绿建科技
GREEN BUILD TECHNOLOGY

2018

GREEN BUILD TECHNOLOGY LIMITED

ANNUAL REPORT 2018

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Corporate Information

BOARD OF DIRECTORS :
Zhao Lizhi (Executive Chairman)
Wu Xueying (Executive Director and Chief Executive Officer)
Kuan Cheng Tuck (Independent Director)
Gallen Tay Wi Keng (Independent Director)
Dong Congwen (Independent Director)

AUDIT COMMITTEE :
Kuan Cheng Tuck (Chairman)
Gallen Tay Wi Keng
Dong Congwen

NOMINATING COMMITTEE :
Gallen Tay Wi Keng (Chairman)
Kuan Cheng Tuck
Dong Congwen

REMUNERATION COMMITTEE :
Kuan Cheng Tuck (Chairman)
Gallen Tay Wi Keng
Dong Congwen

COMPANY SECRETARIES :
Lim Kok Meng

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PRINCIPAL PLACE OF BUSINESS :
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Website: www.webgbt.com

COMPANY REGISTRATION NUMBER :
200401338W

INDEPENDENT AUDITOR :
Baker Tilly TFW LLP
600 North Bridge Road
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Singapore 188778

Partner-in-charge: Lim Kok Heng
Appointed for the financial year ended 31 December 2018

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LEGAL ADVISERS :
AQUINAS LAW ALLIANCE LLP
24 Raffles Place #19-05, Clifford Centre
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PRINCIPAL BANKERS :
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5 Dashun Street,
Nangang Development Zone
Harbin City, Heilongjiang Province
People's Republic of China

Bank of Communications, Harbin Branch
428 Youyi Road, Daoli District
Harbin City, Heilongjiang Province
People's Republic of China

Agricultural Bank of China,
Harbin Branch
18 Fourth Avenue, Daoli District
Harbin City, Heilongjiang Province
People's Republic of China

China Construction Bank, Harbin Branch
1 Eleventh Avenue, Daoli District
Harbin City, Heilongjiang Province
People's Republic of China

Harbin Bank, Songbei Branch
5000 Shimao Avenue, Songbei District
Harbin City, Heilongjiang Province
People's Republic of China

Corporate Profile

Green Build Technology Limited ("Green Build" or the "Group") was founded on 6 February 2004. Its stock trading code on the Singapore Exchange is Y06. Currently, its subsidiaries in China include Harbin Shengming Energy Saving and Technology Co., Ltd., Harbin Utility Tunnel Construction and Management Co., Ltd., Harbin Prevailing Municipal Engineering Co., Ltd., Harbin Utility Tunnel Phase Two Construction and Management Co., Ltd. and Harbin Superior Construction Materials Trading Co., Ltd.

In 2015, the Group disposed of its packaging business to focus on the investing, managing and operating of green energy-saving and environmental protection projects such as the refurbishment of old estates into livable estates, underground utility tunnel, sponge city, smart city, intelligence platform and urban static traffic infrastructure. With years of hard work in the industry, the Group successfully participated in (i) the energy saving Three-Ditch Bankside Green Lighting Project, a demonstration project showcasing the installation of LED street lamps at Hejiagou and Majiagou to reduce energy consumption, (ii) the Hebai estate demonstration project in Harbin City - a pilot project in China in the refurbishment of an existing old estate with green technology, (iii) the general energy saving refurbishment of old estates with total built-up area of 1.32 million square meters, (iv) the phase one of underground utility tunnel and (v) the phase two of underground utility tunnel. Among them, the Hebai estate demonstration project has won the national two-star green building design certificate. The Group's phase one of underground utility tunnel project has also won the honor of "Harbin Key Project Construction Worker Pioneer" for two consecutive years. These awards highlighted the Group's leading position and influence in the industry. The successful implementation of these projects has played an extremely important role in promoting infrastructure construction and the transformation and development of the economy of Heilongjiang Province.

The Group has always been committed to improving the urban environment. With the vision of becoming a centennial enterprise, the Group will, in future, keep abreast of its current business plans with the urban development trend, focusing on the comprehensive refurbishment of the old estates into livable estates and the core strategic business of the underground utility tunnel. The Group actively explores the "refurbish-construct-operate" model in the operation and management of old estates and underground utility tunnels post construction through forming development strategy for the entire industry chain and thus, promoting the development of city transformation so as to contribute to the local economy and to realise the development of the grand blueprint of the "City Operators for the New Era".

Corporate Profile

企业简介

新加坡绿建科技集团成立于 2004 年 2 月 6 日，股票交易代码 Y06，目前在中国境内有哈尔滨圣明节能技术有限责任公司、哈尔滨市管廊建设运营管理有限公司、哈尔滨既有市政工程有限公司、哈尔滨市管廊二期建设运营管理有限公司、哈尔滨优采建筑材料商贸有限公司等多家子公司。

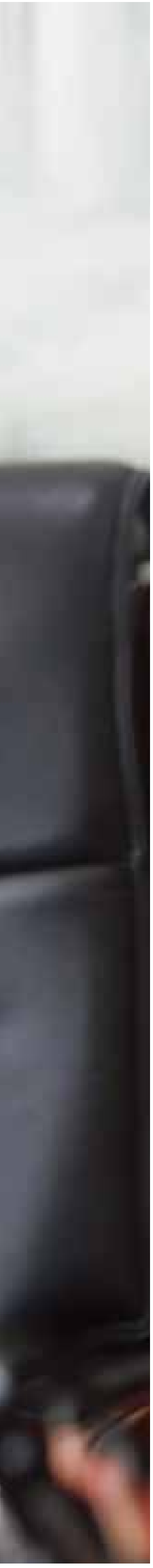
2015 年公司将原有包装业务成功剥离，专注从事绿色节能环保、宜居改造、城市地下综合管廊建设、海绵城市、智慧城市、智能化平台运营、城市静态交通等项目的投资、管理、运营产业。凭借在行业内多年的精深耕耘，绿建科技集团成功完成黑龙江省三沟沿岸 LED 照明节能改造示范工程、我国首个既有建筑绿色化改造工程——河柏小区示范工程、哈尔滨市 132 万平方米既有建筑一般性节能改造工程、地下综合管廊一期、二期建设工程。其中，河柏小区项目荣获国家二星级绿色建筑设计标识证书，管廊项目连续两年获得“哈尔滨市重点项目建设工人先锋号”的荣誉，凸显了企业的行业引领地位与影响力，项目的成功实施对促进基础设施建设、龙江经济转型发展具有极其重大的推动作用。

绿建科技集团始终以改善城市环境为己任，以铸造百年企业为愿景，未来，公司将结合当前的业务布局和城市发展趋势，聚焦老旧小区宜居综合改造、城市地下综合管廊核心战略业务，积极探索“改造——建设——运营”为一体的老旧小区产业生态模式及管廊后期运营管理方案，形成全产业链发展战略，推动城市转型发展，为服务地方经济贡献力量，为实现“新时代城市运营商”的宏伟蓝图砥砺前行，共著华章。

Chairman's Statement

Chairman's Statement

董事局主席致辞



Dear shareholders,

It has been an enriching year for our Group as we advanced firmly in 2018. With the guidance of our five-year development plan, we overcame many challenges. As we were finishing the work of phase one of our underground utility tunnel project, we actively explored the different options for its operations and maintenance for the 25 years after its completion. Our innovative "Refurbish-Construct-Operate" model in the refurbishment of old estates into livable community has enabled us to play a dominating role in the industry and enabled us to form the Heilongjiang Old Estate Refurbishment Alliance. These laid a solid foundation for the long-term development of the Company and shaped the characters of our people in the new era.

In our new expedition, we actively integrate into China's urban development strategy. With the construction of underground utility tunnels as the starting point, our successive successes in the refurbishment of old estates, green building designs and urban infrastructure constructions deepened our role in the urban development projects. Thus, we clearly position ourselves as the "city operator" with our goals set on freeing the charm of the city and building a better life.

The ambition for greater accomplishments in the industry illuminates our path as we forge ahead together with a sense of urgency to continue to carry forward the spirit of Green Build on a firmer conviction, where hard work and perseverance to overcome difficulties will bring about a new glory for Green Build.

Zhao Lizhi
Chairman of the Board of Directors

2018年，我们过得很充实、走得很坚定。这一年在企业五年发展规划的指引下，我们战胜各种风险挑战，持续推动管廊项目一期收尾工作；积极探索管廊项目的后续25年运营维护方案；创新谋划老旧小区宜居改造"改－建－运"设计方案；抢占行业话语权，成立黑龙江省老旧小区改造联盟。在新的时代背景下，为绿建科技的长足发展奠定了坚实的基础，塑造了独属于绿建人的绿建品格。

新征程中，我们积极融入中国城市化发展战略，以建设地下管廊为起点，先后操盘老城区改造、绿色建筑设计、城市基础设施建设，深耕服务于城市化发展的业态项目，从而正式明确"城市运营商"的企业定位，铸就"释放城市魅力，筑造美好生活"的华彩乐章！

功崇惟志，业广惟勤。梦想照亮前方，奋进正当其时。让我们携起手来，以只争朝夕的紧迫感，从新的起点出发，以更加坚定的信念，继续发扬"绿建"精神，苦练内功，攻坚克难，共同开创绿建事业的新辉煌！

赵立志
董事局主席

Board of Directors

Zhao Lizhi

Executive Chairman
and Director

Wu Xueying

Chief Executive Office
Executive Director

Kuan Cheng Tuck

Independent Director

Gallen Tay Wi Keng

Independent Director

Dong Congwen

Independent Director

Board of Directors

赵立志

绿建科技集团董事局主席

高级能源管理师，建筑节能专家，节能环保产业知名企业家，黑龙江省土木建筑学会绿色建筑专业委员会委员,哈尔滨市绿色建筑专业委员会秘书长,哈尔滨工业大学、哈尔滨商业大学MBA教育中心、哈尔滨商业大学商业经济研究院等大学特聘教授。二十多年建筑企业管理及工程管理经验，拥有丰富的现代企业管理与资本运营、建筑节能技术开发与工程管理、公共设施建设等先进理论和实践经验。自主研究发明、实用新型、外观设计专利百余项。所创企业先后被评为黑龙江省省级专利工作试点单位、2006年第三批全国企事业知识产权工作试点单位、高新技术企业黑龙江节能门窗产业化基地。全国首创了“专利技术零点输出”的合作模式，为国家节能环保事业做出了重要贡献。自2010年以来，全程参与哈尔滨十大惠民工程项目—既有建筑节能改造工程。2013年，率先以合同能源管理模式在哈尔滨市三沟沿岸LED照明试点工程项目上取得成功。2014—2019年，连续五年受邀列席“黑龙江省第十二届人大第三次、四次、五次、六次会议”及“黑龙江省第十三届人大第一次、第三次会议”，作为龙江企业家的代表，共商发展大计。作为专家代表参加国家标准《既有建筑改造绿色评价标准》的编制工作。2015年—2016年，按照政府要求完成全国首批哈尔滨市地下综合管廊及哈尔滨一般性既有建筑节能改造工程相关建设任务，在行业内具有重要地位。2017年领导集团再次中标哈尔滨市地下综合管廊二期工程，开启了集团发展的新局面。

作为新加坡绿建科技集团的董事长，赵总主导绿建科技明确了未来将立足于绿色建筑产业、城市基础实施建设的战略目标，通过技术创新、管理创新、运营模式创新、资本运作持续提高产品附加值，形成自身核心竞争力，打造品牌，全面提升企业素质，将公司打造成为国际化具有自身经营特色、主营业务突出、持续发展的绿色建筑产业集团。

Mr Zhao Lizhi was re-designated as Executive Chairman and Director on 1 March 2015. Mr Zhao is a senior energy management professional and building energy conservation expert. He is a well-known entrepreneur in the energy-saving service industry. He is a member of the Green Building Committee of the Civil Engineering Society of Heilongjiang Province, the Secretary of Harbin Green Building Professional Committee, and adjunct lecturer in several universities in Harbin city, such as Harbin Institute of Technology, Harbin University of Commerce MBA Education Center and Harbin University of Commerce Institute of Business Economics.

He has more than 20 years of theoretical and practical experience in corporate management, project management, capital management, energy-saving technology for buildings development and infrastructure construction.

He has developed more than 100 patents under his business relating to new practical and designs models. The business he owns has been chosen as a pioneer for provincial-level patent work in Heilongjiang Province whereby this business became one of the third batch of pioneer intellectual property enterprise selected as hi-tech enterprise in Heilongjiang energy-saving door and window industrialization base in 2006. He has made great contributions to the national energy-saving and environmental protection with a new business model on “Licensing of Patented Technology with Zero Upfront Cost” in China.

Since 2010, he has participated in insulation projects to refurbish existing buildings which benefits the residents of Harbin. In 2013, he has also undertaken an urban LED lightings project based on the Engineering, Procurement, and Construction (“EPC”) model and has obtained great achievement. From 2014 to 2019, he was invited to attend the “Non-voting Attendee Seminar of the Third, Forth, Fifth and Sixth Sessions of Heilongjiang 12th People’s Congress” and the “Non-voting Attendee Seminar of the First and Third Sessions of Heilongjiang 13th People’s Congress”. Being a representative of the Longjiang Enterprise Association, he participates in the development plan for enterprises in Heilongjiang Province. He also participated in the formulation of the National Green Mark Standard for Evaluation of Upgrading of Existing Buildings Using Green Architect.

