Shares.*

LETTER TO SHAREHOLDERS

- (iv) *Fair comparison against the Selected Comparable Companies – the valuation of GU (as implied by the Issue Price, and based on the Adjusted NAV and/or NTA per GU Share) in terms of both the P/NAV and P/NTA ratios are fairly comparable to and within the range of ratios as implied by median and the third quartile for the Selected Comparable Companies in the event that such ratios are adjusted for control premiums and the more favourable financial position of GU (assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription) as compared to the Selected Comparable Companies.*
- (v) *Fair comparison of the Proposed GHPL Subscription against the Selected IPT Debt Conversion. The Proposed GHPL Subscription is comparable to those companies which comprises the Selected Companies which are loss-making with negative net working position.*
- (vi) *Fair comparison of the Proposed H2G Subscription and the Proposed GHPL Subscription against the Past Acquisition, and the DUL Loan Conversion in terms of the relative valuation as implied P/NAV ratios after considering, inter alia, the improved conditions of GU as at the Latest Practicable Date (in terms of business operations, number of contracts, and financial performance in terms of revenue as well as its ability to further commercialise its products and services and the almost comparable valuation as implied by the issue price).*

We note that whilst the absolute value for the 2021 Issue Price is lower than the Issue Price, the 2021 Capitalisation was undertaken prior to the announcement of the Past Acquisition, and that the Past Acquisition was approved by shareholders other than GHPL, Mr Lim and his associates. In addition, the business conditions for GU and the relative state of its business cycle as at the Latest Practicable Date has arguably improved (in terms of business operations, number of contracts, and financial performance in terms of revenue as well as its ability to further commercialise its products and services).

In addition, the aggregate valuation of the Past Acquisition as implied by its issue price of S\$22.5 million and the principal amount of the DUL Loan which was converted of S\$2.0 million is comparable to the current valuation of GU as implied by the Issue Price of S\$24.7 million.

- (vii) *The Proposed H2G Subscription and the Proposed GHPL Subscription, will allow the Company to maintain or retain its control of GHPL, with an ownership interests of approximately 53.76% (in the event that the resolutions for the Proposed H2G Subscription and the Proposed GHPL Subscription are all passed) without the need for further financing or depletion of financial resources to repay the amounts which are owed to GHPL and which would be capitalised pursuant to the Proposed GHPL Subscription.*
- (viii) *Ordinary Resolution 3 relating to the Proposed GHPL Subscription is contingent upon Ordinary Resolutions 1 and 2 relating to the Proposed H2G Subscription being passed. Accordingly, in the event that Ordinary Resolutions 1 and/or 2 are not passed, GHPL and GU are not entitled to proceed with the Proposed GHPL Subscription, whether or not Ordinary Resolution 3 is passed at the EGM. This would allow H2G to retain its “control” and its existing interest in GU. Further in the event that Ordinary Resolutions 1 and 2 are passed but not Ordinary Resolution 3, the Company and GU will be entitled to proceed with the Proposed H2G Subscription, to the extent that it does not effect the Proposed GHPL Subscription.*

Directors and Management have confirmed that in the event that Ordinary Resolution 3 relating to the Proposed GHPL Subscription is not passed, GHPL will not demand for repayments of amounts owed to GHPL which are the subject of the capitalisation.

LETTER TO SHAREHOLDERS

- (ix) *We note that it is not uncommon for subscription of shares to be settled vide capitalisation of owings from trade or advances (which were made prior to such subscriptions and in support of the business and operations of the concerned entity) like for the Proposed GHPL Subscription or for that matter at similar or comparable prices for recent subscriptions or conversions or for subscriptions for that particular tranche of fund raising pursuant to the Past Acquisition and DUL Loan Conversion (as the case may be).*

*We consider each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT to be, on balance, **NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders, after factoring, inter alia, the above mentioned factors and the following:*

- (i) *The rationale for Proposed H2G Subscription and the Proposed GHPL Subscription as set out in Section 4 of the Circular.*

The Proposed H2G Subscription and the Proposed GHPL Subscription will strengthen the equity base of GU and correspondingly reduce its debt-to-equity ratio and concurrently improve its working capital position.

- (ii) *The confirmations from the Directors that, inter alia, there is no alternative offer for financing, and that the Company has decided to proceed with the Proposed H2G Subscription subject to approvals from non-interested Shareholders to, inter alia, retain its controlling interest in GU (more than 51%) as the Directors are of the view that the further allotment and issue of GU Shares would enable GU to strengthen its financial position, fund the capital expenditure necessary to continue its growth and improve its cash flow to meet anticipated general working capital requirements, which would allow GU to further grow and enhance its business on a domestic and international scale.*

- (iii) *Confirmation by the Directors, as at the Latest Practicable Date, that save for the Proposed H2G Subscription and Proposed GHPL Subscription, they are not aware of any alternative sources of financing (debt or equity) available to GU or offers to GU, a subsidiary of the Group, which would allow GU to deleverage its balance sheet without dilution of the Company's interest in GU, and raise the needed financing in cash or without the need to repay any outstanding GHPL Loan (thereby lowering its cash or financial resources) to grow and further enhance the value of GU, a subsidiary of the Group whose acquisition was only recently approved by the then non-interested Shareholders as advised or recommended (as the case may be) by the then independent financial adviser and non-interested Directors.*

GU is in a critical growth stage with contracts already secured. Thus, it is paramount that funding is needed to enable GU to execute and convert these contracts into cash and to build up its track record to secure a pipeline of more contracts. At its current stage with relatively weak financial position and condition, the main source of funding can only be obtained from the existing GU Shareholders.

- (iv) *The pro-forma financial effects of the Proposed H2G Subscription and the Proposed GHPL Subscription to the Group as outlined in Sections 7 and 8 of the Circular. We note that the Proposed H2G Subscription and the Proposed GHPL Subscription do not have unfavourable effects on the financial position and performance of the Group.*

LETTER TO SHAREHOLDERS

- (v) *The Proposed H2G Subscription and the Proposed GHPL Subscription will allow the Company to maintain or retain its control of GHPL with an ownership interest of approximately 53.76%, (in the event that the resolutions for the Proposed Subscriptions are all passed) without the need for further financing or depletion of financial resources to repay the amounts which are owed to GHPL and which would be capitalised pursuant to the Proposed GHPL Subscription.*

Recommendation

Based on our assessment for each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT as set out above and subject to the analysis in this Letter, inter alia, there being no alternative offers for financing and that the Proposed H2G Subscription and the Proposed GHPL Subscription would enable GU to strengthen its financial position, fund the capital expenditure necessary to continue its growth and improve its cash flow to meet anticipated general working capital requirements, which would allow GU to further grow and enhance its business on a domestic and international scale, from a financial point of view, we advise the Non-Interested Directors to recommend that Independent Shareholders vote in favour of each of the Proposed H2G Subscription and the Proposed GHPL Subscription to be proposed at the EGM. We advise the Non-Interested Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, inter alia, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Non-Interested Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour for or against the Proposed H2G Subscription and the Proposed GHPL Subscription.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or GU. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and the Management and therefore does not reflect any projections or future financial performance of the Company or the Group or GU after the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Independent Shareholders:

- (1) *Our scope does not require us and we have not made any independent evaluation of GU (including without limitation, market value or economic potential) or appraisal of GU's assets and liabilities or contracts entered into by GU or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by GU or the Group save for the Current Valuation Report and the Valuation Summary Letter issued by the Valuer in respect of, inter alia, the market value of the 100% equity interest in the capital of GU as at the Valuation Date.*

With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities, and businesses (including without limitation GU) including, inter alia, the contracts or agreements that GU or the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

LETTER TO SHAREHOLDERS

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Group as reflected in the audited financial statements for the Group as at 31 March 2022 and the unaudited financial statements for the Group for 6M2023 are true and fair. Likewise, the GU Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition or position of GU as reflected in the audited financial statements for TFY2021 and the unaudited financial statements for TFP2022 are true and fair in any material aspect.

The GU Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the announcements made by the Company on the SGXNET, GU's audited financial statements for TFY2020 and TFY2021 and unaudited financial statements for TFP2022, there has been no material changes to GU's assets and liabilities, financial position, condition and performance.

- (2) *Our scope does not require us to express and we do not express, a view on the future growth prospects of GU, the Company or the Group before and after the transactions stipulated in the Circular or the Proposed H2G Subscription and the Proposed GHPL Subscription or the sufficiency of GU's working capital or the ability of GU to continue as a going concern.*

Specific Objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Non-Interested Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately."

10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

10.1 Interests in the Company

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares remain unchanged as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Lim Shao-Lin ⁽²⁾	163,699,808	14.89	409,672,131	37.27
Koh Beng Leong	-	-	-	-
Leow Sau Wan	3,211,700	0.29	-	-
Lau Ping Sum Pearce	-	-	-	-
Chia Soon Hin William	-	-	-	-
Tay Shui Wen	-	-	-	-
Substantial Shareholder				
Gashubunited Holding Private Limited	409,672,131	37.27	-	-

LETTER TO SHAREHOLDERS

Notes:

- (1) Based on the total number of existing Shares (excluding treasury shares and subsidiary holdings) of 1,099,196,574 Shares as at the Latest Practicable Date.
- (2) Mr Lim is deemed to be interested in all the 409,672,131 Shares held by GHPL under Section 7 of the Companies Act and Section 4 of the SFA.

10.2 Interests in the Proposed Subscription

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

11. SERVICE CONTRACT

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

12. STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rule 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 Circular.

The Audit Committee having reviewed, *inter alia*, the rationale for, the terms and the financial effects of the Proposed H2G Subscription and the Proposed GHPL Subscription and having considered the advice of the IFA in relation to the Proposed H2G Subscription and the Proposed GHPL Subscription, is of the opinion that each of the Proposed H2G Subscription and the Proposed GHPL Subscription, 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.

13. DIRECTORS' RECOMMENDATIONS

- 13.1 Having considered and reviewed, *inter alia*, the rationale for, the terms of the Proposed H2G Subscription and the Proposed GHPL Subscription, and all other relevant facts set out in this Circular, the Non-Interested Directors concur with the advice of the IFA in relation to the Proposed H2G Subscription and the Proposed GHPL Subscription and are collectively of the view that the Proposed H2G Subscription and the Proposed GHPL Subscription are in the best interests of the Company. The Non-Interested Directors therefore recommend that Shareholders vote in favour of the Ordinary Resolutions in relation to the Proposed H2G Subscription as a major transaction under Chapter 10 of the Catalist Rules and an interested person transaction under Chapter 9 of the Catalist Rules, and the Proposed GHPL Subscription as an interested person transaction under Chapter 9 of the Catalist Rules, at the EGM to be convened.
- 13.2 Mr Lim and Ms Leow, who are deemed to be interested in the Proposed H2G Subscription and the Proposed GHPL Subscription, have abstained from the deliberation, decision and voting on any resolution in respect of the Proposed H2G Subscription and the Proposed GHPL Subscription, as well as making any recommendations on the Ordinary Resolutions at the EGM to be convened.

LETTER TO SHAREHOLDERS

Shareholders are advised to read this Circular in its entirety, in particular the rationale for, and the financial effects of (as the case may be), the Proposed Transactions and for those who may require advice in the context of his specific investment, to consult his bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser.

14. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-5 of this Circular, will be held by way of electronic means on Wednesday, 8 March 2023 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions in relation to the Proposed Transactions set out in the Notice of EGM.

15. ABSTENTION FROM VOTING

The Interested Persons Group (including Mr Lim, Ms Leow and GHPL) and their respective associates will abstain, and will procure that their respective associates abstain, from voting on the Ordinary Resolutions set out in the Notice of EGM in relation to the Proposed H2G Subscription and the Proposed GHPL Subscription. They will also not accept any nominations to act as proxy for any Shareholder in voting on the Ordinary Resolutions unless specific instruction has been given in the Proxy Form as to the manner in which votes are to be cast in respect of the Ordinary Resolutions. Accordingly, the Company will disregard any votes cast on the Ordinary Resolutions by such persons required to abstain from voting in respect of the Ordinary Resolutions.

16. ACTIONS TO BE TAKEN BY SHAREHOLDERS

To minimise physical interactions and COVID-19 transmission risks, Shareholders will NOT be allowed to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by:

- (a) observing and/or listening to the EGM proceedings via “live” audio-visual webcast or “live” audio-only stream;
- (b) submitting questions to the Chairman of the EGM in advance of, or “live” at, the EGM; and/or
- (c) voting at the EGM (i) “live” by the Shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means; or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM.

Details of the steps for pre-registration, submission of questions and voting at the EGM by Shareholders, including persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including the CPFIS Investors and SRS Investors, are set out below.

LETTER TO SHAREHOLDERS

In particular, CPFIS Investors and SRS Investors¹ should note that they (i) may vote “live” via electronic means at the EGM if they are appointed as proxies by their respective CPF Agent Banks and/or SRS Operators (as the case may be), and should contact their respective CPF Agent Banks and/or SRS Operators (as the case may be) if they have any queries regarding their appointment as proxies; or (ii) may appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators (as the case may be) to submit their votes at least seven (7) business days before the EGM (i.e. by 10.00 a.m. on 24 February 2023).

Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), other than CPFIS Investors and SRS Investors, and who wish to participate in the EGM by:

- (a) observing and/or listening to the EGM proceedings via “live” audio-visual webcast or “live” audio-only stream;
- (b) submitting questions to the Chairman of the EGM in advance of, or “live” at, the EGM; and/or
- (c) voting at the EGM (i) “live” by the Shareholders themselves or their duly appointed proxies (other than the Chairman of the EGM) via electronic means; or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM,

should contact the relevant intermediaries through which they hold such Shares as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.

16.1 Pre-registration

Shareholders will be able to observe and/or listen to the EGM proceedings through a “live” audio-visual webcast or “live” audio-only stream via their mobile phones, tablets or computers, submit questions in advance of, or “live” at, the EGM and vote at the EGM (i) “live” by the Shareholders themselves or their duly appointed proxies (other than the Chairman of the EGM) via electronic means; or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM. To do so, they will need to complete the following steps.

Shareholders (including, where applicable, their appointed proxies), CPFIS Investors and SRS Investors who wish to follow the proceedings of the EGM must pre-register for access to the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings at the pre-registration website at the URL <https://conveneagm.sg/H2GgreenEGM2> from 20 February 2023 up to 10.00 a.m. on 5 March 2023 to enable the Company to verify their status.

Following the verification, authenticated Shareholders (including CPFIS Investors and SRS Investors) and, where applicable, appointed proxies, who have pre-registered via the pre-registration website will receive a confirmation email by 10.00 a.m. on 7 March 2023, via the e-mail address provided during pre-registration or as indicated in the Proxy Form.

Shareholders will be able to access the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings by signing in to the pre-registration website with their account credentials created during pre-registration. Shareholders must not share their login credentials to other persons who are not Shareholders and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the “live” audio-visual webcast of the EGM proceedings. Shareholders (including CPFIS Investors and SRS

¹ For the avoidance of doubt, CPFIS Investors and SRS Investors will not be able to appoint third party proxy(ies) (i.e. persons other than the Chairman of the EGM) to vote “live” at the EGM on their behalf.

LETTER TO SHAREHOLDERS

Investors) and, where applicable, appointed proxies, who do not receive the confirmation email by 10.00 a.m. on 7 March 2023, but have registered by 10.00 a.m. on 5 March 2023, may contact the Company's webcast vendor by email at support@conveneagm.com for assistance.

16.2 Questions

Shareholders, including CPFIS Investors and SRS Investors, can submit questions in advance of, or "live" at, the EGM.

Submission of substantial and relevant questions in advance of the EGM:

Shareholders, including CPFIS Investors and SRS Investors, can submit substantial and relevant questions related to the resolutions to be tabled for approval at the EGM to the Chairman of the EGM, in advance of the EGM, in the following manner:

- (a) Shareholders who pre-register to observe and/or listen to the EGM proceedings may submit their questions via the pre-registration website at the URL <https://conveneagm.sg/H2GgreenEGM2>;
- (b) Shareholders may submit their questions via email to ir@h2g.green; and/or
- (c) Shareholders may submit their questions by post to the Company's registered office at 39 Kaki Bukit Place, Eunos Techpark, Singapore 416217.

When sending in questions via email or by post, please also provide the following details: (a) full name; (b) address; and (c) the manner in which the Shares are held (e.g. via CDP, CPFIS, SRS and/or scrip).

All questions submitted in advance of the EGM via any of the above channels must be received by 10.00 a.m. on 28 February 2023.

Shareholders (including CPFIS Investors and SRS Investors) and, where applicable, appointed proxies, can also ask the Chairman of the EGM substantial and relevant questions related to the resolutions to be tabled for approval at the EGM, "live" at the EGM, by typing in and submitting their questions via the online platform hosting the audio-visual webcast and audio-only stream. Shareholders (including CPFIS Investors and SRS Investors) and, where applicable, appointed proxies, who wish to ask questions "live" at the EGM must first pre-register at the pre-registration website at the URL <https://conveneagm.sg/H2GgreenEGM2> by 10.00 a.m. on 5 March 2023.

The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the EGM by publishing the responses to such questions on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL www.h2g.green before 10.00 a.m. on 3 March 2023. The Company will address those substantial and relevant questions which have not already been addressed, as well as those received "live" at the EGM itself, during the EGM through the "live" audio-visual webcast and "live" audio-only stream of the EGM proceedings. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

The Company will publish the minutes of the EGM on the SGXNet and the Company's website within one (1) month from the date of EGM, and the minutes will include the responses to substantial and relevant questions from Shareholders which are addressed during the EGM.

LETTER TO SHAREHOLDERS

16.3 Voting

Shareholders who wish to exercise their voting rights at the EGM may:

- (a) (where such Shareholders are individuals) vote “live” via electronic means at the EGM or (where such Shareholders are individuals or corporates) appoint proxies (other than the Chairman of the EGM) to vote “live” via electronic means at the EGM on their behalf; or
- (b) (where such Shareholders are individuals or corporates) appoint the Chairman of the EGM as their proxy to vote on their behalf at the EGM.

Shareholders (including CPFIS Investors and SRS Investors) and, where applicable, appointed proxies, who wish to vote “live” at the EGM must first pre-register at the pre-registration website at the URL <https://conveneagm.sg/H2GgreenEGM2> by 10.00 a.m. on 5 March 2023.

Shareholders who wish to submit Proxy Forms must do so in the following manner:

- (a) by post to the office of the Company’s share registrar, M&C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or
- (b) via email to gpb@mncsingapore.com,

in each case, by 10.00 a.m. on 5 March 2023 (not less than 72 hours before the time appointed for holding the EGM).

A Shareholder who wishes to submit a Proxy Form appointing a proxy(ies) by post or via email can download a copy of the Proxy Form from the SGXNet or the Company’s website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Appointed proxies (other than the Chairman of the EGM) will be prompted via email (within two (2) business days after the Company’s receipt of the validly completed and submitted Proxy Forms) to pre-register at the pre-registration website at the URL <https://conveneagm.sg/H2GgreenEGM2> in order to access the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings. Shareholders who wish to appoint third party proxies are encouraged to submit their Proxy Forms early, and should request their proxies to pre-register by 10.00 a.m. on 5 March 2023, failing which the appointment shall be invalid.

CPFIS Investors and SRS Investors:

- (a) may vote “live” via electronic means at the EGM if they are appointed as proxies by their respective CPF Agent Banks and/or SRS Operators (as the case may be), and should contact their respective CPF Agent Banks and/or SRS Operators (as the case may be) if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators (as the case may be) to submit their votes at least seven (7) business days before the EGM (i.e. by 10.00 a.m. on 24 February 2023).

If no specific direction as to voting is given, in respect of a resolution, the appointed proxy/proxies will vote or abstain from voting at his/her/their discretion. If the appointor is a corporate, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.

LETTER TO SHAREHOLDERS

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the Shareholder, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the EGM as certified by CDP to the Company.

16.4 Documents

This Circular, the Notice of EGM and the Proxy Form will be sent to the Shareholders solely by electronic means via publication on the SGXNet and the Company's website. Printed copies of these documents will not be sent to Shareholders. Please refer to the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL www.h2g.green for the (a) Circular; (b) Notice of EGM; and (c) Proxy Form.

As the COVID-19 pandemic continues to evolve, further measures and/or changes to the EGM arrangements may be made on short notice in the ensuing days, even up to the day of the EGM. Shareholders are advised to closely monitor announcements made on SGXNet and the Company's website for updates on the EGM.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

18. CONSENTS

- 18.1 The Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name herein and the Valuation Summary Letter set out in Appendix A of this Circular and all references to its name in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.
- 18.2 The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name herein and the IFA Letter set out in Appendix B of this Circular and all references to its name in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.
- 18.3 The legal adviser to the Company as to the Proposed Transaction, Opal Lawyers LLC, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name herein and all references thereto in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

LETTER TO SHAREHOLDERS

19. DOCUMENTS FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 39 Kaki Bukit Place, Eunos Techpark, Singapore 416217 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (i) the constitution of the Company;
- (ii) the annual report of the Company for FY2022;
- (iii) the Valuation Report;
- (iv) the Valuation Summary Letter set out in Appendix A of this Circular;
- (v) the IFA Letter set out in Appendix B of this Circular; and
- (vi) the consent letters referred to in Section 18 above.

Shareholders who wish to inspect the above documents shall make an appointment via the following email address ir@h2g.green, so that the relevant arrangements can be made in compliance with the Singapore Government's directives in relation to the ongoing COVID-19 outbreak.

Yours faithfully
For and on behalf of the Board
H2G GREEN LIMITED

Lau Ping Sum Pearce
Non-Executive Chairman and Independent Director

APPENDIX A
VALUATION SUMMARY LETTER



Valuation Summary Letter

17 February 2023

The Board of Directors
H2G Green Limited
39 Kaki Bukit Place
#03-00 Eunos Techpark
Singapore 416217

Business Valuation of GasHubUnited Utility Pte. Ltd.

Dear Sirs,

1. Introduction

Chay Corporate Advisory Pte Ltd (“CCA”) has been appointed by H2G Green Limited (“H2G”) to perform a business valuation of the market value of 100% equity interest in GasHubUnited Utility Pte. Ltd. (“GUPL” or the “Company”) as at 31 December 2022 (“Valuation Date”) for the purposes of H2G’s proposed further acquisition of new shares in GUPL (“Proposed Subscription”).

This letter has been prepared for the purpose of disclosure as an appendix to the Circular to be issued in relation to the Proposed Subscription.

The letter is a summary containing information from our valuation report dated XX 2023 (the “Valuation Report”). Accordingly, this letter and its contents should be read in conjunction with the full text in the full Valuation Report.

2. Terms of reference

- i) The objective of the Valuation Report is to provide an independent view of the market value of 100% equity interest in GUPL as at 31 December 2022 in accordance with the International Valuation Standards (“IVS”) as prescribed by the International Valuation Standards Council (“IVSC”).

APPENDIX A
VALUATION SUMMARY LETTER

- ii) We have not undertaken any due diligence or audit of the financial information provided to us. The accuracy of such information is the sole responsibility of the management of the Company (“Management”).
- iii) Our estimation of the indicative valuation of the Company is based on its existing operations and likely future expansion plans only, and does not take into account of any fundamentally different business that Management may pursue in the foreseeable future.
- iv) We are not expressing an opinion on the commercial merits and structure on the transaction of the Company and accordingly, this valuation report does not purport to contain all the information that may be necessary to fully evaluate the commercial or investment merits of the transaction of the Company. The assessment of the commercial and investment merits of this transaction is solely the responsibility of both H2G and the Management. In addition, our work should not be construed as an investment advice to the current or prospective shareholders/investors of the Company.
- v) We have not conducted a comprehensive review of the business, operation or financial conditions of the Company nor any work in relation to the feasibility or tax efficiency of the Company’s business operation, and accordingly our Valuation Report will not make any representation or warranty, expressed or implied in this regard.
- vi) Our scope in this engagement does not require us to express, and we do not express a view on the future prospects of the Company, or any views on the future trading process of the shares or the financial condition of the Company.
- vii) Our terms of reference do not require us to provide advice on legal, regulatory, accounting or taxation matters made available to us if the Company has obtained specialist advice, and where we will consider, and where appropriate, relied upon such advice.
- viii) The information used by us in preparing the Valuation Report has been obtained from a variety of sources as indicated within the Valuation Report. While our work has involved an analysis of the financial information and accounting records, it has not included an audit in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representation with respect to the accuracy or completeness of any information provided to us by and on the behalf of the Company.
- ix) Budgets / forecasts / projections relate to future events and are based on assumptions which may not remain valid for the whole of the relevant period.

