



GREEN BUILD TECHNOLOGY

GREEN BUILD TECHNOLOGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200401338W)

**RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION
(SINGAPORE)**

The Board of Directors (the “**Board**”) of Green Build Technology Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the annual report of the Company for the financial year ended 31 December 2022 (the “**Annual Report 2022**”).

The Board wishes to thank the Securities Investors Association (Singapore) for submitting its questions in advance of the Annual General Meeting (“**AGM**”) to be held on 31 July 2023, 10.00 a.m. at 28 Beach South Road, South Beach Residences, Level 22 Function Room, Singapore 189762.

The following are the responses to the questions being raised.

- 1. Following the sale of the operating subsidiaries in Harbin, the group’s remaining subsidiary is Yunbao (Heilongjiang) Investment Co., Ltd (“Yunbao”) which is in the business of energy conservation services, installation of green technology and architecture and trading of construction materials with the focus on the consulting and management in relation to the refurbishment of old estates.**

As at 31 December 2022, total shareholders’ deficit amounted to RMB(99.8) million after accounting for the proposed disposal. The proposed disposal was subsequently completed on 24 May 2023.

- (i) Can the board (re)state the group’s growth plans and outline to shareholders how it is working with management to create long-term, sustainable value for shareholders following the disposal of the Harbin subsidiaries? (Refer also to Q2 below.)**

As disclosed in page 22 of the Company’s announcement dated 12 May 2023, the Group will continue to actively source for sustainable development projects, as well as new business opportunities and projects that it can enter into to provide the Group with new revenue streams. In light of the experience and know-how it has acquired in the process of the provision of upgrading, management and maintenance services to existing housing estates, the Group is in discussions to provide maintenance works in other existing housing estates.

As part of the plan to diversify the Group’s revenue streams and explore new business opportunities, the Company has also entered into a joint venture agreement with Hotel NuVe Elements Pte. Ltd. (the “**JV Partner**”) to incorporate a joint venture company to carry on the business of management and consultancy services for hotels. The JV Partner will be the principal party providing the expertise and resources to the joint venture company for purposes of operating the hotel management business.

The Board has been working closely with the management to guide them on the strategic direction and business plans of the Group so as to create long-term and sustainable value for shareholders of the Company.

(ii) Has the board held discussions with the major shareholders regarding the future strategic direction of the Group?

The Company will not practice selective disclosure. All information relating to the future strategic direction of the Group will be communicated to all shareholders through announcements made on the SGXNET website, the Company's website and/or press releases on major developments of the Group.

Presently, the single largest shareholder Mr Zhao Lizhi has resigned as Executive Director and Chairman of the Board on 30 September 2021 and remains an investor of the Company. Mr Li Mingyang, the second largest shareholder was appointed as Executive Director on 9 February 2022 and Chairman of the Board on 18 August 2022. Mr Li Mingyang being part of the management team helms the future strategic direction of the Group. Accordingly, the Board in making any decision on the Group's future strategic direction will act in the best interest of the Company and will convey the rationale for any active steps taken to all shareholders via the communication methods as set out above.

Please refer to pages 44 to 48 of the Annual Report 2022 for further information on the Company's investor relations policy and efforts to ensure investor engagement.

(ii) Will the group be focusing on growth opportunities in Singapore, China or other regions?

The Group does not limit its growth opportunities to any specific region and its focus is on business opportunities that bring sustainable value for its shareholders.

(iv) In addition, will the nominating committee be reviewing the competency matrix of the board and identifying any gaps in skills or competencies that need to be addressed in future director appointments, especially during this challenging period for the company?

As disclosed in page 26 of the Annual Report 2022, in reviewing the Board composition and appointments, the Nominating Committee ("**NC**") takes into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors although merit remains the key driver. The current Board has a diversity of skills, including finance, legal, business and management experience as well as industry knowledge that are critical for the Group's business objectives.

