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

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RESPONSES TO SIAS QUERIES ON ANNUAL REPORT

The Board of Directors ("**Board**") of H2G Green Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") refers to the queries received from Securities Investors Association (Singapore) ("**SIAS**") in relation to the Group's annual report for the financial year ended 31 March 2024 ("**2024 Annual Report**").

The Company is providing its responses to these queries in the following Appendix. Unless otherwise defined herein, all capitalised terms used and not defined herein have the meanings ascribed to them in the 2024 Annual Report.

By Order of the Board

Mak Yen-Chen Andrew
Non-Executive Chairman and Independent Director
24 September 2024

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APPENDIX

Response to SIAS queries

Q1.

(i) Has the board conducted a formal assessment of its overall effectiveness, as well as the effectiveness of each board committees and individual directors, in line with Principle 5 of the 2018 Code of Corporate Governance? What were the key takeaways from this assessment?

(ii) How has the board provided entrepreneurial leadership to management, particularly in driving growth and value-creation? Has the board been able to protect and enhance shareholders' long-term value?

(iii) How has the board ensured that the necessary human resources are in place for the company to meet its objectives? Are there any challenges in hiring and retaining staff with a proven track record of delivering strong results?

(iv) Has the board objectively assessed management's performance, particularly in light of recurring and large losses? How has it ensured that proper accountability is embedded throughout the organisation?

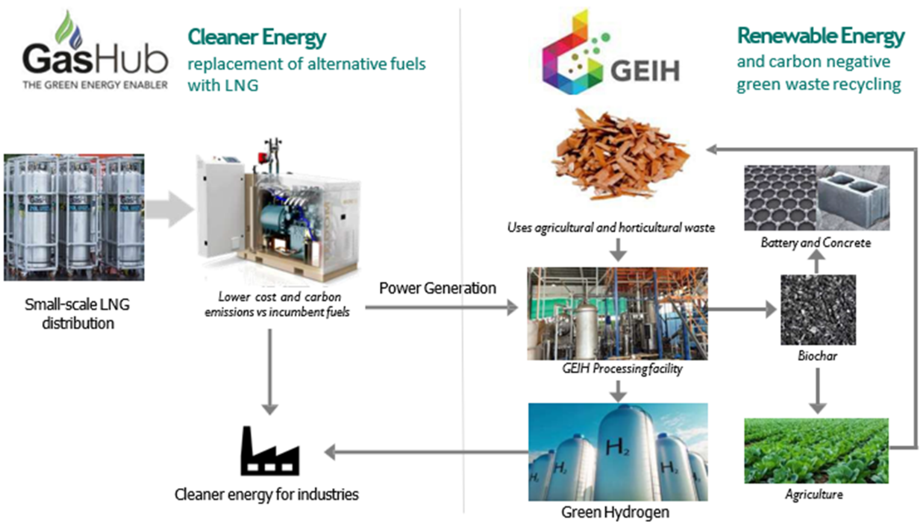
(v) Has the board thoroughly evaluated key-man risk? What succession plans or risk-mitigation strategies have been developed to ensure business continuity should there be unexpected changes in leadership?

(vi) What values and standards (including ethical standards) has the board set to guide the company's culture?

(vii) With 5 years of losses and growing accumulated losses, has the board explored bringing in external expertise or fresh leadership to revitalise the group?

In FY2020, the Group embarked on its mission to diversify its traditional business to include the renewable and sustainable energy industry ("**Energy Business**"), with Mr Lim Shao-Lin ("**Mr Lim**") leading the strategic transformation as its CEO, and supported by the Board of Directors and key management team.

The Group's vision is to provide **clean energy for the next generation**, which is represented by our corporate name "**H2G**", which means "**Hydrogen for the next Generation**". To achieve this vision, we are utilising our technology, know-how and commitment to create a sustainable and circular economy, as illustrated by the chart below:



The above Group's vision is in line with Singapore's National Hydrogen Strategy (https://www.mti.gov.sg/Industries/Hydrogen), which sets out Singapore's belief that low-carbon hydrogen has the potential to be a major decarbonisation pathway to support Singapore's accelerated transition towards net zero by 2050, while strengthening Singapore's energy security and resilience.

Today, our Energy Business is carried out by the following subsidiaries:

a) **GasHubUnited Utility Private Limited** ("**GUPL**"), which specialises in the last mile distribution of liquefied natural gas ("**LNG**") *via* ISO tanks and cylinders ("**LNG Business**"). GUPL's offering allows industrial end-users to access a cleaner and lower-cost energy source (LNG being a transition fuel) while replacing conventional diesel, liquified petroleum gas and Town Gas to achieve a lower carbon footprint. The LNG Business operates on a utility model which involves high initial capital expenditure but sticky customer base, which provides a long-term recurring income as the engineering infrastructure and design are patented by the Group; and

b) **Green Energy Investment Holding Private Limited** ("**GEIH**"), which is engaged in the development of processing plants for the conversion of biomass waste (e.g. horticulture waste from tree pruning in Singapore, wood waste and agriculture waste) into 3 green products without any residue.