APPENDIX A
VALUATION SUMMARY LETTER

Consequently, they cannot be relied upon to the same extent as information derived from audited accounts for completed accounting periods. For these reasons, we express no opinion as to how closely the actual results achieved will correspond to those budgeted / forecasted / projected. Instead, our work by its nature, includes a review of the information provided to us, and discussions with members of the Management.

3. Use of Valuation Report and Valuation Summary Letter

Our work will be carried out solely for the use of H2G. This valuation report resulting from our work may not be used for any other purpose or by any other person, referred to in any document or made available to any party (other than your professional advisors acting in that capacity) without our prior written consent (including without limitation, the shareholders of H2G), except for the purpose of any matter relating to the Proposed Subscription (including making references to and reproduction in the shareholders' circular and being made available for inspection). Any recommendation made by the Directors to the shareholders of H2G shall remain the responsibility of such Directors.

4. Reliance on available information and representation from the Management

In the course of our work, we have held discussions with the Management. We have also examined and relied on information provided by the Company, and reviewed other relevant publicly available information. We have not independently verified all such information provided or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance, but have made such reasonable enquiries and used our judgment as we deemed necessary on the reasonable use of such information and have no reason to doubt the accuracy or reliability of the information.

However, we have a duty to exercise reasonable professional skill and care in performing our work in accordance with the terms of this engagement and have made reasonable enquires and exercised our judgment on the reasonable use of such information. Our work will, where appropriate, be conducted in accordance with applicable professional guidance.

The Management have confirmed to us, upon making all reasonable enquiries and to their best knowledge and belief, that the information provided to us constitute full and true disclosure, in all material respects and facts relating to the Company as required for the purposes of our valuation.

APPENDIX A
VALUATION SUMMARY LETTER

In no circumstances shall we be liable, other than in the event of our bad faith, willful default for any loss or damage, of whatsoever nature arising from information material to our work being withheld or concealed from us or misrepresented to us by the Management and the Directors, employees or staffs of the Company or any other person of whom we have made inquiries of during the course of our work.

5. Valuation methodology

The basis of the valuation will be made by reference to the market value. Market value is defined as the amount at which the shares would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. Market value, as defined above, is a concept of value which may or may not equal the “purchase / sale price” that could be obtained if the shares were sold to a special purchaser in an actual transaction in the open market.

Special purchasers may be willing to pay higher prices to gain control or obtain the capacity to reduce or eliminate competition, ensure a source of material supply or sales, achieve cost savings arising on business combinations following the acquisition, or any other synergies which may be enjoyed by the purchaser. Our valuation will not be premised on the existence of a special purchase.

The indicative valuation has taken into consideration of the values implied by a discounted cash flow (“DCF”) analysis. The discounted cash flow analysis is premised on the principle that the value of a company, division, business, or collection of assets can be derived based on the present value of its projected free cash flow.

In valuing the Company, we have adopted the DCF approach as the primary valuation methodology for the following reasons:

- i) The DCF approach reflects the future plans and growth of the Company. This approach is less influenced by volatile external factors because it is an inward-looking process which relies more heavily on the fundamental expectations of the business and explicit estimates of the value drivers;
- ii) The asset-based approach does not take into account of the future changes in sales or income; and
- iii) The scarcity of information available on precedent transactions performed in the recent past of firms with similar characteristics as the Company.

APPENDIX A
VALUATION SUMMARY LETTER

Our valuation is based on various assumptions with respect to the Company, including their respective present and future financial conditions, business strategies and the environment in which they operate. These assumptions are based on the information that we have been provided and discussions with the Company and Management reflecting current expectations on current and future events.

Among other assumptions that are stated in the Valuation Report, the key assumptions are as follows:

- i) The Company's forecast from FP 2023 to FP 2030 as prepared by the Management and the trend of the industry as disclosed in the circular have been considered.
- ii) The Company will continue as a going concern without any changes in its key Management and shareholding structure subsequent to the completion of the proposed acquisition;
- iii) The future operations of the Company will not be adversely affected by changes to its key personnel, Management team and Company's shareholding subsequent to the completion of the proposed acquisition;
- iv) No audit or review has been carried out on the forecasted period;
- v) All contracts entered into by the Company will continue to be in effect for the foreseeable future;
- vi) The information provided to us by the Management reflects the financial positions of the Company for the respective financial period;
- vii) The Company has the legal titles to all assets and licences as mentioned in the financial information provided to us by the Management. All assets, which are physically in existence, are in good working condition;
- viii) There are no risks that any of these assets will be subject to compulsory acquisition by any third party or government body;
- ix) There will be no major changes in the corporate taxation basis or rates applicable to the Company;
- x) Related party transactions, if any, are carried out on an arm's length basis and will continue to be so for the foreseeable future even if there are any changes in the shareholding structure;

APPENDIX A
VALUATION SUMMARY LETTER

- xi) There are no subsequent events after the date of the report which will have material effect on the unaudited management accounts for FP 2022;
- xii) Projected revenue is generated from the sale of Liquefied Natural Gas (“LNG”) based on the assumption that potential customer contracts being negotiated will have a high chance of success;
- xiii) However, taking a more conservative approach, the projected revenue was assessed based on a reduced success rate in achieving Management’s expected projected revenue arising from potential customer contracts being negotiated;
- xiv) In line with the Company’s reduced projected revenue, projected gross margin is expected to correspond to the mean gross margin of comparable companies of 24.88%;
- xv) Operating expenses consist mainly of staff cost, directors’ fees, rental of premises, selling and distribution expenses, professional fees and other operating related expenses;
- xvi) In line with the Company’s reduced projected revenue, projected EBITDA margin is expected to correspond to the mean EBITDA margin of 14.01%;
- xvii) Depreciation from FP 2023 to FP 2030 is estimated by Management based on the projected depreciation of plant and equipment to be incurred by the Company during the projected financial periods;
- xviii) Corporate income tax is expected to be based on Singapore’s corporate tax rate of 17%;
- xix) The range of WACC from 11.85% to 12.05% with a base WACC of 11.95% was considered;
- xx) The range of long-term growth rate from 1.38% to 1.58% with a base long-term growth rate of 1.48% corresponding to the forecasted long-term Singapore inflation rate was considered; and
- xxi) Management has projected the depreciation to remain the same as capital expenditure in order to support the generation of cashflow at a steady pace.

Notwithstanding that no independent assessment of the assumptions was conducted, as part of the terms of reference, CCA has made such reasonable enquiries and used judgment as would have been deemed necessary on the reasonable use of such information and/or representations provided by the Management and have no reason to doubt its accuracy or reliability.

APPENDIX A
VALUATION SUMMARY LETTER

6. Conclusion

In summary and as detailed in the Valuation Report, the range of market value corresponding to the implied equity values for the Company is between SGD 24.3 million and SGD 25.2 million, with a base value of SGD 24.7 million as at the Valuation Date.

Our views are based on the current economic, market, industry, regulatory, monetary and other conditions and on the information made available to us as of the date of this letter and the Valuation Report. Such conditions may change significantly over a relatively short period and we assume no responsibility and are not required to update, revise or reaffirm our conclusion set out in this letter to reflect events or developments subsequent to the date of this letter and the Valuation Report.

Yours faithfully,

A handwritten signature in blue ink that reads "Chay Corporate Advisory Pte Ltd". The signature is written in a cursive, flowing style.

Chay Corporate Advisory Pte. Ltd.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

The Non-Interested Directors (as hereinafter defined)
H2G Green Limited
39 Kaki Bukit Place, Eunos Techpark
Singapore 416217

20 February 2023

- (A) THE PROPOSED SUBSCRIPTION OF 1,162,080 NEW ORDINARY SHARES IN THE CAPITAL OF GASHUBUNITED UTILITY PRIVATE LIMITED (“GU SHARES”) BY THE COMPANY (“PROPOSED H2G SUBSCRIPTION”) AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“CATALIST RULES”);
- (B) THE PROPOSED H2G SUBSCRIPTION AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES; AND
- (C) THE PROPOSED SUBSCRIPTION OF 611,621 NEW GU SHARES BY GASHUBUNITED HOLDING PRIVATE LIMITED (“PROPOSED GHPL SUBSCRIPTION”) AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES.

Unless otherwise defined or where the context otherwise requires, all terms used herein shall have the same meanings as defined in the circular dated 20 February 2023 (the “Circular”).

1. INTRODUCTION

Background

On 31 December 2021, the Company entered into a sale and purchase agreement with Gashubunited Holding Private Limited (“GHPL”) in relation to the acquisition of 3,852,511 GU Shares (representing approximately 51% of the total enlarged number of the GU Shares at completion) by the Company from GHPL (the “Past Acquisition”). Upon the completion of the aforementioned acquisition on 28 June 2022, GU became a 51%-owned subsidiary of the Company. Mr Koh Beng Leong and Ms Leow Sau Wan (“Ms Leow”), being the Executive Director – Finance and the Executive Director respectively of the Company, have also been appointed to the board of directors of GU. In conjunction with the above, the Company also entered into a shareholders’ agreement with the other shareholders (being GHPL and Direct Union Limited (“DUL”), holding 40.84% and 8.16% shareholding interest respectively) and GU, to regulate the affairs of GU and the respective rights and obligations of the shareholders of GU (the “GU Shareholders”).

On 14 December 2022, the Company announced that it had entered into a subscription agreement with Hongkong China Treasury Limited (“HCT”) (“HCT Subscription Agreement”), in relation to the proposed placement of 142,180,095 new Shares by the Company to HCT at an issue price of S\$0.0211 per Share, amounting to an aggregate consideration of S\$3,000,000, on the terms and conditions of the HCT Subscription Agreement (“Proposed HCT Placement”). Pursuant to the HCT Subscription Agreement, the estimated net proceeds from the Proposed HCT Placement of approximately S\$2,965,000 will be used to finance the capital expenditure of GU.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

On 15 December 2022, the Company announced that it had entered into subscription agreements (“**Individual Subscription Agreements**”) with two individual subscribers, namely Chua Weijie and Teo Tat Beng, in relation to the proposed placement of an aggregate of 47,400,000 new Shares by the Company at an issue price of S\$0.0211 per Share, amounting to an aggregate consideration of approximately S\$1,000,140, on the terms and conditions of the respective Individual Subscription Agreements (“**Proposed Individual Placements**”). As set out in the Company’s announcement dated 15 December 2022 in relation to the Proposed Individual Placements, the Company intends to utilise the estimated net proceeds of approximately S\$990,000 from the Proposed Individual Placements to fund the general working capital of GU (including meeting general overheads, financing requirements and other operating expenses of GU).

As set out in the Company’s announcement dated 18 February 2023, GU is undertaking a new share issue exercise and has offered to its existing shareholders the issue of an aggregate of 2,278,588 GU Shares at the issue price of S\$3.270 per GU Share (the “**Issue Price**”), on a *pro rata basis* according to their respective shareholding interest. In respect of the aforementioned offer by GU for the issue of GU Shares:

- (i) the Company, a 51.0%-shareholder of GU, has accepted GU’s offer to subscribe for its full *pro rata* portion under the offer of 1,162,080 new GU Shares (the “**H2G Subscription Shares**”), amounting to an aggregate subscription consideration of S\$3,800,000 (rounded down to the nearest S\$10);
- (ii) GHPL, a 40.84%-shareholder of GU and a controlling shareholder of the Company, has accepted GU’s offer to subscribe for 611,621 new GU Shares (the “**GHPL Subscription Shares**”) of its full *pro rata* portion of 930,575 new GU Shares under the offer, amounting to an aggregate subscription consideration of S\$2,000,000 (rounded down to the nearest S\$10); and
- (iii) DUL, a 8.16%-shareholder of GU, has declined to subscribe for its full *pro rata* portion of 185,933 new GU Shares under GU’s offer.

As the relative figure calculated under Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 75%, the Proposed H2G Subscription 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, 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 H2G Subscription 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 H2G Subscription as a “major transaction” under Chapter 10 of the Catalist Rules.

The Proposed H2G Subscription as an IPT

GU is a 51%-owned subsidiary of the Company.

GHPL, a controlling shareholder of the Company, also holds 40.84% shareholding interest in GU. GU is hence deemed to be an associate of GHPL. In addition, Mr Lim Shao-Lin (“**Mr Lim**”), the Chief Executive Officer and Executive Director of the Company, as well as a controlling shareholder of the Company holding an aggregate of 52.16% shareholding interest (comprising 14.89% direct interest and 37.27% deemed interest) in the Company as at 10 February 2023 (the “**Latest Practicable Date**”), 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’s brother, Mr Lim Wen Jie. Ms Leow an Executive Director and a

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

shareholder of the Company (holding 0.29% shareholding interest in the Company as at the Latest Practicable Date), is the spouse of Mr Lim. Ms Leow does not hold any shares in the capital of GHPL. Accordingly, both GHPL and GU are deemed to be associates of Mr Lim.

By virtue of being an associate of GHPL and Mr Lim, GU is regarded as an “interested person” within the meaning defined in Chapter 9 of the Catalist Rules.

In view of the above, notwithstanding that GU is a subsidiary of the Company, the Proposed H2G Subscription is deemed to be an interested person transaction under Chapter 9 of the Catalist Rules.

Based on the audited consolidated financial statements of the Group for FY2022, the Group’s consolidated net tangible assets (“**NTA**”) as at 31 March 2022 was approximately S\$10,059,000.

The value-at-risk of the Proposed H2G Subscription would amount to S\$3,800,000, representing approximately 37.78% of the Group’s latest audited NTA as at 31 March 2022. Pursuant to Rule 906 of the Catalist Rules, the Company is seeking the Shareholders’ approval at the EGM for the Proposed H2G Subscription as an interested person transaction under Chapter 9 of the Catalist Rules.

Pursuant to Rule 919 of the Catalist Rules, Mr Lim and his associates, collectively (including GU, GHPL and Ms Leow) (the “**Interested Persons Group**”) and their respective associates shall abstain from exercising their voting rights in respect of all existing 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 H2G Subscription.

The Proposed GHPL Subscription as an IPT

As at the Latest Practicable Date, GHPL is a controlling shareholder of the Company holding approximately 37.27% of the existing total issued shares of the Company. In addition, GHPL is also deemed to be an associate of Mr Lim. Accordingly, GHPL is an “interested person” within the meaning defined in Chapter 9 of the Catalist Rules.

Based on the audited consolidated financial statements of the Group for FY2022, the Group’s consolidated NTA as at 31 March 2022 was approximately S\$10,059,000.

The value-at-risk of the Proposed GHPL Subscription would amount to S\$2,000,000, representing approximately 19.88% of the Group’s latest audited NTA as at 31 March 2022. Pursuant to Rule 906 of the Catalist Rules, the Company is seeking the Shareholders’ approval at the EGM for the Proposed GHPL Subscription as an interested person transaction under Chapter 9 of the Catalist Rules.

Pursuant to Rule 919 of the Catalist Rules, the Interested Persons Group and their respective associates shall abstain from exercising their voting rights in respect of all existing 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 Proposed GHPL Subscription.

To comply with the requirements of Chapter 9 of the Catalist Rules, Asian Corporate Advisors Pte. Ltd. (“**ACA**”) has been appointed as an independent financial adviser (the “**IFA**”) to provide opinion on whether the financial terms of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs, are on normal commercial terms and are not prejudicial to the interests of the Company and minority shareholders of the Company (the “**Minority Shareholders**”).

This letter (“**Letter**” or “**IFA Letter**”) has been prepared pursuant to Rule 921(4)(a) of the Catalist Rules as well as for the use by the directors of the Company (“**Directors**”) who do not have any interests in the Proposed Transactions (as defined in the Circular) (the “**Non-Interested Directors**”).

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

We note from the Circular that the Non-Interested Directors comprise Mr Koh Beng Leong, Mr Lau Ping Sum Pearce, Mr Chia Soon Hin William and Mr Tay Shui Wen.

This Letter sets out, *inter alia*, our views and evaluation of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs pursuant to Chapter 9 of the Catalist Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), which have been proposed as ordinary resolutions in the notice of the extraordinary general meeting (“**EGM**”) of the Company as set out in the Circular to registered holders (“**Shareholders**”) of the ordinary shares (“**Shares**”) in the capital of the Company. Likewise, it contains our recommendations to the Non-Interested Directors in relation to the Proposed H2G Subscription and the Proposed GHPL Subscription for determining whether the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs (pursuant to Chapter 9 of the Catalist Rules) are on normal commercial terms and are not prejudicial to the interests of the Company and the Minority Shareholders.

This Letter is prepared for inclusion in the Circular in connection with, *inter alia*, the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs. For the purposes of this Letter, references to independent Shareholders (“**Independent Shareholders**”) shall in the context of the Proposed H2G Subscription and the Proposed GHPL Subscription mean Shareholders other than the interested persons and/or their associates as defined by the Catalist Rules.

Unless otherwise defined or where the context otherwise requires, the definition used in the Circular shall apply throughout this Letter. Certain figures and computations as enumerated or set out in this Letter are based on approximations and its accuracy is subject to rounding.

2. TERMS OF REFERENCE

ACA has been appointed by the Company pursuant to Rule 921(4)(a) of the Catalist Rules to advise the Non-Interested Directors in respect of (i) the Proposed H2G Subscription as an IPT; and (ii) the Proposed GHPL Subscription as an IPT. We were neither a party to the negotiations entered into by the Company in relation to transactions contemplated in the Circular, *inter alia*, the Proposed H2G Subscription and the Proposed GHPL Subscription, nor were we involved in the deliberation leading up to the decision on the part of the Directors to enter into the Proposed H2G Subscription and the Proposed GHPL Subscription, and we do not, by this Letter or otherwise, advise or form any judgment on the merits of the Proposed H2G Subscription and the Proposed GHPL Subscription for the Group or the possibilities or feasibilities of the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription or the timing on when the Proposed H2G Subscription and the Proposed GHPL Subscription can be completed or whether there are alternative transactions available other than to form an opinion, strictly and solely on the bases set out herein on whether the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

We have confined our evaluation strictly and solely on the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs and have not taken into account the commercial / financial / operational / compliance risks and/or merits (if any) of or the timing for Proposed H2G Subscription and the Proposed GHPL Subscription contemplated in the Circular including the structuring or inter-conditional of the Proposed H2G Subscription and the Proposed GHPL Subscription or the validity of any resolution or its feasibility. It is not within our scope to opine on the future financial performance or position of the Company and its subsidiaries (the “**Group**”) and/or GU subsequent to the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription or the possibility or probability that the Group and/or GU can improve their profitability or that the anticipated benefits from the Proposed H2G Subscription and the Proposed GHPL Subscription can be realised (as the case may be) or the prices at which the Shares would trade or the value of GU after the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription or the viability, profitability and risks of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs or the ability of

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

the Group and/or GU to service its borrowings (both principal and interest payment) when it falls due or the adequacy of the working capital or the ability to continue as a going concern of the Group and/or GU following completion of the Proposed H2G Subscription and the Proposed GHPL Subscription. Such evaluation or comment remains the responsibility of the Directors and the management (“**Management**”) of the Company although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter.

In the course of our evaluation, we have held discussions with certain Directors and the Management as well as the directors of GU (the “**GU Directors**”) regarding their assessment of the rationale for the Proposed H2G Subscription and the Proposed GHPL Subscription (including, *inter alia*, the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs) and have examined publicly available information collated by us including the audited and unaudited financial statements as well as information including material information or developments pertaining to the Group and/or GU (both written and verbal), provided to us by the Directors and Management, and the GU Directors, and professional advisers of the Company, including its consultants or advisers or solicitors or auditors. We have not independently verified such information but have made such reasonable enquiries and used our judgement as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy or completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations.

We have relied upon the assurance of Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular as well as their announcements for the financial results have been reasonably made after due and careful enquiry. Likewise, we have relied upon the assurance that all statements of fact, belief, opinion and intention made by the GU Directors, to the best of their knowledge and beliefs have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at Latest Practicable Date, and therefore does not reflect expected financial performance after financial period for 6 months ended 30 September 2022 (“**6M2023**”) for the Group and the financial period for the twelve (12) months period ended 31 December 2022 (“**TFP2022**”) for GU. The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Group or GU after the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group or GU and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade or for that matter, GU will be valued upon completion or rejection of the Proposed H2G Subscription and/or the Proposed GHPL Subscription (in part or in full) or the other transactions or resolutions stipulated in the Circular (if any) or voting for or voting against the Proposed H2G Subscription or the Proposed GHPL Subscription or the other resolutions stipulated in the Circular (if any) or on the future financial performance of the Group or GU or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Group or GU or the Proposed H2G Subscription or the Proposed GHPL Subscription as IPTs in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

do change in light of these developments which, *inter alia*, include general as well as company specific or industry specific conditions or sentiments or factors. Non-Interested Directors (as well as Independent Shareholders of the Company who would be receiving the Circular and this Letter enclosed with the Circular) should note that our evaluation is based solely on publicly available information and other information provided by the Company and the Directors and, where applicable, the GU Directors, as well as those disclosed in the Circular, the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the relevant financial year end or financial period for the Group or GU or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs and our recommendation or opinion or views. Likewise, this Letter outlines some of the matters or bases or factors or assumptions which we have used in our assessment and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in our assessment.

The Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed H2G Subscription and the Proposed GHPL Subscription, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading, and where the circular contains a profit forecast (where applicable), the Directors are satisfied that the profit forecast has been stated after due and careful enquiry. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

The Directors and the GU Directors have, to their best knowledge, confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Company or the Group or GU or the Proposed H2G Subscription or the Proposed GHPL Subscription stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Proposed H2G Subscription and the Proposed GHPL Subscription has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

Our scope does not require us and we have not made any independent evaluation or business valuation of the Group or GU (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities of the Group or GU (including without limitation, property, plant and equipment) or contracts entered into by the Group or GU and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or GU save for:

- (i) the valuation report dated 24 March 2022 (the “**Previous Valuation Report**”) prepared by Chay Corporate Advisory Pte. Ltd. (the “**Valuer**”) in relation to the market value of 100% equity interest in GU as at 24 January 2022; and
- (ii) the valuation report dated 17 February 2023 (the “**Current Valuation Report**”) prepared by the Valuer in relation to the market value of 100% equity interest in GU as at 31 December 2022 (the “**Valuation Date**”).

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

With respect to such valuations, we are not experts in the evaluation (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities (including without limitation, property, plant and equipment) including, *inter alia*, the contracts or agreements that the Group or GU has embarked upon or are about to embark upon and have relied on the opinion of the Directors and/or the GU Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Group as reflected in the audited financial statements for the Group as at 31 March 2022 (“**FY2022**”) and the unaudited financial statements for the Group for 6M2023 are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the audited financial statements for FY2022 and the unaudited financial statements for 6M2023 for the Group to be false or misleading in any material aspect having regard to the purpose for which they were drawn up. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact relating to, *inter alia*, the valuation or appraisal of assets and liabilities including, *inter alia*, the contracts or agreements that the Group has embarked upon or are about to embark upon, the omission of which would render those statements or information or our analysis for which it is based on to be untrue, inaccurate, incomplete or misleading. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The GU Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition or position of GU as reflected in the audited financial statements for the financial year ended (“**TFY**”) 31 December 2021 (the “**TFY2021**”) and the unaudited financial statements as at TFP2022 are true and fair in any material aspect. In addition, the GU Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact relating to, *inter alia*, the valuation or appraisal of assets and liabilities including, *inter alia*, the contracts that GU has embarked upon or are about to embark upon, the omission of which would render those statements or information to be untrue, inaccurate, incomplete or misleading in any material aspect. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the audited financial statements for the Group for FY2022, the unaudited financial statements for the Group for 6M2023 and the Company’s announcements on the SGXNET, there have been no material changes to the Group’s assets and liabilities, financial position, condition and performance. The GU Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the audited financial statements for GU for TFY2021, the unaudited financial statements for GU for TFP2022 and the Company’s announcements on the SGXNET, there have been no material changes to the GU’s assets and liabilities, financial position, condition and performance.