Further, as disclosed in page 30 of the Annual Report 2022, when appointing new directors, the NC will in consultation with the Board examine the existing Board's strength, capabilities and the existing Directors' contribution of skills, knowledge and experience to the Group and the Board. The NC will take into account the future needs of the Group and together with the Board, it will seek candidates who are able to contribute to the Group. The NC will attempt to seek candidates widely and beyond persons directly known to the existing Directors and recommend suitable candidates to the Board and if such candidates are appointed, announcements relating to their appointment shall be released via SGXNET.

- (v) **Following the disposal, there are no material operating subsidiaries in the group. What are the roles and responsibilities of Mr Li Mingyang, the executive director and chairman, and Mr Chan Mang Ghoon, the executive director and chief financial officer?**

Notwithstanding that the Group has disposed of the material operating subsidiaries, the Company still has an operating subsidiary in China (i.e. Yunbao). There is still a management team in place to manage the Group's operations.

As Executive Director of the Company, Mr Li Mingyang is responsible for the overall development of the Group's business in the green technology sector and securing new sustainable development projects for the Group. As Chairman of the Board, Mr Li Mingyang undertakes the roles and responsibilities as set out in page 28 of the Annual Report 2022.

As Executive Director and Chief Financial Officer of the Company, Mr Chan Mang Ghoon is responsible for the overall finance and administrative functions of the Group.

- (vi) **In addition, what is management's experience and track record in deal sourcing, deal structuring and due diligence?**

The management team comprise of corporate finance, accounting and business development management professionals who have several years of experience in deal sourcing, deal structuring and due diligence with investment companies, private investors and other professional advisory firms. As set out in pages 1, 4, 124 to 126 of the Annual Report 2022:

- (a) Mr Li Mingyang was appointed as Executive Director and Chief Business Development Officer of the Company on 9 February 2022 and has more than 5 years of business development experience with the Group. Mr Li Mingyang graduated from the Heilongjiang Radio and Television University with a bachelor's degree in criminal law.
- (b) Mr Chan Mang Ghoon has more than 20 years of experience in the fields of auditing, accounting and corporate advisory. Mr Chan is also a Certified Practising Accountant of CPA Australia and a Chartered Accountant of the Institute of Singapore Chartered Accountants.

The management team has conscientiously leveraged on their business networks to source for investors and deal opportunities. Collectively, the management team has sourced for the following deals as of date:

- (a) private placement with Add Profit Holding Limited and Evergreen Holding Pte. Ltd.;
- (b) joint venture with Hotel NuVe Elements Pte. Ltd.; and
- (c) one year consulting and management project of RMB0.2 million per annum (as disclosed in page 22 of the Company's announcement dated 12 May 2023).

2. **As announced on 27 October 2022, the company entered into a joint venture agreement with Hotel NuVe Elements Pte. Ltd. to incorporate a new joint venture company (JV Company) to carry out the business of management and consultancy services of hotels¹. The company will hold 40% interest in the JV company, recognising it as an associated company.**

¹ <https://links.sgx.com/FileOpen/Announcement%20-%20Entry%20into%20JVA.ashx?App=Announcement&FileID=735652>

Despite contributing \$250,000 out of the total capital of \$400,000, the group will only have a 40% interest. The company has stated the following:

As the JV Partner will be the principal party providing the expertise and resources to the JV Company for purposes of operating the new business, the company agrees that it would be taking a smaller share notwithstanding that it is investing a larger amount in the JV company.

- (i) **Can the board help shareholders better understand how it was introduced to the JV partner?**

The JV Partner was introduced to the Company through the business contacts of the executive directors. As disclosed in the Company's announcement dated 27 October 2022, the JV Partner is an independent third party and is not related to the Group or any of the Company's Directors, controlling shareholders, or their respective associates.

- (ii) **What is the experience of management in hotel management and consultancy? How much commercial due diligence has the board/management carried out?**

Currently, the expertise and resources relating to hotel management is provided by the JV Partner. As disclosed in the Company's announcement dated 27 October 2022, the responsibilities of the Company include providing advisory input and objective views on the financial health, operations and internal control functions of the JV Company. The responsibilities of the JV Partner include, *inter alia*, the recruitment and training of employees, transfer of knowledge to and overseeing the day-to-day operations of the JV Company.

