



**GREEN BUILD TECHNOLOGY**

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

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**DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITOR'S ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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In compliance with Rule 704(5) of the Singapore Exchange Securities Trading Limited Listing Manual, the Board of Directors of Green Build Technology Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to inform that the independent auditor of the Company, Baker Tilly TFW LLP (the "**Independent Auditor**"), has issued a disclaimer of opinion in its Independent Auditor's Report dated 11 July 2023 (the "**Independent Auditor's Report**") in relation to the Group's financial statements for the financial year ended 31 December 2022 ("**FY2022**") (the "**Audited Financial Statements**").

The basis for the disclaimer of opinion is set out in the Independent Auditor's Report, an extract of which is annexed hereto for further details.

An extract of Note 7, Note 27 and the relevant portions of Note 3 to the FY2022 Audited Financial Statements is also annexed to this announcement.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor's Report, the Audited Financial Statements and the Company's annual report for FY2022, which will be despatched in due course.

**By Order of the Board**

**Li Mingyang**

Chairman and Executive Director of the Board  
11 July 2023

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREEN BUILD TECHNOLOGY LIMITED**

### **Report on the Audit of the Financial Statements**

#### ***Disclaimer of Opinion***

We were engaged to audit the accompanying financial statements of Green Build Technology Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 57 to 116, which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### ***Basis for Disclaimer of Opinion***

##### (1) Appropriateness of the going concern assumption

As disclosed in Note 3 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns, the Group's and the Company's current liabilities exceeded the current assets by RMB97,853,000 and RMB7,478,000 (2021: RMB164,258,000 and RMB4,411,000) respectively as at 31 December 2022. During the financial year ended 31 December 2022, the Group and the Company incurred a net loss of RMB165,339,000 and RMB4,370,000 (2021: net profit of RMB5,004,000 and net loss of RMB2,560,000) respectively. These factors indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group and the Company to continue as going concerns.

In the preparation of the financial statements, the Board of Directors of the Company believes that the use of going concern assumption is appropriate after taking into consideration of the factors as disclosed in Note 3 to the financial statements. However, as these factors are dependent on certain assumptions and the outcomes are inherently uncertain, we are unable to obtain sufficient appropriate audit evidence to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Consequently, we are unable to determine whether any adjustments in respect of these financial statements for the financial year ended 31 December 2022 are necessary.

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise. No such adjustments have been made to the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
GREEN BUILD TECHNOLOGY LIMITED (cont'd)**

**Report on the Audit of the Financial Statements (cont'd)**

***Basis for Disclaimer of Opinion (cont'd)***

(2) Limitation of scope – discontinued operations and disposal group classified as held-for-sale

As disclosed in Note 7 to the financial statements, the assets and liabilities directly associated to the disposal group classified as held-for-sale amounted to RMB791,693,000 and RMB882,774,000 respectively. During the course of audit, we were unable to obtain sufficient appropriate audit evidence such as certain confirmations from the lawyers, banks, related parties and third parties and supporting documents for verification of certain balances and transactions. We were also unable to carry out the necessary audit procedures to complete the review of subsequent events of the disposal group from 31 December 2022 up to the date of this report. Consequently, we are unable to satisfy ourselves with regards to the recording and measurement of all transactions that occurred during the financial year ended 31 December 2022 and whether the assets and liabilities are complete and fairly stated as at 31 December 2022 (as disclosed in Note 7 to the financial statements), including but not limited to the items described below:

- (i) the loss from discontinued operations (net of tax) of RMB161,674,000 and assets and liabilities directly associated to the disposal group classified as held-for-sale as disclosed in Note 7 to the financial statements;
- (ii) the basic and diluted loss per share attributable to equity holders of the Company for loss from discontinued operations as disclosed in Note 8 to the financial statements;
- (iii) the reasonableness and appropriateness of expected credit loss recognised in the consolidated profit or loss and disclosures of credit risk related to the service concession receivables and contract assets as disclosed in Note 13 to the financial statements;
- (iv) any gain or loss to be recognised on the remeasurement of the disposal group classified as held-for-sale;
- (v) the cash flows effects of the discontinued operations to the consolidated statement of cash flows of the Group as disclosed in Note 7 to the financial statements;
- (vi) the disclosure of related party information relating to disposal group; and
- (vii) the disclosure of segment information relating to the disposal group.