In rendering our opinion and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Independent Shareholder. As different Independent Shareholders would have different investment profiles and objectives, we would advise the Non-Interested Directors to recommend that any individual Independent Shareholder who may require advice in the context of his specific investment portfolio, including his investment in the Company, consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Letter or the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs or the

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

Company or the Group or GU or the Shares or the GU Shares which we used or may have used may differ from the relative emphasis accorded by any individual Independent Shareholder or Director or Non-Interested Director, and as such the Non-Interested Directors are advised to highlight to Independent Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs or its recommendation, following the date of the issue of this Letter.

This Letter is addressed to the Non-Interested Directors in connection with and for the sole purpose of their evaluation of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote from this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs and/or at the forthcoming EGM. In addition, any references to our Letter or opinion or views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors and bases as well as our terms of reference for this Letter.

3. THE PROPOSED H2G SUBSCRIPTION AND THE PROPOSED GHPL SUBSCRIPTION

The key details of the Proposed H2G Subscription and the Proposed GHPL Subscription can be found in Section 2.3 of the Circular. A summary of the principal terms of the Proposed H2G Subscription and the Proposed GHPL Subscription is presented in this Letter. The principal terms of the Proposed H2G Subscription and the Proposed GHPL Subscription have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

“2.3 Key Details of the Proposed Subscription

2.3.1 Subscription Details

(i) Proposed H2G Subscription

Under the Proposed H2G Subscription, the Company intends to subscribe for the H2G Subscription Shares, being 1,162,080 new GU Shares, at an issue price of S\$3.270 per GU Share, amounting to an aggregate subscription consideration of S\$3,800,000 (rounded down to the nearest S\$10).

The H2G Subscription Shares represent approximately 15.38% of the total number of existing GU Shares of 7,553,942 GU Shares immediately prior to the Proposed Subscription, and approximately 12.46% of the total enlarged number of GU Shares of 9,327,643 GU Shares immediately after the Proposed Subscription.

(ii) Proposed GHPL Subscription

Under the Proposed GHPL Subscription, GHPL intends to subscribe for the GHPL Subscription Shares, being 611,621 new GU Shares, at an issue price of S\$3.270 per GU Share, amounting to an aggregate subscription consideration of S\$2,000,000 (rounded down to the nearest S\$10).

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

The GHPL Subscription Shares represent approximately 8.10% of the total number of existing GU Shares of 7,553,942 GU Shares immediately prior to the Proposed Subscription, and approximately 6.56% of the total enlarged number of GU Shares of 9,327,643 GU Shares immediately after the Proposed Subscription.

The Subscription Shares, amounting to an aggregate of 1,773,701 new GU Shares, represent approximately 23.48% of the total number of existing GU Shares of 7,553,942 GU Shares immediately prior to the Proposed Subscription, and approximately 19.02% of the total enlarged number of GU Shares of 9,327,643 GU Shares immediately after the Proposed Subscription.

2.3.2 Issue Price

The issue price of S\$3.270 per share for the Subscription Shares is determined based on the valuation on 100% of the issued GU Shares performed by the Valuer as at 31 December 2022.

Please refer to Section 3 (Value of the Subscription Shares and GU) of this Circular for further details in relation to the Valuation Report issued by the Valuer.

2.3.3 Conditions Precedent for the Proposed Subscription

Each of the Proposed H2G Subscription and the Proposed GHPL Subscription is conditional upon:

- (a) the approval of the shareholders of the Company in a general meeting being obtained in relation to the Proposed H2G Subscription or the Proposed GHPL Subscription (as may be applicable), and the approval and such other compliance requirements of any regulatory authority in Singapore (if applicable);*
- (b) the completion of the Proposed HCT Placement and the Proposed Individual Placements;*
- (c) the allotment and issue of and subscription for the H2G Subscription Shares (in the case of the Proposed H2G Subscription) and the GHPL Subscription Shares (in the case of the Proposed GHPL Subscription) 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*
- (d) the issue of the opinion of the Audit Committee and the opinion of the IFA that the Proposed H2G Subscription or the Proposed GHPL Subscription (as may be applicable), being deemed as an interested person transaction under Chapter 9 of the Catalyst Rules, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.*

2.3.4 Financing for the Proposed Subscription

(i) Proposed H2G Subscription

*The subscription consideration for the Proposed H2G Subscription of S\$3,800,000 will be fully funded by the disbursement of the aggregate estimated net proceeds of approximately S\$3,955,000 from the Proposed HCT Placement and the Proposed Individual Placements ("**Placement Proceeds**") less S\$155,000 (being the estimated fees and expenses to be incurred in relation to the Proposed H2G Subscription), by the Company to GU.*

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

(a) *Proposed HCT Placement*

The Company has on 14 December 2022 entered into a subscription agreement with Hongkong China Treasury Limited (“**HCT**”) (“**HCT Subscription Agreement**”), in relation to the proposed placement of 142,180,095 new Shares by the Company to HCT at an issue price of S\$0.0211 per Share, amounting to an aggregate consideration of S\$3,000,000, on the terms and conditions of the HCT Subscription Agreement (“**Proposed HCT Placement**”). Pursuant to the HCT Subscription Agreement, the estimated net proceeds from the Proposed HCT Placement of approximately S\$2,965,000 will be used to finance the capital expenditure of GU.

(b) *Proposed Individual Placements*

The Company has on 15 December 2022 entered into subscription agreements (“**Individual Subscription Agreements**”) with two individual subscribers, namely Chua Weijie and Teo Tat Beng, in relation to the proposed placement of an aggregate of 47,400,000 new Shares by the Company at an issue price of S\$0.0211 per Share, amounting to an aggregate consideration of approximately S\$1,000,140, on the terms and conditions of the respective Individual Subscription Agreements (“**Proposed Individual Placements**”).

As set out in the Company’s announcement dated 15 December 2022 in relation to the Proposed Individual Placements, the Company intends to utilise the estimated net proceeds of approximately S\$990,000 from the Proposed Individual Placements to fund the general working capital of GU (including meeting general overheads, financing requirements and other operating expenses of GU).

Further details in relation to the HCT Placement and the Proposed Individual Placements are set out in the Company’s announcements dated 14 December 2022 and 15 December 2022 respectively.

Assuming the completion of both the Proposed HCT Placement and the Proposed Individual Placements, the Placement Proceeds of approximately S\$3,955,000 (less S\$155,000, being the estimated fees and expenses to be incurred in relation to the Proposed H2G Subscription) will be applied by the Company towards the Proposed H2G Subscription.

(ii) Proposed GHPL Subscription

The subscription consideration for the Proposed GHPL Subscription of S\$2,000,000 will be fully funded by the capitalisation of outstanding shareholders’ loans owing by GU to GHPL.

As at the Latest Practicable Date, the total shareholders’ loans owing by GU to GHPL amounts to an aggregate of S\$2,000,000 (the “**GHPL Loan**”). The GHPL Loan is comprised of outstanding amounts owing to (a) Gashubin Engineering Private Limited (S\$1,257,495), (b) Gashubunited (SEA) LNG Pte. Ltd. (S\$619,338) and (c) Mr Lim (S\$123,167), which have been novated to GHPL via novation agreements respectively. The abovementioned outstanding amounts were extended by the relevant parties to GU to fund working capital and capital expenditure and are interest-free, unsecured and repayable on demand.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

2.4 Resultant Shareholding Interests in GU following the Proposed Subscription

The resultant shareholding interest in GU immediately following the Proposed Subscription (assuming the simultaneous completion of both the Proposed H2G Subscription and the Proposed GHPL Subscription) will be as follows:

GU Shareholders	Before Proposed Subscription		After Proposed Subscription	
	No. of GU Shares	Shareholding Interest	No. of GU Shares	Shareholding Interest
<i>The Company</i>	3,852,511	51.0%	5,014,591	53.76%
<i>GHPL</i>	3,084,783	40.84%	3,696,404	39.63%
<i>DUL</i>	616,648	8.16%	616,648	6.61%
Total	7,553,942	100%	9,327,643	100%

4. INFORMATION ON GU, GHPL AND THE INTERESTED PERSONS GROUP

Information on the GU, GHPL and the Interested Persons Group can be found in Section 2.2 of the Circular respectively.

5. EVALUATION OF THE PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS IPTS

In assessing the financial terms of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs, we have taken into account the following pertinent factors as well as others in this Letter, which we consider will have a significant bearing on our assessment:

- (i) Rationale for the Proposed H2G Subscription and the Proposed GHPL Subscription.
- (ii) Financial performance and position of the Group.
- (iii) Financial performance and position of GU.
- (iv) NAV (defined later) and NTA of GU.
- (v) Market value of GU.
- (vi) Relative valuation analysis.
- (vii) Analysis of selected comparable transactions.
- (viii) Other considerations which have significant bearing on our assessment.

These factors are discussed in detailed in the ensuing sections.

In our assessment of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs, we have applied certain valuation ratios and a brief description of such valuation ratios are as follows:

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

- (i) **EV/EBITDA** “**EV**” or “**Enterprise Value**” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. “**EBITDA**” stands for earnings before interest, tax, depreciation and amortisation but after share of associates’ and joint ventures’ income but excluding exceptional items.
- The “**EV/EBITDA**” multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
- (ii) **Price-to-Earnings (“PER”)** The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company’s shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.
- (iii) **Price-to-NTA (“P/NTA”)** The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value.
- The net tangible assets (the “**NTA**”) of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of their shares.
- (iv) **Price-to-NAV (“P/NAV”)** The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value.
- The net assets value (the “**NAV**”) of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

5.1. Rationale for the Proposed H2G Subscription and the Proposed GHPL Subscription

The rationale for the Proposed H2G Subscription and the Proposed GHPL Subscription has been extracted from Section 4 of the Circular and is set out in italics below. We recommend that the Non-Interested Directors advise Independent Shareholders to read this paragraph of the Circular carefully. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise stated.

“4. RATIONALE FOR THE PROPOSED SUBSCRIPTION

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

- (i) The Proposed Subscription is beneficial for the Group as it will (a) strengthen the financial position of GU, being a 51%-owned subsidiary of the Company, (b) fund the capital expenditure necessary to continue GU’s growth, 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 GHPL Subscription will also improve GU’s working capital position and reduce its indebtedness, gearing and LPS, as well as eliminate the need for any cash repayment for the GHPL Loan amounting to S\$2,000,000;*
- (iii) Pursuant to the Proposed H2G Subscription, the Placement Proceeds from the Proposed HCT Placement and the Proposed Individual Placements will be applied to finance the capital expenditure and general working capital to GU, thus increasing resources available to GU to further grow and enhance its business; and*
- (iv) 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 on a domestic and international scale, thereby allowing the Company to enhance Shareholders’ value.*

As such, the Company is of the view that the Proposed Subscription will enhance Shareholders’ value for the Company.”

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

5.2. Financial performance and position of the Group

The following are extracts from the audited consolidated financial statements of the Group for the last three financial years ended 31 March 2020 (“FY2020”), 31 March 2021 (“FY2021”) and FY2022 as well as the half year ended 30 September 2022 (“6M2022”) and 6M2023.

Summary of consolidated income statements

Figures in S\$'000⁽¹⁾	Unaudited 6M2023	Unaudited 6M2022	Audited FY2022	Audited FY2021	Audited FY2020
Revenue	6,959	2,712	7,191	4,748	7,707
Cost of sales	(4,692)	(1,500)	(4,191)	(2,580)	(4,343)
Gross profit	2,267	1,212	2,999	2,167	3,363
Other operating income	150	285	583	927	266
Distribution expenses	(1,115)	(654)	(1,440)	(1,366)	(1,198)
Finance income	282	28	48	29	1,240
Administrative expenses ⁽²⁾	(2,635)	(2,303)	(4,681)	(4,298)	(4,139)
Finance costs	(66)	(165)	(202)	(381)	(95)
Other operating expenses	-	(31)	(71)	(252)	(202)
Loss after tax attributable to owners of the Company	(808)	(1,628)	(2,765)	(3,175)	(764)

Summary of consolidated statements of financial position

Figures in S\$'000⁽¹⁾	Unaudited 6M2023	Audited FY2022	Audited FY2021	Audited FY2020
Non-current assets	27,231	10,569	7,030	4,360
Current assets	11,423	12,579	14,711	15,009
Non-current liabilities	7,174	4,765	2,643	333
Current liabilities	9,761	7,501	5,459	5,770
Total borrowings ⁽³⁾	8,650	5,889	3,757	994
Shareholders' equity	20,195	10,883	13,639	13,266
Net current assets ⁽⁴⁾	1,662	5,079	9,252	9,239

Summary of consolidated statements of cash flows

Figures in S\$'000⁽¹⁾	Unaudited 6M2023	Unaudited 6M2022	Audited FY2022	Audited FY2021	Audited FY2020
Net cash (used in)/generated from operating activities	(1,957)	(1,179)	(795)	(1,336)	969
Net cash generated from/(used in) investing activities	404	(1,434)	(1,558)	(1,322)	2,363
Net cash (used in)/generated from financing activities	(41)	(1,389)	(2,220)	1,715	(786)
Net (decrease)/increase in cash and cash equivalents	(1,594)	(4,002)	(4,573)	(943)	2,545
Cash and cash equivalents at end of financial period/year	3,785	5,993	5,352	9,930	10,873

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

Notes:

- (1) *The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.*
- (2) *Administrative expenses comprised, inter alia, depreciation, maintenance and manpower costs, acquisition expenses, legal and professional fees, and impairment loss on trade receivables and contract assets etc.*
- (3) *The total borrowings include lease liabilities.*
- (4) *Net current assets are defined as current assets less current liabilities.*

The following should be reviewed in conjunction with the tables and notes above:

- (i) Loss making for FY2022, FY2021 and FY2020

The Group's core businesses are:

- (a) investment holding and the provision of management services;
- (b) production and sale of advanced biodiesel, activated carbon, and distribution of liquefied natural gas ("**LNG**") and its related businesses ("**Energy Business**"); and
- (c) sales and distribution of high-end and mid-range furniture, kitchen and wardrobe systems, decorative and industrial lighting and bespoke carpentry services ("**Lifestyle Business**").

In terms of geographical segments, Singapore and Malaysia are the main contributors of the Group's revenue.

The Group's revenue decreased by approximately 38.4% from S\$7.7 million in FY2020 to S\$4.7 million in FY2021 but thereafter, it increased by approximately 51.5% to S\$7.2 million in FY2022. The decline in revenue for FY2021 was mainly attributable to lower sales of furniture and lighting products as a result of the Covid-19 pandemic. In FY2022, the Group's revenue increase was due mainly to contributions from the Lifestyle Business, brought about by strong customer demand and improvements in the global supply chain.

In line with the revenue, the Group's cost of sales decreased by approximately 40.6% from S\$4.3 million in FY2020 to S\$2.6 million in FY2021 but thereafter, it increased by approximately 62.4% to S\$4.2 million in FY2022.

The Group recorded gross profit of approximately S\$3.4 million, S\$2.2 million and S\$3.0 million with corresponding gross profit margin of approximately 43.6%, 45.7% and 41.7% in FY2020, FY2021 and FY2022 respectively. Despite lower gross profit in FY2021, the gross profit margin increased as the decline in revenue was partially offset by a greater reduction in costs of sales. The gross profit margin for FY2022 declined as the increase in revenue was partially offset by an increase in costs of sales.

The Group's administrative expenses amounted to approximately S\$4.1 million, S\$4.3 million and S\$4.7 million in FY2020, FY2021 and FY2022 respectively. The increase in the Group's total expenses for FY2021 was due to higher operating expenses incurred to support the Group's energy business, while the increase in the Group's total expenses for FY2022 was mainly due to the higher depreciation charges for right-of-use assets, higher legal and professional fees, as well as higher office maintenance costs by approximately S\$0.3 million, S\$0.2 million and S\$0.1 million respectively. This was partially offset by a decrease in manpower costs by approximately S\$0.3 million, as well as the absence of impairment loss on property, plant and equipment of approximately S\$0.2 million.

The Group recorded net losses attributable to equity holders of the Company of approximately S\$0.8 million, S\$3.2 million and S\$2.8 million in FY2020, FY2021 and FY2022 respectively.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

(ii) Financial performance for 6M2023 as compared to 6M2022

The Group's revenue increased from approximately S\$2.7 million in 6M2022 to approximately S\$7.0 million in 6M2023. This was mainly due to contributions from the Lifestyle Business, which represents approximately 95% of the Group's total revenue for 6M2023. The increase in the revenue for the Lifestyle Business was due to business recovery from the post-pandemic and continued easing of the supply chain bottlenecks during 6M2023.

The Group's cost of sales increased from approximately S\$1.5 million in 6M2022 to approximately S\$4.7 million in 6M2023. The increase in cost of sales was mainly associated with the increase in sales of the Lifestyle Business. Meanwhile, the increase in the cost of sales for the Energy Business was mainly due to the acquisition of GU, which amounted to approximately S\$0.7 million.

The Group recorded gross profit of approximately S\$1.2 million and S\$2.3 million with corresponding gross profit margin of approximately 44.7% and 32.6% in 6M2022 and 6M2023 respectively. The increase in gross profit for 6M2023 was mainly due to an overall increase in sales of the Lifestyle and Energy segments by approximately S\$3.5 million and S\$0.4 million respectively. However, the gross profit margin for 6M2023 declined as the increase in revenue was partially offset by an increase in costs of sales of approximately S\$3.2 million.

The Group's distribution expenses increased from approximately S\$0.7 million in 6M2022 to approximately S\$1.1 million in 6M2023 mainly due to higher logistic handling and selling costs, which have risen in tandem with the increase in sales.

The Group's administrative expenses increased from approximately S\$2.3 million in 6M2022 to approximately S\$2.6 million in 6M2023, mainly attributable to an increase in depreciation expenses, higher legal and professional fees, as well as additional administrative costs incurred for the business combination arising from GU for 6M2023.

The Group recorded a net loss attributable to the owners of the Company of approximately S\$0.8 million for 6M2023, as compared to a net loss attributable to equity holders of the Company of approximately S\$1.6 million for 6M2022.

(iii) Assets and liabilities

As at 30 September 2022, the Group's total assets amounted to approximately S\$38.7 million, comprising non-current assets of approximately S\$27.2 million (or approximately 70.3% of the total assets) and current assets of approximately S\$11.5 million (or approximately 29.7% of the total assets).

The main constituents of the Group's non-current assets are intangible assets of approximately S\$11.4 million, property, plant and equipment of approximately S\$8.0 million and right-of-use assets of approximately S\$7.9 million. Current assets comprised cash and cash held with financial institutions of approximately S\$4.0 million, inventories of approximately S\$3.8 million, trade and other receivables of approximately S\$3.5 million and contract assets of approximately S\$80 thousands.

As at 30 September 2022, the Group's total liabilities amounted to approximately S\$16.9 million comprising current liabilities of approximately S\$9.8 million (or approximately 58.0% of the total liabilities) and non-current liabilities of approximately S\$7.1 million (or approximately 42.0% of the total liabilities).

Non-current liabilities comprised non-current portion of total borrowings of approximately S\$6.6 million and deferred tax liabilities of approximately S\$0.5 million.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

Current liabilities comprised contract liabilities of approximately S\$4.3 million, trade and other payables of approximately S\$3.5 million, and the current portion of total borrowings of approximately S\$2.0 million.

(iv) Net current assets

The Group has been in net current assets position for FY2020, FY2021, FY2022 and 6M2023. It increased slightly from approximately S\$9.2 million as at 31 March 2020 to approximately S\$9.3 million as at 31 March 2021. It declined significantly to approximately S\$5.1 million as at 31 March 2022 before declining further to approximately S\$1.7 million as at 30 September 2022.

(v) Shareholders' equity

Shareholders' equity of the Group increased slightly from approximately S\$13.3 million as at 31 March 2020 to approximately S\$13.6 million as at 31 March 2021. This was mainly attributed to the increase in share capital by approximately S\$3.5 million (being placement of 132.0 million shares completed in February 2021), which was offset by the net loss incurred of approximately S\$3.2 million for FY2021. Shareholders' equity as at 31 March 2022 further decreased to approximately S\$10.9 million mainly due to net loss of approximately S\$2.8 million incurred in FY2022.

Subsequently, the shareholders' equity of the Group increased significantly to approximately S\$20.2 million as at 30 September 2022 mainly due to the increase of share capital via issuance and allotment of approximately 409.7 million shares to GHPL for the acquisition of 51.0% equity interests in GU in June 2022. This was partially offset by the net loss of approximately S\$1.1 million registered in 6M2023.

(vi) Net cash flow from operating activities

The Group generated positive net cash flow from operating activities for FY2020 of approximately S\$1.0 million. However, the net cash used in operating activities were approximately S\$1.3 million, S\$0.8 million, S\$1.2 million and S\$2.0 million for FY2021, FY2022, 6M2022, and 6M2023 respectively.

The Non-Interested Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Group's audited financial statements for FY2022 and unaudited financial statements for 6M2023, and the Company's announcements on the SGXNET, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

Outlook

In the Group's results announcement for 6M2023 (section 4), the Company stated the following commentary on the significant trends and competitive conditions of the industry in which the Group operates and factors or events that may affect the Group in the next reporting period and the next 12 months:

"Energy Business

(i) ***Gashubunited Utility Private Limited ("GUPL")***

While commodity prices have escalated since the start of the year 2022 resulting from a myriad of factors such as the supply chain disruptions combined with the effects of COVID-19 and the ongoing Ukraine and Russian war, GUPL continues to grow its distributed volumes, as liquified natural gas ("LNG") still represents a cleaner and lower-cost option (relative to existing fuels available in Singapore). GUPL is well-placed with its ability to supply LNG, as Singapore is expected to become

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

more reliant on LNG imports with pipeline gas volumes from Indonesia (and Malaysia) declining over time. According to Indonesia's Minister for Energy and Mineral Resources, as of 2021, 63% percent of Singapore's gas came from pipeline supplies and 37% percent from LNG. By 2030, the balance will likely be 90 percent LNG, 10% percent pipeline gas, with LNG taking dominance around 2024.¹ In October 2022, Indonesia announced that the original 20-year sales agreement of pipeline gas from South Sumatra to Singapore would only be extended by 5 years (from 2023) at lower volumes.² As of date of this announcement, the Company does not foresee any impact of this development to our business.

Despite LNG prices being currently elevated, LNG supply is expected to grow significantly over the next few years. In October 2022 alone: (i) Qatar Energy named ConocoPhillips as its third and final partner on the Gulf Arab State's North Field South expansion, which is part of the world's largest liquefied natural gas (LNG). With the current expansion already under construction, it is expected to take total capacity from 77 million tonnes per year ("MTPA") to 126 MTPA by 2027³; (ii) Chart Industries also announced its receipt of NTP (Notice To Proceed) on Venture Global's Plaquemine Phase 2 Big LNG project. It is anticipated that gas demand increase each year globally between now and 2035, and in turn, more LNG supply capacity is anticipated to move to FID (Final Investment Decision) and construction⁴; (iii) New Fortress Energy announced the finalization of its agreements with the Comision Federal de Electricidad including the approval to create a new offshore hub to deploy multiple 1.4 MTPA "Fast LNG" units starting 2023.⁵ For context, the size of the global LNG market is just over 400 MTPA today.

(ii) Green Energy Investment Holding Private Limited ("GEIH")

Interest in biofuels continues grow with several high-profile investments in the space. In October 2022, BP announced a US\$4.1 billion acquisition of Archaea Energy⁶, a leading U.S. producer of renewable natural gas. In June 2022, Airbus and Qantas committed US\$200mm to accelerate SAF (Sustainable Aviation Fuel) production in Australia⁷. Also in June 2022, Dutch climate tech company that upgrades biological waste streams into renewable raw materials such as bio-carbon and green gas, Perpetual Next⁸ acquired €320 million in new equity capital in a Series A financing round. We believe this positive momentum will flow to Asia. This bodes wells for GEIH's growth in this segment.

APPENDIX B
**LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS**

Lifestyle Business

In recent years, the Group has strategically crafted its portfolio of prestigious designer brands with the support of inhouse designers in an effort to grow brand recognition.