In 2015 and 2016, under Mr Zhao’s leadership, the first batch of the insulation project and the underground utility tunnel project had been duly executed according to the requirements of government. He became a prominent figure in the industry.

In 2017, the Group had been awarded the underground utility tunnel project phase two under his leadership.

As the chairman of the board of Green Build Technology Limited, Mr Zhao sets clear strategic goals to lead the Group to gain a foothold in the green building and the urban infrastructure industry which will be achieved by technological innovation, management innovation, business model innovation, capital efficiency, increase in competitiveness, branding, enterprise quality improvement, and to transform the group into one that is internationalised, prominent and sustainable.

武雪莹

绿建科技集团总裁
兼哈尔滨市圣明节能科技有限责任公司总经理

高级能源管理师，黑龙江省科顾委专家，全国管理人才职业资格评审委员会专家，黑龙江省十大慈善人物之一 ，哈尔滨商业大学MBA教育中心特聘教授，《龙江讲坛》特聘教授，省委党校在职研究生。专注于企业管理理论的研究与实战经验的积累，先后领导并参与了上百家企业的企业管理咨询、企业战略规划、业务流程设计、企业文化建设等工作。其根据企业需要开发的“九商素质

Board of Directors

训练”课程尤其受到企业的欢迎，2005年9月，所著《九商——最佳员工的九项修炼》一书由中国发展出版社出版，两个月内销量突破10000册，并获得黑龙江省社科院优秀科研成果三等奖，2008年该书被收编至《中国管理年鉴》。2015年先后在全国建筑业的大型综合性权威期刊《建筑》发表《“三个转变”推进既有建筑“绿色改造”》的论著，《建筑设计管理》杂志上发表《既有建筑绿色化改造全产业链发展模式研究》论著。2017年6月，在国家一级期刊《城市住宅》上发表《推进老旧小区节能宜居综合改造打造宜居城市新产业》的专题论文，引起了行业内的广泛关注。2019年6月，将在《岭南师范学院学报》上发表《老年人创新创业：跳出老龄化社会的“阻挡效应”》的论著，为积极老龄化这一研究提供了至关重要的论点和论据，直接促进了这项研究的质变式发展。

2014年在黑龙江省大气污染防治研讨会上发表重要讲话《建筑节能与供暖改造——缓解雾霾的有效途径》，独到观点受到与会专家的一直认可，经媒体广泛报道后赢得社会各方关注；在哈尔滨国际寒博会“打造低碳城市，建设绿色哈尔滨”高峰论坛的两个分论坛中分别进行《立足“三个转变”，大力推进老城区综合改造》、《发展绿色建筑，引领绿色经济发展》重要讲话，得到与会专家高度评价，并接受中央电视台、黑龙江省电视台等十余家媒体的专访，受到省市政府的关注；在省两会中，作为唯一一家企业代表与省领导进行工作汇报，详实、深刻的讲解得到省委书记王宪魁的好评。2015年作为黑龙江省唯一一位企业代表在第十一届国际绿色建筑与建筑节能大会暨新技术与产品博览会《既有建筑节能改造技术及工程实践》论坛中，进行《雾霾时代——全面推进既有建筑绿色化改造》的主题演讲；与《新常态新机遇新模式——PPP与龙江经济发展2015高峰论坛》中 进行PPP模式与龙江城市基础设施建设的重要发言，对龙江基础设施建设具有极其重大的推动作用。2016年，发表《论推进城市地下综合管廊建设应科学处理的五大关系》。2017年，先后在“哈尔滨智慧城市建设与可持续发展高峰论坛”与“第十三届国际绿色建筑与建筑节能大会”上作重要专题演讲。2018年，受邀出席长沙“第九届全国既有建筑改造大会”及成都“第20届田园综合体与特色小镇模式创新与项目实操总裁峰会”，具有强大的行业推动力、号召力与影响力。

武雪莹女士多年来一直致力于节能环保领域，全程参与哈尔滨市既有建筑节能改造、地下综合管廊一期、二期工作，在工程管理、材料管理、建筑节能新材料、建筑节能新技术的研究等方面积累了丰富的实战经验。在企业战略管理、企业运营管理、企业文化建设、节能改造工程等方面具有深厚的理论功底、丰富的实践经验，在多个领域取得显著成绩。

Ms Wu Xueying is our Chief Executive Officer and was appointed as an Executive Director of our Group on 11 March 2014. Ms Wu is also the General Manager of the Group’s subsidiary, Shengming Energy Saving and Technology Co., Ltd.

Ms Wu is a certified senior energy manager, a member of Heilongjiang Technology Economy Expert Advisory Committee, a member of the National Management Talent Vocational Qualification Review Committee and is one of ten major philanthropists in the Heilongjiang Province. She is also an adjunct lecturer with the MBA Education Centre of Harbin Commerce University and Longjiang Forum, and a postgraduate in Provincial Party School. She specialises in management consulting and corporate strategic planning. Since the beginning of her career, she has accumulated extensive experience in business management through participating in corporate strategic planning and corporate culture consulting work. In September 2005, Ms Wu published her first book entitled “Nine Quotients to Become a Best Performer”, which discusses and summarises her views on corporate staff training. The book was awarded the outstanding research third-class award by the Heilongjiang Provincial Academy of Social Sciences and was incorporated to the “China Management Yearbook” in 2008. In addition, she also published “Three Changes to Promote the Existing Buildings Transformation” and “Research on the Whole Industrial Chain Development Mode of Transformation of Existing Buildings” in the renowned journal “Buildings” and “Building Design Management” respectively. In June 2017, a special paper entitled “Promoting the comprehensive transformation of energy-saving and livable old estates to create a new industry in livable cities” was published in the national first-level “Urban Housing” journal, which created widespread attention in the industry. The publication of an article by Ms Wu on “Innovation and Entrepreneurship of the Elderly: Jumping Out of the “Blocking Effect” of an Ageing Society” in the June issue of the Journal of Lingnan Normal University provided crucial arguments for the study on active aging group. It directly promoted the qualitative development of this research.

Ms Wu delivered an important speech of “Building energy saving and heating transformation – The effective way for haze control” in Heilongjiang Province Seminar for Atmospheric Pollution Prevention and Control in 2014. Her unique views were unanimously recognised by the experts attending the seminar, and attracted full attentions from society after being reported by the media. She also delivered important speeches on “Vigorously promote the comprehensive transformation of the old urban districts based on the three transitions” and “Develop Green Buildings and Usher in Green Economic Development” in two separate forums on the Harbin Cold Zone Exposition, respectively. It was highly praised by the experts attending the forum, and received exclusive interviews from more than ten media companies including CCTV and Heilongjiang TV, and attracted attention from the Municipal Government and Provincial Government. She delivered work reports to the provincial leaders as the only entrepreneur on NPC and CPPCC, and was highly praised by the Secretary of Provincial Party, Mr Wang Xiankui. In 2015, she was the only business representative to speak in the Eleventh International Green Building and Building Energy-Saving, and New Technologies and Products Forum on the topic “Comprehensively promote green transformation in the haze era”. She also spoke about the PPP business model and the economy development in Heilongjiang

Board of Directors

Province in the "New opportunity with new business model - PPP and Longjiang Economic Development Summit Forum 2015". In 2016, she published an article of "The five relationships between the promotions of urban underground utility tunnel development and the scientific treatments". In 2017, she spoke successively in the "Harbin Smart City Construction and Sustainable Development Summit Forum" and "Thirteenth International Green Building and Building Energy Conference". In 2018, she was invited to attend the "Ninth National Building Refurbishment Conference" in Changsha and "The 20th CEO Summit of Comprehensive Rural and Special Small Town Innovation and Project Implementation Model" in Chengdu which drawn strong industry impetus, appeal and influence.

Ms Wu has been involved in the energy conservation and environmental protection industry for many years. She has participated fully in the insulation project and phase one and phase two of underground utility tunnel projects whereby she gained practical experience in project management and material management; and gained knowledge on new energy saving building materials and research on energy saving buildings. She has outstanding achievements in many fields with profound theoretical foundation and rich practical experiences in corporate management.

关正德
绿建科技集团 独立董事

关正德先生在2014年6月10日受聘为绿建集团的独立董事。他是审计委员会和薪酬委员会的主席，也是提名委员会的成员之一。他持有新加坡南洋理工大学会计学士学位、新加坡国立大学法学硕士（主修公司和金融服务法）学位及英国伦敦大学法学荣誉学士学位。此外，关先生也是新加坡和英国特许会计师并持有新加坡律师资格。他在会计、审计和财务咨询领域逾20年经验，创办自己的财务咨询公司且为数家新加坡之非执行独立董事。

Mr Kuan Cheng Tuck was appointed as an Independent Director of the Group on 10 June 2014. Mr Kuan is the Chairman of the Audit Committee and Remuneration Committee and also a member of the Nominating Committee. Mr Kuan has more than 20 years of experience in the fields of accounting, auditing as well as business and financial advisory. He currently manages his own business and financial consulting practices. He is also an independent director of other SGX companies. He holds a Bachelor of Accountancy degree from the Nanyang Technological University of Singapore and is a member of the Association of Chartered Certified Accountants (ACCA), United Kingdom as well as a member of the Institute of Singapore Chartered Accountants (ISCA). In addition to his accounting qualifications, he holds a Master of Laws (Corporate and Financial Services Law) degree from the National University of Singapore, a Bachelor of Laws degree from the University of London and was admitted to the Singapore Bar.

郑伟庆
绿建科技集团 独立董事

郑伟庆于2000年在新加坡南洋理工大学毕业。先后在新加坡Bayerische HypoVereinsbank AG 担任MIS亚洲总部负责人；他曾在资产管理领域的公司如New Harbor Capital Partners和Eastern Holdings Ltd等公司担任过各种职务，目前他担任S.E.A Asset Management Pte. Ltd.的首席投资官。

Mr Gallen Tay Wi Keng graduated from Nanyang Technological University in Singapore in 2000, and held the role of Asian Head of MIS in Singapore Bayerische HypoVerinsbank AG; he has held various roles in the asset management industry with firms such as New Harbour Capital Partners and Eastern Holdings Ltd, and is currently the Chief Investment Officer of S.E.A. Asset Management Pte. Ltd.

董丛文
绿建科技集团 独立董事

董丛文先生是哈尔滨商业大学管理学院教授，哈尔滨商业大学MBA资深教授，企业管理与营销学科硕士生导师，同时担任着黑龙江省参事协会副主席，黑龙江省WTO研究促进会管理咨询委员会主任，黑龙江省企业家协会、黑龙江省管理学会等十余个社会组织与研究团体的常务理事及理事等职。主要研究方向为企业发展战略与管理咨询，主持与参与完成国家自然科学基金及其他国家与省部级科研课题十余项，在各级学术杂志上发表学术论文六十余篇。为黑龙江省多家企业担任过管理顾问，提供企业管理咨询数十项。

Professor Dong Congwen is a professor of the Management College of Harbin University of Commerce, senior professor of MBA of Harbin University of Commerce, master's supervisor of business administration discipline and marketing discipline. He also acts as the vice president of Heilongjiang Counselor Association, head of Management and Advisory Commission of Association for Advancement of WTO of Heilongjiang Province, managing director and director in over 10 social organizations and research communities, such as Heilongjiang Association of Entrepreneurs, Heilongjiang Academy of Management., etc. He mainly focuses on enterprise development strategy and management consultancy, and he presided and completed over 10 national and provincial scientific researches, including the Natural Science Foundation of China, and has published over 60 academic papers in academic journals in different levels. He acted as management consultant for dozens of enterprises in Heilongjiang Province, and provided valuable advice to the enterprises.

Key Executives

Xu Xiaoying

Executive Vice President

Xu Mei

Deputy General Manager

Wang Hong

Deputy General Manager

Zhang Xiaohui

Deputy General Manager

Sun Honglei

Deputy General Manager

Yang Xiaoyu

Deputy General Manager

Wan Deqiang

Deputy General Manager

Henry Li Mingyang

Business Development Manager

Key Executives

徐晓英

绿建科技集团 常务副总

自1978年开始，先后任职于哈尔滨龙江仪表厂、农行哈尔滨市分行太平支行信用合作科、哈尔滨市城郊信用联社、黑龙江省农村信用联社城郊联社、哈尔滨市昊业汽车销售有限公司。工作期间，连续9年获哈市城郊信用联社先进工作者称号，获哈市金融体制改革领导小组财务工作标兵称号，哈市城郊信用联社优秀共产党员称号。

撰写多个重要业务技术调研报告并下发包括《同城结算业务操作规程》、《同城资金清算办法》、《工效挂钩管理办法》、《哈市农村信用社内勤主任上管一级管理办法》、《财务会计管理办法》、《哈尔滨市农村信用社清产核资方案》、《清算点管理办法》、《清产核资方案》、《黑龙江省农村信用社统一法人会计核算、帐务划转核算方法》等规程办法，均取得了良好的效果。在国家级、省部级刊物发表文章《成本控制》、《流动资金的日常管理与控制》、《衍生金融工具对传统会计模式的影响》、《银行业监管效果评价体系探析》、《加快商业银行改革创新探讨》等。

自2018年开始，担任集团常务副总一职，全面负责企业经营、资本运作、基本建设投资、战略发展及日常经营管理工作，凭借其丰富的财务管理、资金筹划、税法政策、营运分析、成本控制、成本核算、融资及资本运作经验，为推动集团发展贡献力量。

Ms Xu Xiaoying is the Executive Vice President of the Green Technology Division and is in charge of finance, investment and operations. Since 1978, Ms Xu has worked in Harbin Longjiang Meter Instrument Factory, Agricultural Bank Harbin Branch, Harbin Suburban Credit Union, Heilongjiang Rural Credit Cooperative Suburban Association, Harbin Haoye Automobile Sales Co., Ltd. During her tenure, she was awarded (i) the title of Advanced Worker from Harbin Suburban Credit Union for 9 consecutive years, (ii) the title of Financial Work Model from Harbin Financial System Reform Leading Group, and (iii) the title of outstanding Communist Party member from Harbin Suburban Credit Union.