Further to the above, the loss from discontinued operations (net of tax) included in the consolidated statement of profit or loss and other comprehensive income of the Group for the financial year ended 31 December 2022 of RMB161,674,000 includes impairment losses on service concession receivables amounted to RMB168,116,000. As disclosed in Note 27 to the financial statements, we have issued a disclaimer of opinion on the expected credit loss assessment of service concession receivables and contract assets for the financial year ended 31 December 2021. Since the opening balances as at 1 January 2022 affect the determination of the current financial year's consolidated profit or loss, we are unable to determine whether any adjustments might have been necessary in respect to the impairment losses on service concession receivables recorded by the Group, and the related disclosures, for the financial year ended 31 December 2022.

*Extracted from the Independent Auditor's Report to the Audited Financial Statements of Green Build Technology Limited for FY2022*

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREEN BUILD TECHNOLOGY LIMITED (cont'd)**

### **Report on the Audit of the Financial Statements (cont'd)**

#### ***Responsibilities of Management and Directors for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

#### **Report on Other Legal and Regulatory Requirements**

In our opinion, in view of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lim Kok Heng.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

11 July 2023

Extracted from Note 7, Note 27 and the relevant portions of Note 3 to the FY2022 Audited Financial statements

## **GREEN BUILD TECHNOLOGY LIMITED AND ITS SUBSIDIARIES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the financial year ended 31 December 2022**

#### **3. Critical accounting judgements and key sources of estimation uncertainty**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### ***Critical judgements in applying the Group's accounting policies***

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations):

##### *Going concern assumption*

As at 31 December 2022, the Group's and the Company's current liabilities exceeded the current assets by RMB97,853,000 and RMB7,478,000 (2021: RMB164,258,000 and RMB4,411,000) respectively. During the financial year ended 31 December 2022, the Group and the Company incurred a net loss of RMB165,339,000 and RMB4,370,000 (2021: net profit of RMB5,004,000 and net loss of RMB2,560,000) respectively. These factors indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group and the Company to continue as going concerns.

Nevertheless, the Board of Directors of the Company believes that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2022 is appropriate after taking into consideration the following factors:

- (i) Strengthening the Group's cash position by raising funds via the placement and entering into loan agreements with two lenders;
- (ii) On 1 December 2022, the Company entered into a sale and purchase agreement with Special Opportunities Pte. Ltd. to dispose of its 100% equity interest in GBT Investments Pte. Ltd. and Future City Development and Management Grp Pte. Ltd. (collectively known as "disposal group") (the "proposed disposal"), for a total consideration of SGD180,000 (equivalent to RMB926,000) as disclosed in Note 7. The proposed disposal was completed on 24 May 2023. As the disposal group's liabilities exceeded its assets amounted to RMB91,081,000 as at 31 December 2022, the Group expects to record a gain on disposal of the disposal group for the financial year ending 31 December 2023; and
- (iii) Sourcing and procurement of new business and projects similar to the Group's existing business to increase revenue stream.

The financial statements have been prepared on the assumptions that the Group and the Company will continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise. No such adjustments have been made to the financial statements.

### **3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)**

#### ***Critical judgements in applying the Group's accounting policies (cont'd)***

##### ***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

##### ***Allowance for expected credit losses of trade and other receivables, service concession receivables and contract assets***

When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration of the impact of the current macroeconomic uncertainties and how these conditions will affect the Group's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As the calculation of loss allowance on trade and other receivables, service concession receivables and contract assets is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables, service concession receivables and contract assets. Details of ECL measurement and carrying values of trade and other receivables, service concession receivables and contract assets at the end of the reporting period are disclosed in Note 24(b).