Despite challenges, the luxury furnishing segment was profitable in first half 2022. This segment is well supported by a core group of consumers in the top wealth bracket. The Group has also been involved with several prominent turnkey projects at luxury condominiums.

Singapore ranks third amongst the top 10 economies with the fastest-growing population of UHNWI (Ultra-High Net Worth Individuals)⁹. According to Credit Suisse, the number of millionaires in Singapore could increase by more than 60 per cent from 2020 to 2025¹⁰. With the COVID-19 pandemic abating, it is expected that Singapore will see more upcoming hospitality and real estate projects in light of the steady level of construction demand and the backlog of work affected by the pandemic since 2020 were driving growth in the sector.¹¹

¹<https://www.straitstimes.com/singapore/gas-supply-from-sumatra-to-s-pore-to-ease-under-new-contract-from-2023-indonesia-s-energy-minister>

²<https://www.straitstimes.com/business/companies-markets/indonesia-to-continue-supplying-natural-gas-to-s-pore-aftercontract-expires-in-2023-minister>

³<https://www.reuters.com/business/energy/qatarenergy-names-conocophillips-partner-lng-expansion-project-2022-10-30/>

⁴<https://ir.chartindustries.com/news-and-events/press-releases/press-release-details/2022/Chart-Industries-Reports-2022-Third-Quarter-Results/default.aspx>

⁵<https://ir.newfortressenergy.com/news-releases/news-release-details/nfe-finalizes-agreements-cfe-mexico-includingplans-offshore>

⁶<https://ir.archaeaenergy.com/news-events/press-releases/detail/35/archaea-energy-to-be-acquired-by-bp-for-approximately-4-1>

⁷<https://www.airbus.com/en/newsroom/press-releases/2022-06-qantas-and-airbus-joint-investment-to-kickstart-australianbiofuels>

⁸<https://perpetualnext.com/en/news/press-release-perpetual-next-raises-320-million/>

⁹<https://sbr.com.sg/economy/news/singapores-ultra-wealthy-population-continues-rise>

¹⁰<https://www.straitstimes.com/business/economy/number-of-millionaires-in-singapore-to-surge-62-by-2025-to-437000-report>

¹¹<https://www.straitstimes.com/singapore/housing/construction-demand-for-2022-to-return-to-near-pre-covid-19-levels-sectoroutlook-still-vulnerable-with-omicron-threat>

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

5.3. Financial performance and position of GU

The following are extracts from the unaudited consolidated financial statements of GU for TFP2022, and the audited consolidated financial statements of GU for the financial years ended 31 December 2021 (“TFY2021”), and 31 December 2020 (“TFY2020”).

Summary of consolidated income statements

Figures in S\$'000 ⁽¹⁾	Unaudited TFP2022	Audited TFY2021	Audited TFY2020
Revenue	604	50	-
Cost of sales	(482)	(44)	-
Gross profit	302	5	-
Other income	233	240	177
Administrative expenses ⁽²⁾	(2,891)	(2,241)	(1,459)
Finance costs	(158)	(90)	(65)
Loss after tax	(2,694)	(2,086)	(1,348)

Summary of consolidated statements of financial position

Figures in S\$'000 ⁽¹⁾	Unaudited TFP2022	Audited TFY2021	Audited TFY2020
Non-current assets	5,269	4,442	3,257
Current assets	1,389	2,210	677
Non-current liabilities	1,989	371	1,078
Current liabilities	3,965	4,882	4,385
Total borrowings ⁽³⁾	2,500	3,047	1,322
Shareholders' equity/ (capital deficiency)	705	1,399	(1,529)
Net current liabilities ⁽⁴⁾	(2,576)	(2,673)	(3,708)

Summary of consolidated statements of cash flows

Figures in S\$'000 ⁽¹⁾	Unaudited TFP2022	Audited TFY2021	Audited TFY2020
Net cash (used in)/ generated from operating activities	(1,758)	(316)	837
Net cash (used in) investing activities	(609)	(1,723)	(2,124)
Net cash (used in)/generated from financing activities	960	3,247	1,587
Net (decrease)/increase in cash and cash equivalents	(1,408)	1,208	299
Cash and cash equivalents at end of financial period/year	103	1,511	302

Notes:

- (1) The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.
- (2) Administrative expenses comprised, inter alia, staff costs, depreciation, marketing expenses, advertising expenses, insurance expenses, security expenses, bank charges and professional fees etc.
- (3) Total borrowings include lease liabilities.
- (4) Net current assets are defined as current assets less current liabilities.

The following should be reviewed in conjunction with the tables and notes above:

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

(i) Financial performance for TFP2022, TFY2021 and TFY2020

GU is principally engaged in the distribution of LNG through the transportation of LNG via ISO tanks and cylinders. Currently, GU operates solely within Singapore.

GU was incorporated in April 2017 and by around October 2021, GU had completed the construction of LNG bottling station in Jurong Island (the “**LNG Bottling Station**”) to provide clean low cost natural gas and natural gas solutions to customers via a greener and more sustainable business model, and which GU believes will enable it to expand its market share to industrial, commercial and residential consumers. The GU Directors confirmed that the LNG Bottling Station came into full commercialisation in October 2021 and GU had obtained all licences and certifications for its operations by the end of September 2021 and had since started to provide LNG distribution solutions for its customers in the industrial and commercial sectors in Singapore.

In October 2021, GU commenced its delivery of LNG to its customers and recorded revenue of approximately S\$49.6 thousands in TFY2021.

Subsequently, GU's revenue from sales of LNG increased significantly from approximately S\$49.6 thousands in TFY2021 to approximately S\$0.6 million in TFP2022. The GU Directors represented that whilst the construction of the LNG Bottling Station has been completed and GU has commenced its delivery of LNG, GU's ability to meet its customers' demands (with executed contracts) is constrained by funding, which we understand from the Directors and Management will be addressed via the Proposed H2G Subscription and the Proposed GHPL Subscription.

GU is in a critical growth stage with contracts already secured. Thus, it is paramount that funding is needed to enable GU to execute and convert these contracts into cash and to build up its track record to secure a pipeline of more contracts. At its current stage with relatively weak financial position and condition, the main source of funding can only be obtained from its GU Shareholders.

GU's other income (comprising ISO Tank management fee, government grant, rent concessions and miscellaneous) amounted to approximately S\$176.6 thousands, S\$239.6 thousands, and S\$233.2 thousands for TFY2020, TFY2021 and TFP2022 respectively. The decline in other income for TFP2022 was due to lower government grant.

GU's selling and administrative expenses of approximately S\$2.2 million for TFY2021 comprised mainly depreciation of property, plant and equipment of approximately S\$0.8 million, salary and directors' remuneration of approximately S\$0.7 million, and management fee charged by related party of approximately S\$0.3 million. Meanwhile, GU's selling and administrative expenses of approximately S\$2.9 million for TFP2022 comprised mainly depreciation of property, plant and equipment of approximately S\$1.0 million, salary and directors' remuneration of approximately S\$0.9 million, insurance of approximately S\$103.2 thousands, rental of machinery of approximately S\$94.5 thousands, repairs and maintenance of approximately S\$88.4 thousands, management fee of approximately S\$86.7 thousands, and others..

GU recorded finance costs of approximately S\$65.2 thousands, S\$89.8 thousands, and S\$0.2 million for TFY2020, TFY2021, and TFP2022 respectively. The higher finance costs in TFP2022 was due to the interest paid for the DUL Loan and the bridging loan.

GU recorded losses after tax of approximately S\$1.3 million, S\$2.1 million and S\$2.7 million for TFY2020, TFY2021 and TFP2022 respectively.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

(ii) Assets and liabilities

As at 31 December 2022, GU's total assets amounted to approximately S\$6.7 million, comprising current assets of approximately S\$1.4 million (or approximately 20.9% of the total assets) and non-current assets of approximately S\$5.3 million (or approximately 79.1% of the total assets).

The main components of GU's non-current assets as at 31 December 2022 is property, plant and equipment which consisted of plant and facility of approximately S\$2.9 million, right of use assets of approximately S\$1.3 million, machinery and equipment of approximately S\$0.9 million, motor vehicle of approximately S\$0.2 million, and office equipment of approximately S\$9.1 thousands.

GU's current assets comprised largely other receivables of approximately S\$0.7 million, cash and bank balances of approximately S\$0.4 million (including fixed deposit of approximately S\$0.3 million), trade receivables of approximately S\$0.3 million, and inventories of approximately S\$13.8 thousands. The increase in current assets from approximately S\$0.7 million as at 31 December 2020 to approximately S\$2.2 million as at 31 December 2021 is due to the significant increase in cash and bank balances by approximately S\$1.2 million, as well as the increase in other receivables by approximately S\$0.3 million. The decrease in current assets from approximately S\$2.1 million as at 31 December 2021 to approximately S\$1.4 million as at 31 December 2022 is mainly due to the significant decrease in cash and bank balances by approximately S\$1.1 million, which was partially offset by the increase in trade receivables by approximately S\$0.2 million.

As at 31 December 2022, GU's total liabilities amounted to approximately S\$6.0 million and consisted of current liabilities of approximately S\$4.0 million (or approximately 66.6% of the total liabilities) and non-current liabilities of approximately S\$2.0 million (or approximately 33.4% of the total liabilities).

GU's non-current liabilities as at 31 December 2022 comprised mainly the non-current portion of borrowings of approximately S\$1.8 million, as well as provision for reinstatement of leased land to its original state of approximately S\$0.2 million.

The decrease in GU's non-current liabilities from approximately S\$1.1 million as at 31 December 2020 to approximately S\$0.4 million as at 31 December 2021 was due to reclassification of the loan of approximately S\$0.5 million from the Company for the construction of the LNG Bottling Station in Jurong Island to current liabilities and repayment of lease liabilities. Meanwhile, the increase in total non-current liabilities from approximately S\$0.4 million as at 31 December 2021 to approximately S\$2.0 million as at 31 December 2022 is due to additional borrowing of approximately S\$1.4 million.

GU's current liabilities as at 31 December 2022 comprised mainly trade payables of approximately S\$1.8 million, amounts due to related parties of approximately S\$1.3 million, the current portion of borrowings of approximately S\$0.8 million, as well as other payables of approximately S\$0.1 million. The increase in current liabilities from approximately S\$4.4 million as at 31 December 2020 to approximately S\$4.9 million as at 31 December 2021 is due mainly to additional convertible loan from DUL of approximately S\$2.0 million and reclassification of the loan of approximately S\$0.5 million from the Company for the construction of the LNG Bottling Station in Jurong Island to current liabilities, which were partially offset by declines in trade and other payables. It is noted that in November 2021, trade and other payables comprised mainly loans and amounts owing by GU to GHPL and Mr Lim which amounted to S\$5.0 million was capitalised ("**2021 Capitalisation**").

The decrease in current liabilities from approximately S\$4.9 million as at 31 December 2021 to approximately S\$4.0 million as at 31 December 2022 is due to the conversion of the convertible loan from DUL and a decrease in other payables of approximately S\$1.8 million, which was partially offset by the increase in trade payables of approximately S\$1.7 million and amount due to related parties of approximately S\$1.3 million.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

Net current assets

GU has been in a net current liability position for TFY2020, TFY2021 and TFP2022. There was an improvement in the net current liability position from approximately S\$3.7 million as at 31 December 2020 to approximately S\$2.7 million and S\$2.6 million as at 31 December 2021 and 31 December 2022 respectively. Assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription, GU would be in net current asset position of approximately S\$3.2 million.

(iii) Shareholders' equity

Shareholders' equity of GU improved from a capital deficit position of approximately S\$1.5 million as at 31 December 2020 to approximately S\$1.4 million as at 31 December 2021, largely due to the issuance of 5,103,995 GU shares for a non-cash consideration of S\$5.0 million pursuant to the 2021 Capitalisation. This was partially offset by losses of approximately S\$2.1 million registered in TFY2021. Subsequently, the shareholders' equity of GU decreased to approximately S\$0.7 million as at 31 December 2022 due to the losses of approximately S\$2.7 million registered in FY2022, which was partially offset by issuance of 616,648 GU Shares in view of the conversion of the convertible loan of approximately S\$2.0 million from DUL ("**DUL Loan Conversion**").

GU's total borrowings of approximately S\$2.5 million as at 31 December 2022 comprised lease liability of approximately S\$1.3 million, bridging loan of approximately S\$1.0 million, and hire-purchase and trust receipt of approximately S\$0.2 million. It is noted that other than external debt financing, GU has also been relying on loans and advances from related parties.

GU's ratio of total borrowings over shareholders' equity stood at 3.5 times as at 31 December 2022. The GU Directors represented that GU, which commenced its commercial operation only in October 2021 is relatively undercapitalised as in the past GU has been relying on, *inter alia*, external debt financing and loans or advances from related parties to construct the LNG Bottling Station and finance their initial working capital requirements. The GU Directors also represented that it will take sometimes for these investments to break even and/or to yield return.

Assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription, GU's ratio of total borrowings over shareholders' equity will decline significantly to approximately 0.4 times.

(iv) Net cash flow from operating activities

The Group generated positive net cash flow from operating activities for TFY2020 of approximately S\$0.8 million. However, the net cash used in operating activities were S\$0.3 million and S\$1.8 million for TFY2021 and TFP2022 respectively.

Net cash generated from investing activities in TFP2022 of approximately S\$0.6 million was mainly due to purchase of property, plant and equipment of approximately S\$0.4 million and placement of fixed deposits of approximately S\$0.2 million.

Net cash generated in financing activities for TFP2022 of approximately S\$1.0 million was mainly due to proceeds from term loan of approximately S\$1.0 million and advances from related parties of approximately S\$1.3 million, which was partially offset by repayments of loans and advances amounting to an aggregate of approximately S\$1.3 million.

The GU Directors and the Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the announcements made by the Company on the SGXNET, GU's audited financial statements for TFY2020 and TFY2021 and unaudited financial statements for TFP2022, there has been no material changes to GU's assets and liabilities, financial position, condition and performance.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

5.4. NAV and NTA of GU

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values at which assets may actually be realized or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities, minority interest and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group, with the balance to be distributed to its shareholders. However, the NTA based approach does not take into account or consideration the presence of any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values of which assets may actually be realized or disposed of.

In assessing the Issue Price for both the Proposed H2G Subscription and the Proposed GHPL Subscription in relation to the NAV and NTA of GU as at 31 December 2022, we have reviewed the unaudited statement of financial positions of GU as at 31 December 2022 (to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach). Save as disclosed in the unaudited statement of financial positions of GU as at 31 December 2022, the GU Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in the statement of financial positions of GU as at 31 December 2022 in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of GU as at the Latest Practicable Date.

The GU Directors have also confirmed that as at the Latest Practicable Date, to the best of their knowledge and beliefs based on disclosures made available to them, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of GU as at 31 December 2022, save as disclosed in the unaudited financial statement of GU as at 31 December 2022 as well as the Circular. In addition, the GU Directors are of the opinion that save as disclosed in the Circular, the values of the assets and liabilities as well as financial performance or condition of GU as disclosed and reflected in the unaudited financial statements of GU as at 31 December 2022 are true and fair.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

Lastly, the GU Directors confirmed that to the best of their knowledge or belief that such information is true, complete and accurate in all respects and that there is no other information or facts, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete in any respect or misleading.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

GU's unaudited statement of financial position as at 31 December 2022	S\$'000 ⁽¹⁾
<u>Non-current assets</u>	
Property, plant and equipment	5,269
	5,269
<u>Current assets</u>	
Trade receivables	251
Other receivables	687
Inventories	14
Cash and bank balances ⁽²⁾	437
	1,389
<u>Current liabilities</u>	
Trade payables	1,782
Other payables	100
Borrowing	249
Lease liability	499
Amount due to related parties	1,335
	3,965
<u>Non-current liabilities</u>	
Lease liability	979
Borrowing	773
Provision	237
	1,989
NAV of GU	705
Less: non-controlling interest	-
NAV attributable to owners of the company	705
Less: intangible assets	-
NTA of GU	705
NAV and/or NTA of GU per GU Share (S\$) ⁽³⁾	0.093
Issue Price	3.270
Premium of the Issue Price over GU's NAV and/or NTA per GU Share (%)	3,404.4%

Note:

- (1) The figures are based on GU's unaudited financial statements for TFP2022. Figures and computation presented in the table above are subject to rounding.
- (2) Including fixed deposit of approximately S\$0.3 million.
- (3) The figures are computed based on GU's issued share capital of 7,553,942 GU Shares as at the Latest Practicable Date.

For illustrative purposes only, GU's NAV and/or NTA as at 31 December 2022 is approximately S\$0.7 million or S\$0.093 per GU Share. The Issue Price represents a premium of approximately 3,404.4% over GU's NAV and/or NTA per GU Share as at 31 December 2022.

Adjusted NAV and/or Adjusted NTA

As stated in the Circular, GU is undertaking the Proposed H2G Subscription and the Proposed GHPL Subscription. As such, for illustrative purpose only, we have adjusted GU's NAV and/or NTA with the impact of the issuance of the H2G Subscription Shares and the GHPL Subscription Shares (assuming the completion of both the Proposed H2G Subscription and the Proposed GHPL Subscription).

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

Adjusted NAV and/or Adjusted NTA ⁽¹⁾	S\$'000
GU's NAV and/or NTA as at 31 December 2022	705
Add: effect of completion of the Proposed H2G Subscription ⁽²⁾	3,800
Add: effect of completion of the Proposed GHPL Subscription ⁽²⁾	2,000
GU's adjusted NAV and/or NTA ("Adjusted NAV and/or NTA")	6,505
Adjusted NAV and/or NTA per GU Share (S\$)⁽²⁾	0.697
Issue Price (S\$)	3.270
Premium of the Issue Price over GU's Adjusted NAV and/or NTA per GU Share (%)	368.9%

Notes:

- (1) *The figures and computations above are subject to rounding.*
- (2) *The figures are provided and confirmed by the Management (assuming completion of both the Proposed H2G Subscription and the Proposed GHPL Subscription).*
- (3) *Based on GU's enlarged share capital of 9,327,643 GU Shares (assuming completion of issuance and allotment of 1,162,080 new GU Shares pursuant to the Proposed H2G Subscription and 611,621 new GU Shares pursuant to the Proposed GHPL Subscription).*

From the table above, we note that assuming the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription, GU's Adjusted NAV and/or NTA amounted to approximately S\$6.5 million or approximately S\$0.697 per GU Share. The Issue Price represents a premium of approximately 368.9% over GU's Adjusted NAV and/or NTA per GU Share. This should be reviewed in the context of, *inter alia*, GU's current operating status, its supply contracts, lack of working capital and funding to meet demands.

In our evaluation of the Issue Price, we have considered whether:

- (i) there are any material events that may have an impact on the unaudited statement of financial position of GU from 31 December 2022 to the Latest Practicable Date to determine whether adjustments need to be made to the NAV and/or NTA per GU Share as at 31 December 2022. In this respect, the GU Directors have confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, save as disclosed in the unaudited financial statements of GU as at 31 December 2022, the announcements released by the Company on the SGXNET, the Circular, and this IFA Letter, there have been no known material events since 31 December 2022 to the Latest Practicable Date that have or will have a material impact to the unaudited statement of financial position of GU as at 31 December 2022; and
- (ii) there are any tangible assets which should be valued at an amount that is materially different from that which is recorded in the unaudited statement of financial position of GU as at 31 December 2022. The GU Directors have confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, they are of the view that on aggregate basis, save as disclosed in the unaudited financial statements of GU as at 31 December 2022, the announcements released by the Company on the SGXNET, and the Circular, there are no material differences between the estimated market value of the assets and their respective book values as at 31 December 2022 which would have a material impact on GU's NAV and/or NTA as at 31 December 2022.

While the NAV and/or NTA per Share is a relevant basis for comparison, Non-Interested Directors should note that it is not necessarily a realisable value as the market value of the assets of GU and

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

any tax liabilities arising from the sale of the assets of GU may vary depending on prevailing market and economic conditions as at the time of such sale or disposal.

The above computations and analysis are meant as an illustration and it does not necessarily mean or imply that the net realisable value of GU is as stated above. It also does not imply that the assets or properties of GU can be disposed of at the estimated values indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated is realisable or distributable to Shareholders. It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that GU decides to change the nature of its business or to release or convert the uses of all its assets. The NAV or the NTA basis of valuation, however, does not necessarily reflect the value of GU as a going concern nor can it capture or illustrate any value for GU's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realized or disposed.

5.5. Market value of GU

The Company had also appointed the Valuer to conduct a business valuation of the 100% equity interest in the capital of GU. We recommend that Non-Interested Directors advise Independent Shareholders to note and review carefully the contents of the Valuation Summary Letter (attached as Appendix A to the Circular) as well as the Current Valuation Report (which is made available for inspection) in its entirety including the assumptions made and the basis for the assumptions.

As stated in the Valuation Summary Letter, in valuing the Target Company, the Valuer has adopted the discounted cash flow (“**DCF**”) approach as the primary valuation methodology for the following reasons:

- (i) The DCF approach reflects the future plans and growth of GU. This approach is less influenced by volatile external factors because it is an inward-looking process which relies more heavily on the fundamental expectations of the business and explicit estimates of the value drivers;
- (ii) The asset-based approach does not take into account of the future changes in sales or income; and
- (iii) The scarcity of information available on precedent transactions performed in the recent past of firms with similar characteristics as GU.

The Valuer has also considered the EV/EBITDA multiple of comparable companies as a reference cross-check to ensure reasonableness of the derived valuation results from the DCF analysis. We note from the Circular that as part of the comparable companies (“**CC**”) analysis, the Valuer has considered comparable publicly listed companies based on the following criteria: (i) companies which are in a similar industry as GU; and (ii) companies which are involved in the trading and distribution of LNG in, *inter alia*, Singapore, South East Asia and the Asia Pacific region. The comparable publicly listed companies considered were New Fortress Energy Inc., ENN Energy Holdings Limited, China Resources Gas Group Limited, Union Gas Holdings Limited, Gas Malaysia Berhad, CF Energy Corp, Towngas Smart Energy Company Limited, Gujarat Gas Limited, and Seoul City Gas Co., Ltd.

The Valuer's conclusion is dependent on the following key assumptions:

- (i) GU's forecast for the eight financial years from FP2023 to FP2030 as prepared by the management of GU (the “**GU Management**”) and the trend of the industry as disclosed in the Circular have been considered;

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

- (ii) GU will continue as a going concern without any changes in its key management and shareholding structure subsequent to the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription;
- (iii) The future operations of GU will not be adversely affected by changes to its key personnel, management team, and GU's shareholding subsequent to the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription;
- (iv) No audit or review has been carried out on the forecasted period;
- (v) All contracts entered into by GU will continue to be in effect for the foreseeable future;
- (vi) The information provided to the Valuer by the GU Management reflects the financial positions of GU for the respective financial years/period;
- (vii) GU has the legal titles to all assets and licences as mentioned in the financial information provided to the Valuer by the GU Management. All assets, which are physically in existence, are in good working condition;
- (viii) There are no risks that any of these assets will be subject to compulsory acquisition by any third party or government body;
- (ix) There will be no major changes in the corporate taxation basis or rates applicable to GU;
- (x) Related party transactions, if any, are carried out on an arm's length basis and will continue to be so for the foreseeable future even if there are any changes in the shareholding structure;
- (xi) There are no subsequent events after the date of the Current Valuation Report which will have material effect on the unaudited management accounts for FP2022;
- (xii) Projected revenue is generated from the sale of LNG based on the assumption that potential customer contracts being negotiated will have a high chance of success;
- (xiii) However, taking a more conservative approach, the projected revenue was assessed based on a reduced success rate in achieving GU Management's expected projected revenue arising from potential customer contracts being negotiated;
- (xiv) In line with GU's reduced projected revenue, projected gross margin is expected to correspond to the mean gross margin of comparable companies of 24.88%;
- (xv) Operating expenses consist mainly of staff cost, directors' fees, rental of premises, selling and distribution expenses, professional fees and other operating related expenses;
- (xvi) In line with GU's reduced projected revenue, projected EBITDA margin is expected to correspond to the mean EBITDA margin of 14.01%;
- (xvii) Depreciation from FP2023 to FP2030 is estimated by the GU Management based on the projected depreciation of plant and equipment to be incurred by GU during the projected financial years;
- (xviii) Corporate income tax is expected to be based on Singapore's corporate tax rate of 17%;
- (xix) The range of WACC from 11.85% to 12.05% with a base WACC of 11.95% was considered;

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

- (xx) The range of long-term growth rate from 1.38% to 1.58% with a base long-term growth rate of 1.48% corresponding to the forecasted long-term Singapore inflation rate was considered; and
- (xxi) The GU Management has projected the depreciation to remain the same as capital expenditure in order to support the generation of cash flow at a steady pace.