She has written a number of important business technical research reports such as the "Operational Regulations for the Same City Settlement Business", "Measures for the Liquidation of Funds in the Same City", "Administrative Measures for the Linkage of Work Efficiency", "Administrative Measures for the Management of the Internal Affairs of the Rural Credit Cooperatives of Harbin City", "Financial Accounting Management Measures", "Harbin Rural Credit Cooperatives Liquidation Management Plan", "Clearing Point Management Measures", "Liquidation and Capital Verification Plan", "Heilongjiang Rural Credit Cooperatives Unified Legal Person Accounting and Transfer Accounting Method" and other procedures. In the national, provincial and ministerial publications, she has published articles on "Cost Control", "Daily Management and Control of Liquidity", "Impact of Derivative Financial Instruments on Traditional Accounting Models", "Analysis of Banking Supervision Effect on Evaluation System", "Accelerating Commercial Banks Discussion on Reform and Innovation", etc.

Since 2018, as the Group's Executive Vice President, she is responsible for the Group's operation, fund raising, infrastructure project investment, strategic development and daily operation management. With her rich experience in financial management, capital utilisation planning, tax law, operational analysis, cost control, cost accounting, financing and capital operation experience, she will contribute greatly to the development of the Group.

徐梅

绿建科技集团 副总裁

毕业于黑龙江省委党校经济管理专业，中级会计师。自1978年开始，先后任职于哈尔滨市车具厂、哈尔滨市服装毛皮厂、哈尔滨市钢板弹簧厂、哈尔滨市农行香坊支行向阳信用社、哈尔滨市城郊信用合作联社。三十余年的财务工作经验，全面负责社内经营管理工作，包括内部管理制度草案和发展规划、经营计划草案、年度财务预算、决算方案；组织员工开展优质服务，改善服务态度，提高服务质量，提高工作效益；及时掌握各项存款和各项贷款变化情况，加强调查研究及信息收集；做好内控制度管理，努力提高员工的政治、业务素质，完善人防、案防和技防工作，有效确保信用社的安全。自2018年开始，担任绿建科技集团副总裁，全面负责公司财务、审计、法务、纪检工作等,以实际行动提升财务运作管理水平，以真知灼见助推公司稳步发展。

Ms Xu Mei is the Deputy General Manager of our Green Technology Division in charge of internal controls. Ms Xu graduated from the Party School of Heilongjiang Provincial Party Committee, majoring in economic management, and is an intermediate accountant. Since 1978, she has worked in Harbin Vehicle Manufacturing Factory, Harbin Fashion Fur and Leather Factory, Harbin City Leaf Spring Factory, Harbin Agricultural Bank Xiangfang Branch Xiangyang Credit Cooperative, and Harbin Suburban Credit Cooperation Association. With more than 30 years of finance related work experience, she has participated in (i) the preparation of internal control policies, business development plans, annual financial budget and debt settlement plan, etc; (ii) coaching employees to carry out quality services, improve service attitude, improve service quality, and improve work efficiency, etc; (iii) performing analysis on information collected on bank loans and deposits; (v) implementing internal control policies; (vi) improving employees' professionalism; and (vii) improving the bank's prevention over people, loans and technical risks. Since joining the Group in 2018, she has been involved in financing, auditing, overseeing the employees etc so as to improve the level of financial operation management and to bring about an overall steady improvement in the development of our Group.

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王红
绿建科技集团 常务副总裁

曾担任哈尔滨电视台记者长达五年时间，独立采访、编辑、制作新闻单片，具有丰富的传媒经验，多次获得民生十佳记者荣誉称号。独立制作系列报道《十八大献礼——教育十年》荣获省级好新闻奖、新闻长消息《泔水处理成盲区　谁来监管泔水猪》获得了2010年哈尔滨市好新闻一等奖、新闻专题《招聘会　究竟该不该收门票钱》荣获2010年哈尔滨市好新闻三等奖，而《医院专家号一位难求 保安员自称百元搞定》、《健康讲座实惠 老年人赶早捧场》、《夜排剧毒污水》等调查新闻引起广泛社会反响，至今独立完成新闻单片制作已经达到了一千多条。参与多次大型现场直播节目，专访多位省市领导，具有深厚的写作功底和良好的沟通交流能力。

在行政管理、活动策划方面具有丰富的实战经验，曾作为哈尔滨电视台都市发现栏目责编，管理栏目记者日常采访分配、评分、分组事宜，年终独立承担优秀新闻片参评的准备工作，同时策划大型直播节目《端午志愿行》、《布拉曼登陆冰城》、《萧红足迹》，都市大篷车等活动，受到社会广泛关注。加入绿建科技后主要负责行政、人事、企划、安监等全面工作，策划集团参加哈尔滨国际寒博会的全部展示活动及承办“打造低碳城市，建设绿色哈尔滨”高峰论坛、新常态新机遇新模式——PPP与龙江经济发展2015高峰论坛，取得了广泛的社会效应。同时，组织集团2014--2018年度盛会及年终总结大会，对内总结提升，对外展现形象，均取得了良好的宣传效果。其创办的《绿建科技月刊》、《年刊》都得到了广泛的传播，为展示企业形象增添助力。同时在新媒体行业也广有涉猎，在新媒体推广方面具有独到的见解与方法，对企业全方位的数字化宣传、媒介推广、大众传播起到积极的推动作用。

Ms Wang Hong is the Deputy General Manager of our Green Technology Division in charge of the administration, public relations and business development department. Prior to joining our Group in 2014, Ms Wang served as a reporter of Harbin Television Station for more than 5 years, during which she conducted independent interviews and edited and produced news clips, obtaining lots of media experience and has been granted the honourable title "Top Ten Reporters" for several times. The series reports "Tribute to the 18th CPC National Congress- Education over Ten Years" made by her independently was granted the provincial best news award, the long news "Swill Control Becoming a Dead Zone, Who Will Supervise Swill Pigs" was awarded the first prize of 2010 Harbin good news, while the special news topic "Whether Money Should Be Paid for Tickets for Job Fairs" was awarded the third prize of 2010 Harbin good news, and investigative news such as "Hard to Register for an Expert Diagnosis at Hospital, Security Guards Claim to Make It for 100 Yuan", "Affordable Health Lecture the Elderly Arrive Early to Show Support" and "Discharge of Toxic Sewage at Night" have aroused a wide social response. So far, she has independently completed the production of more than 1000 news clips, participated in large-scale live shows and interviewed a number of provincial and municipal leaders, and has strong writing skills and good interpersonal skills.

With practical experiences in administrative management and event planning, she was tasked to be the editor-in-charge of "City Discovery" Program in Harbin TV Channel, in charge of managing the routine interview allocation, rating and grouping issues of journalists of the program, independently undertaking the preparations to appraisal of the outstanding news documentaries at year end. Meanwhile, she also prepared the large-scale live programs including "Voluntary Journey on Dragon Boat Festival", "Ice City Disembarking by Braman" and "Footprints of Xiao Hong" and "Urban Caravan", which posed extensive attention. She was put in charge for all the exhibition events of the Group in Harbin International Cold Fair after being employed by Green Build Technology Co., Ltd., She also undertook the summit forum of "Creating a Low-carbon City, Constructing a Green Harbin" and "New opportunity with new business model - PPP and Longjiang Economic Development Summit Forum 2015" which achieve wide-spread effect on the society. Also, she organised the annual dinner for the Group with great achievement in promoting the Group's image. The Group's monthly and yearly magazines, which she is in charge of, have helped to promote corporate image.

At the same time, she is also familiar with the various new media technologies, and has unique insights and experiences in micro-blogging and Wechat popularization, and played a very positive role in the all-round digital publicity of enterprises, media promotion and mass communication.

张晓惠
绿建科技集团 财务副总

毕业于黑龙江省教育学院会计电算化专业，从事财务工作10年，现任绿建科技集团财务副总。主管集团财务工作，对投融资、内外审计、预算管理、财务制度建设、财务规范、制定工作计划、团队管理等具有丰富的实操经验，有较　强的财务分析预测、投融资及风险防范能力，对企业资本运营有很深刻的理解，具备出色的管理能力与良好的沟通技巧。同时贯彻并监督执行会计法及各项财经法纪，把握财务工作方向，明确工作要点，确保集团财务工作有序进行。

Ms Zhang Xiaohui is the Deputy General Manager of the Green Technology Division and is in charge of accounting and finance. Ms Zhang graduated from Heilongjiang Provincial Education College with a major in accounting and computerization. She has 10 years' experience in the financial and accounting sector. As the Deputy General Manager of accounting and finance department, she oversees the daily accounting and financial matters of the Group. She has practical experience in fund raising, internal and external audit, budget management, financial system set-up, financial control, formulation of work plan, team management, etc. She has

Key Executives

strong capabilities in detailed financial forecast analysis, investment financing and risk prevention. She has a deep understanding of corporate capital operations and has excellent management skills and good communication skills. At the same time, she ensures her work adheres to accounting standards and related financial and economic regulations. She understands her work and clearly sets her work goals so as to ensure the orderly conduct of the accounting and finance function of the Group.

孙洪磊

绿建科技集团 副总裁
哈尔滨市管廊建设运营管理有限公司 董事长

国家注册建造师，高级工程师，哈尔滨市绿色建筑专业委员会专家，2007年-2012在年黑龙江省中美建筑设计研究院工作期间历任设计师，设计室主任，分院院长，多次参与并主持城市重点环境景观改造设计。主持果戈里大街印度风情街改造设计；南岗区不夜城环境景观改造工程设计、秋林商圈建筑装饰改造设计；六顺街、花园街、文昌街、经纬街等重点街路既有建筑装饰性节能改造设计；文昌桥、文政街地道桥、八区地道桥、大成街地道桥、先锋路等景观装饰工程设计；同时还作为技术指导及顾问参与了黑河、塔河、肇东、齐齐哈尔、牡丹江、依兰、延吉、内蒙古等省内外众多建筑装饰性节能改造设计。对建筑装饰、节能改造，桥梁景观设计等领域具有深厚的理论功底和丰富的实践经验。作为企业代表参加国家标准《既有建筑改造绿色评价标准》的编制工作。参与《既有建筑改造绿色评价标准实施指南》的编制工作。作为课题组专家，在行业标准研究与编制、献言献策、技术研讨等方面开展了大量工作，为行业发展起到了巨大的推动作用。自2016年——至今，全面负责公司哈尔滨市地下综合管廊一期、二期建设、运营管理工作。

Mr Sun Honglei is the Deputy General Manager of the Green Technology Division and is in charge of the technical department. Mr Sun is a National registered construction engineer, senior engineer, Harbin city green building Specialized Committee experts. From 2007 to 2012, he was the vice president of Heilongjiang Zhongmei Building Design Research Institute Limited Co. and was the chief designer in numerous major projects carried out by the Harbin government and also participated as design consultant for numerous other projects in China, such as the India style design in Guogeli street; Nangang city night landscape renovation project design, the change in architectural design of Qiulin; existing building decoration and energy-saving design to certain major streets including Liushun Street, Garden Street, Wenchang street, Jingwei street; landscape decoration engineering design projects including Wenchang bridge, Eight Street bridge tunnel, Wen Zheng Dacheng Street Bridge, Pioneer Road. At the same time, he acted as technical consultant for many buildings' energy-saving designs including Heihe, Tahe, Zhaodong, Qigihar, Mudanjiang, Yilan, Yanji, Inner Mongolia province and overseas. He has strong theoretical foundation and practical experience in such fields as building decoration, energy-saving renovation and upgrading design. Mr Sun has also participated in the preparation of the National Standard for Green Evaluation of Energy-Saving Upgrading of Existing Buildings as private enterprise representative and the preparation of the Guidance on Implementation of the Standard for Green Evaluation of Energy-Saving Upgrading of Existing Buildings. As the expert of the research group, he has carried out tremendous amount of work in the research and preparation of industry standards by providing suggestions, technical discussions, etc., which has greatly contributed to the development of the industry. Since 2016 to the present, he is fully responsible for the construction and operation management of the phase one and phase two of the underground utility tunnel projects in Harbin.