The JV Partner is a company incorporated under the laws of Singapore. Its principal business is in the business of hotels and management consultancy services for hotels. The JV partner is familiar with the hotel management industry and has over 3 years of industry experience and wide business connections.

The commercial due diligence carried out by the management team includes (but not limited) to the following:

- (a) meetings with the director overseeing the operations of the hotels to be managed under the JV Company;
- (b) site visits to the hotels;
- (c) reviewing of customer reviews provided through the various online booking websites;
- (d) reviewing news reports on the trend of the tourism industry in Singapore;
- (e) reviewing financial information, forecast and key licenses in relation to the hotels to be managed under the JV Company; and
- (f) reviewing of corporate information provided by the JV Partner in relation to its directors and shareholders.

- (iii) **Will the board review the proposed arrangement and propose a proportional split in the ownership of the proposed JV based on capital contribution? At the same time, would the JV consider introducing a comprehensive and effective system that recognises and rewards the JV partner for them contributing their expertise and resources based on achieved outcomes, such as profits and earnings?**

As disclosed in the Company's announcement dated 27 October 2022, the proportion of investments capital injection and percentage interest in the JV company is based on the

agreed shareholding structure as set out in the joint venture agreement entered into on the same day. As the JV Partner is currently providing the expertise and resources to the JV Company for purposes of operating the hotel management business, the Company agreed that it would be taking a smaller share notwithstanding that it is investing a larger amount in the JV Company.

Proposals involving profit sharing or an incentive scheme were not contemplated by the principals during the course of negotiations and therefore did not form part of the agreed commercial terms under the joint venture agreement.

3. **As at 31 December 2022, the group has cash and cash equivalents of RMB5.0 million. On 19 September 2022, the company carried out a private placement and issued 25,466,666 new ordinary shares at an issue price of S\$0.015 per share for an aggregate cash consideration of S\$382,000 (RMB1,898,000) for working capital purposes.**

The independent auditors have also questioned the appropriateness of the going concern assumption in its basis for disclaimer of opinion (page 54).

- (i) **What is the current burn-rate of the group?**

The net burn-rate of the continuing operations of the Group is approximately RMB94,000 for the first quarter of 2023.

- (ii) **Can the board, particularly the independent directors, provide shareholders with a clearer understanding of the major sources and uses of cash in the next 12 months given that it believes that the use of the going concern assumption is appropriate?**

Please refer to the Company's announcement on 14 July 2023 which sets out the Board's assessment on the Group's ability to continue operating as a going concern and the bases for the said assessment.

- (iii) **How does the group intend to finance the proposed investment in the hotel business?**

As disclosed in page 6 (paragraph E 2.4 (a)(ii)) of the Company's announcement dated 12 May 2023, the Group has raised funds of RMB3.1 million from two lenders which will be partly used to finance the investment in the hotel management business.

The group's net liability position was approximately RMB(99.7) million as at 31 March 2023.

- (iv) **Does the company have plans to conduct an equity fundraising to bolster its financial position? If so, how will the board ensure that existing shareholders are not subjected to undue dilution during the fundraising process?**

The Company wishes to clarify that following the completion of the disposal of the disposal group on 24 May 2023, the net liability of the continuing operations of the Group (excluding the discontinued operations) has been reduced to RMB6.9 million as at 31 March 2023.

As disclosed in page 22 of the Company's announcement dated 12 May 2023, the Company is exploring fund raising opportunities to strengthen its cash and financial position. In seeking any equity fundraising, the Board will always act in the best interest of the Company. If there is a need to raise funds by way of placement, the Board will do so.

The Board will however also consider equity fundraising such as rights issue which will allow its existing shareholders with the ability to participate meaningfully.

By Order of the Board

Li Mingyang

Chairman and Executive Director of the Board

27 July 2023