Forecast and stress test

We note from the Current Valuation Report that the Valuer has taken a “conservative” assumption of a reduced success rates in achieving the GU Management’s expected projected revenues arising from potential customer contracts being negotiated. The Valuer has “stress tested” the forecast provided by the GU Management by adjusting GU’s financial projection for the eight financial years from FP2023 to FP2030 as follows:

- (a) Applying the reduced success rates of 52.47%, 47.94%, 59.65%, 69.48%, 70.61%, 70.78%, and 70.76% for FP2024, FP2025, FP2026, FP2027, FP2028, FP2029, and FP2030 respectively or an average success rate of 63.10% for the explicit forecast period.
- (b) Reducing projected gross margin to 24.88% for the forecasted period to correspond to the mean gross margin of comparable companies (as compared to the GU Management’s projected gross margin of between 36.36% to 43.27%).
- (c) Reducing projected EBITDA margin to 14.01% for the forecasted period to correspond to the mean EBITDA margin of comparable companies (as compared to the GU Management’s projected EBITDA margin of between 23.65% to 31.57%).

Market Value and sensitivity analysis

Based on the Valuation Summary Letter, the range of market value corresponding to the implied equity values for GU as at 31 December 2022, subject to the assumptions stated therein, is in the range of approximately S\$24.3 million (the “**Lower Band**”) to approximately S\$25.2 million (the “**Upper Band**”) with a base value of approximately S\$24.7 million (the “**Base Value**”). The said valuation is based primarily on the income approach.

The Valuer has performed a sensitivity analysis by varying the WACC and the terminal growth rate and the result of such sensitivity analysis is set out in the Current Valuation Report.

DCF Sensitivity Analysis

Sensitivity Analysis of Equity Value (WACC and long term growth rate)

		Growth Rate		
		1.38%	1.48%	1.58%
WACC	SGD			
	11.85%	24,879,539	25,014,455	25,151,999
	11.95%	24,611,306	24,742,842	24,876,917
	12.05%	24,348,032	24,476,298	24,607,015

Source: Current Valuation Report

The Directors have confirmed that they have reviewed the Current Valuation Report to understand the assumptions, limitation, and methodology used in arriving at the market value of GU. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions, limitation, and methodology of the Current Valuation Report are reasonable and appropriate.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

We have not made any independent evaluation or appraisal of GU but have relied on the Current Valuation Report issued by the Valuer, as well as confirmation and representation by the GU Directors and GU Management in respect of the market value of GU.

We note from the Circular that the Issue Price is determined based on the Base Value as set out in the Current Valuation Report divided by the existing number of issued GU Shares. For illustrative purpose only, the Base Value is at a premium of approximately 1.6% over the Lower Band and at a discount of approximately 2.0% from the Upper Band.

Comparison against the previous market value

The Valuer had issued the Previous Valuation Report dated 24 March 2022 pertaining to the market value of 100% equity interest in the capital of GU in connection with the Past Acquisition of 51% equity interest in GU.

For illustrative purpose, we tabulated the salient points of the Previous Valuation Report *vis-à-vis* the Current Valuation Report.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

	Previous Valuation Report	Current Valuation Report
Valuation date	24 January 2022 (“ Previous Valuation Date ”)	31 December 2022
Market value range	Between S\$19.1 million to S\$27.0 million, with a base value of S\$22.5 million.	Between S\$24.3 million to S\$25.2 million, with the Base Value of S\$24.7 million.
Valuation method	Income approach /DCF with PER multiple of comparable companies as a reference cross-check.	Income approach /DCF with EV/EBITDA multiple of comparable companies as a reference cross-check.
WACC	20% to 25% (which is based on the Venture Capitalist Required Rate of Return for Bridge/IPO stage). The previous WACC estimate corresponding to the Bridge/IPO stage was relevant then with the view that GU, which was in the early stages of commercial production, would be injected into the Company via the Acquisition.	11.85% to 12.05% with a base WACC of 11.95% The Valuer is of the view that it would be appropriate to determine WACC based on the customary computation of cost of debt and cost of equity as GU has gone through about one year of commercial production.
Terminal growth rate	1.0% to 2.0% with a base terminal growth rate of 1.5%.	1.38% to 1.58% with a base terminal growth rate of 1.48%.
Forecasted revenue	FP2022: S\$9.0 million FP2023: S\$21.3 million FP2024: S\$22.8 million FP2025: S\$24.4 million FP2026: S\$25.8 million 5-year (FP2022 to FP2026) CAGR of 23.4%.	FP2022: S\$0.6 million (actual) FP2023: S\$6.2 million FP2024: S\$12.4 million FP2025: S\$21.1 million FP2026: S\$29.5 million FP2027: S\$35.4 million FP2028: S\$37.1 million FP2029: S\$38.3 million FP2030: S\$39.4 million 8-year (FP2023 to FP2030) CAGR of 26.0%.
Forecasted EBITDA/ EBITDA margin	FP2022: S\$2.1 million / 12% FP2023: S\$7.3 million / 30% FP2024: S\$7.9 million / 32% FP2025: S\$8.5 million / 33% FP2026: S\$9.0 million / 33%	FP2022: negative (actual) FP2023: S\$0.9 million/14.01% FP2024: S\$1.7 million/14.01% FP2025: S\$3.0 million/14.01% FP2026: S\$4.1 million/14.01% FP2027: S\$5.0 million/14.01% FP2028: S\$5.2 million/14.01% FP2029: S\$5.4 million/14.01% FP2030: S\$5.5 million/14.01%

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

The Valuer has represented that as GU has not achieved the forecasted revenue figures as set out in the Previous Valuation Report, the current forecast has been substantially adjusted downward and further “stress tested” – please refer to the earlier paragraph.

We note that as at the Previous Valuation Date, GU had three (3) customers with signed contracts and generated revenue of approximately S\$49.6 thousands from the sale of LNG for TFY2021. This is compared to the Current Valuation Report wherein, as at the Valuation Date, GU has eight (8) customers with signed contracts and generated revenue of approximately S\$0.6 million for TFP2022.

The Directors have confirmed that to their best knowledge and belief, as at the Latest Practicable Date, there are no material changes that would affect the Market Value of GU as ascribed by the Valuer as at the Valuation Date, being 31 December 2022.

We further note that the Directors have:

- (i) considered GU’s track record and credentials, and believe that the valuation was conducted independently by a qualified, competent valuation firm and professionals;
- (ii) assessed the valuation of the 100% equity interest in GU in accordance with the International Valuation Standards (“**IVS**”), which is a set of internationally recognised valuation standards, issued by the International Valuation Standards Council (“**IVSC**”). As stated in the Current Valuation Report, the business valuation was carried out in accordance with the IVS as prescribed by the IVSC;
- (iii) examined key assumptions and estimates used for the Current Valuation Report, including but not limited to forward-looking earnings or cash flow projections or working capital requirements, capex and depreciation, selection or choice of peers or comparable companies, WACC, terminal growth rates, adjusted revenues, gross profit margins and EBITDA margins etc.; and
- (iv) made such enquiries with the management and noted there are no material uncertainties that may affect the projections used and evaluated by the Valuer in preparing the Current Valuation Report.

In consideration of the above, the Directors are of the view that the valuation conclusion and limitation(s) as disclosed in the Current Valuation Report, the IFA Letter and Circular are reasonable and acceptable.

In assessing the Market Value ascribed by the Valuer, Independent Shareholders should note the following limiting condition, *inter alia*, which has been confirmed by Directors and Management:

- (i) The forecasts have been provided by the GU Management and the assumptions have been reviewed by the Directors and Management.
- (ii) There is no assurance and certainty that GU will be able to secure contracts in the future and sustain the forecasted revenue, given, *inter alia*, the industry outlook, competition, and GU’s financial position, gearing and need for financing.

It should be noted that as at the Latest Practicable Date, whilst GU has eight (8) customers with signed contracts, the duration for such contracts is mostly three (3) years with an option to renew for another additional three (3) years (save for one contract whose duration is 1 year with an option to renew for another additional 1 year). Five (5) out of eight (8) contracts contained minimum order quantity requirements. For all eight (8) contracts, the purchase price of the LNG is fixed at a certain discount from the general tariff rates for gas published by the SP

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

Group over the duration of the contract.

The GU Directors represented that whilst the construction of the LNG Bottling Station has been completed and GU has commenced its delivery of LNG, GU's ability to meet its customers' demands (with executed contracts) is constrained by funding, which we understand from the Directors and Management will be addressed via the Proposed H2G Subscription and the Proposed GHPL Subscription. The GU Directors have represented and confirmed that following completion of the Proposed H2G Subscription and the Proposed GHPL Subscription, GU will require additional financing of approximately S\$5.0 million in next 4 years to fund their further growth (which will largely be utilised for the purchase of additional LNG cylinders and delivery trucks). The GU Directors foresee that barring any unforeseen circumstances and subject to, *inter alia*, market conditions, the additional funding requirement will be financed by a combination of internal resources, equity and debt.

- (iii) The Market Value is subject to, *inter alia*, the ability of GU to continue as a going concern and to achieve the forecast and projection as well as availability of funding for, *inter alia*, future capital expenditures. This should be considered in the context of the following:
- There is no assurance and certainty that GU can achieve the forecasted revenues or for that matter the revenues after applying a reduced success rates for the periods from FP2023 to FP2030 or the growth rate for the terminal year(s). Further the assumptions for, *inter alia*, revenues and profit margins are key factors for the valuation and there is no certainty that such can be achieved.
 - As at 31 December 2022, GU's ratio of debt-to-equity stood at 3.5 times. This may put some constraints on GU's ability to secure further funding for its expansion plans and to achieve the forecasted revenues. It should be noted that assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription, GU's ratio of total borrowings over shareholders' equity would improve significantly to approximately 0.4 times. Further, the GU Directors and the GU Management have confirmed that, given the improvement of the ratio of total borrowings over shareholders' equity and barring unforeseen circumstances, GU's ability to raise further financing (debt and equity) for its requirements will not constrain its ability to meet its forecasted revenues or profits or cash flows.
- (iv) The Market Value of GU is sensitive to terminal values (which constitute approximately 47.3% of the valuation of the enterprise value for GU which is based on the Base Value), and its assumptions being, *inter alia*, growth and discount rates. As an illustration, the difference in the equity values of GU based on growth rates of 1.38% and 1.58% (and at an assumed WACC of 11.95%) is approximately S\$266 thousands (or approximately 1.1% of the Base Value). Similarly, the difference in the equity values of GU based on discount rates of 11.85% and 12.05% (and at a growth rate of 1.48%) is approximately S\$538 thousands (or approximately 2.2% of the Base Value).

Shareholders should note that rising interest rate may affect, *inter alia*, the valuation of the 100% equity interest in GU, GU's financial performance and position including its ability to service its borrowings (both principal and interest payment) when it falls due.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

5.6. Relative valuation analysis

Relative valuation analysis for GU

In assessing the Issue Price, we have considered the financial performance, financial position of selected listed companies (“**Selected Comparable Companies**”) that may, in our view, be broadly comparable to the core businesses of GU as at the Latest Practicable Date, which is in the distribution of LNG business.

The Selected Comparable Companies have been identified after a search was carried out on various exchanges, and evaluation of the companies operating in the same industry as GU. We have had discussions with the Directors and Management on the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of GU. Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies. Shareholders should note that the Selected Comparable Companies may not be directly comparable to GU in terms of composition of business activities, scale of operations, asset base, clientele base, risk profile, geographical spread of activities and assets, track record, future prospects, the markets or prospects or competitive forces or value chains or industry structure for which each of the Selected Comparable Companies may operate in. Comparisons may also be affected, *inter alia*, by differences in their accounting policies.

We advise Non-Interested Directors to note that there may not be any company listed on any relevant stock exchange that is directly comparable to GU in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Selected Comparable Companies as the businesses of the Selected Comparable Companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of GU may differ. In addition, despite the fact that GU shares are not listed, GU is a subsidiary of the Company (which is listed on the Catalist Board of the SGX-ST). As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of GU as at the Latest Practicable Date.

Non-Interested Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity and the market capitalisation or the relative sentiments of the market for the shares.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

Selected Comparable Companies	Market Capitalisation (S\$' million)	Principal Activities
New Fortress Energy Inc. (" New Fortress ") <i>Listed on the Nasdaq Stock Market ("NASDAQ")</i>	11,095.1	The group owns and operates LNG terminals, natural gas logistics infrastructure, power generation and combined heat and power, boiler conversion, and power generation facilities.
ENN Energy Holdings Limited (" ENN Energy ") <i>Listed on the Hong Kong Exchange ("HKEX")</i>	21,968.4	The group is engaged in sales and distribution of piped gas, LNG and other energy products. The group conducts investment, operation and management of gas pipeline infrastructure, wholesale of gas, as well as the sales & distribution of piped gas and other energy.
China Resources Gas Group Limited (" China Resources ") <i>Listed on the HKEX</i>	13,328.1	The group is engaged in the supply and distribution of gas, the sale & distribution of gas fuel & related products. The group produces and trades natural gas and liquefied petroleum gas.
Union Gas Holdings Limited (" Union Gas ") <i>Listed on the SGX</i>	158.9	The group is an established provider of fuel products in Singapore. The key businesses comprise retail liquefied petroleum gas, compressed natural gas, and diesel.
Gas Malaysia Berhad (" Gas Malaysia ") <i>Listed on Bursa Malaysia ("Bursa")</i>	1,264.1	The group is a natural gas distribution company in Malaysia.
CF Energy Corp (" CF Energy ") <i>Listed on the Toronto Stock Exchange Venture ("TSXV")</i>	19.8	The group is engaged in the distribution of natural gas for commercial, industrial, and residential users in the People's Republic of China.
Towngas Smart Energy Company Limited. (" Towngas ") <i>Listed on the HKEX</i>	2,162.2	The group is engaged in the sale and distribution of piped gas. It is involved in the provision of piped gas, construction of gas pipelines, the operation of city gas pipeline network, the operation of gas fuel automobile refilling stations, and the sale of gas household appliances.
Gujarat Gas Limited (" Gujarat Gas ") <i>Listed on the National Stock Exchange of India Ltd ("NSE")</i>	5,323.7	The group is an Indian-based natural gas distribution company, owned by Gujarat State Petroleum Corporation.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

Seoul City Gas Co., Ltd ("Seoul City Gas") <i>Listed on the Korea Exchange ("KRX")</i>	1,947.4	The group operates as a natural gas distributor. The group supplies LNG, fuel gas, and other related products.
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The following tabulates the salient ratios for comparative financial performance and position for the Selected Comparable Companies:

Selected Comparable Companies	LTM ROE ⁽¹⁾ (%)	LTM net profit margin ⁽²⁾ (%)	LTM asset turnover ⁽³⁾ (times)	Total liabilities ⁽⁴⁾ / shareholder equity (times)	Total borrowings ⁽⁶⁾ / shareholder equity ⁽⁵⁾ (times)
New Fortress	14.9	11.1	0.3	2.9	2.6
ENN Energy	19.2	6.4	1.1	1.6	0.7
China Resources	15.5	6.8	0.8	1.5	0.4
Union Gas	5.1	2.3	1.0	1.3	0.7
Gas Malaysia	30.7	4.9	2.5	1.5	0.3
CF Energy	3.6	4.1	0.3	2.0	1.2
Towngas	6.8	7.8	0.4	1.3	0.9
Gujarat Gas	21.6	7.0	1.9	0.6	0.1
Seoul City Gas	2.0	1.4	1.0	0.4	0.1
MAXIMUM	30.7	11.1	2.5	2.9	2.6
MINIMUM	2.0	1.4	0.3	0.4	0.1
MEDIAN	14.9	6.4	1.0	1.5	0.7
SIMPLE AVERAGE	13.3	5.8	1.0	1.5	0.8

GU	n.m. ⁽⁷⁾	n.m. ⁽⁷⁾	0.1 ⁽⁸⁾	0.6 ⁽⁸⁾	0.4 ⁽⁸⁾
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Source: The latest annual reports and the announced unaudited financial statements of the respective companies.

Notes:

- (1) The last twelve months ("LTM") return on equity ("ROE") is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the consolidated equity holders excluding minority interest of the respective companies.
- (2) LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to shareholders to the most recent twelve months total consolidated revenue of the respective companies.
- (3) LTM asset turnover is the ratio of the most recent twelve months total consolidated revenue to the total consolidated assets of the respective companies.
- (4) Total liabilities include all the liabilities of the respective companies but exclude any contingent liabilities, if any.
- (5) Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies.
- (6) Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts, lease liabilities, where applicable.
- (7) GU recorded a loss after tax of approximately S\$2.7 million for TFP2022. Hence, the GU's LTM ROE and LTM net profit margin ratios are negative and not meaningful.
- (8) GU's total assets, total liabilities, and shareholders' equity have been adjusted assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

For illustrative purposes only, we note the following:

- (i) GU incurred net loss after tax of approximately S\$2.7 million for TFP2022. Accordingly, GU's LTM ROE and LTM net profit margin are negative and not meaningful.
- (ii) GU's LTM asset turnover is lower than any of the Selected Comparable Companies.
- (iii) GU's ratio of total liabilities to shareholders' equity (assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription) is within the range, and lower than both the median and the simple average for the Selected Comparable Companies.
- (iv) GU's ratio of total borrowings to shareholder's equity (assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription) is within the range, and lower than both the median and the simple average for the Selected Comparable Companies.

In summary, GU's historical financial performance in terms of LTM ROE and LTM net profit margin are negative and not meaningful whilst all of the Selected Comparable Companies had positive LTM ROE and net profit margins. GU's asset turnover appears to be lower and less favourable than any of the Selected Comparable Companies. GU's weaker financial performance as compared to the Selected Comparable Companies should be assessed in conjunction with the fact that GU commenced its commercial operation only in October 2021 and as at the Latest Practicable Date, GU's ability to meet its customers' demands (with executed supply contracts) is constrained by funding, which we understand from the Directors and Management will be addressed via the Proposed H2G Subscription and the Proposed GHPL Subscription. GU's financial position (assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription) in terms of the total borrowings to shareholder's equity ratio and total liabilities to shareholders' equity ratio appear to be more favourable than the median and the simple average for the Selected Comparable Companies.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, while those for the GU are based on the Issue Price. All the valuation statistics of the Selected Comparable Companies are computed on a historical basis using financial data and information obtained from their latest publicly available unaudited financial statements or audited financial statements from their annual reports or result announcements. We note that the GU Shares are not listed.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies and the GU and should be evaluated in the context of their relative financial performance.

Selected Comparable Companies	Market capitalisation (S\$ m)	LTM EV/ EBITDA⁽¹⁾ (times)	LTM PER⁽²⁾ (times)	P/NAV⁽³⁾ (times)	P/NTA⁽³⁾ (times)	Premium/ (Discount) over/from NTA (%)
New Fortress	11,095.1	26.0	30.4	4.5	8.6	755.4%
ENN Energy	21,968.4	10.0	15.8	3.0	3.7	274.3%
China Resources	13,328.1	7.3	12.7	2.0	2.1	105.5%
Union Gas	158.9	13.6	52.9	2.7	2.9	188.1%
Gas Malaysia	1,264.1	6.4	11.3	3.5	3.5	248.4%
CF Energy	19.8	8.0	7.2	0.3	0.3	(72.9)%
Towngas	2,162.2	7.8	8.4	0.6	0.8	(22.1)%
Gujarat Gas	5,323.7	14.8	24.5	5.3	5.7	471.0%
Seoul City Gas	1,947.4	38.0	87.9	1.8	1.8	78.0%
MAXIMUM	21,968.4	38.0	87.9	5.3	8.6	755.4%
MINIMUM	19.8	6.4	7.2	0.3	0.3	(72.9)%
MEDIAN	2,162.2	10.0	15.8	2.7	2.9	188.1%
SIMPLE AVERAGE	6,363.1	14.7	27.9	2.6	3.3	225.1%
GU (implied by the Issue Price)	24.7	n.m.⁽⁴⁾	n.m.⁽⁴⁾	4.7⁽⁵⁾	4.7⁽⁵⁾	368.9%⁽⁵⁾

Notes:

- (1) The LTM EV/EBITDA for the Selected Comparable Companies are based on the most recent twelve months EBITDA as reported by the respective companies. The LTM EBITDA for ENN Energy, China Resources, Union Gas and Towngas are based on the most recent twelve months period ended 30 June 2022. The LTM EBITDA for New Fortress, Gas Malaysia, CF Energy, Gujarat Gas and Seoul City Gas are based on the financial year ended 30 September 2022.
- (2) The LTM PER for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The earnings after tax for ENN Energy, China Resources, Union Gas and Towngas are based on the most recent twelve months period ended 30 June 2022. The earnings after tax for New Fortress, Gas Malaysia, CF Energy, Gujarat Gas and Seoul City Gas are based on the financial year ended 30 September 2022.
- (3) The P/NAV and P/NTA ratios for the Selected Comparable Companies are based on their respective NAV and NTA values as set out in their latest available announced audited or unaudited financial statements.
- (4) GU recorded loss after tax of approximately S\$2.7 million and negative EBITDA of approximately S\$1.5 million for TFP2022. Hence, GU's LTM EV/EBITDA and LTM PER are negative and not meaningful.
- (5) Based on the Adjusted NAV and/or NTA per GU Share.

For illustrative purposes only, we note the following:

- (i) The market capitalisation of GU (as implied by the Issue Price) is lower than any of the Selected Comparable Companies (save for CF Energy). It is generally accepted that the value for quoted shares is generally higher than those for unquoted shares in view of the listed status, improved liquidity, disclosure, corporate governance requirements as well as rules of the relevant exchange that has to be complied with for listing. It should be noted that whilst GU is not listed on any stock exchange, it is a subsidiary of the Company, which is listed on the Catalist Board of the SGX-ST.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

- (ii) The valuation of GU in terms of LTM EV/EBITDA and LTM PER are negative and not meaningful as it recorded loss after tax of approximately S\$2.7 million and negative EBITDA of approximately S\$1.5 million for TFP2022.
- (iii) The valuation of GU in terms of P/NAV and P/NTA (as implied by the Issue Price and based on GU's Adjusted NAV and/or NTA per GU Share) is approximately 4.7 times, which is within the range, but higher than both the median and the simple average of the Selected Comparable Companies.

In summary, the valuation of GU as implied by the Issue Price in terms of LTM PER, and LTM EV/EBITDA are negative and not meaningful. The valuation of GU as implied by the Issue Price and based on the Adjusted NAV and/or NTA per GU Share) is 4.7 times and this is higher than both the median and the simple average, but still within the range of the Selected Comparable Companies.

Non-Interested Directors are advised to review the Issue Price and the comparison of GU's valuation ratios with the Selected Comparable Companies in conjunction with the following facts:

- (i) Whilst GU is not listed on any stock exchange, it is a subsidiary of the Company, which is listed on the Catalist Board of the SGX-ST.
- (ii) GU's weaker financial performance as compared to the Selected Comparable Companies should be assessed in conjunction with the fact that GU commenced its commercial operation only in October 2021 and as at the Latest Practicable Date, GU's ability to meet its customers' demands (with executed contracts) is constrained by funding, which we understand from the Directors and the Management will be addressed via the Proposed H2G Subscription and the Proposed GHPL Subscription.
- (iii) The financial position of GU (assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription) appears to be more favourable than the median and the simple average for the Selected Comparable Companies in terms of its ratio of total liabilities to shareholders' equity, and the ratio of total borrowings to shareholders' equity.
- (iv) The trading statistics for the shares of the Selected Comparable Companies are based on transactions which do not result in acquisition of control or retaining control whilst for the Proposed H2G Subscription, it will allow the Company to retain its control (over 51% interest) in GU. The valuation of GU (as implied by the Issue Price, and based on the Adjusted NAV and/or NTA per GU Share) in terms of both the P/NAV and P/NTA ratios are fairly comparable and within the range of ratios implied by the median and the third quartile for the Selected Comparable Companies in the event that such ratios are adjusted for control premiums and the more favourable financial position of GU (assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription) as compared to the Selected Comparable Companies.
- (v) The proposed subscription for GU Shares is based on the Issue Price, which is supported by the Current Valuation Report, and is offered on *pro rata* basis based on each GU Shareholders' respective shareholding interest in GU as at the date of such offer.