杨笑宇

绿建科技集团 副总裁

国家注册监理工程师，高级工程师，黑龙江科技大学特聘教授。1991年至1999年在黑龙江 地方煤炭工业管理局和黑龙江省煤矿建设公司工作期间，历任科员、科长和副经理，主持和参与多项重点工程；2000年至2003年在黑龙江省建工集团有限责任公司工作期间，历任质检员、技术员和技术负责人。主持和参与阿城科技园区工程、哈尔滨师范大学体育中心工程、哈尔滨长途电信枢纽工程、哈尔滨国际会展体育中心1号综合训练馆B区等多项工程的施工，荣获国家优质工程银奖、中国建筑工程鲁班奖、黑龙江省新技术推广项目一等奖等荣誉奖项。在建筑施工、工程监理、房地产开发、煤矿改扩建工程和建筑节能等领域具有深厚的理论功底、丰富的实践经验，在工程建设方面成绩斐然。

Mr Yang Xiaoyu is the deputy general manager of our Green Technology Division and is in charge of the projects department. Mr Yang is a national registered supervision engineer, a senior engineer, and an adjunct professor of Heilongjiang University of Science and Technology. When he was in Heilongjiang Local Coal Industry Administration and Heilongjiang Coal Mine Construction Co., Ltd. from 1991 to 1999, he rose to deputy manager, and participated in many key projects. From 2000 to 2003, he worked in Heilongjiang Province Construction Engineering Group Co., Ltd. as quality inspector, technician and technical supervisor. During his tenure, he was involved in many projects, such as A City Science and Technology Park project, Harbin Normal University Sports Center project, Harbin long-distance telecommunications hub project, Harbin International Convention and Exhibition Center, No. 1 comprehensive training center area B and etc. He won several awards, such as National Quality Engineering Silver Award, China Construction Engineering Luban Award, and the first prize of new technology promotion projects in Heilongjiang province. He has lots

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of practical experience in engineering construction and supervision, real estate development, coal mine expansion and building energy conservation and etc.

万德强

绿建科技集团 副总裁

毕业于东北农业大学经济管理专业，硕士，高级工程师。自1981年开始，历任哈轴集团公司基建处技术员、哈轴工业建筑设计处主任、哈轴技术改造部部长、哈尔滨市轴承建筑工程公司总经理。任职期间，组织并参与哈轴集团公司松北厂区30万平方米，利民厂区62万平方米，大连黄海厂区50万平方米的规划及厂房工程设计、工艺设计和工程施工管理及验收等，组织并参与轴承名苑小区的规划和建筑工程设计。现任绿建科技集团副总裁，全面负责公司各项目工程管理、技术指导等业务，为各项目顺利开展提供强有力的保障。

Mr Wan Deqiang is the deputy general manager of the Green Technology Division and is in charge of project management. Mr Wan graduated with a master's degree from the Northeast Agricultural University, majoring in economic management. He is also a senior engineer. Since 1981, he has served as a technician in the infrastructure department of Harbin Bearing Construction Engineering Company (the "Harbin Bearing"), the director of industrial building design department of Harbin Bearing, the director of technical reform department of Harbin Bearing, and was later promoted as the general manager of Harbin Bearing. During his tenure, he organized and participated in the design, construction, process implementation of three factories for Harbin Bearing, namely the Songbei plant, Limin plant and the Dalian Huanghai plant. He also participated in the planning and design of Harbin Bearing's Mingyuan Housing Estate. He is currently the deputy general of the Group and is responsible for the management and the technical aspects of the Group's projects which is paramount in guaranteeing the smooth development of each project.

亨利李

绿建科技集团 业务发展经理

亨利李先生是公司业务发展经理，负责发展本集团的绿建业务。李先生在哈尔滨天恩实业有限公司有十年的业务发展经验。李先生拥有黑龙江广播电视大学的刑法类法律专业本科学位。

Mr Henry Li Mingyang is the business development manager of the Group. Mr Li has more than ten years of experience in business development in Harbin Tianen Industrial Co., Ltd. Mr Li graduated from the Heilongjiang Radio and Television University with a bachelor degree in Criminal Law.

Corporate Social Responsibility

Sustainability and Corporate Social Responsibility are in the DNA of Green Build. They are the foundation of our corporate philosophy. Our Corporate Vision, Mission and Values are centered on being green, sustainable and responsible to the society and community. Our Vision is: "Eliminate Pollution, Recreate Resources". We are steadfast in our Mission "to save energy and reduce emission through leading technologies so as to create a bright and green future". We conduct ourselves according to our values: "Volunteering for environmental change; Promoting harmonious social development".

Commitment to Shareholders

Investor Relations (IR)

As a public-listed company, we abide by the compliance rules to provide transparent, relevant and up-to-date information to our shareholders and the investing community. We make this information available in our IR section of our corporate website, which contains information such as our financial information, latest announcements, press releases and corporate materials. We also provide the contact number and email address of our Singapore office.

Our Board of Directors and Management Team are present at our Annual General Meeting to clarify any queries on the resolutions of the meetings as well as to interact with the shareholders on the Group's directions and strategies.

In engaging with the investment community, we organised sharing session and meetings with institutional investors in 2018. Our Chairman and CEO were present in the meetings with institutional investors. Through the interactions and discussions during these meetings, the investment community in Singapore were able to better understand our business, the nature and progress of our projects and our growth strategies.

Corporate Social Responsibility

Commitment to Employees

As project managers of big infrastructure projects, we regard our employees as important resources that enable us to set ourselves apart from the competition. It is our employees and staff that execute, monitor and supervise the projects; hence we see it as a necessity to upgrade their knowledge, competency and proficiency so that they can achieve to their fullest potential.

Effective management is fundamental to being a great leader. In 2018, our Group's independent director, Mr. Dong Congwen, conducted a leadership skills development training course to various levels of management in a bid to strengthen their current management skills to a more powerful and distinguished dimension. To further align the goals of our Group, our project teams, and our employees to measurable results while having all team members and leaders work together in one and unified direction, our Group's CEO conducted training for our executives on Objectives and Key Results management strategy. With this, we hope to achieve effective management within the Group.

To further motivate employees and cultivate loyalty to the Group, the "Green Build Inheritors Award" was awarded to an employee in 2018 for his professionalism and hard-working attitude.

Health & Safety

In conducting the construction work of our projects, we expect our subcontractors to adhere strictly to safety protocols and ensure acceptable workplace health and safety. All necessary safety orientations and training are conducted at the work-sites. We aim for zero accidents at the work-sites and are pleased to report that there were no accidents on our project sites in 2018.

Training

The Group believes that training is the best welfare for staff as it will help them to achieve their potential.

We train our staff internally and also send them for external courses to upgrade their knowledge, skills and proficiency. Internally, we engage our employees holistically by charting their career progression paths through leadership training programs.

Other than training to upgrade their technical knowledge, the Group's CEO also conducted ideological and moral training to the Group's staff to communicate and impart the idea of "Nine Quotients to Become a Best Performer".

Corporate Social Responsibility

Welfare

Our employees are important resources to the Group and we have in place measures to boost their morale and loyalty, and to foster closer working relationships with one another. In May 2018, the Group organised the weekly read and share program whereby employees are provided specific reading materials and are to share information gained from such reading materials with other employees during the read and share sessions. In December 2018, the Group organised the "Lohas Green Build People" fun games. These activities provided opportunities to improve working relationships amongst employees.

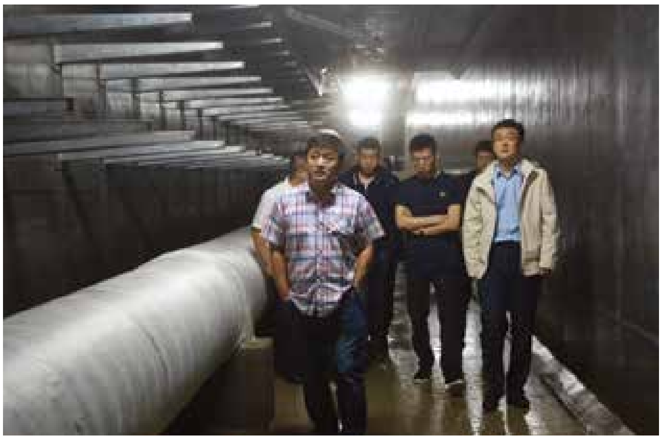
During Dragon Boat festival, management visited employees at the construction sites and brought along specially prepared gifts, spreading and sharing the festive joy with them.

In order to improve the quality of the meals, management conducted an annual survey with the employees and promised to provide healthier and more varieties of dishes to all employees as employees' health and satisfaction is utmost to the Group.

Commitment to Customers

Our main customer is the provincial government, from which we receive the Public Private Partnership (PPP) infrastructure projects. Nothing is more pertinent than to ensure that projects progress on schedule and are executed to specifications.

Our other customers are the residents of the estates which we provided upgrading insulation work. Our building insulation projects and underground utility tunnel project bring benefits to the residents.



We view our work as very meaningful to the society and community. We strive to minimise inconvenience to the residents during construction as much as possible. We are heartened to receive commendations and praises from residents of our completed projects. Such commendations from residents further boost our morale in ensuring we complete our work properly so that the residents can have peace of mind.

Our commitment is to perform well in our projects. We are known to be committed to quality in the industry. We are the only enterprise that was selected to undertake and complete a pilot project in the insulation and upgrading work of an existing estate. The successful upgrading of Hebai estate in its insulation and central heating system has now became the model of old estate revamp and refurbishment.

Commitment to Community

Our work is community driven, as per our Corporate Vision, Mission and Values. Apart from bringing benefits to the community through our infrastructure projects, we also follow closely the Nineteenth National People's Congress initiatives so as to have a better understanding of the spirit of the Congress and to apply such spirit to daily work. This is to achieve the dream of individual, the group and the nation.

GREEN BUILD TECHNOLOGY
绿建科技

Operating and Financial Review

1. Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group		
	FY2018 RMB'000	Restated FY2017 RMB'000	Increase/ (Decrease) %
Revenue	96,508	323,992	(70.2%)
Cost of sales	(83,889)	(295,948)	(71.7%)
Gross profit	12,619	28,044	(55.0%)
Other income	402	9	4,366.7%
Finance income	42,077	39,418	6.7%
Administrative expenses	(11,504)	(17,723)	(35.1%)
Other operating expenses	–	(485)	(100.0%)
Impairment loss on financial assets	(2,750)	–	N.M
Interest expenses on borrowing	(23,128)	(33,980)	(31.9%)
Loss on change in estimate of the fair value of the consideration under service concession arrangements	(4,427)	(20,365)	(78.3%)
Share of results of associated company	1	–	N.M
Profit/(Loss) before tax	13,290	(5,082)	N.M
Income tax expense	(1,085)	(2,278)	(52.4%)
Profit/(loss) for the year, attributable to equity holders of the Company	12,205	(7,360)	N.M

N.M – Not Meaningful.

Operating and Financial Review

Performance Review - Overall

For FY2018, the Group's revenue and net profit were mainly contributed by a variation order for the installation of electrical wires and corbel in phase one of the underground utility tunnel project. The profit after tax attributable to equity holders of the Company was RMB12.2 million for FY2018 as compared to a net loss of RMB7.4 million for FY2017.

Revenue and Gross Profit

Revenue of RMB96.5 million in FY2018 was derived mainly from the following sources:-

(1) the installation of electrical wires and corbel from the variation order for phase one of the underground utility tunnel project; and
(2) the construction of phase two of the underground utility tunnel project.

The significant decline in revenue in FY2018 as compared to FY2017 was mainly due to the substantial completion of the main structure of phase one of the underground utility tunnel project in FY2017.

The significant improvement in gross profit margin to 13.1% in FY2018 (FY2017: 8.7%) was due to the higher profit margin from the variation order for the installation of electrical wires and corbel in phase one of the underground utility tunnel project.

Other Profit & Loss Items

The finance income was mainly related to the unwinding of discount on the service concession receivables and contract assets from the Group's insulation and underground utility tunnel projects.

The decrease in administrative expenses of RMB6.2 million was mainly due to effective cost controls implemented by the Group.

Interest expenses decreased by RMB10.9 million in FY2018 mainly due to the lower interest expense as a result of the decrease in bank borrowings from RMB680.3 million as at 31 December 2017 to RMB317.3 million as at 31 December 2018.

A lower loss on change in estimate of the fair value of the consideration under service concession arrangements (non-cash in nature) of RMB4.4 million was made in FY2018, comprising: (i) A fair value loss of RMB14.0 million from the underground utility project; and (ii) A fair value gain of RMB9.6 million from the insulation project.

Income tax expense for FY2018 was mainly due to the profit generated from phase one of the underground utility tunnel project. No provision for tax has been made for income from insulation project as it was exempted from tax based on the approval recently obtained from the relevant tax authorities in China.

2. Consolidated Statement of Financial Position

	31 Dec 2018 RMB'000	31 Dec 2017 RMB'000
Total assets	**871,070**	**1,138,706**
Service concession receivables	182,246	231,935
Contract assets	563,977	508,318
Trade and other receivables	69,353	78,549
Cash and bank balances	3,289	301,263
Other assets	52,205	18,641
Total liabilities	**799,277**	**1,079,170**
Trade and other payables	375,434	289,425
Loans and borrowings	404,304	727,315
Other liabilities	19,539	62,430
Total equity	**71,793**	**59,536**

Service concession receivables and contract assets are mainly related to the receivable from the government agency for the underground utility tunnel projects and insulation project. The increase in service concession receivables and contract assets by RMB6.0 million was mainly attributable to additional work done of the variation order for phase one of the underground utility tunnel project which was partially offset by the receipt of RMB73.4 million of subsidies from the government for the insulation project. Service concession receivables and contract assets of RMB677.1 million was classified as non-current, as such amounts will be received from the government after 12 months from 31 December 2018.

The decrease in trade and other receivables by RMB9.1 million was mainly due to collections of interest receivables, refund deposits from suppliers and an allowance for expected credit loss made on receivables during FY2018.

