



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

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RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE REGULATION

Unless otherwise defined or the context otherwise requires, all capitalised terms used herein bear the same meanings as in the Announcement (as defined below).

The Board of Directors ("**Board**") of H2G Green Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") refers to the Company's announcement dated 1 July 2024 (the "**Announcement**") in relation to the provision of the Corporate Guarantee by the Company to Hong Leong Finance Limited, Singapore ("**HLF**") in consideration of HLF's grant of hire purchase facility ("**HP Facility**") to Green Energy Investment Holding Private Limited ("**GEIH**"), being an interested person transaction under Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**").

The Company sets out its responses to the queries raised by the Singapore Exchange Regulation on 5 July 2024 in relation to the above.

Query 1

Given that GEIH is a 50.10%-owned subsidiary of the Company and the remaining 49.9% shareholding interest are owned by RD Property Holdings Pte. Ltd. ("**RDP**"), please explain why the corporate guarantee is not provided by the Company and RDP in proportion to their respective equity interests? Please disclose the rationale why the corporate guarantee is only provided by the Company. How is this arrangement in the best interest of the Company and its shareholders?

Response

The Company wishes to clarify that RDP, which holds 49.9% of the Enlarged GEIH Share Capital, has also, on 1 July 2024, provided a corporate guarantee through its holding company, OUE, to HLF to, *inter alia*, guarantee the payment and discharge of all monies owing by GEIH to HLF under the HP Facility up to a certain maximum liability, which takes into consideration RDP's proportion of equity interest in GEIH of 49.9%, based on the Enlarged GEIH Share Capital.

The abovementioned arrangement of respective corporate guarantees by the Company and OUE (RDP's holding company) in proportion to the Company's and RDP's respective equity interests in GEIH is in the best interests of the Company and its shareholders. Please also refer to our response to Query 3 below.

Please refer to paragraph 2.2 of the Announcement for further details in relation to RDP, OUE and the Interested Persons Group.

Query 2

In the event that GEIH is in a default situation, please explain what would happen and elaborate on the downside risk to the Company?

Response

As disclosed in paragraph 3 of the Announcement, in the event that GEIH is in a default position, the Company will be liable to pay HLF on demand all monies due or owing by GEIH under the HP Facility and all Additional Costs incurred, up to a maximum liability, being the lower of:

- (i) 50.1% of the total monies payable by GEIH to HLF under the HP Facility, being up to approximately S\$753,809, together with any Additional Costs incurred; and
- (ii) S\$790,000 payable under the Facility, together with any Additional Costs incurred.

The maximum liability of the Company under the Corporate Guarantee takes into consideration the Company's proportion of equity interest in GEIH of 50.1%, based on the Enlarged GEIH Share Capital.

Query 3

Please explain the bases of the Board's view that the provision of the Corporate Guarantee by the Company is of commercial benefit to the Company and the Group, and in the interests of the Company and its shareholders.

Response

In reaching its view that the provision of the Corporate Guarantee by the Company is of commercial benefit to the Company and the Group, and in the interests of the Company and its shareholders, the Board took into consideration the following bases:

- (i) The provision of Corporate Guarantee by the Company is in consideration for, and to secure, the grant of the HP Facility by HLF to GEIH, in respect of the purchase of the new Rotochopper for use by GEIH in its business operations;
- (ii) The grant of HP Facility to GEIH is in the interests of the Group as it facilitates the purchase and immediate use of the new machinery by GEIH without a large initial outlay of cash, by allowing GEIH to pay the purchase price via instalments during the term of the hire purchase facility. This will allow GEIH to manage its cash flow and retain its financial resources to finance other capital expenditure and general working capital of GEIH in the short term to further grow and enhance its business, thereby enhancing shareholder value of the Company;
- (iii) The purchase of the new Rotochopper is essential to the business operations of GEIH, as it will increase GEIH's capacity to process horticultural, construction and demolition waste, thereby boosting the revenue and profitability of GEIH's waste collection activities. Additionally, it will provide extra processed feedstock for GEIH's green hydrogen plant as it begins to scale up in the upcoming future. This will aid in GEIH's further growth into the energy and natural gas related business;
- (iv) The total amount recoverable from the Company under the Corporate Guarantee is capped at a certain maximum liability stipulated therein, which takes into consideration the Company's proportion of equity interest in GEIH of 50.1%, based on the Enlarged GEIH Share Capital; and
- (v) In the circumstances, the Board is of the view that the provision of the Corporate Guarantee by the Company is of commercial benefit to the Company and the Group, and in the interests of the Company and its shareholders.

Please refer to paragraph 4 of the Announcement for details on the rationale for and benefits of the provision of the Corporate Guarantee by the Company.

By Order of the Board

Lim Shao-Lin
Executive Director, CEO

8 July 2024