We also wish to highlight that the NAV and NTA based approach of valuing a company is dependent on factors that may differ for each Selected Comparable Company including, *inter alia*, factors such as depreciation policies. As such, the comparison of the NAV and NTA of GU with those of the Selected Comparable Companies is necessarily limited and such comparison is made for illustrative purposes only. In addition, as all the ratios and tools used invariably uses the price of the shares, they may or may not take into account any relative or perceived or actual risk premiums or demand and supply conditions for those shares which may or may not have been fundamentally justified. In

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance and the mix of its activities or the relative contributions in terms of assets, financial performance may differ.

Non-Interested Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

5.7. Analysis of selected comparable transactions

We note from the Circular that the consideration for the Proposed GHPL Subscription of S\$2,000,000 will be vide the capitalisation of outstanding shareholders' loans extended by GHPL to GU. As such, in our assessment of the reasonableness of the Issue Price for the Proposed GHPL Subscription, we have considered the salient terms of other selected interested person transactions which involves conversion of debt into equity undertaken by companies listed on the SGX-ST and/or its subsidiaries (the "**Selected IPT Debt Conversions**") to provide, *inter alia*, a general comparison of the dilution, and the premium or discount represented by their respective conversion price over or from the NTA per share, without having regard to specific industry characteristics or consideration or structure or other relevant considerations.

In addition, given, *inter alia*, the nature of the Proposed H2G Subscription and the underlying business of GU, we note that there may not similar or comparable transactions (in terms of content, structure and company life cycle) which involves subscription of shares in subsidiaries of other companies which are listed on the SGX-ST. Accordingly given the absence of comparable transactions, there are limitations in evaluating or reviewing the Proposed H2G Subscription against other comparable transactions.

We wish to highlight that the list of the Selected IPT Debt Conversions is by no means exhaustive, and that the premium or discount of the conversion price depends on various factors, including, *inter alia*, debt conversion structure, prevailing market conditions and sentiments, attractiveness and profitability of the business and assets of the issuer and/or the sector or company specific factors as well as relative "bargaining position" of issuer/subscriber. Accordingly, any comparisons made, with respect to the Selected IPT Debt Conversion is intended to serve as an illustrative guide only.

We have tabulated the Selected IPT Debt Conversions to illustrate the typical dilution and premium or discount represented by the conversion price over or from NTA per share.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS INTERESTED PERSON TRANSACTIONS

Company	Date of announcement	Amount (S\$ million)	Conversion price (S\$)	Premium / (discount) of conversion price over / (from) NTA/(NTL)⁽¹⁾ (%)	% of existing shares⁽²⁾ (%)	Financial position
GS Holdings Limited (" GS Holdings ")	7-Mar-19	3.0	0.255	1,721.4	8.4	Loss-making & negative NWC
Asian Micro Holdings Limited (" Asian Micro ")	8-Mar-19	1.1	0.003	57.9	54.8	Loss-making but positive NWC
Manhattan Resources Limited (" Manhattan Resources ")	21-Jun-19	37.0	0.020	(57.4)	163.0	Loss-making but positive NWC
Kitchen Culture Holdings Ltd (" Kitchen Culture ")	2-Apr-20	4.6	0.070	n.m. ⁽³⁾	37.4	Loss-making & negative NWC
Anchor Resources Limited (" Anchor ")	29-Apr-20	1.2	0.005	841.6	17.1	Loss-making & negative NWC
Liongold Corp Ltd (" Liongold ")	14-Jul-20	1.0	0.002	87.3	1.6	Profitable but negative NWC
Asian Micro	24-Aug-20	1.0	0.002	25.0	46.3	Profitable & positive NWC
OUE Lippo Healthcare Limited (" OUE Lippo ")	23-Feb-21	189.6	0.070	125.1	37.9	Loss-making & negative NWC
Singapore Myanmar Investco Limited (" SMI ")	1-Mar-21	66.5	0.050	13.6	35.0	Loss-making & negative NWC
Mary Chia Holdings Limited (" Mary Chia ")	2-Mar-21	3.8	0.150	n.m. ⁽³⁾	12.6	Loss-making & negative NWC
RH Petrogas Limited (" RH Petrogas ")	6-Oct-21	15.48	0.172	n.m. ⁽³⁾	12.2	Profitable but negative NWC

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS INTERESTED PERSON TRANSACTIONS

Company	Date of announcement	Amount (S\$ million)	Conversion price (S\$)	Premium / (discount) of conversion price over / (from) NTA/(NTL) ⁽¹⁾ (%)	% of existing shares ⁽²⁾ (%)	Financial position
RHP (Mukah) Pte. Ltd., a subsidiary of RH Petrogas	5-Nov-21	38.1	1.000	Not available	586.4	Not available
JV Companies under Chip Eng Seng Corporation Ltd. ("CES")	8-Nov-22	3.0	Not available	Not available	Not available	Not available
MAXIMUM		189.6	1.000	1,721.4	586.4	
MINIMUM		1.0	0.002	(57.4)	1.6	
MEDIAN		3.4	0.050	72.6	37.4	
SIMPLE AVERAGE		29.2	0.148	351.8	90.9	
GU – The Proposed GHPL Subscription	18 February 2023	2.0	3.270	368.9⁽⁴⁾	8.1⁽⁵⁾	Loss-making & negative NWC

Source: Circulars for the respective companies

Notes:

- (1) The NTA/ (NTL) of the respective companies are based on their respective NTA/ (NTL) values as set out in their respective circular for their above-mentioned transactions.
- (2) The existing share capital is based on the respective companies issued share capital and the number of settlement shares as at the respective announcement dates for the abovementioned transactions.
- (3) Not meaningful as Kitchen Culture, Mary Chia, and RH Petrogas were in net tangible liabilities position.
- (4) Based on the GU's Adjusted NTA per GU Share. Please refer to Section 5.4 of this IFA Letter for further details.
- (5) 611,621 GHPL Subscription Shares over GU's existing share capital of 7,553,942 GU Shares as at the Latest Practicable Date.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

Purely for illustrative purpose only, and based on the table above, we observe the following for the Proposed GHPL Subscription:

- (i) In terms of the amount or size for the transaction, the Proposed GHPL Subscription is within the range, but lower than both the median and simple average for the Selected IPT Debt Conversions.
- (ii) The Issue Price of S\$3.270 per GU Share represents a premium of approximately 368.9% over GU's Adjusted NTA per GU Share, and this premium is within the range, higher than the median and the simple average for the Selected IPT Debt Conversions.
- (iii) In terms of dilution or the percentage of shares issued for settlement as compared to the existing share capital for the respective companies that comprises the Selected IPT Debt Conversions, the GU Shares to be issued pursuant to the Proposed GHPL Subscription represents approximately 8.1% of GU's existing share capital. The dilution ratio is within the range, but lower than both the median and simple average for the Selected IPT Debt Conversions.

Further, we note that most of the companies which comprises the Selected IPT Debt Conversions were either loss-making or had weak financial positions prior to the announcement of their respective debt conversion with negative net working capital. This is in general comparable to GU which was loss-making for TFP2022 and whose financial position was weak with high gearing and leverage, and in a net current liabilities position of approximately S\$2.7 million as at 31 December 2022. In reviewing the companies under the Selected IPT Conversions which are in similar financial position as GU, i.e. loss-making and whose financial position was weak with high gearing and leverage, and in a net current liabilities position, we note that the premium implied by the Issue Price of approximately 368.9% over the Adjusted NTA for GU is relatively lower than the median of approximately 483.4% and the simple average of approximately 675.4% for this set of companies (which was loss making and in net current liabilities position). These companies are in general comparable to GU which was loss-making for TFP2022 and was in a negative net working capital position of approximately S\$2.6 million as at 31 December 2022.

Independent Shareholders should note that as the circumstances for each of the companies listed and the transactions outlined above are unique and as the companies may not be identical to the Group or the GU in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria, the analysis is limited. Further, the list of Selected IPT Debt Conversions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Proposed GHPL Subscription and the Selected IPT Debt Conversions serves as an illustrative guide only.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

6. OTHER CONSIDERATIONS

6.1 Pro forma financial effects of the Proposed H2G Subscription and the Proposed GHPL Subscription

The pro forma financial effects of the Proposed H2G Subscription and the Proposed GHPL Subscription and its underlying assumptions can be found in Sections 7 and 8 of the Circular respectively. We recommend that Non-Interested Directors advise the Shareholders to read those pages of the Circular carefully.

For illustrative purpose only, we note that the Group's NTA per Share will increase from approximately 1.46 Singapore cents as at 31 March 2022 to approximately 1.60 Singapore cents (assuming that the Proposed HCT Placement, the Proposed Individual Placements and the Proposed H2G Subscription had been completed as at 31 March 2022).

For illustrative purpose only, we note that the Group's NTA per Share will increase from approximately 1.46 Singapore cents as at 31 March 2022 to approximately 1.72 Singapore cents (assuming that the Proposed HCT Placement, the Proposed Individual Placements, the Proposed H2G Subscription and the Proposed GHPL Subscription had been completed as at 31 March 2022).

The increase in the Group's NTA per Share shall arise in view of the increase in NTA of: (a) the Group following completion of the Proposed HCT Placement, the Proposed Individual Placements and the Proposed H2G Subscription, and (b) GU following completion of the Proposed GHPL Subscription (or more particularly, consideration for the Proposed GHPL Subscription will be vide capitalisation of GHPL Loan (as described in Section 2.3.4 of the Circular).

For illustrative purpose only, we note that the Group's loss per Share ("**LPS**") will decline from approximately 0.40 Singapore cents to approximately 0.31 Singapore cents (assuming that the Proposed HCT Placement, the Proposed Individual Placements, the Proposed H2G Subscription, and the Proposed GHPL Subscription) had been completed on 1 April 2021). Please note that the decline in the Group's LPS is mainly due to the increase in the number of Shares following completion of the Proposed HCT Placement, the Proposed Individual Placements Independent Shareholders should note that the financial effect on the Group's LPS had not considered the performance of GU subsequent to the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription and did not take into account any fees and expenses to be incurred in relation to the Proposed H2G Subscription and the Proposed GHPL Subscription.

Accordingly, based on the pro forma financial effects as described in Sections 7 and 8 of the Circular we note that the Proposed H2G Subscription and the Proposed GHPL Subscription do not have unfavourable effects on the financial statements of the Group.

Shareholders should note that the financial effects of the Proposed H2G Subscription and the Proposed GHPL Subscription on the Group as set out above and in the Circular are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription. 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 by the Company, on or after 1 April 2022. The financial effects also do not take into account any fees and expenses to be incurred in relation to the Proposed H2G Subscription and the Proposed GHPL Subscription.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

6.2 No assurance of profitability for GU

Directors should note that no profit warranty has been provided by any party with respect to the future performance of GU in connection with the Proposed H2G Subscription and the Proposed GHPL Subscription.

For illustrative purpose only, GU recorded loss after tax of approximately S\$2.1 million and S\$2.7 million for TFY2021 and TFP2022 respectively. We note the fact that GU commenced its commercial operation only in October 2021 and as at the Latest Practicable Date, GU's ability to meet its customers' demands (with executed contracts) is constrained by funding, which we understand from the Directors and Management will be addressed via the Proposed H2G Subscription and the Proposed GHPL Subscription. We note from the Circular that the Proposed H2G Subscription and the Proposed GHPL Subscription are to fund the capital expenditure necessary to continue GU's growth.

We would also highlight that there is no assurance that upon the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription and/or the steps taken or to be taken by GU subsequent to, *inter alia*, the Proposed H2G Subscription and the Proposed GHPL Subscription to improve its financial position and performance, will be successful or would result in an enhancement of shareholders' value for the Group.

6.3 No alternative funding offers for GU other than the Proposed H2G Subscription and Proposed GHPL Subscription

The Directors and the GU Directors note that GU's short track record and currently weak financial performance (in terms of its loss-making position during TFY2020 to TFP2022) and financial position (in terms of net current liabilities and high gearing and leverage ratio as at 31 December 2022) are impediments in seeking any additional meaningful amounts of external borrowing from financial institutions or funds from other equity investors.

In addition, as at the Latest Practicable Date, the Directors have confirmed that, save for the Proposed H2G Subscription and Proposed GHPL Subscription, they are not aware of any appropriate alternative sources of financing (debt or equity) available to GU or offers to GU, a subsidiary of the Group, which would allow GU to deleverage its balance sheet without dilution of the Company's interest in GU, and raise the needed financing in cash or without the need to repay any outstanding owing to GHPL (thereby lowering its cash or financial resources) to grow and further enhance the value of GU, a subsidiary of the Group whose acquisition was only recently approved by the then non-interested Shareholders as advised or recommended (as the case may be) by the then independent financial adviser and non-interested Directors.

GU is in a critical growth stage with contracts already secured. Thus, it is paramount that funding is needed to enable GU to execute and convert these contracts into cash and to build up its track record to secure a pipeline of more contracts. At its current stage with relatively weak financial position and condition, the main source of funding can only be obtained from its existing GU Shareholders.

Accordingly, the Directors and the GU Directors are of the view that seeking funds from the existing GU Shareholders is a realistic, logical choice, and the best option available to the Company as at the Latest Practicable Date. As such, GU is undertaking a new share issue exercise and has offered to its existing shareholders the issue of an aggregate of 2,278,588 GU Shares at the issue price of S\$3.270 per GU Share, on a *pro rata* basis according to their respective shareholding interest. In respect of the aforementioned offer by GU for the further allotment and issue of GU Shares:

- (i) the Company, a 51.0%-shareholder of GU, has accepted GU's offer to subscribe for its full *pro rata* portion under the offer of 1,162,080 new GU Shares, amounting to an aggregate subscription consideration of S\$3,800,000 (rounded down to the nearest S\$10);

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

- (ii) GHPL, a 40.84%-shareholder of GU and a controlling shareholder of the Company, has accepted GU's offer to subscribe for 611,621 new GU Shares of its full *pro rata* portion of 930,575 new GU Shares under the offer, amounting to an aggregate subscription consideration of S\$2,000,000 (rounded down to the nearest S\$10). The consideration for the Proposed GHPL Subscription will be settled *vide* capitalisation of owings due to GHPL as described in Section 2.3.4 of the Circular. The owings are pursuant to advances made and goods and services provided to GU, and these includes amounts which were owed prior and subsequent to the Company's acquisition of GU. In addition, subsequent to the completion of the Proposed GHPL Subscription, the Directors and Management have confirmed that GHPL will not demand repayment of the balance of amounts owed comprising of approximately S\$0.6 million in relation to advances which were made in support of the operations and business of GU and not in contemplation of settlement *vide* capitalisation; and
- (iii) DUL, a 8.16%-shareholder of GU, has declined to subscribe for its full *pro rata* portion of 185,933 new GU Shares under GU's offer. We note that whilst DUL has declined GU's offer to subscribe, DUL had on 20 December 2021, extended a convertible loan of S\$2,000,000 to GU, which was converted into GU Shares at approximately S\$3.243 per GU Share, which is almost similar to the Issue Price for the Proposed H2G Subscription and Proposed GHPL Subscription.

6.4 Abstention from voting for the Proposed H2G Subscription and Proposed GHPL Subscription

Pursuant to Rule 919 of the Catalist Rules, an interested person and any associate of the interested person shall abstain from voting on the resolutions approving the interested person transactions involving themselves and their associates. Such interested persons and their associates shall not vote nor accept appointments as proxies in relation to such resolutions unless specific voting instructions had been given by the Shareholders.

GU is a 51%-owned subsidiary of the Company.

GHPL, a controlling shareholder of the Company, also holds 40.84% shareholding interest in GU. GU is hence deemed to be an associate of GHPL. Mr Lim, the Chief Executive Officer and Executive Director of the Company, as well as a controlling Shareholder of the Company holding an aggregate of 52.16% shareholding interest (comprising 14.89% direct interest and 37.27% deemed interest), 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's brother, Mr Lim Wen Jie. Ms Leow, an Executive Director and a shareholder of the Company (holding 0.29% shareholding interest as at the Latest Practicable Date), is the spouse of Mr Lim. Ms Leow does not hold any shares in the capital of GHPL. Accordingly, both GHPL and GU are deemed to be associates of Mr Lim.

Accordingly, Mr Lim and Ms Leow, who are deemed to be interested in the Proposed H2G Subscription and the Proposed GHPL Subscription, have abstained from the deliberation, decision and voting on any resolution in respect of the Proposed H2G Subscription and the Proposed GHPL Subscription, as well as making any recommendations on the Ordinary Resolutions at the EGM to be convened. The Interested Persons Group (Mr Lim, Ms Leow, and GHPL) and their respective associates will also abstain from voting on the Ordinary Resolutions set out in the Notice of EGM in relation to the Proposed H2G Subscription and the Proposed GHPL Subscription. They will also not accept any nominations to act as proxy for any Shareholder in voting on the Ordinary Resolutions unless specific instruction has been given in the Proxy Form as to the manner in which votes are to be cast in respect of the Ordinary Resolutions. Accordingly, the Company will disregard any votes cast on the Ordinary Resolutions by such persons required to abstain from voting in respect of the Ordinary Resolutions.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

6.5 Inter-conditionality of resolutions

Shareholders should note that the approval of Ordinary Resolution 1 relating to the Proposed H2G Subscription as a major transaction under Chapter 10 of the Catalyst Rules and Ordinary Resolution 2 relating to the Proposed H2G Subscription as an interested person transaction under Chapter 9 of the Catalyst Rules are inter-conditional. As such, if either of the Ordinary Resolutions 1 or 2 are not carried, both Ordinary Resolutions 1 and 2 will not be carried.

Ordinary Resolution 3 relating to the Proposed GHPL Subscription is contingent upon Ordinary Resolutions 1 and 2 relating to the Proposed H2G Subscription being passed. Accordingly, in the event that Ordinary Resolutions 1 and/or 2 are not passed, GHPL and GU are not entitled to proceed with the Proposed GHPL Subscription, whether or not Ordinary Resolution 3 is passed at the EGM. In the event that Ordinary Resolutions 1 and 2 are passed but not Ordinary Resolution 3, the Company and GU will be entitled to proceed with the Proposed H2G Subscription, to the extent that it does not effect the Proposed GHPL Subscription.

The Directors and Management have confirmed that in the event that Ordinary Resolution 3 relating to the Proposed GHPL Subscription is not passed, GHPL will not demand for repayments of amounts owed to GHPL which are the subject of the capitalisation. Notwithstanding, we note that it is not uncommon for subscription of shares to be settled via capitalisation of owings from trade or advances (which were made prior to such subscriptions and in support of the business and operations of the concerned entity) or for that matter at similar or comparable prices for recent subscriptions or conversions or for subscriptions for that particular tranche of fund raising.

6.6 Financing requirements for GU

The GU Directors have represented and confirmed that following completion of the Proposed H2G Subscription and the Proposed GHPL Subscription, GU will require additional financing of approximately S\$5.0 million in next 4 years to fund their further growth (and which will largely be utilised for the purchase of additional LNG cylinders and delivery trucks). The GU Directors foresee that barring any unforeseen circumstances and subject to, *inter alia*, market conditions, such additional funding requirement will be financed by a combination of internal resources, equity and debt.

Furthermore, the Directors and Management have confirmed, given the improvement of the ratio of total borrowings over shareholders' equity after the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription and barring unforeseen circumstances, GU's ability to raise additional further financing (debt and equity) for its requirements will not constrain its ability to meet its forecasted revenues or profits or cash flows.

6.7 On-going Placements

On 14 December 2022, the Company announced that it had entered into the HCT Subscription Agreement with HCT, in relation to the proposed placement of 142,180,095 new Shares by the Company to HCT at an issue price of S\$0.0211 per Share (the "**Placement Price**"), amounting to an aggregate consideration of S\$3,000,000, on the terms and conditions of the HCT Subscription Agreement. Pursuant to the HCT Subscription Agreement, the estimated net proceeds from the Proposed HCT Placement of approximately S\$2,965,000 will be used to finance the capital expenditure of GU.

On 15 December 2022, the Company announced that it had entered into the Individual Subscription Agreements with two individual subscribers, namely Chua Weijie and Teo Tat Beng, in relation to the proposed placement of an aggregate of 47,400,000 new Shares by the Company at the Placement Price of S\$0.0211 per Share, amounting to an aggregate consideration of approximately S\$1,000,140,

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

on the terms and conditions of the respective Individual Subscription Agreements. The Company intends to utilise the estimated net proceeds of approximately S\$990,000 from the Proposed Individual Placements to fund the general working capital of GU (including meeting general overheads, financing requirements and other operating expenses of GU).

Assuming the completion of both the Proposed HCT Placement and the Proposed Individual Placements, the aggregate net proceeds from the Proposed HCT Placement and the Proposed Individual Placements of approximately S\$3,955,000 will be applied by the Company towards the Proposed H2G Subscription (including related cost and expenses in connection with holding the EGM).

We note that as at the Latest Practicable Date, both the Proposed HCT Placement and the Proposed Individual Placements are still on-going as at the Latest Practicable Date, the ability of the Group to complete the Proposed H2G Subscription is dependent on the completion of the Proposed HCT Placement and the Proposed Individual Placements.

	Proposed HCT Placement	Proposed Individual Placements
Announcement Date	14 December 2022	15 December 2022
Subscriber(s)	HCT (an indirect wholly-owned subsidiary of Lippo China Resources Limited)	Chua Weijie Teo Tat Beng
Number of Placement Shares	142,180,095	47,400,000
Placement Shares / Existing number of Shares	12.93 %	4.31 %
Placement Price (S\$)	0.0211	0.0211
Gross Proceeds (S\$)	3,000,000	1,000,140
Net Proceeds (S\$)	2,965,000	990,000
Discount of the Placement Price from VWAP ⁽¹⁾	(9.83)%	(9.83)%
Premium of the Placement Price to NAV ⁽²⁾	14.8 %	14.8 %

Notes:

- (1) The VWAP of S\$0.0234/ Share for trades done on SGX-ST on 9 December 2022, being the last full market day during which the Shares were traded prior to the subscription agreements.
- (2) Based on the NAV per Share as at 30 September 2022 (being the latest available interim financial statements for the Group prior to both the announcements of Proposed HCT Placement and Proposed Individual Placements)

We note that the Placement Price represents a discount of approximately 9.83% from the VWAP of the Shares of S\$0.0234 for trades done on the SGX-ST on 9 December 2022, and a premium of approximately 14.8% over the Group's NAV per Share as at 30 September 2022.

6.8 Comparison against the Past Acquisition

On 31 December 2021, the Company announced that it had entered into a sale and purchase agreement with GHPL in relation to the acquisition of 3,852,511 shares in the capital of GU (representing approximately 51% of the total enlarged number of the shares in the capital of GHPL at completion) by the Company from GHPL. On 28 June 2022, the Company announced the completion of the Past Acquisition and GU became a 51%-owned subsidiary of the Company.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

The table below shows the salient comparison of the Past Acquisition against the Proposed H2G Subscription and the Proposed GHPL Subscription.