The increase in other assets by RMB33.6 million was mainly due to prepayments of RMB33.3 million made to sub-contractors for phase one and phase two of the underground utility tunnel projects.

The increase in trade and other payables of RMB86.0 million was mainly due to the construction costs incurred for the underground utility tunnel projects which were partially offset by the settlement of payables in FY2018.

The decrease in borrowings by RMB323.0 million was due mainly to the repayment of bank borrowings of approximately RMB363.0 million in FY2018, which was partially offset by the increase in loans from related parties of RMB40.0 million.

As a result of the net profit generated for the year, the Group's net equity attributable to the equity holders of the Company increased to RMB70.0 million as at 31 December 2018 (31 December 2017: RMB57.6 million).

Operating and Financial Review

3. Consolidated Statement of Cash Flows

	FY2018 RMB'000	FY2017 RMB'000
Cash generated from/(used in) operating activities	45,126	(183,757)
Cash generated from investing activities	5,281	2,337
Cash (used in)/generated from financing activities	(48,381)	117,206
Net increase/(decrease) in cash and cash equivalents	2,026	(64,214)
Cash and cash equivalents as at beginning of year	1,263	65,477
Cash and cash equivalents at end of year	3,289	1,263
Cash and cash equivalents		
Cash and bank balances per consolidated statement of financial position	3,289	301,263
Fixed deposit pledged for bank facilities	–	(300,000)
Cash and cash equivalent per consolidated statement of cash flows	3,289	1,263

The Group reported a net decrease in cash and bank balances of RMB298.0 million from RMB301.3 million as at 31 December 2017 to RMB3.3 million as at 31 December 2018. Included in the balance of RMB301.3 million was an amount of RMB300.0 million being pledged for the bank facilities in FY2017.

Except for the amount of bank balances pledged as mentioned in the above paragraph, the cash and cash equivalents increased by RMB2.0 million for the year ended 31 December 2018. The increase was mainly due to net cash from operating activities and investing activities of RMB45.1 million and RMB5.3 million respectively, which was partially offset by net cash used in financing activities of RMB48.4 million.

4. Key Risk Factors & Risk Management

Risk of dependency on the level of the PRC government's spending and involvement in energy conservation management projects

As a significant source of the revenue of the Group's green technology business is subsidies granted by the PRC government, the level of revenue that will be derived from the green technology business would largely depend on continued spending by the relevant PRC government and provincial government to support energy conservation management projects.

Various factors would affect the nature, scale, location and timing of the PRC governments' public investment plans in the energy conservation management sector in the PRC. These factors include the government's policy and priorities regarding different regional economies across the PRC and the general condition and prospects of the overall economy of the PRC. Any significant reduction in the PRC governments' budgets relating to such energy conservation management sector, will lead to a decline in revenue arising from a smaller number of projects, lower contract value for the projects and/or a decline in profit margin due to competition to secure available projects. This could have a material and adverse effect on the green technology business. As such, the Group will try, as far as possible, to source and tender for sustainable development projects. In addition, after the completion of the insulation project and the underground utility tunnel projects, the Group will manage and operate these projects over a concession period of 10 and 25 years respectively whereby additional revenue and cash flows are expected to be generated.

Risk of reliance on independent sub-contractors to provide various services

In undertaking the Group's business, the Group will be engaging independent third party contractors to provide various services including installation and construction work for its projects. Even though these third party contractors are responsible for the quality of their services, there is no assurance that the services rendered by such independent third party contractors will always be satisfactory or match the intended quality level. In the event of any loss or damage which arises from the default of these independent third party contractors, the Group may nevertheless be liable for their default.

The Group's business will also be dependent on skilled construction labour, supervisors and managerial staff with experience in the green architecture and green technology industry. Any dearth in the availability of such labour resources will have an adverse effect on the operations and eventually its financial performance.

Furthermore, depending on situations, the Group manages its cash flows partially by structuring the projects such that the third party contractors will finance or obtain financing for the construction activities and the Group will only make payment to these third party contractors in agreed tranches upon satisfactory completion of such activities. There is a risk that any of the contractors may experience financial or other difficulties which may affect their ability to carry out their works, thus affecting and delaying the completion of the Group's projects and/or resulting in additional costs to the Group. Should any of the contractors fail to meet the required standards and suitable replacement contractors are not engaged in time, the Group's business and financial performance may be materially and adversely affected. Any such failure on the part of the contractors may also result in adverse publicity for the Group, which in turn may have an adverse impact on the Group's reputation, prospects and growth.

Operating and Financial Review

In mitigating these risks, the Group employs a stringent process in its selection of third party sub-contractors on its projects.

Risk of increases in raw material costs

The raw materials that the Group utilise comprise construction materials like thermal cladding, doors and windows and green architecture for the green technology projects. In order to ensure timely completion of the projects, the Group needs to obtain sufficient quantities of good quality raw materials at acceptable prices in a timely manner. As it is common practice in the industry not to have formal long-term supply arrangements with the suppliers, there is no assurance that the Group will be able to obtain sufficient quantities from suppliers of raw materials of acceptable quality and at acceptable price in a timely manner. Further, fluctuations in the prices of these raw materials will have a significant impact on the profit margins and hence the profitability. Such fluctuations have a direct impact on the prices of raw materials. The lack of availability of these raw materials will also have a significant impact on the Group's operations.

Project Expansion Risk

The Group has expanded its business to include those of upgrading existing infrastructure using green architecture and green technology, which is a relatively young industry in the PRC. Besides the projects announced previously, the Group had secured a second phase of underground utility tunnel project in September 2017 which involves the construction of underground utility tunnel covering a length of about 12.6 km in the Southern Harbin Industrial New Town area and the Harbin airport area, and will be entitled to manage and operate the underground utility tunnel project over a concession period of 20 years from 2021. This rapid expansion brings along certain associated risks and may put a strain on the Group's resources. However, the Group is confident that its strong management team and its quality third party sub-contractors will ensure that the Group will always be able to continue to strengthen the core competencies and adopt a strategy of cautious expansion. It is also believed that the ability to obtain and/or refinance the appropriate level of financing in due course, among others, would be crucial in ensuring the smooth undertaking of such projects.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

See Note 27(b) to the financial statements for more detail.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

See Note 27(b) to the financial statements for more detail.

Currency risk

The Group operates predominantly in PRC and usually transacts in RMB, the official currency in China. Currently, the PRC government imposes control over foreign currencies. RMB is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions. Payments for imported materials or services and remittance of earnings of the subsidiaries to the Company, which is outside of the PRC, are subject to the availability of foreign currencies which depends on the foreign currency denominated earnings of the enterprise, or exchanges of RMB for foreign currency must be arranged through the People's Bank of China or other authorised financial institutions. Approval for exchanges at the People's Bank of China or other authorised financial institutions is granted to enterprises in the PRC for valid reasons such as purchase of imported materials and remittance of earnings. While conversion of RMB into Singapore dollars or other currencies can generally be effected at the People's Bank of China or other authorised financial institutions, there is no guarantee that it can be effected at all times.

See Note 27(b) to the financial statements for more detail.

Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing loans and borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk.

See Note 27(b) to the financial statements for more detail.

Operating and Financial Review

5. Returns to Shareholders

As a result of the net profit generated for the year, the earnings per share for FY2018 was RMB 4.95 cents as compared to the loss per share of RMB 2.98 cents in FY2017. The net asset value per share for FY2018 was RMB 28.33 cents as compared to RMB 23.36 cents in FY2017.

For the year ended 31 December 2018, the Board of Directors does not recommend any dividends payout as the Group is currently in a rapid expansion phase for its new green technology business and foresees better use of this cash flows being plough back to operations compared to a dividend payout. The Board of Directors will continue to work hard to generate greater shareholder value and returns and is looking forward to continued positive contributions from the projects undertaken by the Group.

6. Prospects & Plans

As at 31 December 2018, approximately 88% of phase one of the underground utility tunnel project (including its variation order) has been completed. Barring unforeseen circumstances, the Group anticipates that the project would be completed in 2019. Upon its completion, the Group will manage and operate the underground utility tunnel project over a concession period of 25 years.

In addition, the Group has commenced construction work on phase two of the underground utility tunnel project. Barring unforseen circumstances, the Group anticipates to make further progress in the development of this project in 2019. Upon its completion, the Group will manage and operate the underground utility tunnel project over a concession period of 20 years.

Management will continuously source and tender for sustainable development projects in 2019. While the Group is optimistic of its green technology business and projects as the market for its energy conservation services and sustainable development solution is immensely huge in China, it believes that the ability to obtain and/or refinance the appropriate level of financing in due course, among others, would be crucial in ensuring the smooth undertaking of such projects.

Corporate Governance

The Board of Directors and Management are committed to maintaining a high standard of corporate governance by complying with the principles and guidelines of the revised Code of Governance 2012 (the "**Code**") issued by the Corporate Governance Committee.

Good corporate governance is integral to a sound corporation as it promotes corporate transparency and protects and enhances shareholders' interest. This statement outlines the main corporate governance practices and processes that were in place since the financial year beginning on 1 January 2018 and ended on 31 December 2018 ("**FY2018**") and provides the rationale for areas where the Company has deviated from the Code.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

As at the date of this Annual Report, the Board comprises the following members:

Mr Zhao Lizhi (Executive Chairman)
Ms Wu Xueying (Chief Executive Officer and Executive Director)
Mr Kuan Cheng Tuck (Non-Executive and Independent Director)
Mr Gallen Tay Wi Keng (Non-Executive and Independent Director)
Mr Dong Congwen (Non-Executive and Independent Director)

The Board is responsible for:

(a) approving the Group's key business strategies and financial objectives;

(b) overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;

(c) establishing a framework for proper internal controls and risk management;

(d) the Group's compliance to laws, regulations, policies, directives, guidelines and internal code of conduct; and

(e) the satisfactory fulfilment of social responsibilities of the Group.

Board Processes

To assist in the execution of its responsibilities, the Board has established a number of Board Committees including a Nominating Committee (the "**NC**"), a Remuneration Committee (the "**RC**"), and an Audit Committee (the "**AC**"). The effectiveness of each committee is constantly monitored. The Board has also established a framework for the management of the Group including a system of internal control.

The Board currently holds at least two (2) scheduled meetings each year. It also holds additional meetings at such other times as may be necessary to address any specific significant matters that may arise. The Company's Constitution allows meetings to be conducted by way of a telephone conference or by means of similar communications equipment whereby all persons participating in the meetings are able to hear each other. The agenda for meetings is prepared in consultation with the Group's Executive Chairman. Standing items include financial reports, strategic matters, governance, business risk issues and compliance, where applicable and relevant. Executive officers may, from time to time, be invited to attend Board meetings to provide updates on operational matters.

The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

Corporate Governance

Board and Board Committee Meetings held in FY2018

For FY2018, the Board held 2 meetings and the attendance of each Director at the Board and Board Committee meetings is as follows:

<table>
<tr><th rowspan="2">Name</th><th colspan="2">Board</th><th colspan="2">Audit Committee</th><th colspan="2">Nominating Committee</th><th colspan="2">Remuneration Committee</th></tr>
<tr><th>No. of meetings held</th><th>No. of meetings attended</th><th>No. of meetings held</th><th>No. of meetings attended</th><th>No. of meetings held</th><th>No. of meetings attended</th><th>No. of meetings held</th><th>No. of meetings attended</th></tr>
<tr><td>Zhao Lizhi (Executive Chairman)</td><td rowspan="5">2</td><td>2</td><td rowspan="5">2</td><td>2[1]</td><td rowspan="5">1</td><td>1[1]</td><td rowspan="5">1</td><td>1[1]</td></tr>
<tr><td>Wu Xueying (Chief Executive Officer and Executive Director)</td><td>2</td><td>2[1]</td><td>1[1]</td><td>1[1]</td></tr>
<tr><td>Kuan Cheng Tuck (Non-Executive and Independent Director)</td><td>2</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Gallen Tay Wi Keng (Non-Executive and Independent Director)</td><td>2</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Dong Congwen (Non-Executive and Independent Director)</td><td>2</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Li Mingyang[2] (Chief Business Development Officer and Executive Director</td><td></td><td>1</td><td></td><td>1[1]</td><td></td><td>1[1]</td><td></td><td>1[1]</td></tr>
</table>

Note:

(1) Attendance by invitation.
(2) Mr Li Mingyang resigned as an Executive Director on 30 April 2018

Matters Requiring Board Approval

The Company has prepared a document with guidelines setting forth the matters reserved for the Board's decision and clear directions to Management on matters that must be approved by the Board. The document specifies that the Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's half-yearly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends.

All other matters are delegated to Board Committees whose actions are reported to and monitored by the Board. The Board does not abdicate its responsibility for such delegations of authority.

Training of Directors

The Company provides a formal letter upon the appointment of new Directors. Directors receive comprehensive and tailored induction on joining the Board including their duties as Directors and how to discharge those duties, including a comprehensive orientation programme presented by the Chief Executive Officer. Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings; and they also have the opportunity to visit the Group's operational facilities in the People's Republic of China and meet with Management to gain a better understanding of business operations.