These green products are green hydrogen (or clean hydrogen), wood vinegar and biochar. The production of green hydrogen supports Singapore's target to achieve net zero by 2050, and such green hydrogen can be used in power generation, oil and gas refinery to replace grey hydrogen*, manufacturing and transportation ("**Green Hydrogen Business**").

** grey hydrogen refers to hydrogen generated from natural gas or methane and which resulted in certain amount of emissions during the production process.*

The wood vinegar and biochar are used widely in organic farming as a replacement to chemical pesticide and fertilizer, which restores land fertility and in turn improves harvests.

In turn, the waste from agriculture is used by our module to create a circular sustainable economy as shown in the diagram above.

The initial stage of the Group's transformation had its challenges. The development of the LNG Business involved building up the LNG rebottling centre on Jurong Island ("**Jurong Island Bottling Centre**"), which required lengthy processes and approvals from various authorities, which was further delayed by the COVID-19 pandemic for more than 2 years. The Jurong Island Bottling Centre was eventually successfully launched in FY2023, and became the first of its kind in Southeast Asia, providing the Group with a first-mover advantage.

Converting and educating potential customers to adopt our innovative and green solutions *vis-à-vis* conventional methods require tireless efforts from the team and initial high capital investment, and it takes 6 to 9 months for each conversion. Despite these challenges, such initial "costs" are now providing the Group with recurring income after each conversion from the energy usage by the customers, while helping our customers to reduce their carbon footprint and overall energy costs.

From the initial years of building up our track record, we are now reaping the fruits of our labour and seeing increasing traction and demand coming from various international manufacturers in Singapore. This can be seen from the exponential growth in the revenue of the Energy Business from S$1.2 million in FY2023 to S$2.9 million in FY2024. Looking ahead, we are optimistic that, barring unforeseen circumstances, such traction will continue to drive further exponential growth.

Being at the forefront of the LNG roadmap, the CEO and founding member of GUPL, Mr Bentinck Ng, is part of the Technical Committee that is involved in setting up the new Singapore Standards for LNG, leading to the launch of TR 74:2020 which sets out the code of practice for storage, land transportation and handling of LNG.

In relation to the Green Hydrogen Business, GEIH had, in FY2024, successfully piloted a demo and test system in Singapore and applied for the patent for its production method and system. GEIH is now focusing on a larger-scale rollout in Southeast Asia. Similar to its LNG Business, the Green Hydrogen Business requires high initial capital investment, time, and tireless commitment from the entire team, which will translate to long term recurring income from end-users and off-takers for its green hydrogen to replace the current use of grey hydrogen, biochar and wood vinegar, as well as from the collection of biomass waste.

The above would not be possible without the foresight and steadfast commitment of the Board and management to the Group's long-term vision. Through this process, the Group had also received the trust and support from its investors, including the Lippo Group, which had invested *inter alia* S$20 million in GEIH, and TOHO Gas Co., Ltd., which had invested S$5 million in GUPL.

To continue with its fund-raising efforts by tapping the Singapore capital markets and to allow all shareholders to participate in the future growth of the Group, the Company had on, 4 September 2024, announced the rights issue of warrants, whereby shareholders will be entitled to subscribe for the warrants at the Issue Price of S$0.001 for each warrant, on the basis of 1 warrant for every 1 existing share held by such shareholder, with each warrant carrying the right to subscribe for one 1 new share at the Exercise Price of S$0.004 for each new share ("**Warrants Issue**"). The Warrants Issue will enable the Company to raise up to approximately S$1.4 million of gross proceeds from the subscription of warrants by shareholders, and up to another S$5.7 million of gross proceeds from the potential exercise of these warrants into new shares of the Company.

With the increasing emphasis and focus on sustainability and climate change world-wide, the Board and management are confident that, barring unforeseen circumstances, the transformation process that the Group has been undergoing will bode well for its long-term sustainable success and enhance shareholders' long-term value.

Other than its efforts in the Energy Business, the management team had also transformed its legacy furniture business from mainly selling loose furniture from various brands with no competitive advantage in the past, to the current Lifestyle Business focusing on high-end kitchen cabinet and wardrobe systems and design using the high-end Italian brand "Molteni & C" which is one of the top brands in the world (www.molteni.it/en/). The Lifestyle Business had begun to gain traction following such strategic transformation and our efforts have been well received and supported by a number of developers and architects to integrate Molteni & C kitchen cabinet and wardrobe systems and design into their high-end residential development projects. Further details of our Lifestyle Business are set out in our responses to Query 2 below.

