



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

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RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE REGULATION

The Board of Directors ("**Board**") of H2G Green Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") refers to the queries raised by the Singapore Exchange Regulation ("**SGX Regco**") on 27 September 2024 with reference to the Company's (i) announcement dated 25 September 2024, titled "Receipt of Letter of Demand" (the "**LOD Announcement**") and (ii) announcement dated 26 September 2024, titled "Postponement of Annual General Meeting & Extraordinary General Meeting to be held on 27 September 2024" (the "**FY2024 AGM & EGM Postponement Announcement**"). The queries from the SGX Regco and the Company's responses are set out below:

SGX Queries:

1. **It was announced that the Company's subsidiary, Green Energy Investment Holding Private Limited ("GEIH") received the Letter of Demand on 19 September 2024.**
 - a. **Please disclose why the Company only announced the Letter of Demand on 25 September 2024.**
 - b. **Please disclose why the Board was only informed on 23 September 2024 about GEIH's receipt of the Letter of Demand.**

The Company's subsidiary, GEIH, received the Letter of Demand on the evening of Thursday, 19 September 2024. The Management was surprised to receive the Letter of Demand as it was under the impression that GEIH had been fulfilling its payment of the relevant contractual obligation (further information is set out in Response 2(b) below).

The Management undertook its own checking as well as clarified the matter with the counterparty on Friday, 20 September 2024 and over the weekend. It informed the Board on Monday, 23 September 2024 (being the next working day). On 23 and 24 September 2024, the Management continued to liaise and consult with, among other parties, the co-shareholder of GEIH, the Company's legal advisers, and the Company's independent auditor. Following which, the Company requested its legal advisers to assist with the preparation of the announcement. The Board met on the morning of 25 September 2024 to obtain clarifications from the Management and, together with the professionals, deliberate on the matter, amongst other matters. Accordingly, the LOD Announcement was released on 25 September 2024.

2. **It was announced that the Company has been informed by its independent auditor, Foo Kon Tan LLP ("FKT"), that the Independent Auditor's Report as well as the audited financial statements for FY2024 ("FY2024 FS") will need to be re-issued to account for a liability of**

S\$300,000 and the related expenses. This liability relates to part of the outstanding Sub-Contracting Fee due to the receipt of the Letter of Demand as announced on 25 September 2024. The amount involved is considered by FKT to be a material adjustment.

- a. What is the nature of the Sub-Contracting Fee and the liability? When was it due for payment?**
- b. Based on the FY2024 financials, the Group's cash and bank balances amounted to S\$7.1M. Please explain why the Sub-Contracting Fee of S\$540K and / or the liability of S\$300K remained outstanding until receipt of the Letter of Demand?**
- c. Please elaborate on why the liability of S\$300K was not included in the FY2024 audited financials and why the amount is considered a material adjustment.**
- d. Please disclose why the Company only announced the postponement of AGM and EGM on 26 September 2024, given that GEIH had received the Letter of Demand on 19 September 2024.**

Company's response to 2(a):

At the outset, we wish to clarify that the actual term used in the LOD Announcement is "Sub-Contracting Entry Fee" instead of the term "Sub-Contracting Fee" used in the FY2024 AGM & EGM Postponement Announcement and the SGX Query above. Both terms refer to the same fee of the same amount.

The Sub-Contracting Entry Fee is payable by GEIH to T T J Holdings Limited ("**TTJ Holdings**") pursuant to the following provisions of the SPA entered into between GEIH and TTJ Holdings for the proposed acquisition of 100% of the issued and paid-up shares in the capital of T T J Greenfuel Pte. Ltd. ("**TTJ**") :

*"The Purchaser shall pay to the Vendor an amount of S\$40,000 per month on the last Business Day of each calendar month commencing from (a) the calendar month immediately after the calendar month on which the date of this Agreement falls upon, up to (b) the calendar month on which Completion or termination of this Agreement occurs (whichever is earlier), for the entry into the Sub-Contractor Arrangement ("**Sub-Contracting Entry Fee**")."*

The Sub-Contracting Entry Fee is payable for the appointment of GEIH by TTJ as its sole and exclusive sub-contractor to operate on the property at 51 Shipyard Crescent Singapore. Under the contractual provisions, the Sub-Contracting Entry Fee is payable on a monthly basis.