Corporate Governance

The Company does not have a formal training program for new Directors. However, to assist the Board in discharging its duties, newly appointed Directors will be briefed on the business operations and regulatory issues relating to the Group to ensure that they are familiar with the Group's business and governance practices and be provided with a formal letter setting out the Director's duties and obligations. Directors are also informed of regulatory changes affecting the Group. In addition, the Board encourages its members to participate in seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company understands that some of the Independent Directors have participated in seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company will also share its industry-specific knowledge with Directors as appropriate and may hire professionals to provide training for first-time Directors in areas such as financial reporting matters and legal rights and responsibilities of directors as appropriate.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Annual Report, the Board comprises five (5) Directors of which three (3) are Independent Directors. The three (3) Independent Directors are Mr Kuan Cheng Tuck, Mr Gallen Tay Wi Keng and Mr Dong Congwen. The criterion of independence is based on the definition given in the Code. The Board and the NC consider a Director to be "**independent**" if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of that Director's independent business judgement with a view to the best interests of the Company. The Board and the NC are of the opinion that the Independent Directors satisfy these criteria. The NC is of the opinion that the Independent Directors are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. As at the date of this Annual Report, there are no Independent Directors of the Company who sit on the board of any of the Company's principal subsidiaries.

The composition of the Board is determined in accordance with the following principles:

(a) the Board and its Board Committees should comprise a sufficient number of Directors to fulfil its responsibilities and who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. They also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (this number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified);

(b) the Board should comprise a majority of Non-Executive Directors, with at least half of the Board made up of Independent Non-Executive Directors; and

(c) the Board should have enough Directors to serve on various committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities.

With three (3) out of five (5) Directors deemed to be independent, the Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues. Furthermore, the Board will be able to interact and work with the management team through a robust exchange of ideas and views to help shape the Group's strategic direction.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position.

Corporate Governance

Independent members of the Board exercise no management functions in the Company or any of its subsidiaries. Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in reviewing and monitoring the performance of executive management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Board considers its Non-Executive and Independent Directors to be of sufficient calibre and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The Independent Directors have no financial or contractual interests in the Group other than by way of their fees as set out in this statement.

The Board is of the view that its current composition of five (5) Directors is appropriate taking into account the scope and nature of the operations of the Company and of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

Other key information on the individual Directors of the Company is set out in pages 6 to 9 of this Annual Report. Their shareholdings in the Company are also disclosed in the Directors' Statement. None of the Directors hold shares in the subsidiaries of the Company.

Executive Chairman

Principle 3: *There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

The Group's Executive Chairman, Mr Zhao Lizhi, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision.

The Executive Chairman's role is to:

(a) lead the Board to ensure its effectiveness on all aspects of its role;

(b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promote a culture of openness and debate at the Board;

(d) ensure that the Directors receive complete, adequate and timely information;

(e) ensure effective communication with shareholders;

(f) encourage constructive relations within the Board and between the Board and Management;

(g) facilitate the effective contribution of Independent and Non-Executive Directors in particular; and

(h) promote high standards of corporate governance.

The responsibilities set out above provide guidance and should not be taken as a comprehensive list of all the duties and responsibilities of an executive chairman.

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Throughout FY2018 and as at the date of this Annual Report, Mr Zhao Lizhi is the Executive Chairman of the Company. In view of the key position played by the Group's Executive Chairman and the Chief Executive Officer, the Board has appointed three (3) Independent Directors to ensure that a channel of communication is always available to shareholders where they have concerns and where contact through normal channels of the Group's Executive Chairman, or the Financial Controller, has failed to resolve the concerns. The Company will review and consider the appointment of a lead Independent Director in future.

All major decisions like substantial acquisitions, material contracts, acquisitions of banking facilities made by Executive Chairman are under the purview of review by the AC. His performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package will be reviewed periodically by the RC. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The Board has no dissenting view on the Group's Executive Chairman's statement for the year under review.

Board Membership

Principle 4: *There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

Throughout FY2018 and as at the date of this Annual Report, the NC comprises Mr Kuan Cheng Tuck, Mr Gallen Tay Wi Keng and Mr Dong Congwen, with Mr Gallen Tay Wi Keng appointed as the Chairman of the NC. All members of the NC are independent.

The Board has approved the written terms of reference of the NC. The NC performs the following functions:

(a) to make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition and progressive renewal of the Board and review each Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, whether he remains independent in the case of the Independent Directors and the balance between Executive and Non-Executive Directors appointed to the Board;

(b) to regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;

(c) to determine the process for search, nomination, selection and appointment of new Board members and be responsible for assessing the requisite qualifications and fulfilment of being independent of the nominees or candidates for appointment or election to the Board;

(d) to make plans for succession, in particular for the Executive Chairman and the Chief Executive Officer;

(e) to determine, on an annual basis, and as and when circumstances require, if a Director is independent. If the NC determines that a Director, who has one (1) or more of the relationships mentioned under the Code is in fact independent, the Company should disclose in full, the nature of the Director's relationship and provide its views to the Board for the Board's consideration. The NC may at its discretion determine a Director as non-independent even if he/she has no business or other relationships with the Company, its related companies or its officers and should similarly provide its views to the Board for the Board's consideration;

(f) to recommend Directors who are retiring by rotation to be put forward for re-election;

Corporate Governance

(g) to decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations taking into consideration the Director's number of listed company board representations and other principal commitments;

(h) to be responsible for assessing the effectiveness of the Board as a whole and for assessing the effective contribution and commitment of each individual Director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the Chairman of the NC and the assessment shall be disclosed annually; and

(i) to review training and professional development programs for the Board.

In the event there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC will review the change to be implemented and make recommendations to the Board accordingly. For the new appointment of 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. In the event of the cessation of appointment of any Director or executive officer, the NC will conduct exit interviews with such Director or executive officer, as the case may be, and announcements relating to such cessation(s) will also be released via SGXNET.

The NC has in place internal guidelines to address the conflict of competing time commitments of Directors serving on multiple boards. If a Director is on the board of other companies, the NC shall consider whether he/she has been able to devote adequate time and attention to the affairs of the Group. In the event there are sufficient grounds for complaint, the Chairman of the Board will on the advice of the NC, discuss, and if necessary, advise the Director concerned of the issues and the consequences of failure to rectify the situation within the period required.

The NC has currently not set a limit on the number of Directors' directorships in other listed companies. The NC will however not rule out the requirement to set limits subsequently on its Directors' directorships in other listed companies should subsequent situations warrant such action. After conducting reviews, the NC is satisfied that currently the Directors have been able to devote adequate time and attention to the affairs of the Group and that they are able to satisfy their duties as Directors to the Company.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. Regulation 91 of the Company's Constitution provides that one-third (1/3) of the Board or the number nearest to one third (1/3) is to retire by rotation and be subject to re-election at every Annual General Meeting ("**AGM**"). In addition, Regulation 97 of the Company's Constitution also provides that newly appointed Directors are required to submit themselves for re-nomination and re-appointment at the next AGM of the Company.

The Board recognises the contribution of its Independent Directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its Independent Directors so as to be able to retain the services of these Directors as necessary.

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The dates of the appointment and last re-election of each current Director as at the date of this Annual Report as well as their directorships in listed companies (other than their directorship in the Company) are set out below:

Name of Director	Date of Appointment	Date of Last Re-election	Directorship in Listed Company	
			Present	Past Preceding 3 years
Zhao Lizhi	18 July 2014	27 April 2017	–	–
Wu Xueying	11 March 2014	30 April 2018	–	–
Kuan Cheng Tuck	10 June 2014	30 April 2018	CNMC Goldmine Holdings Limited Kori Holdings Limited	China Star Food Group Limited CW Group Holdings Limited[3]
Gallen Tay Wi Keng[1]	1 July 2016	27 April 2017	–	–
Dong Congwen[2]	1 July 2016	27 April 2017	–	–

Notes:

(1) Gallen Tay Wi Keng was last re-elected on 27 April 2017, therefore in accordance with the Company's Constitution, he will be subject to re-election at this forthcoming AGM.

(2) Dong Congwen was last re-elected on 27 April 2017, therefore in accordance with the Company's Constitution, he will be subject to re-election at this forthcoming AGM.

(3) Listed on the Hong Kong Exchanges and Clearing Limited.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by the directors to the effectiveness of the Board.

The NC has established a process for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Executive Chairman and each individual Director to the effectiveness of the Board. The performance criteria which have been approved by the Board for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, and Board performance in relation to discharging its principal responsibilities. In its assessment, the NC takes into consideration the frequency of the Board meetings, Board independence, the rate at which issues raised are adequately dealt with, the effectiveness of the Board Committees, and reports from the various Board Committees. Given the relatively small size of the Board, the Board and the NC are of the opinion that there is no need at present to conduct a separate formal assessment of the Board Committees other than the assessments being carried out in respect of individual Directors and the Board.

The Board and the NC evaluate individual Directors on whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for Board and Board Committee meetings, and any other duties) and have endeavoured to ensure that Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-considered decisions. The NC also considers whether the Director has a reasonable understanding of the Group's business and the industry, the Director's working relationship with the other members of the Board, as well as feedback from other Directors.

With respect to FY2018 and after due evaluation, the NC considered the performance of each individual Director and the Board to be satisfactory. For avoidance of doubt, each member of the NC abstains from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

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Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors receive a regular supply of complete, adequate information, in a timely manner from Management about the Group and are entitled to request from Management and should be provided with such additional information as needed to make informed decisions so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from Management on financial, business, and corporate issues to enable Directors to be properly briefed on issues to be considered at Board meetings. Information provided includes background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and internal financial statements, including explanations for any material variance between projections and actual results. New releases issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and Accounting and Corporate Regulatory Authority which are relevant to the Directors are circulated to the Board. The Company Secretary also informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company.

All Directors have unrestricted access to the Group's records and information and receive detailed financial and operational reports from senior Management during the year to enable them to carry out their duties. Directors also liaise with senior Management as required, and may consult with other employees and seek additional information on request.

All Directors have separate and independent access to the Company Secretary. The Company Secretary administers, attends and prepares minutes of Board meetings, and assists the Executive Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, as well as the Board's compliance with the Company's Constitution and relevant rules and regulations, including requirements of the Companies Act (Cap. 50) of Singapore (the "**Companies Act**") and the SGX-ST. The Company Secretary ensures that good information flows within the Board and its Board Committees and between Management and Non-Executive Directors, advises the Board on all governance matters, facilitates orientation, and assists with professional development as required.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Throughout FY2018 and as at the date of this Annual Report, the RC comprises Mr Kuan Cheng Tuck, Mr Gallen Tay Wi Keng and Mr Dong Congwen. Mr Kuan Cheng Tuck is the Chairman of the RC.

The Board has approved the written terms of reference of the RC. The RC performs the following functions:

(a) to review and recommend to the Board, a general framework of remuneration and to determine the specific remuneration packages and terms of employment for:

    (i) each Director;

    (ii) the Executive Chairman (or executive of equivalent rank);

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(iii) senior management of the Group; and

(iv) employees related to Directors or, substantial shareholders of the Group;

(b) meetings of the RC are be held as the RC deems appropriate. The RC meets at least once a year and meetings are be organised so that attendance is maximised. Meetings may be called, at any other time, by the Chairman of the RC or any member of the RC. Directors or Management may be invited to the meetings;

(c) the Secretary of the RC is the Company Secretary for the time being or, such other person as may be nominated by the RC;

(d) the Company Secretary attends all meetings and minutes the proceedings thereof;

(e) minutes of all meetings are confirmed by the Chairman of the meeting and circulated to all members of the RC;

(f) if the Chairman of the RC so decides, the minutes are also circulated to other members of the Board. Any Director may, provided there is no conflict of interest and with the agreement of the Chairman, obtain copies of the minutes of RC meetings;

(g) the notice of each meeting of the RC, confirming the venue, date and time and enclosing an agenda of items to be discussed, are other than under exceptional circumstances, forwarded to each member of the RC at least three (3) working days prior to the date of the meeting;

(h) to recommend to the Board any performance bonus schemes which may be set up from time to time and to do all acts necessary in connection therewith; and

(i) to carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

As part of its review, and where applicable, the RC shall ensure that:

(A) all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;

(B) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element;

(C) the remuneration package of employees related to Directors or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;

(D) existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and

(E) the Executive Directors' and key management personnel's contracts of service contain fair and reasonable termination clauses which are not overly generous.

If necessary, the RC should seek expert advice inside and/or outside the Company on remuneration of all Directors.

The members of the RC do not participate in any decision concerning their own remuneration.

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Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more for this purpose.

A significant proportion of Executive Directors' remuneration is structured so as to link rewards to corporate and individual performance.

The Group's remuneration policy is to provide compensation packages appropriate to attract, retain and motivate the Directors and key personnel required to run the Group successfully.

In determining the remuneration of the Non-Executive Directors, the RC ensures that the level of remuneration is appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the Non-Executive Directors. The RC ensures that Non-Executive Directors are not over-compensated to the extent that their independence may be compromised. The Board will, if necessary, consult experts on the remuneration of Non-Executive Directors. The Board will recommend the remuneration of the Non-Executive Directors for approval at the AGM.

With regard to the remuneration of other key executives, the RC, together with Management, reviews proposals which are made by the Executive Directors. The remuneration policy for the key management executives takes into consideration the Group's performance, and the responsibility and performance of individual key management executives. The latter is measured by goals and objectives set for each key management executive in congruence with the Group's overall goals and objectives. None of the employees in the Company or any of its principal subsidiaries whose remuneration exceed S$50,000 during the year is a relative of a Director or Substantial Shareholder of the Company or any of its principal subsidiaries. In addition, the Group is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss as they owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The total remuneration and detailed breakdown of the top executives of the Group is not disclosed in this Annual Report due to confidentiality and to avoid poaching of the Group's staff. The Group is not disclosing the remuneration of the Executive Directors to the nearest thousand but in bands of S$100,000 for similar reasons.

