



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: H2G Green Limited

Stock code: 5AI

Meeting details:

Date: 29 Oct 2024

Time: 10.00 a.m.

Venue: 213 Henderson Road, #01-08 Henderson Industrial Park, Singapore 159553

Q1. In the joint statement to shareholders, the chairman and the CEO highlighted that the group's energy business demonstrated steady growth, with revenues increasing from \$1.2 million in FY2023 to \$2.9 million in FY2024. The lifestyle business experienced a significant decline in revenue, from \$12.2 million to \$7.2 million. Notably, the statement focused on revenue and did not address the group's substantial loss of \$(8.9) million in FY2024.

The group's financial results over the past six years are as follows:

FY2019 - \$(1,419,075)

FY2020 - \$(763,909)

FY2021 - \$(3,175,223)

FY2022 - \$(2,764,556)

FY2023 - \$(4,599,614)

FY2024 - \$(8,908,447)

In the director's biography, it was noted that Mr Lim Shao-Lin was appointed as an executive director of the group on 29 July 2019 and was subsequently tasked to lead the group as the chief executive officer (CEO). As CEO, he is responsible for the overall performance, strategic direction, and business development of the group. Over a five-year period, the group's accumulated losses have increased from \$(5.2) million as at 31 March 2019 to \$(21.1) million as at 31 March 2024.

- (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?**

Q2. The consolidated statement of profit or loss and details on operating segments can be found on pages 91 and 151 of the annual report respectively.

H2O GREEN LIMITED
ANNUAL REPORT 2024

91

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 MARCH 2024

27 Operating segments (Cont'd)
Information about reportable segments

Note	2024		2023		Group	Investment Holding		Lifestyle		Energy		Total	
	\$	\$	\$	\$		2024	2023	2024	2023	2024	2023	2024	2023
						\$	\$	\$	\$	\$	\$	\$	\$
Revenue	21	10,148,961	13,654,614		External revenue	-	212,154	7,274,055	12,237,754	2,874,906	1,204,706	10,148,961	13,654,614
Cost of sales		(5,202,898)	(7,945,722)		Inter-segment revenue	-	-	130,328	529,995	30,981	-	161,309	529,995
Gross profit		4,946,063	5,711,892		Interest income	2,763	1,961	57	16	88,655	37	61,375	2,014
Other operating income	22	1,267,183	551,180		Interest expense	(139,931)	(103,209)	(40,399)	(62,815)	(123,393)	(72,387)	(303,723)	(238,411)
Distribution expenses		(2,780,127)	(2,747,665)		Depreciation and amortisation	(228,205)	(218,380)	(1,213,301)	(1,117,682)	(1,393,484)	(842,175)	(2,834,990)	(2,178,237)
Administrative expenses		(9,560,619)	(6,998,447)		Reportable segment loss before tax	(1,700,087)	(1,734,969)	(1,484,505)	1,056,630	(5,723,855)	(3,919,273)	(8,908,447)	(4,599,614)
Other operating expenses	24	(2,608,285)	(544,458)										
Results from operating activities		(8,735,165)	(4,027,498)		Other material non-cash items:								
Finance income	23	63,897	11,938		Allowance for (write-back of) inventories	-	-	983,861	(49,516)	7,492	-	991,353	(49,516)
Finance costs	23	(336,825)	(584,054)		Gain on disposal of property, plant and equipment	-	-	-	-	6,812	2,014	6,812	2,014
Net finance costs		(272,928)	(572,116)		Fair value loss on derivative liabilities	28,104	-	-	-	-	-	28,104	-
Loss before tax	24	(9,008,293)	(4,599,614)		Impairment loss on property, plant and equipment	-	-	-	-	700,165	446,988	700,165	446,988
Tax expense	25	99,946	-		Impairment loss on right-of-use assets	-	-	-	-	-	56,449	-	56,449
Loss for the year		(8,908,447)	(4,599,614)		Impairment loss on trade receivables and contract assets	227,005	-	76,593	41,021	-	-	303,598	41,021
Attributable to:					Write-off of intangible assets	-	-	-	-	587,920	-	587,920	-
Owners of the Company		(5,963,906)	(3,316,589)		Write-off of property, plant and equipment	-	-	25,573	-	24,091	-	49,664	-
Non-controlling interests		(2,944,541)	(1,283,025)										
		(8,908,447)	(4,599,614)		Capital expenditure	45,789	22,984	78,062	1,053,352	3,549,734	6,502,622	3,673,585	7,578,958
Loss per share (cents)					Reportable segment assets	4,805,620	5,388,221	5,775,095	8,663,010	23,020,576	18,366,947	33,601,291	32,418,178
Basic and diluted	26	(0.46)	(0.33)		Reportable segment liabilities	3,554,836	3,743,689	5,069,513	5,807,081	3,635,659	3,622,267	12,260,008	13,173,037

(Source: company annual report; emphasis added)

Administrative expenses amounted to \$9.6 million while the total revenue was only slightly higher at \$10.1 million. The energy segment recognised a segment loss of \$(5.7) million while the lifestyle segment lost \$(1.5) million. In particular, losses recognised by Green Energy Investment Holding Private Limited (GEIH) and GasHubUnited Utility Private Limited (GUPL) amounted to \$(3.2) million and \$(2.6) million respectively.

- (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?**

Q3. As noted in the corporate governance report, the internal audit function of the group has been outsourced to an external service provider, Baker Tilly Consultancy (Singapore) Pte Ltd (“IA”) since FY2023.

- (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?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

Join our mailing list [here](#) to receive latest news and upcoming events.

CONNECT WITH US