Company's response to 2(b):

The Company was under the impression that GEIH had been fulfilling the obligation to pay the Sub-Contracting Entry Fee to TTJ Holdings, as GEIH had received periodic invoices from TTJ, in which the caption of the emails stated, "Subcontracting Fee from XX month to YY month". GEIH had paid all of the invoices received and there was no amount outstanding under these invoices.

The first invoice from TTJ Holdings received by GEIH for the Sub-Contracting Entry Fee was in July 2024 for S\$460,000, being 11.5 months of S\$40,000 per month. At the first instance, the finance team thought there was a double billing, as it has been paying regularly for invoices from TTJ enclosed under the emails captioned "Subcontracting Fee from XX month to YY month". The finance team needed time to clarify this as the SPA has another provision which reads as follows:

*"The Vendor undertakes to procure and ensure that on the date of this Agreement, the Company shall appoint the Purchaser as sole and exclusive sub-contractor of the Company to operate at the Property on terms acceptable to the Purchaser (the "**Sub-Contractor Arrangement**"). In connection with the Sub-Contractor Arrangement, the Purchaser shall procure to pay to the Company a percentage of its revenue (from the Sub-Contractor Arrangement) per quarter from the effective date of the Sub-Contractor Arrangement until the date of termination of the Sub-Contractor Arrangement,*

the date of termination of this Agreement or the Completion Date (whichever is earlier) (the "Sub-Contractor Arrangement Fee")."

As such, the finance team needed time to ascertain GEIH's contractual liability by checking whether what it had paid under previous periodic invoices enclosed under the emails captioned "Subcontracting Fee from XX month to YY month" had included the Sub-Contractor Arrangement Fee which was calculated based on a "percentage of its revenue" and amounted to approximately S\$40,000 a month too. Moreover, the SPA provided for S\$40,000 to be due on a monthly basis, whereas the July invoice was for a lump sum amount for 11.5 months. However, before the Management could reach a conclusive analysis of this matter, the Company received the Letter of Demand. Until that moment, the Company and GEIH, in their commercial dealings and administrative work, had been treating TTJ and TTJ Holdings as the same given that they are in the same TTJ Holdings group of companies.

Company's response to 2(c):

During FY2024, a Sub-Contractor Arrangement Fee of approximately the same amount was paid to TTJ (i.e. the payment for the periodic invoices referred to above). This cost component was accurately recorded in the FY2024 audited financial statements. However, there was confusion between the Sub-Contractor Arrangement Fee (payable to TTJ under the SPA) and the Sub-Contracting Entry Fee (which was supposed to be paid to TTJ Holdings as outlined in the SPA) as explained in the sequence of events in our response to Query 2(b) above and due to the Group's treatment of TTJ and TTJ Holdings as the same. As a result, the Management treated both fees as identical, intending for the Sub-Contracting Entry Fee to be replaced by the Sub-Contractor Arrangement Fee specified in the SPA. This was corroborated by the audit confirmation received from TTJ for FY2024, which confirmed that there was transaction amount of S\$351,006.41 with TTJ for the period ended 31 March 2024 (described as "Subcontractor Fees" but was in fact the Sub-Contractor Arrangement Fee). TTJ did not confirm the Sub-Contracting Entry Fee liable to TTJ Holdings, and TTJ Holdings also did not confirm the Sub-Contracting Entry Fee liable to TTJ Holdings. TTJ Holdings only confirmed the amount of S\$4,000,000 due to GEIH (which is the deposit paid by GEIH under the SPA) for the period ended 31 March 2024.