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Details of remuneration paid or payable to the Directors and the Group's key executives for FY2018 are set out below:

Remuneration Band and Name	Fees (%)	Salary (%)	Bonus (%)	Others [4] (%)	Total (%)
Directors who are paid between S$100,001 to S$150,000					
Wu Xueying	–	93.68	–	6.32	100
Li Mingyang[2]	–	100	–	–	100
Directors who are paid between S$50,001 to S$100,000					
Kuan Cheng Tuck	100	–	–	–	100
Directors who are paid between S$0 to S$50,000					
Zhao Lizhi	–	–	–	–	–
Dong Congwen	100	–	–	–	100
Gallen Tay Wi Keng	100	–	–	–	100
Key Executives who are paid between S$100,001 to S$150,000					
Li Mingyang[1][2]	–	100	–	–	100
Li Zhao Kun[1][3]	–	84.16	5.55	10.29	100
Key Executives who are paid between S$0 to S$100,000					
Sun Honglei[1]	–	77.09	–	22.91	100
Wang Hong[1]	–	77.09	–	22.91	100
Yang Xiaoyu[1]	–	90.99	–	9.01	100
Xu Mei	–	100	–	–	100
Xu Xiaoying	–	100	–	–	100
Zhang Xiaohui	–	83.40	–	16.60	100
Wan Deqiang	–	100	–	–	100

(1) total remuneration paid to the top five Key Executives of the Group (who are not directors or the CEO) for FY2018 is approximately S$393,000.

(2) Li Mingyang resigned as executive director and Chief Business Development Officer on 30 April 2018. He is still the Business Development Manager of the Group.

(3) Li Zhao Kun resigned on 12th February 2019.

(4) Includes defined contribution plans and employees' insurance schemes.

(C) ACCOUNTABILITY, AUDIT AND RISK MANAGEMENT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Our Company announces its financial results on a half-yearly basis and other information via SGXNET in accordance with the requirement of the SGX-ST. The Company aims to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

Management provides all members of the Board with management accounts and such explanation and information on a half-yearly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

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Risk Management and Internal Control

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board determines the Group's levels of risk tolerance and risk policies, and oversees the management in the design, implementation and monitoring of the risk management and internal control systems.

The Board and the AC reviews regularly the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance, and information technology controls to ensure that that such systems are sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational and compliance risks. Based on the internal controls established and maintained by the Group, work performed by the external auditors as well as the internal auditors and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the internal controls, including financial, operational, compliance, and information technology controls, and risk management systems put in place by the Management are reasonably adequate and effective as at 31 December 2018.

The Board has also received the following assurance from the Group's Chief Executive Officer and Executive Chairman that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal controls system are effective.

No risk committee has been established as the Board has assumed the responsibility of the risk management function and oversees the overall adequacy and effectiveness of the Group's risk management systems and procedures.

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks, as well as appropriate measures to control and mitigate these risks. Management reviews all the significant control policies and procedures and highlight all significant findings to the Directors and the AC.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Throughout FY2018 and as at the date of this Annual Report, the AC comprises the Independent Directors, namely Mr Kuan Cheng Tuck, Mr Gallen Tay Wi Keng and Mr Dong Congwen. Mr Kuan Cheng Tuck is the Chairman of the AC. Mr Kuan Cheng Tuck and Mr Gallen Tay Wi Keng have financial management experience and relevant accounting expertise and experience. Accordingly, the AC is appropriately qualified to discharge its responsibilities. The AC assists the Board in discharging their responsibility to safeguard the assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group. The AC provides a channel of communication between the Board, Management and the external auditors of the Group on matters relating to audit.

The Board has approved the written terms of reference of the AC. Specifically, the AC's duties include the following:

(a) review the Group's financial and results of operations and accounting policies;

(b) review the Group's audit plans of the external auditors and the internal auditors, their scope of work and the results of the external auditors' examination and the internal auditors' evaluation of the Group's internal accounting control systems;

(c) review the Group's annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards (International), concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board for approval;

(d) review the financial statements of the Company and the Group before the submission to the Board for approval and prior to the Group's announcement of the results at the end of each reporting period;

(e) review and discuss with external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response;

(f) review the co-operation given by the Group's management and officers to the external auditors;

(g) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(h) review and evaluate the Group's internal accounting controls and procedures;

(i) review the Group's procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

(j) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety, or other matters that may impact negatively on the Group;

(k) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;

(l) review any potential conflicts of interests;

(m) consider and recommend to the Board on proposals to the shareholders on the appointment and re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors and approving the remuneration and terms of engagement of the external auditors;

(n) review the appointments of and (on an annual basis) review the remuneration of persons occupying managerial positions who are related to a Director, Chief Executive Officer, or a substantial shareholder of the Company;

(o) generally undertake such other functions and duties which may be required by statute or the rules of the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time;

(p) ensure that all significant internal control weaknesses are satisfactorily and properly rectified;

(q) evaluate the independence of the external auditors;

(r) review the adequacy and effectiveness of the internal audit function and ensuring that a clear reporting structure is in place between the AC and the internal auditors;

(s) review the Group's key financial risk areas; the outcome of the aforesaid reviews shall be disclosed in the Company's annual report (or in instances where the findings are material, make appropriate disclosures via SGXNET immediately);

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(t) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's results of operations and/or financial position;

(u) commission and review the annual internal controls audit until such time the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses; and

(v) review and report to the Board on the Group's system of internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management. This ensures that such a system is sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational and compliance risks.

The AC is authorised to investigate any matter within its terms of reference, and has full access to Management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any Executive Director or executive management to attend its meetings.

The AC has reviewed the Group's financial reporting function, internal controls and processes and is satisfied with the adequacy and quality of the same. The AC is satisfied with the adequacy of the Group's accounts and financial reporting resources and the performance of the Group's Finance Department.

The AC has also reviewed the policy and arrangements by which the employees of the Group and any other persons may, in confidence, raise concerns about the possible improprieties in matters of financial reporting or other matters within the Group, with the objectives of ensuring that arrangements are put in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken as and when the need arises. As at the date of this Annual Report, the Group has put in place the Whistle-blowing Policy for this purpose. Copies of the "**whistle-blowing**" policy have been circulated to the employees and are also available at the Company's registered office.

The Group's existing auditors, Baker Tilly TFW LLP, have been appointed as the external auditors of the Group on 11th February 2019 and Mr Lim Kok Heng is the current audit partner in charge. For FY2018, the aggregate amount of fees payable to the external auditors of the Company is S$85,000 (exclusive of Goods and Services Tax ("**GST**")) with audit related work carried out by the external auditors amounting to fees of S$85,000 and no non-audit related work carried out by the external auditors. The AC is satisfied that the external auditors' independence has not been impaired.

The AC also has full access to the external auditors without the presence of Management and is authorised to have full and unrestricted access to Management and all personnel, records, operations, properties and other informational sources of the Group as required or desirable to properly discharge its responsibilities.

Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the AC are of the opinion that a suitable auditing firm has been appointed to meet the Group's auditing obligations. The Company complies with Rules 712 and 715 of the Listing Manual of the SGX-ST.

The AC recommends to the Board the nomination of Baker Tilly TFW LLP for re-appointment as external auditor at the forthcoming AGM of the Company.

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Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal auditor's primary line of reporting is to the AC Chairman although the internal auditor would also report administratively to the Executive Chairman. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The internal auditor has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The AC also ensures that the internal audit function is adequately resourced and has appropriate standing within the Group.

The internal audit function is staffed with persons with the relevant qualifications and experience and carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

During FY2018, the Company has outsourced its internal audit function to an independent risk advisory and consulting firm, Ruihua Certified Public Accountants ("RHCPA"). RHCPA has conducted its internal audit for the Group in FY2018 and reported directly to the AC on its findings. There were no major internal control weaknesses highlighted by them for the attention of the AC for FY2018. The AC has reviewed RHCPA's report on internal controls and processes and is satisfied that RHCPA's report does not show any material weakness during the course of work they have carried out. The Company will continue to work with RHCPA to review its internal controls and processes and ensure the adequacy of the internal audit function.

(D) SHAREHOLDERS

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company facilitates the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the rules, including voting procedures, that govern general meetings of shareholders.

Whilst the Company currently does not allow corporations which provide nominee or custodial services to appoint more than two (2) proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies, the Company has allowed such shareholder(s) who hold shares through such corporation to attend its general meetings as observer(s).

Corporate Governance

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Rules and the Companies Act, the Board's policy is that shareholders are informed of all major developments that impact the Group. The Company has an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, the Company will be as descriptive, detailed and forthcoming as possible and avoid boilerplate disclosures.

Information is communicated to shareholders on a timely basis through SGX-NET and other information channels, including a well-maintained and updated corporate website. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as promptly as possible. The Board has established regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns. Communication is made through:

(a) annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Companies Act and the relevant accounting standards;

(b) half-yearly financial statements containing a summary of the financial information and affairs of the Group for the period;

(c) notices of and explanatory memoranda for AGMs and extraordinary general meetings;

(d) press and analyst briefings for the Group's half-yearly and annual results as well as other briefings, as appropriate;

(e) press releases on major developments of the Group;

(f) disclosures to the SGX-ST; and

(g) the Group's website at www.webgbt.com at which shareholders can access information on the Group. The website provides, *inter alia*, products information and profile of the Group.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of the shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders have the opportunity to participate effectively in and to vote at general meetings of shareholders to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The Directors regard general meeting of the shareholders as an opportunity to communicated directly with shareholders and encourage greater shareholder participation.

Corporate Governance

The notice of general meetings of shareholders is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least fourteen (14) days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the general meetings of shareholders. All Directors normally attend general meetings of shareholders. The Chairmen of the AC, RC, and NC are normally available at the meeting to answer those questions relating to the work of these Board Committees. The Company's external auditors will also be present to assist the Directors in addressing queries by shareholders.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and makes these minutes available to shareholders upon their request.

The Company puts all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting to avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

(E) DEALING IN SECURITIES

The Company adopts the following policies in relation to dealings in its securities:

(a) officers are not to deal in its securities during the period commencing one (1) month before the announcement of the Group's half yearly financial statements and one (1) month before the announcement of the Group's financial statements for the full year, and ending on the date of the announcement of the relevant results;

(b) in addition, the Company reminds its officers to observe the laws on insider trading at all times, even when dealing in its securities within the permitted trading period; and

(c) the Company's internal compliance code requires that its officers should not deal in the Company's securities on short term considerations.

The Board confirms that the Company has complied with Rule 1207(19) of the Listing Rules of the SGX-ST.

(F) MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholders subsisting at the end of the reporting year ended 31 December 2018.

(G) INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons within the definition of Chapter 9 of the Listing Manual of the SGX-ST and has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

The Company has obtained a general mandate pursuant to Rule 920 of the Listing Manual in relation to interested persons transactions during its AGM held on 30 April 2018.

There were no interested person transactions with a value of S$100,000 or more during FY2018.

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Green Build Technology Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 50 to 107 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement, having regard to those factors described in Note 3 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are:

Zhao Lizhi
Wu Xueying
Kuan Cheng Tuck
Gallen Tay Wi Keng
Dong Congwen

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and/or related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
Name of directors and companies in which interests are held	**At 1.1.2018**	**At 31.12.2018**	**At 1.1.2018**	**At 31.12.2018**
The Company				
Zhao Lizhi	67,518,111	97,518,111	30,000,000	–
Wu Xueying	–	8,360,000	8,360,000	–

Directors' Statement

Directors' interest in shares or debentures (cont'd)

By virtue of Section 7(4) of the Act, Mr Zhao Lizhi is deemed to have an interest in the shares or paid-up capital (as the case may be) of all the subsidiaries to the extent of the equity interest that is held directly or indirectly by the Company.

The directors' interest in the ordinary shares of the Company and subsidiary corporations as at 21 January 2019 were the same as those as at 31 December 2018.

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit Committee

The members of the Audit Committee during the financial year and at the date of this statement, comprise three directors, all of whose are independent, as follows:

Kuan Cheng Tuck	(Chairman)
Gallen Tay Wi Keng	(Member)
Dong Congwen	(Member)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act, the Singapore Exchange Limited ("SGX") Listing Manual and the Code of Corporate Governance. Their functions are detailed in the Report on Corporate Governance in the Annual Report 2018.

In performing its functions, the Audit Committee met with the Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

Directors' Statement

Audit Committee (cont'd)

The Audit Committee also reviewed the following:

- assistance provided by the Company's management to the internal and independent auditors;
- half-yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Zhao Lizhi Director	Wu Xueying Director

7 May 2019

Independent Auditor's Report

To the Members of Green Build Technology Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Green Build Technology Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 50 to 107, which comprise the statements of financial position of the Group and the Company as at 31 December 2018, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the financial statements with respect to the Group's ability to continue as a going concern. As at 31 December 2018, the Group's current liabilities exceeded its current assets by RMB313,798,000 (2017: RMB199,181,000).