	The Past Acquisition	The Proposed H2G Subscription and the Proposed GHPL Subscription
Reporting financials period of GU	As at 30 September 2021	As at 31 December 2022
Consideration or Proceeds	Approximately S\$12.495 million (satisfied by issuance of consideration shares in the capital of the Company)	The Proposed H2G Subscription: S\$3.8 million The Proposed GHPL Subscription: S\$2.0 million
Valuer for each GU Share or relevant issue price	Approximately S\$3.243	S\$3.270
P/NAV	10.2 times ⁽¹⁾	4.7 times ⁽²⁾
Valuation as implied by relevant issue price	Approximately S\$22.5 million	Approximately S\$24.7 million
Profit & Loss		
Revenue of GU	No revenue generated	S\$0.6 million
Net loss of GU	S\$(1.3) million	S\$(2.7) million
Status of operation	GU has obtained all licences and certifications. GU has just started in October 2021 to commercially distribute LNG, initially on a small scale, to its customers.	GU has been operational for more than 1 year.
Number of signed contracts with customer	3 contracts	8 contracts
Balance Sheet		
Property, plant and equipment ("PPE")	S\$3.33 million	S\$5.27 million
Trade and other receivables	S\$0.32 million	S\$0.94 million
Equity	S\$2.19 million ⁽³⁾	S\$6.5 million ⁽⁴⁾
Net working capital	S\$(0.06) million ⁽³⁾	S\$3.2 million ⁽⁴⁾

Notes:

- (1) Based on the base valuation of GU of S\$22.5 million and the pro forma NAV of GU as at 30 September 2021.
- (2) Based on the Adjusted NAV of GU as at 31 December 2022.
- (3) Based on pro forma financial position of GU as at 30 September 2021 after taking into consideration the capitalisation of S\$5.0 million from Mr Lim and GHPL.
- (4) Based on the financial figures of GU as at 31 December 2022 adjusted with the Proposed H2G Subscription and the Proposed GHPL Subscription.

For illustrative purposes only, we note the following:

- (i) The absolute value of or issue price for each GU Share pursuant to the Past Acquisition of approximately S\$3.243 per GU Share (which is similar to the Conversion Price for the DUL Loan as described in Section 6.9 of this IFA Letter), is almost similar to or slightly lower than

APPENDIX B
**LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS**

the Issue Price for the Proposed H2G Subscription and the Proposed GHPL Subscription of S\$3.270. In addition, the aggregate valuation of the Past Acquisition as implied its issue price of S\$22.5 million and the principal amount of the DUL Loan which was converted of S\$2.0 million is comparable to the current valuation of GU as implied by the Issue Price of S\$24.7 million.

- (ii) The relative valuation as implied by the P/NAV ratio for the Past Acquisition of approximately 10.2 times is significantly higher than the P/NAV ratio for the Proposed H2G Subscription and the Proposed GHPL Subscription as implied by the Issue Price and the Adjusted NAV of GU of approximately 4.7 times.
- (iii) The net loss incurred by GU was attributable to the expenses incurred in the initial phase of operations and the constraints of limited funding to meet demands or requirements of end customers.

In summary, the Proposed H2G Subscription and the Proposed GHPL Subscription appears to be more favourable than the Past Acquisition in terms of the relative valuation as implied by the P/NAV ratios and after considering, *inter alia*, the improved conditions of GU and the relative state of its business cycle as at the Latest Practicable Date (in terms of business operations, number of contracts, and financial performance in terms of revenue as well as its ability to further commercialise its products and services) and the almost comparable valuation as implied by the relevant issue price.

The above comparison is limited and has to be assessed in the context of the economic or general market conditions for the GU shares or the prices for which GU were valued at the time then prevailing as well as the purpose for the Acquisition may have been different from the Proposed H2G Subscription and Proposed GHPL Subscription. Hence, the comparison between the Acquisition and the Proposed H2G Subscription and Proposed GHPL Subscription above is necessarily limited and meant for illustrative purposes only.

6.9 Comparison against the 2021 Capitalisation and the DUL Loan Conversion

2021 Capitalisation

In November 2021, trade and other payables comprised mainly loans and amounts owing by GU to GHPL and Mr Lim which amounted to S\$5.0 million was capitalised as issued paid-up GU Shares. Approximately 5,013,995 new GU Shares were issued at S\$1.00 for each new GU Share (the “**2021 Issue Price**”) pursuant to the 2021 Capitalisation. Accordingly, the issued share capital of GU had increased from S\$1,923,299 comprising 1,923,299 GU Shares to S\$6,937,294 comprising 6,937,294 GU Shares following completion of the 2021 Capitalisation. The P/NAV implied by the 2021 Issue Price and the pro forma NAV as at 30 September 2021 (after taking into account the completion of the 2021 Capitalisation) was approximately 3.2 times. We note that whilst the absolute value for the 2021 Issue Price is lower than the Issue Price, the 2021 Capitalisation was undertaken prior to the completion of the Past Acquisition, and that the Past Acquisition was approved by Shareholders other than GHPL, Mr Lim and his associates. In addition, the business conditions for GU and the relative state of its business cycle as at the Latest Practicable Date has arguably improved (in terms of business operations, number of contracts, and financial performance in terms of revenue as well as its ability to further commercialise its products and services).

DUL Loan Conversion

On 15 December 2021, GU entered into a convertible loan agreement (the “**CLA**”) with DUL, under which DUL agreed to grant a loan with principal amount of S\$2.0 million (the “**DUL Loan**”). GU has drawn down the DUL Loan on 20 December 2021. Pursuant to the CLA, the entire principal amount of the Loan has been converted into 616,648 GU Shares at a conversion price of approximately S\$3.243

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

for each GU Share (the “**Conversion Price**”) simultaneously with the completion of the Past Acquisition. The P/NAV implied by the Conversion Price and the pro forma NAV as at 30 September 2021 (after taking into account the completion of the 2021 Capitalisation) was approximately 10.2 times.

The Proposed H2G Subscription and the Proposed GHPL Subscription appears to be fairly comparable with or more favourable than the 2021 Capitalisation and the DUL Loan Conversion in terms of the implied P/NAV and considering, *inter alia*, the improved conditions of GU and the relative state of its business cycle as at the Latest Practicable Date (in terms of business operations, number of contracts, and financial performance in terms of revenue as well as its ability to further commercialise its products and services).

In addition, Directors and Management have confirmed that the 2021 Capitalisation, Past Acquisition, DUL Loan and its subsequent conversion to equity was not made or undertaken in contemplation of the Proposed H2G Subscription and the Proposed GHPL Subscription or that the Proposed H2G Subscription and the Proposed GHPL Subscription are not undertaken as a consequence of the 2021 Capitalisation, Past Acquisition, DUL Loan and its subsequent conversion to equity.

6.10 Resultant shareholding interest in GU following the Proposed H2G Subscription and the Proposed GHPL Subscription

We note from Section 2.4 of the Circular, that the resultant shareholdings interest in GU immediately following the Proposed H2G Subscription and Proposed GHPL Subscription (assuming simultaneous completion) will be as follows:

Shareholding of GU

GU's Shareholders	Before the Proposed H2G Subscription and the Proposed GHPL Subscription		After the Proposed H2G Subscription and the Proposed GHPL Subscription	
	No. of ordinary shares in GU	Shareholding Interest	No. of ordinary shares in GU	Shareholding Interest
The Company	3,852,511	51.00%	5,014,591	53.76%
GHPL	3,084,783	40.84%	3,696,404	39.63%
DUL	616,648	8.16%	616,648	6.61%
Total	7,553,942	100.00%	9,327,643	100.00%

Upon completion of the Proposed H2G Subscription and the Proposed GHPL Subscription, the Company will increase its shareholdings in GU from approximately 51.00% to 53.76%. As shown in the table above, GU will be held by the Company, GHPL and DUL and in the following proportion of approximately 53.76%, 39.63% and 6.61% respectively.

We note from the Circular that Ordinary Resolution 3 relating to the Proposed GHPL Subscription is contingent upon Ordinary Resolutions 1 and 2 relating to the Proposed H2G Subscription being passed. Accordingly, in the event that Ordinary Resolutions 1 and/or 2 are not passed, GHPL and GU are not entitled to proceed with the Proposed GHPL Subscription, whether or not Ordinary Resolution 3 is passed at the EGM. In the event that Ordinary Resolutions 1 and 2 are passed but not Ordinary Resolution 3, the Company and GU will be entitled to proceed with the Proposed H2G Subscription, to the extent that it does not effect the Proposed GHPL Subscription.

In the event that the Company proceeds with the Proposed H2G Subscription whilst GHPL does not proceed with the Proposed GHPL Subscription, the Company's shareholding in GU will increase from

APPENDIX B

**LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS**

approximately 51.00% to approximately 57.53%. GHPL's shareholding in GU will reduce from 40.84% to 35.39%. As such, GU will remain as a subsidiary of the Company.

We understand from the Directors that the Company has decided to proceed with the Proposed H2G Subscription subject to approval from Shareholders not interested in the transaction to, *inter alia*, retain its controlling interest in GU (more than 51%) as they are of the view that the further allotment and issue of GU Shares would enable GU to strengthen its financial position, fund the capital expenditure necessary to continue its growth and improve its cash flow to meet anticipated general working capital requirements, which would allow GU to further grow and enhance its business on a domestic and international scale. In addition, the Directors are of the view that the Proposed H2G Subscription and the Proposed GPLH Subscription will further enhance the value of GU and that of the Group.

6.11 Litigation proceedings against Mr Lim and material litigation

We note the following:

- (a) The Company announced on 23 November 2023 that legal proceedings have been commenced against, *inter alia*, Mr Lim, GHPL and Gashubin Engineering Private Limited ("**Gashubin**", a wholly-owned subsidiary of GHPL). The said legal proceedings were commenced by Yu Huajie ("**Claimant 1**"), who was convicted and sentenced to imprisonment for providing false information in his declaration to the Ministry of Manpower ("**MOM**") in his employment pass application, based on the news articles referred to in the Company's announcement dated 31 October 2022. The Claimant 1 is claiming damages against the defendants to the legal proceedings, being Ms. Wang Jue (as director of Hai Sin International Pte. Ltd. ("**Hai Sin**"), Hai Sin, Mr Lim, GHPL and Gashubin (collectively, the "**Defendants**"), for, *inter alia*, inducing him into entering a series of agreements and submitting declaration forms to the MOM, and as a result, being charged by MOM and sentenced to imprisonment. The Board has been informed by Mr Lim that Gashubin had been introduced to the Claimant 1 through Hai Sin, and relied on information provided by the Claimant 1, and had subsequently employed the Claimant 1 as a regional marketing manager, who had in fact worked with Gashubin. The Directors confirmed that neither the Company nor the Group is involved as defendant(s) in the said legal proceedings.
- (b) The Company announced on 7 February 2023 that legal proceedings have been commenced by Wei Hua, a former employee who held the position as Chief Investment Officer of the Company (the "**Claimant 2**") against Mr Lim. The Claimant is seeking, *inter alia*, repayment of an aggregate principal sum of S\$6,000,000 (the "**Combined Principal Sum**") pursuant to three loan agreements entered into between Mr Lim and each of: (i) the Claimant 2, (ii) Mr Fan Mingchun ("**Mr Fan**"), being a former employee of the Company, and (iii) Ms Li Ronghua ("**Ms Li**"), also a former employee of the Company, each with a principal loan amount of S\$2,000,000 (collectively, the "**Loan Agreements**"). In connection with the Loan Agreements, Mr Lim has also executed three share charges in favour of the Claimant 2, Mr Fan and Ms Li (the "**Share Charges**") as security for repayment of the loan under the Loan Agreements, for an aggregate of 60,000,000 ordinary shares in the Company (representing approximately 5.46% of the total number of shares in the Company). Each of Mr Fan and Ms Li has assigned all their rights and interests under the Loan Agreements and Share Charges respectively in favour of the Claimant 2. Pursuant to the Legal Proceedings, the Claimant 2 is also seeking for, *inter alia*, payment of default interest under the Loan Agreements and execution of fresh fixed charges over such additional Shares in the Company such that the total value of the charged shares shall be equivalent to the Combined Principal Sum. Mr Lim is currently seeking legal advice from his appointed legal counsels on the legal proceedings. For the avoidance of doubt, the Legal Proceedings are commenced against Mr Lim, and not the Company.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

The Directors confirmed and represented that based on the legal advice obtained and information available to them as at the Latest Practicable Date, the above legal proceedings which have commenced are against the Defendants (for legal proceedings set out in paragraph (a) above) and Mr Lim personally (for legal proceedings set out in paragraph (b) above), and not the Company. The legal proceedings will not have any impact on the Proposed H2G Subscription and the Proposed GHPL Subscription.

In addition, save as disclosed, the Directors have confirmed and represented that based on the legal advice obtained and information available to them as at the Latest Practicable Date, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, GHPL or any of its subsidiaries (where applicable) or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the GU as a whole.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

7. OPINION

In arriving at our recommendation in respect of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs, we have taken into account, *inter alia*, the factors summarised below as well as others elaborated elsewhere in our Letter. Our recommendation or opinion is by no means an indication of the merits of the prospects, financial performance and position of the Company, the Group, and GU or the prices at which the Shares of the Company will trade or for that matter, GU will be valued, in the future.

Save for the Current Valuation Report provided by the Valuer in connection with the market value of 100% equity interest in the capital of GU, we have not been furnished with any other valuation reports of GU (including without limitation, market or business valuation or economic potential) or appraisal of assets and liabilities of GU (including without limitation, property, plant and equipment) or contracts entered into by GU. We have relied on the GU Directors' confirmation that as at the Latest Practicable Date, *inter alia*, on an aggregate basis, save as disclosed in the unaudited financial statements of GU as at 31 December 2022, the announcements released by the Company on the SGXNET and the Circular, there are no material differences between the estimated market value of the assets and their respective book values as at 31 December 2022 which would have a material impact on GU's NAV and/or NTA as at 31 December 2022.

Our views, recommendation and opinion are necessarily limited and subject to these matters. This is purely a summary of the factors that have been highlighted in this Letter and Shareholders should be advised to read the following in conjunction with, and in the context of, the full text of this Letter.

The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (a) The rationale for the Proposed H2G Subscription and the Proposed GHPL Subscription. We note as set out in Section 4 of the Circular that Proposed H2G Subscription and the Proposed GHPL Subscription is beneficial for the Group as it will (a) strengthen the financial position of GU, being a 51%-owned subsidiary of the Company, (b) fund the capital expenditure necessary to continue GU's growth, and (c) improve GU's cash flow to meet anticipated general working capital requirements (including meeting general overheads, financing requirements and other operating expenses). In addition, the Directors are of the view that 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 on a domestic and international scale, thereby allowing the Company to enhance Shareholders' value. In addition, the Proposed GHPL Subscription will further improve GU's working capital position, reduce its indebtedness, gearing and eliminate the need for any cash repayment for the portion of the GHPL Loan amounting to S\$2,000,000.
- (b) The historically weak financial performance and position of GU. GU recorded losses after tax of approximately S\$1.3 million, S\$2.1 million and S\$2.7 million for TFY2020, TFY2021 and TFP2022 respectively. The GU Directors represented that whilst the construction of the LNG Bottling Station has been completed and GU has commenced its delivery of LNG. GU's ability to meet its customers' demands was constrained by funding requirements. GU was in a negative working capital position for TFY2020, TFY2021 and TFP2022, and the ratio of total borrowings over shareholders' equity stood at 3.5 times as at 31 December 2022. Following the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription, GU's net working capital position is expected to improve considerably to approximately S\$3.2 million; and its ratio of total borrowings over shareholders' equity will reduce significantly to approximately 0.4 times.

The GU Directors have represented that GU, which commenced its commercial operation only in October 2021 is relatively undercapitalised as in the past GU has been relying on, *inter*

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

alia, external debt financing and loans or advances from related parties to construct the LNG Bottling Station and finance their initial working capital requirements. The GU Directors had also represented that it will take some time for these investments to break even and/or to yield return. Assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription, we note that GU's ratio of total borrowings over shareholders' equity will decline significantly to approximately 0.4 times.

- (c) Evaluation of the Issue Price (as set out in Section 5 and 6 of this IFA Letter) after taking into consideration, *inter alia*, the following factors:
- (i) The Issue Price represents a premium of approximately 3,404.4% over GU's NAV and/or NTA per GU Share as at 31 December 2022.
 - (ii) The Issue Price represents a premium of approximately 368.9% over GU's Adjusted NAV and/or NTA per GU Share.
 - (iii) The Issue Price for both the Proposed H2G Subscription and the Proposed GHPL Subscription are similar, and whilst the Proposed H2G Subscription will require the Company to subscribe and pay for the H2G Subscription Shares in cash, we note that the Proposed GHPL Subscription will be settled via capitalisation of GU owings to GHPL at the same Issue Price and such owings were pursuant to advances made and goods and services provided to GU, and these includes amounts which were owed prior and subsequent to the Company's Past Acquisition of GU. These amounts would remain outstanding and have to be paid in cash in the event that the amounts are not capitalised into GU Shares at the Issue Price.
 - (iv) The Issue Price is supported by the valuation of GU as ascribed by the Valuer. The Issue Price is determined based on the Base Value as set out in the Current Valuation Report divided by the existing number of issued GU Shares. For illustrative purpose only, the Base Value is at a premium of approximately 1.6% over the Lower Band and at a discount of approximately 2.0% from the Upper Band.
 - (v) The valuation of GU as implied by the Issue Price in terms of LTM PER, and LTM EV/EBITDA are negative and not meaningful. The valuation of GU as implied by the Issue Price and based on the Adjusted NAV and/or NTA per GU Share) is 4.7 times. Whilst this is higher than both the median and the simple average, we note that it is within the range of the Selected Comparable Companies.

Non-Interested Directors are advised to review the Issue Price and the comparison of GU's valuation ratios with the Selected Comparable Companies in conjunction with: (a) GU is not listed on any stock exchange, and neither it is a core subsidiary of the Company, which is listed on the Catalist Board of the SGX-ST, in terms of revenue contribution; (b) GU's weaker financial performance as compared to the Selected Comparable Companies, which are very much bigger in terms of market capitalisation and are all profitable, should be assessed in conjunction with the fact that GU commenced its commercial operation only in October 2021. Hence, GU's ability to meet its customers' demands (with executed contracts) is constrained by funding requirements, which we understand from the Directors and Management will be addressed via the Proposed H2G Subscription and the Proposed GHPL Subscription. In addition, it is generally accepted that the value for quoted shares are generally higher than those for unquoted shares in view of the listed status, improved liquidity, disclosure, corporate governance requirements as well as rules of the relevant exchange that has to be complied with for listings; (c) the financial position of GU (assuming completion of the Proposed H2G Subscription and the Proposed GHPL

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

Subscription) appears to be more favourable than the median and the simple average for the Selected Comparable Companies in terms of its ratio of total liabilities to shareholders' equity, and the ratio of total borrowings to shareholders' equity; (d) the trading statistics for the shares of the Selected Comparable Companies are based on transactions which do not result in acquisition of control or retaining control whilst for the Proposed H2G Subscription, it will enable the Company to retain control (over 51% interest) in GU; (e) the valuation of GU (as implied by the Issue Price, and based on the Adjusted NAV and/or NTA per GU Share) in terms of both the P/NAV and P/NTA ratios are fairly comparable to and within the range of ratios as implied by median and the third quartile for the Selected Comparable Companies in the event that such ratios are adjusted for control premiums and the more favourable financial position of GU (assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription) as compared to the Selected Comparable Companies; and (f) the proposed subscription in GU based on the Issue Price which is supported by the Current Valuation Report, is offered on a pro rata basis based on each GU's Shareholders' respective shareholding interest in GU as at the date of such offer.

- (vi) Fair comparison of the Proposed GHPL Subscription against the Selected IPT Debt Conversion. The Issue Price of S\$3.270 represents a premium of approximately 368.9% above GU's Adjusted NTA per GU Share, and this premium is within the range, higher than the median but lower than the simple average for the Selected IPT Debt Conversions. It is noted that most of the companies which comprises the Selected IPT Debt Conversions were either loss-making or had weak financial position prior to the announcement of their respective debt conversion with negative net working capital. In reviewing the companies under the Selected IPT Conversions which are in similar financial position as GU, i.e. loss-making and whose financial position was weak with high gearing and leverage, and in a net current liabilities position, we note that the premium implied by the Issue Price of approximately 368.9% over the Adjusted NTA for GU is relatively lower than the median of approximately 483.4% and the simple average of approximately 675.4% for this set of companies (which was loss making and in net current liabilities position). These companies are in general comparable to GU which was loss-making for TFP2022 and was in a negative net working capital position of approximately S\$2.6 million as at 31 December 2022.
- (vii) Generally fair comparison of the Proposed H2G Subscription and the Proposed GHPL Subscription against the Past Acquisition, and the DUL Loan Conversion in terms of the relative valuation as implied P/NAV ratios after considering, *inter alia*, the improved conditions of GU and the relative state of its business cycle as at the Latest Practicable Date (in terms of, *inter alia*, business operations, number of contracts, and financial performance in terms of revenue as well as its ability to further commercialise its products and services and the almost comparable valuation as implied by the relevant issue price).

The absolute value of or issue price for each GU Share pursuant to the Past Acquisition of approximately S\$3.243 per GU Share (which is similar to the Conversion Price for the DUL Loan as described in Section 6.9 of this IFA Letter), is almost similar or slightly lower than the Issue Price for the Proposed H2G Subscription and the Proposed GHPL Subscription of S\$3.270. In addition, the aggregate valuation of the Past Acquisition as implied its issue price of S\$22.5 million and the principal amount of the DUL Loan which was converted of S\$2.0 million is comparable to the current valuation of GU as implied by the Issue Price of S\$24.7 million.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

We note that whilst the absolute value for the 2021 Issue Price is lower than the Issue Price, the 2021 Capitalisation was undertaken prior to the announcement of the Past Acquisition, and that the Past Acquisition was approved by shareholders other than GHPL, Mr Lim and his associates. In addition, the business conditions for GU and the relative state of its business cycle as at the Latest Practicable Date has arguably improved (in terms of business operations, number of contracts, and financial performance in terms of revenue as well as its ability to further commercialise its products and services).

- (d) The pro-forma financial effects of the Proposed H2G Subscription and the Proposed GHPL Subscription to the Group as outlined in Sections 7 and 8 of the Circular. We note that the Proposed H2G Subscription and the Proposed GHPL Subscription, do not have unfavourable effects on the financial position and performance of the Group.
- (e) The pro-forma financial effect of the Proposed H2G Subscription and the Proposed GHPL Subscription to GU. Assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription, GU's ratio of total borrowings over shareholders' equity will decline significantly from approximately 3.5 times to approximately 0.4 times. In addition, assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription, GU's net current asset position will improve significantly to approximately S\$3.2 million.
- (f) The Directors and the GU Directors note that GU's short track record in terms of operations, being a non-listed company and the historically weak financial performance (in terms of its loss-making position during TFY2020 to TFP2022) and financial position (in terms of negative net current liabilities and high gearing ratio as at 31 December 2022) are impediments in seeking any additional external fundings either from the financial institutions or other equity investors. In addition, given the current higher interest rate environment, additional external borrowing will put further burden to GU's financial performance. Accordingly, the Directors and the GU Directors hold the view that fundings from the existing GU Shareholders on a pro rata basis based on the same Issue Price, is the realistic, logical choice, and the best option available to the Company as at the Latest Practicable Date.
- (g) The resultant shareholding interests in GU following the Proposed H2G Subscription and the Proposed GHPL Subscription. The Directors confirmed that the Company has decided to proceed with the Proposed H2G Subscription subject to approval from Shareholders not interested in the transaction to, *inter alia*, retain its controlling interest in GU (more than 51%) as they are of the view that the further allotment and issue of GU Shares would enable GU to strengthen its financial position, fund the capital expenditure necessary to continue its growth and improve its cash flow to meet anticipated general working capital requirements, which would allow GU to further grow and enhance its business on a domestic and international scale. In addition, the Directors are of the view that the Proposed H2G Subscription and the Proposed GHPL Subscription will further enhance the value of GU and that of the Group.
- (h) In addition, as at the Latest Practicable Date, Directors have confirmed that save for the Proposed H2G Subscription and Proposed GHPL Subscription, they are not aware of any alternative sources of financing (debt or equity) available to GU or offers to GU, a subsidiary of the Group, which would allow GU to deleverage its balance sheet without dilution of the Company's interest in GU, and raise the needed financing in cash or without the need to repay any outstanding GHPL Loan (thereby lowering its cash or financial resources) to grow and further enhance the value of GU, a subsidiary of the Group whose acquisition was only recently approved by the then non-interested Shareholders as advised or recommended (as the case may be) by the then independent financial adviser and non-interested Directors.