On 19 September 2024, the Management received the Letter of Demand from TTJ Holdings, stating that GEIH remains liable for the Sub-Contracting Entry Fee. In response, the Management agreed to record this liability in the FY2024 audited financial statements.

The independent auditor, FKT, agreed that this constitutes a material adjustment, as the amount exceeds FKT's materiality threshold of S\$246,000.

Company's response to 2(d):

The Board is cognisant of its duty to act *bona fide* in the best interests of the Company.

In view of the chain of events and the cautious approach mentioned in the responses to Queries 1, 2(a), 2(b) and 2(c) above, and the need to seek and ascertain professional advice on the regulatory and company secretarial procedures relating to the postponement and reconvening of the AGM and EGM, the Company only announced the postponement of AGM and EGM on 26 September 2024.

The relevant regulatory and company secretarial procedures included the preparation, checking and finalisation of the FY2024 AGM & EGM Postponement Announcement, and the applications to the SGX and ACRA for the further extension of time to convene the AGM.

As mentioned in the FY2024 AGM & EGM Postponement Announcement, a fresh Notice of AGM & EGM together with the revised Annual Report will enable shareholders to make informed decisions as to whether to attend the meeting, or how to vote on the resolutions, or to take other steps.

3. Please confirm if there are other material adjustments expected to be made to the FY2024 financials and whether all material information has been announced. In addition, please provide the Board's opinion and supporting bases on whether trading in the Company's securities can continue.

Company's response:

The Company confirms, with its independent auditor FKT's concurrence, that no other material adjustments are expected to be made to FY2024 FS.

The Company further confirms that all material information as at the date of this announcement has been announced.

Based on the foregoing and having considered the following factors, the Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner:

- (i) FKT, the Group's independent auditor, has confirmed that the Independent Auditor's Report in respect of the FY2024 FS dated 23 September 2024 remains an unqualified opinion;
- (ii) The Nominating Committee and the Board refer to their assessment of Mr Lim Shao-Lin's ("**Mr Lim**") continued suitability as set out in the Company's previous announcements, and will continue to monitor any development relating to Mr Lim's trial in respect of the charges by MOM and the Creditor's Bankruptcy Application by Wei Hua, if any, in evaluating Mr Lim's continued suitability as a Director of the Board and as the Executive Director and Chief Executive Officer of the Company, and in compliance with the Catalist Rules. Mr Lim has undertaken to inform the Nominating Committee and the Board regarding any subsequent developments. The Company will update the SGX-ST through its Sponsor should there be any basis for the assessment of the Nominating Committee and the Board to change in the future should further information become available;
- (iii) The arrangements as mentioned in the Company's announcement dated 2 May 2024 remain in place, i.e. until the conclusion of Mr Lim's trial: (i) except with the approval of and subject to any conditions prescribed by the Board, Mr Lim will not enter into any transactions for and on behalf of the Company or the Group; and (ii) except with the approval of and subject to any conditions prescribed by the Board, Mr Lim will not be a signatory for and on behalf of the Company or the Group in respect of any contract, document, declaration or form; and
- (iv) As mentioned in the Company's announcement dated 24 September 2024 setting out its response to SIAS queries on Annual Report, the Board continually reviews and assesses the effectiveness of the Board as a whole and on an individual basis and make changes as and when required to align itself with the development of the Group. The Company had, on 22 August 2024, appointed Mr Kwan Yau-Shing Sydney ("**Mr Sydney Kwan**") as an Executive Director. He is currently responsible for overseeing the Group's Energy Business segment and serves as the CEO of GEIH. Mr Sydney Kwan is a founding member of GEIH, and has been working together with our Group CEO, Mr Lim Shao-Lin, for the past 15 years. With the appointment of Mr Sydney Kwan, the Board is confident that he will be able to complement the Board with his senior leadership experience as well as technical knowledge and experience in the Energy Business.

By Order of the Board

Mak Yen-Chen Andrew
Non-Executive Chairman and Independent Director

30 September 2024