### **7 Discontinued operations and disposal group classified as held-for-sale**

On 1 December 2022, the Company entered into a sale and purchase agreement with Special Opportunities Pte. Ltd. to dispose of its 100% equity interest in GBT Investments Pte. Ltd. and Future City Development and Management Grp Pte. Ltd., (which are previously from the insulation, underground utility tunnel, project management and materials trading business units) (collectively known as "disposal group") for a total consideration of SGD180,000 (equivalent to RMB926,000) (the "proposed disposal"). The entire assets and liabilities of the disposal group have been presented in the statements of financial position as disposal group held-for-sale and its results from disposal group are presented separately on consolidated statement of profit or loss and other comprehensive income as "discontinued operations". Accordingly, the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operations separately from continuing operations. The proposed disposal was completed on 24 May 2023. As the disposal group's liabilities exceeded its assets amounted to RMB91,081,000 as at 31 December 2022, the Group expects to record a gain on disposal of the disposal group for the financial year ending 31 December 2023.

## 7 Discontinued operations and disposal group classified as held-for-sale (cont'd)

(i) The analysis of the (loss)/profit from discontinued operations are as follows:

	Note	Group	
		2022 RMB'000	2021 RMB'000
<b>Revenue</b>	(a)	<b>5,940</b>	15,888
Cost of sales		<b>(1,842)</b>	(14,826)
<b>Gross profit</b>		<b>4,098</b>	1,062
Other income		<b>37</b>	14
Unwinding of discount on service concession receivables and contract assets		<b>50,803</b>	53,138
<b>Expenses</b>			
Administrative expenses		<b>(4,465)</b>	(4,181)
Impairment losses on service concession receivables (Note 24(b))		<b>(168,116)</b>	(1,083)
Impairment losses on prepayments		<b>(2,900)</b>	–
Interest expenses on borrowings		<b>(38,505)</b>	(39,270)
Share of results of associated company		–	(2)
(Loss)/profit before tax from discontinued operations	(b)	<b>(159,048)</b>	9,678
Income tax expense		<b>(2,626)</b>	(2,114)
(Loss)/profit from discontinued operations, net of tax		<b>(161,674)</b>	7,564

(a) Revenue

	Group	
	2022 RMB'000	2021 RMB'000
Operation revenue	<b>5,940</b>	10,583
Project management fees	–	3,636
Sales of goods	–	1,669
	<b>5,940</b>	15,888

## 7 Discontinued operations and disposal group classified as held-for-sale (cont'd)

(i) The analysis of the (loss)/profit from discontinued operations are as follows (cont'd):

(b) (Loss)/profit before tax from discontinued operations

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Audit fees payable/paid to independent auditor of the Company	<b>24</b>	23
Audit fees payable/paid to other auditors*	<b>182</b>	500
Impairment losses on service concession receivables (Note 24(b))	<b>168,116</b>	1,083
Impairment losses on prepayments	<b>2,900</b>	–
Amortisation of intangible assets (Note 10)	<b>–</b>	4
Depreciation of property, plant and equipment (Note 9)	<b>146</b>	154
	<hr/>	<hr/>
Staff costs (inclusive of directors' remuneration):		
- Salaries and bonuses	<b>965</b>	1,278
- Defined contribution plans	<b>302</b>	517
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	<b>1,267</b>	1,795
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\* Includes independent overseas member firms of the Baker Tilly International network.