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

GU is in a critical growth stage with contracts already secured. Thus, it is paramount that funding is needed to enable GU to execute and convert these contracts into cash and to build up its track record to secure a pipeline of more contracts. At its current stage with relatively weak financial position and condition, the main source of funding can only be obtained from the existing GU Shareholders.

- (i) Other relevant considerations as set out in Section 6 of this Letter.

In summary, having regard to our analysis and the consideration in this Letter (including its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to, *inter alia*, our terms of reference and earlier analysis, as well as the limitations of the valuation of GU which is premised, *inter alia*, on GU's ability to continue as a going concern, with ability to raise financing or refinancing for, *inter alia*, its working capital and capital expenditure requirements to meet the forecasted revenues. There is no certainty that the assumptions for the valuation can be achieved by GU as described in the Letter. Further, the valuation of GU is sensitive to, *inter alia*, growth and discount rates.

In addition, we had also considered the confirmations from the Directors that, *inter alia*, there is no alternative offer for financing, and that the Company has decided to proceed with the Proposed H2G Subscription subject to approval from Shareholders not interested in the transaction to, *inter alia*, retain its controlling interest in GU (more than 51%) as the Directors are of the view that the further allotment and issue of GU Shares would enable GU to strengthen its financial position, fund the capital expenditure necessary to continue its growth and improve its cash flow to meet anticipated general working capital requirements, which would allow GU to further grow and enhance its business on a domestic and international scale.

Accordingly, we are of the opinion that, on balance, the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs are **ON NORMAL COMMERCIAL TERMS, AND NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders.

For the purposes of evaluation of the Proposed H2G Subscription and the Proposed GHPL Subscription as IPTs, we have adopted the approach that the term "normal commercial terms" and "not prejudicial" comprises two distinct concepts:

- (i) Whether each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT is on "normal commercial terms" relates to an opinion on the value of the Issue Price. "Normal commercial terms" are terms which a party could obtain if the transaction were on an arm's length basis or on terms no less favourable to the listed issuer than terms available to or from independent third parties. This has not considered in the particular context or circumstances facing the Company and/or the Group and/or GU. This is based strictly on a fundamental analysis and evaluation of the Issue Price as set out in this Letter and based on information known to us and/or which is publicly available).
- (ii) Whether each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT is "not prejudicial", after taking into consideration the actual and potential financial impact of other circumstances surrounding the Proposed H2G Subscription and the Proposed GHPL Subscription, which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT to be, on balance, **ON NORMAL COMMERCIAL TERMS**, after factoring, *inter alia*, the following:

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

- (i) The Proposed H2G Subscription and the Proposed GHPL Subscription are both based on an Issue Price and such number of GU Shares which was offered on a pro rata basis to all existing shareholders of GU, based on each GU Shareholder's respective shareholding interest in GU as at the date of such offer.
- (ii) Whilst the Proposed H2G Subscription will require the Company to subscribe and pay for the H2G Subscription Shares in cash, we note that the Proposed GHPL Subscription will be settled via capitalisation of GU owings to GHPL at the same Issue Price and such owings were pursuant to advances made and goods and services provided to GU, and these includes amounts which were owed prior and subsequent to the Company's Past Acquisition of GU. These amounts would remain outstanding and have to be paid in cash in the event that the amounts are not capitalised into GU Shares at the Issue Price.
- (iii) The Issue Price is supported by the valuation of GU as ascribed by the Valuer. The Issue Price is determined based on the Base Value as set out in the Valuation Report divided by the existing number of issued GU Shares.
- (iv) Fair comparison against the Selected Comparable Companies – the valuation of GU (as implied by the Issue Price, and based on the Adjusted NAV and/or NTA per GU Share) in terms of both the P/NAV and P/NTA ratios are fairly comparable to and within the range of ratios as implied by median and the third quartile for the Selected Comparable Companies in the event that such ratios are adjusted for control premiums and the more favourable financial position of GU (assuming completion of the Proposed H2G Subscription and the Proposed GHPL Subscription) as compared to the Selected Comparable Companies.
- (v) Fair comparison of the Proposed GHPL Subscription against the Selected IPT Debt Conversion. The Proposed GHPL Subscription is comparable to those companies which comprises the Selected Companies which are loss-making with negative net working position.
- (vi) Fair comparison of the Proposed H2G Subscription and the Proposed GHPL Subscription against the Past Acquisition, and the DUL Loan Conversion in terms of the relative valuation as implied P/NAV ratios after considering, *inter alia*, the improved conditions of GU as at the Latest Practicable Date (in terms of business operations, number of contracts, and financial performance in terms of revenue as well as its ability to further commercialise its products and services and the almost comparable valuation as implied by the issue price).

We note that whilst the absolute value for the 2021 Issue Price is lower than the Issue Price, the 2021 Capitalisation was undertaken prior to the announcement of the Past Acquisition, and that the Past Acquisition was approved by shareholders other than GHPL, Mr Lim and his associates. In addition, the business conditions for GU and the relative state of its business cycle as at the Latest Practicable Date has arguably improved (in terms of business operations, number of contracts, and financial performance in terms of revenue as well as its ability to further commercialise its products and services).

In addition, the aggregate valuation of the Past Acquisition as implied by its issue price of S\$22.5 million and the principal amount of the DUL Loan which was converted of S\$2.0 million is comparable to the current valuation of GU as implied by the Issue Price of S\$24.7 million.

- (vii) The Proposed H2G Subscription and the Proposed GHPL Subscription, will allow the Company to maintain or retain its control of GHPL, with an ownership interests of approximately 53.76% (in the event that the resolutions for the Proposed H2G Subscription and the Proposed GHPL Subscription are all passed) without the need for further financing or

APPENDIX B
**LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS**

depletion of financial resources to repay the amounts which are owed to GHPL and which would be capitalised pursuant to the Proposed GHPL Subscription.

- (viii) Ordinary Resolution 3 relating to the Proposed GHPL Subscription is contingent upon Ordinary Resolutions 1 and 2 relating to the Proposed H2G Subscription being passed. Accordingly, in the event that Ordinary Resolutions 1 and/or 2 are not passed, GHPL and GU are not entitled to proceed with the Proposed GHPL Subscription, whether or not Ordinary Resolution 3 is passed at the EGM. This would allow H2G to retain its “control” and its existing interest in GU. Further in the event that Ordinary Resolutions 1 and 2 are passed but not Ordinary Resolution 3, the Company and GU will be entitled to proceed with the Proposed H2G Subscription, to the extent that it does not effect the Proposed GHPL Subscription.

Directors and Management have confirmed that in the event that Ordinary Resolution 3 relating to the Proposed GHPL Subscription is not passed, GHPL will not demand for repayments of amounts owed to GHPL which are the subject of the capitalisation.

- (ix) We note that it is not uncommon for subscription of shares to be settled vide capitalisation of owings from trade or advances (which were made prior to such subscriptions and in support of the business and operations of the concerned entity) like for the Proposed GHPL Subscription or for that matter at similar or comparable prices for recent subscriptions or conversions or for subscriptions for that particular tranche of fund raising pursuant to the Past Acquisition and DUL Loan Conversion (as the case may be).

We consider each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT to be, on balance, **NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders, after factoring, *inter alia*, the above mentioned factors and the following:

- (i) The rationale for Proposed H2G Subscription and the Proposed GHPL Subscription as set out in Section 4 of the Circular.

The Proposed H2G Subscription and the Proposed GHPL Subscription will strengthen the equity base of GU and correspondingly reduce its debt-to-equity ratio and concurrently improve its working capital position.

- (ii) The confirmations from the Directors that, *inter alia*, there is no alternative offer for financing, and that the Company has decided to proceed with the Proposed H2G Subscription subject to approvals from non-interested Shareholders to, *inter alia*, retain its controlling interest in GU (more than 51%) as the Directors are of the view that the further allotment and issue of GU Shares would enable GU to strengthen its financial position, fund the capital expenditure necessary to continue its growth and improve its cash flow to meet anticipated general working capital requirements, which would allow GU to further grow and enhance its business on a domestic and international scale.

- (iii) Confirmation by the Directors, as at the Latest Practicable Date, that save for the Proposed H2G Subscription and Proposed GHPL Subscription, they are not aware of any alternative sources of financing (debt or equity) available to GU or offers to GU, a subsidiary of the Group, which would allow GU to deleverage its balance sheet without dilution of the Company’s interest in GU, and raise the needed financing in cash or without the need to repay any outstanding GHPL Loan (thereby lowering its cash or financial resources) to grow and further enhance the value of GU, a subsidiary of the Group whose acquisition was only recently approved by the then non-interested Shareholders as advised or recommended (as the case may be) by the then independent financial adviser and non-interested Directors.

APPENDIX B
**LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS**

GU is in a critical growth stage with contracts already secured. Thus, it is paramount that funding is needed to enable GU to execute and convert these contracts into cash and to build up its track record to secure a pipeline of more contracts. At its current stage with relatively weak financial position and condition, the main source of funding can only be obtained from the existing GU Shareholders.

- (iv) The pro-forma financial effects of the Proposed H2G Subscription and the Proposed GHPL Subscription to the Group as outlined in Sections 7 and 8 of the Circular. We note that the Proposed H2G Subscription and the Proposed GHPL Subscription do not have unfavourable effects on the financial position and performance of the Group.
- (v) The Proposed H2G Subscription and the Proposed GHPL Subscription will allow the Company to maintain or retain its control of GHPL with an ownership interest of approximately 53.76%, (in the event that the resolutions for the Proposed Subscriptions are all passed) without the need for further financing or depletion of financial resources to repay the amounts which are owed to GHPL and which would be capitalised pursuant to the Proposed GHPL Subscription.

Recommendation

Based on our assessment for each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT as set out above and subject to the analysis in this Letter, *inter alia*, there being no alternative offers for financing and that the Proposed H2G Subscription and the Proposed GHPL Subscription would enable GU to strengthen its financial position, fund the capital expenditure necessary to continue its growth and improve its cash flow to meet anticipated general working capital requirements, which would allow GU to further grow and enhance its business on a domestic and international scale, from a financial point of view, **we advise the Non-Interested Directors to recommend that Independent Shareholders vote in favour of each of the Proposed H2G Subscription and the Proposed GHPL Subscription to be proposed at the EGM.** We advise the Non-Interested Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia*, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Non-Interested Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour for or against the Proposed H2G Subscription and the Proposed GHPL Subscription.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or GU. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and the Management and therefore does not reflect any projections or future financial performance of the Company or the Group or GU after the completion of the Proposed H2G Subscription and the Proposed GHPL Subscription and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Independent Shareholders:

- (1) Our scope does not require us and we have not made any independent evaluation of GU (including without limitation, market value or economic potential) or appraisal of GU's assets and liabilities or contracts entered into by GU or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by GU or the Group save for the Current Valuation Report and the

APPENDIX B
**LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS**

Valuation Summary Letter issued by the Valuer in respect of, *inter alia*, the market value of the 100% equity interest in the capital of GU as at the Valuation Date.

With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities, and businesses (including without limitation GU) including, *inter alia*, the contracts or agreements that GU or the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Group as reflected in the audited financial statements for the Group as at 31 March 2022 and the unaudited financial statements for the Group for 6M2023 are true and fair. Likewise, the GU Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition or position of GU as reflected in the audited financial statements for TFY2021 and the unaudited financial statements for TFP2022 are true and fair in any material aspect.

The GU Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the announcements made by the Company on the SGXNET, GU's audited financial statements for TFY2020 and TFY2021 and unaudited financial statements for TFP2022, there has been no material changes to GU's assets and liabilities, financial position, condition and performance.

- (2) Our scope does not require us to express and we do not express, a view on the future growth prospects of GU, the Company or the Group before and after the transactions stipulated in the Circular or the Proposed H2G Subscription and the Proposed GHPL Subscription or the sufficiency of GU's working capital or the ability of GU to continue as a going concern.

Specific Objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Non-Interested Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Information on action to be taken by Shareholders is set out in Section 16 of the Circular.

Independent Shareholders are advised to read Section 16 of the Circular and Notice of the EGM which has been enclosed with the Circular carefully so that the appropriate election on voting for or voting against can be made.

This Letter is prepared pursuant to Rule 921(4) of the Catalist Rules as well as addressed to the Non-Interested Directors in connection with and for the sole purpose of their evaluation of each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT, and is not meant or intended to be an evaluation of the other resolutions to be proposed (where applicable) or alternatives. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote this Letter (or any part thereof) for any other

APPENDIX B
LETTER FROM IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE
PROPOSED H2G SUBSCRIPTION AND PROPOSED GHPL SUBSCRIPTION AS
INTERESTED PERSON TRANSACTIONS

purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose for each of the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT and/or at the forthcoming EGM.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed herein, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply. Nothing herein shall prevent or exclude Shareholders from relying on this Letter in connection with the Proposed H2G Subscription and the Proposed GHPL Subscription as an IPT, whether pursuant to the Contracts (Rights of Third Parties) Act Chapter 53B of Singapore or otherwise.

The recommendations made by the Non-Interested Directors to the Independent Shareholders in relation to each of the Proposed H2G Subscription and the Proposed GHPL Subscription as well as other resolutions referred to in the Circular (where applicable) and the issue of the Circular shall remain the sole responsibility of the Non-Interested Directors, and the Directors respectively.

Yours faithfully,
For and on behalf of
ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

NOTICE OF EXTRAORDINARY GENERAL MEETING

H2G GREEN LIMITED

(Company Registration Number 199806046G)

(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of H2G Green Limited (the “**Company**”) will be held by way of electronic means on Wednesday, 8 March 2023 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions:

All capitalised terms used in this notice which are not otherwise defined shall have the same meanings as ascribed to them in the Company’s circular to its shareholders dated 20 February 2023.

ORDINARY RESOLUTIONS

RESOLUTION 1: THE PROPOSED SUBSCRIPTION OF 1,162,080 NEW ORDINARY SHARES IN THE CAPITAL OF GASHUBUNITED UTILITY PRIVATE LIMITED (“GU”) (“GU SHARES”) BY THE COMPANY (“PROPOSED H2G SUBSCRIPTION”) AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SGX-ST.

THAT, contingent upon the passing of Ordinary Resolution 2:

- (a) pursuant to Chapter 10 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”), approval be and is hereby given for the Proposed H2G Subscription as a major transaction under Chapter 10 of the Catalist Rules, particulars of which are set out in the Circular;
- (b) the directors of the Company (“**Directors**”) and each of them be and are hereby authorised to take such steps, make such amendments to the terms and conditions of the Proposed H2G Subscription (provided that the amendments are not material), enter into all such transactions, arrangements and agreements and exercise such discretion as they or he may from time to time deem fit, advisable, desirable, expedient or necessary in connection with all or any of the above matters; and
- (c) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds as may be required, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to the Proposed H2G Subscription and matters contemplated by this Ordinary Resolution 1.

RESOLUTION 2: THE PROPOSED H2G SUBSCRIPTION AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES.

THAT, contingent upon the passing of Ordinary Resolution 1:

- (a) pursuant to Chapter 9 of the Catalist Rules, approval be and is hereby given for the Proposed H2G Subscription as an interested person transaction under Chapter 9 of the Catalist Rules, particulars of which are set out in the Circular;
- (b) the Directors and each of them be authorised to take such steps, make such amendments to the terms and conditions of the Proposed H2G Subscription (provided that the amendments are not material), enter into all such transactions, arrangements and agreements and exercise such discretion as they or he may from time to time deem fit, advisable, desirable, expedient or necessary in connection with all or any of the above matters; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds as may be required, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to the Proposed H2G Subscription and matters contemplated by this Ordinary Resolution 2.

RESOLUTION 3: THE PROPOSED SUBSCRIPTION OF 611,621 GU SHARES BY GASHUBUNITED HOLDING PRIVATE LIMITED (“PROPOSED GHPL SUBSCRIPTION”) AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES.

THAT, contingent upon the passing of Ordinary Resolutions 1 and 2:

- (a) pursuant to Chapter 9 of the Catalist Rules, approval be and is hereby given for the Proposed GHPL Subscription as an interested person transaction under Chapter 9 of the Catalist Rules, particulars of which are set out in the Circular;
- (b) the Directors and each of them be authorised to take such steps, make such amendments to the terms and conditions of the Proposed GHPL Subscription (provided that the amendments are not material), enter into all such transactions, arrangements and agreements and exercise such discretion as they or he may from time to time deem fit, advisable, desirable, expedient or necessary in connection with all or any of the above matters; and
- (c) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds as may be required, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to the Proposed GHPL Subscription and matters contemplated by this Ordinary Resolution 3.

By Order of the Board
H2G GREEN LIMITED

Lau Ping Sum Pearce
Non-Executive Chairman and Independent Director
20 February 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Important Information

1. To minimise physical interactions and COVID-19 transmission risks, the EGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Company will not accept any physical attendance by shareholders and any shareholder seeking to attend the EGM physically in person will be turned away.
2. Alternative arrangements relating to:
 - (a) attendance at the EGM via electronic means (including arrangements by which the EGM can be electronically accessed via “live” audio-visual webcast or “live” audio-only stream);
 - (b) submission of questions to the Chairman of the EGM in advance of, or “live” at, the EGM, and addressing of substantial and relevant questions in advance of, or “live” at, the EGM; and
 - (c) voting at EGM (i) “live” by the shareholders or their duly appointed proxies (other than the Chairman of the EGM) via electronic means; or (ii) by appointing the Chairman of the EGM as proxy to vote on the shareholders’ behalf at the EGM,

are set out in the Circular. The Circular may be accessed at the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL www.h2g.green.

3. Shareholders who wish to exercise their voting rights at the EGM may:
 - (a) (where such shareholders are individuals) vote “live” via electronic means at the EGM or (where such shareholders are individuals or corporates) appoint proxies (other than the Chairman of the EGM) to vote “live” via electronic means at the EGM on their behalf; or
 - (b) (where such shareholders are individuals or corporates) appoint the Chairman of the EGM as their proxy to vote on their behalf at the EGM.

The accompanying proxy form for the EGM may be downloaded from the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> or the Company’s website at the URL www.h2g.green.

4. (a) A shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such shareholder’s proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form; and (b) A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder’s proxy form appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

“Relevant intermediary” shall have the meaning ascribed to it in Section 181 of the Companies Act.

5. A proxy need not be a shareholder of the Company. The Chairman of the EGM, as proxy, need not be a shareholder of the Company.
6. A proxy form must be submitted to the Company in the following manner:
 - (a) by post to the office of the Company’s share registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902; and
 - (b) via email to gpb@mncsingapore.com,

NOTICE OF EXTRAORDINARY GENERAL MEETING

in each case, by 10.00 a.m. on 5 March 2023 (not less than 72 hours before the time appointed for holding the EGM).

A shareholder who wishes to submit a proxy form appointing a proxy(ies) by post or via email can download a copy of the proxy form from the SGXNet or the Company's website, and complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. CPFIS Investors and SRS Investors:

- (a) may vote "live" via electronic means at the EGM if they are appointed as proxies by their respective CPF Agent Banks and/or SRS Operators (as the case may be), and should contact their respective CPF Agent Banks and/or SRS Operators (as the case may be) if they have any queries regarding their appointment as proxies; and
- (b) may appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators (as the case may be) to submit their votes at least seven (7) business days before the EGM (i.e. by 10.00 a.m. on 24 February 2023).

8. This notice, the Circular and the proxy form will be sent to the Shareholders solely by electronic means via publication on the SGXNet and the Company's website. Printed copies of these documents will not be sent to Shareholders. Please refer to the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL www.h2g.green for this notice, the Circular and the proxy form.

As the COVID-19 pandemic continues to evolve, further measures and/or changes to the EGM arrangements may be made on short notice in the ensuing days, even up to the day of the EGM. Shareholders are advised to closely monitor announcements made on SGXNet and the Company's website for updates on the EGM.

Personal Data Privacy:

By (a) submitting a form appointing a proxy(ies) (including the Chairman of the EGM) to attend and vote at the EGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the EGM via the "live" audio-visual webcast or "live" audio-only stream, or (c) submitting any question(s) before or during the EGM in accordance with this notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to observe the proceedings of the EGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from Shareholders received before the EGM and if necessary, following up with the relevant Shareholders in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared for the EGM. Accordingly, the Shareholder's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company

NOTICE OF EXTRAORDINARY GENERAL MEETING

to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes and retained for such period as may be necessary for the Company's verification and record purposes.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms Bao Qing - Registered Professional, 36 Robinson Road, #10-06 Singapore 068877, sponsor@rhtgoc.com.

PROXY FORM

EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. The EGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. CPFIS Investors and SRS Investors: (a) may vote live via electronic means at the EGM if they are appointed as proxies by their respective CPF Agent Banks and/or SRS Operators, and should contact their respective CPF Agent Banks and/or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes by 10.00 a.m. on 24 February 2023.
3. This proxy form is not valid for use by CPFIS Investors and SRS Investors and shall be ineffective for all intents and purported to be used by them.

*I/We, _____ (Name) _____ (*NRIC/Passport No./Company Registration No.)

of _____ (Address)

being a shareholder/shareholders of H2G Green Limited (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Email Address**	Proportion of Shareholding	
				Number of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Email Address**	Proportion of Shareholding	
				Number of Shares	%

or if no proxy is named, the Chairman of the Extraordinary General Meeting ("EGM") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the EGM of the Company to be held by electronic means on Wednesday, 8 March 2023 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, vote against or abstain from voting on the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the EGM and at any adjournment thereof.

No.	Resolution relating to:	For**	Against**	Abstain**
ORDINARY RESOLUTION				
1.	Proposed H2G Subscription as a major transaction under Chapter 10 of the Catalist Rules			
2.	Proposed H2G Subscription as an interested person transaction under Chapter 9 of the Catalist Rules			
3.	Proposed GHPL Subscription as an interested person transaction under Chapter 9 of the Catalist Rules			

*Delete where inapplicable

** Compulsory for registration purposes. Only email address provided in the submitted proxy form will receive an email to pre-register for the EGM.

***Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing the Chairman of the EGM not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.)

Dated this _____ day of _____ 2023

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. If the shareholder has shares entered against his name in the Depository Register, he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members, he should insert that number of shares. If the shareholder has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the shareholder.
2. To minimise physical interactions and COVID-19 transmission risks, shareholders will not be able to attend the EGM in person. Shareholders who wish to exercise their voting rights at the EGM may:
 - (a) (where such shareholders are individuals) vote “live” via electronic means at the EGM or (where such shareholders are individuals or corporates) appoint proxies (other than the Chairman of the EGM) to vote “live” via electronic means at the EGM on their behalf; or
 - (b) (where such shareholders are individuals or corporates) appoint the Chairman of the EGM as their proxy to vote on their behalf at the EGM.

This proxy form may be downloaded from the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> or the Company’s website at the URL www.h2g.green.

3. (a) A shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such shareholder’s proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form; and (b) A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder’s proxy form appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

“Relevant intermediary” shall have the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

4. A proxy need not be a shareholder of the Company.

5. This proxy form, duly executed, must be submitted to the Company in the following manner:

- (a) by post to the office of the Company’s share registrar, M&C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902; and
- (b) via email to gpb@mncsingapore.com,

in each case, by 10.00 a.m. on 5 March 2023 (not less than 72 hours before the time appointed for holding the EGM).

6. Completion and return of this proxy form does not preclude a shareholder from attending and voting at the EGM. A shareholder who accesses the “live” webcast of the EGM proceedings may revoke the appointment of a proxy(ies) at any time before the EGM commences and in such an event, the Company reserves the right to terminate the proxy(ies)’ access to the EGM proceedings.
7. This proxy form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
8. Where this proxy form is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this proxy form, failing which this proxy form may be treated as invalid.
9. A corporation which is a shareholder may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM in accordance with Section 179 of the Companies Act 1967 of Singapore.
10. The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form (including any related attachment). In addition, in the case of a shareholder whose shares are entered in the Depository Register, the Company may reject any proxy form lodged if the shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this proxy form, the shareholder is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of EGM of the Company dated 20 February 2023.