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 Aviers Lim, for the past 15 years. Further details of Mr Sydney Kwan can be found in the 2024 Annual Report. 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. Further details of the Board's assessment of the effectiveness of the Board as a whole and the individual directors are set out in the corporate governance section of the 2024 Annual Report.

Q2.

(i) What specific "additional costs" were incurred from the energy segment's business expansion, as mentioned in the Operations Review (page 10)? Can management provide more detail on the nature of these expenses? What criteria does management use to determine whether costs should be expensed or capitalised?

(ii) What is the planned capital expenditure in the energy segment over the next 18-24 months? How does management ensure that these investments will lead to sustainable long-term profitability?

(iii) What is management's specific timeline and roadmap for GEIH and GUPL to achieve break-even? Are there any key milestones that shareholders can expect in the next 18-24 months?

(iv) Has management conducted a sensitivity analysis on potential external risks (e.g. energy prices, regulatory changes) that could affect the performance of GEIH and GUPL?

(v) Can management confirm if supply chain disruptions are still affecting the lifestyle business? If so, what is the quantified impact on revenue and margins? What proactive measures are being taken to mitigate these risks, and how does management assess the timeline for full recovery?

The additional costs refer to the manpower, research, operational expenses and depreciation associated with the expansion of the Energy Business. The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) and were audited by the independent auditor, Foo Kon Tan LLP. The Company is guided by the accounting standards and its independent auditor when preparing its financial statements. The Company has also disclosed its capital expenditure contracted for but not provided in the FY2024 financial statements in note 30 of the financial statements as set out in the 2024 Annual Report.

As set out in our responses to Query 1 above, the Group's vision and Energy Business roadmap are in line with and at the forefront of Singapore's National Hydrogen Strategy, and the Group believes in staying agile to respond to inherent challenges by having a strong and committed Board and key management team, coupled with strong support from its shareholders, investors and collaborating partners. The Company will continue to keep shareholders informed by way of announcements when there are material developments on its businesses.

In relation to the Lifestyle Business, the previous supply chain disruption was a result of the Red Sea Crisis, which had since subsided since the beginning of FY2025. As explained in our response to Query 1 above, following our strategic transformation of the Lifestyle Business, we are capitalising on our strengths and technical expertise in expanding our kitchen and wardrobe brands to capture a bigger slice of the build and renovation market in Singapore. For instance, we had expanded the Lifestyle Business projects team to enter the high-end condominiums segment and currently count ultra luxury condominium projects, namely Les Maisons Nassim, Park Nova, and The Skywaters (8 Shenton Way), as existing clients that will generate future healthy revenue streams. These projects include, among others, turnkey projects, where the Group undertakes project management and installation works for Molteni & C kitchens and/or wardrobes for the entire development. Other than the projects team, we are also building up our logistics team to provide warehouse and installation services, as well as expanding our services to include bespoke carpentry services to complement our range of offerings to our clients.

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Q3.

(i) What were the scope, key findings and recommendations by the internal auditor for FY2024?

(ii) Can the audit committee (AC) confirm that all material operating subsidiaries, including P5 Design Ventures Pte. Ltd, GEIH and GUPL, were included in the IA?

(iii) How does the AC ensure timely and comprehensive risk coverage across the group in its internal audit?

(iv) What is the level of oversight by the AC on the actions taken by management to follow up on the recommendations? What is the timeline for addressing the identified weaknesses, and how is the AC ensuring robust follow-through on these corrective measures?

As disclosed in the 2024 Annual Report, since FY2023, the internal audit function of the Group has been outsourced to Baker Tilly Consultancy (Singapore) Pte Ltd ("**Internal Auditors**"), with the objective of carrying out an internal control review throughout the organisation for purposes of assessing the overall effectiveness of the governance, risk and control frameworks of the organisation. The Internal Auditors report primarily to the Chairman of the AC.

For FY2023, the Internal Auditors' review covered the Energy Business, and for FY2024, the review covered the Lifestyle Business. For FY2025, the Internal Auditors' plan is to cover the Energy Business and the Group's sustainability reporting.

Based on the FY2024 Internal Audit Report, arising from the follow-up review of the issues arising from the prior internal audit report dated 17 February 2023, all the prior reported issues had been fully implemented. In addition, there was 1 issue identified from the FY2024 internal audit. Such issue was classified as "low priority", and immediate rectification had since been taken.

The Board and management take a serious approach to the internal audit function which is demonstrated by the findings of the internal audit reports.