(ii) The impact of the discontinued operations on the cash flows of the Group is as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Operating cash flows	<b>16,673</b>	74,828
Investing cash flows	–	(1)
Financing cash flows	<b>(20,566)</b>	(69,542)
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Total cash flows	<b>(3,893)</b>	5,285
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## 7 Discontinued operations and disposal group classified as held-for-sale (cont'd)

(iii) Details of disposal group classified as held-for-sale are as follows:

	<b>Group 2022 RMB'000</b>
<b>Assets directly associated with disposal group classified as held-for-sale:</b>	
Property, plant and equipment	176
Intangible assets	1,072
Investment in associated company	248
Service concession receivables	705,088
Contract assets	49,077
Prepayments	4,982
Trade and other receivables	28,892
Cash and cash equivalents	2,158
	<hr/>
	<b>791,693</b>
	<hr/>
<b>Liabilities directly associated with disposal group classified as held-for-sale:</b>	
Borrowings	573,366
Trade and other payables	283,528
Contract liabilities	581
Tax payable	25,299
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	<b>882,774</b>
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<b>Reserve directly associated with disposal group classified as held-for-sale:</b>	
Currency translation reserve	42
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(iv) The segment information of discontinued operations is disclosed in Note 23.

## **27. Basis for disclaimer of opinion on the financial statements for the financial year ended 31 December 2021**

The independent auditor's report dated 15 June 2022 expressed a disclaimer of opinion on the financial statements for the financial year ended 31 December 2021. The extract of the basis for disclaimer of opinion is as follows:

### **(1) Appropriateness of the going concern assumption**

As disclosed in the financial statements with respect to the Group's and the Company's ability to continue as going concerns, the Group's and the Company's current liabilities exceeded the current assets by RMB164,258,000 and RMB4,411,000 respectively as at 31 December 2021. During the financial year ended 31 December 2021, the Company incurred a net loss of RMB2,560,000. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments and has impacted the Group's operations in the People's Republic of China and its financial performance, cash flows and liquidity during the financial year and subsequent to the reporting period. These factors indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group and the Company to continue as going concerns and therefore they may not be able to realise their assets and discharge their liabilities in the ordinary course of business.

In the preparation of the financial statements, the Board of Directors of the Company believes that the use of going concern assumption is appropriate after taking into consideration of the factors as disclosed in the financial statements. However, as the factors are dependent on certain assumptions and these outcomes are inherently uncertain, we are unable to obtain sufficient appropriate audit evidence to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Consequently, we are unable to determine whether any adjustments in respect of these financial statements for the financial year ended 31 December 2021 are necessary.

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities respectively. No such adjustments have been made to the financial statements.

### **(2) Expected credit loss assessment of service concession receivables and contract assets**

As disclosed in the financial statements, the Group's service concession receivables and contract assets as at 31 December 2021 totalled RMB894,268,000. During the financial year ended 31 December 2021, the Group recognised impairment loss on service concession receivables amounted to RMB1,083,000.

As disclosed in the financial statements, the outbreak of COVID-19 pandemic had prompted the People's Republic of China Government to place a lockdown on Harbin City on several occasions and strict preventive measures have since been put in place to combat the COVID-19 pandemic. This led to the delay in the cost finalisation for phase one of the Group's underground utility tunnel project, which initially was expected to be completed in 2020 and also the delay in the completion of the acquisition of the completed part of phase two of the Group's underground utility tunnel project. This affected the timing of the expected future cash flows from the grantors in respect of phase one of the Group's underground utility tunnel project and affected the progress of the acquisition of the completed part of phase two of the Group's underground utility tunnel project.

**27. Basis for disclaimer of opinion on the financial statements for the financial year ended 31 December 2021 (cont'd)**

(2) Expected credit loss assessment of service concession receivables and contract assets (cont'd)

Due to uncertainty as to when the cost finalisation for phase one of the Group's underground utility tunnel project and the acquisition of the completed part of phase two of the Group's underground utility tunnel project can be finalised, we are unable to obtain sufficient appropriate audit evidence to assess the reasonableness and appropriateness of the timings and amounts of the expected future cash flows from the grantors in respect of these projects as estimated by management in their expected credit loss assessments and recognition of contract assets respectively. Accordingly, we are unable to determine if further loss allowance and adjustments are required on the net carrying amounts of the Group's service concession receivables and contract assets respectively as at 31 December 2021. In addition, we are unable to assess if the disclosures of credit risk with respect to the Group's service concession receivables and contract assets are appropriate and complete.