This factor indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business. Nevertheless, for the reasons disclosed in Note 3 to the financial statements, the management of the Company is of the view that it is appropriate for the financial statements of the Group to be prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Independent Auditor's Report
To the Members of Green Build Technology Limited

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Accounting for construction service revenue from service concession arrangements

   As disclosed in Note 4 to the financial statements, the Group recognised construction service revenue from service concession arrangements amounting to RMB84,319,000 (2017: RMB308,840,000) during the financial year ended 31 December 2018. The construction service revenue accounted for approximately 87% (2017: 95%) of the Group's revenue for the financial year ended 31 December 2018.

   The Group enters into service concession arrangements with a government agency of the People's Republic of China to construct and operate underground utility tunnel on Public-Private Partnership ("PPP") basis ("project"). Management determines the service concession arrangements fall within the scope of SFRS(I) INT 12 *Service Concession Arrangements* ("SFRS(I) INT 12"). The Group applies SFRS(I) 15 *Revenue from Contracts with Customers* in its recognition of revenue from service concession arrangements, which includes revenue relating to construction services, operation income and finance income. Disclosures with respect to revenue are included in Notes 2(o), 4 and 14 to the financial statements.

   The Group recognised construction service revenue over time by reference to completion of the specific transaction assessed on the basis of the contract costs incurred up to the end of the reporting period as a percentage of the estimated total contract costs for each project.

   Accounting for construction service revenue from service concession arrangements is considered a key audit matter due to the significance of this amount to the Group's consolidated financial performance. In addition, there are significant judgement and estimations involved in determining the contract costs incurred and the estimated total contract costs.

   Our procedures to address the key audit matter

   In the course of our Group audit, we evaluated the independence, objectivity, capabilities and competence of the component auditor of the subsidiaries. We evaluated the adequacy and appropriateness of the audit work performed and evidence obtained by the component auditor in respect of the service concession arrangements and revenue recognition. We assessed the appropriateness of the Group's revenue recognition policies, evaluated the Group's process in assessing the applicability of SFRS(I) INT 12 and reviewed the associated agreements to assess whether these agreements are appropriately identified as service concession arrangements to be within the scope of SFRS(I) INT 12.

   We obtained an understanding of management's process in estimating total contract costs and their monitoring of progress of the project.

   We reviewed the actual contract costs incurred to-date against the project status and assessed the reasonableness of the estimated total contract costs to complete the project.

   We also considered the adequacy and appropriateness of the disclosures related to service concession arrangements in the financial statements.

Independent Auditor's Report

To the Members of Green Build Technology Limited

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

Key Audit Matters (cont'd)

2. Loss on change in estimates of the fair value of the consideration under service concession arrangements

During the financial year, the Group recognised loss on change in estimates of the fair value of the consideration under service concession arrangements amounting to RMB4,427,000 (2017: RMB20,365,000) in the Group's profit or loss. The loss arose from the re-measurement of the fair value of the consideration mainly as a result of actual collections from the government agency of the People's Republic of China were not in accordance with the expected cash flows due to changes in the timing of the completion of the construction services under the service concession arrangements. The amount and timing of the expected future cash flows are estimated based mainly on the latest developments of the construction status under the service concession arrangements.

As disclosed in Note 14 to the financial statements, the Group's service concession receivables and contract assets as at 31 December 2018 totalled RMB746,223,000 (2017: RMB740,253,000) and accounted for approximately 86% (2017: 65%) of the Group's total assets as at 31 December 2018.

We considered this to be a key audit matter because of the significance of the consideration from these service concession arrangements, and the carrying values of the service concession receivables and contract assets and the element of judgement and estimates applied by management in forecasting and discounting expected future cash flows for re-measurement of the fair value of the consideration.

Our procedures to address the key audit matter

We obtained an understanding of management's process in estimating the timing of expected future cash flows and assumptions applied in the discounted cash flows.

We reviewed the discounted cash flows for re-measurement of the fair value of the consideration under service concession arrangements, taking into consideration the latest developments of the construction status under service concession arrangements, and assessed the appropriateness of the assumptions, especially on the timing of expected future cash flows applied by management.

We also considered the adequacy and appropriateness of the disclosures related to the re-measurement of the fair value of consideration under service concession arrangements in the financial statements.

Other Matter

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017 were audited by another independent auditor whose report dated 6 April 2018 expressed an unmodified opinion with Material Uncertainty Related to Going Concern on those financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2018, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

To the Members of Green Build Technology Limited

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 Act and 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

To the Members of Green Build Technology Limited

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation 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

7 May 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2018

		Group	
			(Restated)
		2018	2017
	Note	**RMB'000**	RMB'000
Revenue	4	**96,508**	323,992
Cost of sales		**(83,889)**	(295,948)
Gross profit		**12,619**	28,044
Other income		**402**	9
Finance income	5	**42,077**	39,418
Expenses			
Administrative expenses		**(11,504)**	(17,723)
Other operating expenses		**–**	(485)
Impairment losses on financial assets		**(2,750)**	–
Interest expenses on borrowings		**(23,128)**	(33,980)
Loss on change in estimates of the fair value of the consideration under service concession arrangements	6	**(4,427)**	(20,365)
Share of results of associated company		**1**	–
Profit/(loss) before tax	7	**13,290**	(5,082)
Tax expense	8	**(1,085)**	(2,278)
Profit/(loss) for the year		**12,205**	(7,360)
Other comprehensive income for the year, net of tax:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation, net of tax		**52**	200
Total comprehensive income/(loss) for the year		**12,257**	(7,160)
Profit/(loss) for the year attributable to:			
Equity holders of the Company		**12,205**	(7,360)
Non-controlling interests		**–**	–
		12,205	(7,360)
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**12,257**	(7,160)
Non-controlling interests		**–**	–
		12,257	(7,160)
Earnings/(losses) per share for profit/(loss) for the year attributable to equity holders of the Company			
Basic and diluted (cents per share)	9	**4.95**	(2.98)

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2018

		Group			Company		
			(Restated)	(Restated)			
		31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	Note	**RMB'000**	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
ASSETS							
Non-current assets							
Property, plant and equipment	10	**992**	984	1,087	**3**	5	6
Intangible assets	11	**1,095**	1,089	1,096	**–**	–	–
Investments in subsidiaries	12	**–**	–	–	**–***	–*	–*
Investment in associated company	13	**246**	–	–	**–**	–	–
Service concession receivables	14	**135,466**	157,415	151,224	**–**	–	–
Contract assets	14	**541,673**	406,039	89,647	**–**	–	–
Prepayments	15	**9,240**	10,560	11,880	**–**	–	–
Total non-current assets		**688,712**	576,087	254,934	**3**	5	6
Current assets							
Inventories	16	**94**	94	94	**–**	–	–
Service concession receivables	14	**46,780**	74,520	77,296	**–**	–	–
Contract assets	14	**22,304**	102,279	205,866	**–**	–	–
Trade and other receivables	17	**69,353**	78,549	58,479	**18,782**	20,383	22,467
Prepayments	15	**40,538**	5,914	5,229	**13**	9	8
Cash and cash equivalents	18	**3,289**	301,263	211,659	**54**	130	164
Total current assets		**182,358**	562,619	558,623	**18,849**	20,522	22,639
Total assets		**871,070**	1,138,706	813,557	**18,852**	20,527	22,645
EQUITY AND LIABILITIES							
Equity							
Share capital	19	**124,909**	124,909	124,909	**124,909**	124,909	124,909
Currency translation reserve	20	**1,326**	1,274	1,074	**1,344**	1,269	1,060
Accumulated losses		**(56,361)**	(68,566)	(61,206)	**(124,886)**	(120,576)	(114,391)
Equity attributable to equity holders of the Company, total		**69,874**	57,617	64,777	**1,367**	5,602	11,578
Non-controlling interests		**1,919**	1,919	1,919	**–**	–	–
Total equity		**71,793**	59,536	66,696	**1,367**	5,602	11,578
LIABILITIES							
Non-current liability							
Borrowings	21	**303,121**	317,370	274,274	**–**	–	–
Current liabilities							
Trade and other payables	22	**375,434**	289,425	297,059	**12,206**	9,815	6,035
Contract liabilities	23	**–**	44,000	–	**–**	–	–
Borrowings	21	**101,183**	409,945	159,091	**5,279**	5,110	5,032
Tax payable		**19,539**	18,430	16,437	**–**	–	–
Total current liabilities		**496,156**	761,800	472,587	**17,485**	14,925	11,067
Total liabilities		**799,277**	1,079,170	746,861	**17,485**	14,925	11,067
Total equity and liabilities		**871,070**	1,138,706	813,557	**18,852**	20,527	22,645

* Amount less than RMB1,000.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2018

	Attributable to equity holders of the Company					
	Share capital RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Group						
Balance at 1.1.2017	124,909	1,074	(61,206)	64,777	1,919	66,696
Loss for the year	–	–	(7,360)	(7,360)	–	(7,360)
Other comprehensive income						
Currency translation differences arising on consolidation, net of tax	–	200	–	200	–	200
Total comprehensive income/(loss) for the year	–	200	(7,360)	(7,160)	–	(7,160)
Balance at 31.12.2017	124,909	1,274	(68,566)	57,617	1,919	59,536
Profit for the year	–	–	12,205	12,205	–	12,205
Other comprehensive income						
Currency translation differences arising on consolidation, net of tax	–	52	–	52	–	52
Total comprehensive income for the year	–	52	12,205	12,257	–	12,257
Balance at 31.12.2018	**124,909**	**1,326**	**(56,361)**	**69,874**	**1,919**	**71,793**

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2018

	Share capital RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Company				
Balance at 1.1.2017	124,909	1,060	(114,391)	11,578
Loss for the year	–	–	(6,185)	(6,185)
Other comprehensive income				
Currency translation differences arising from translation into the presentation currency, net of tax	–	209	–	209
Total comprehensive income/(loss) for the year	–	209	(6,185)	(5,976)
Balance at 31.12.2017	124,909	1,269	(120,576)	5,602
Loss for the year	–	–	(4,310)	(4,310)
Other comprehensive income				
Currency translation differences arising from translation into the presentation currency, net of tax	–	75	–	75
Total comprehensive income/(loss) for the year	–	75	(4,310)	(4,235)
Balance at 31.12.2018	**124,909**	**1,344**	**(124,886)**	**1,367**

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

	Note	Group 2018 RMB'000	(Restated) 2017 RMB'000
Cash flows from operating activities			
Profit/(loss) before tax		**13,290**	(5,082)
Adjustments for:			
Depreciation of property, plant and equipment		**410**	485
Amortisation of intangible assets		**9**	7
Share of results of associated company		**(1)**	–
Interest income		**(1,458)**	(7,220)
Interest expense		**23,128**	33,980
Loss on change in estimates of the fair value of the consideration under service concession arrangements		**4,427**	20,365
Allowance for expected credit losses		**2,750**	–
Unwinding of discount on service concession receivables and contract assets		**(40,619)**	(32,198)
Operating profit before working capital changes		**1,936**	10,337
Service concession receivables and contract assets		**30,222**	(150,374)
Trade and other receivables		**(12,055)**	(69,583)
Prepayments		**(33,304)**	635
Contract liabilities		**(30,000)**	44,000
Trade and other payables		**88,251**	(18,687)
Currency translation adjustments		**52**	200
Cash generated from/(used in) operating activities		**45,102**	(183,472)
Income tax refunded/(paid)		**24**	(285)
Net cash generated from/(used in) operating activities		**45,126**	(183,757)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(418)**	(382)
Investment in associated company		**(245)**	–
Purchase of intangible assets		**(15)**	–
Interest income received		**5,959**	2,719
Net cash generated from investing activities		**5,281**	2,337

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

	Note	Group	
			(Restated)
		2018	2017
		RMB'000	RMB'000
Cash flows from financing activities			
Proceeds from bank borrowings		**–**	363,000
Repayment of bank borrowings		**(363,029)**	(110,702)
Deposits pledged for bank facilities		**–**	(153,818)
Deposits released from pledged		**300,000**	–
Proceeds from amount due to a director		**7,297**	1,515
Proceeds from loans from related parties		**40,018**	41,652
Interest paid		**(32,667)**	(24,441)
Net cash (used in)/generated from financing activities		**(48,381)**	117,206
Net increase/(decrease) in cash and cash equivalents		**2,026**	(64,214)
Cash and cash equivalents at beginning of financial year		**1,263**	65,477
Cash and cash equivalents at end of financial year	18	**3,289**	1,263

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

Green Build Technology Limited (the "Company") (Co. Reg. No. 200401338W) is incorporated and domiciled in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited.

The registered office of the Company is at 24 Raffles Place, #19-05 Clifford Centre, Singapore 048621. The principal place of business of the Group is at 7 Hongjun Street, Nangang District, Harbin City, Heilongjiang Province, the People's Republic of China (the "PRC").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 12.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements are presented in Chinese Renminbi ("RMB"). The Company's functional currency is Singapore dollars ("SGD"). All financial information presented in RMB are rounded to the nearest thousand (RMB'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, current service concession receivables, trade and other current receivables and payables, and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards

In December 2017, the Accounting Standards Council ("ASC") issued the SFRS(I). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing rules of Singapore Exchange Limited ("SGX"), the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the financial year ended 31 December 2018 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented statement of financial position as at 1 January 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements, except for SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments*.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) and SFRS(I) 15 on the Group's and the Company's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018 and the Group's profit or loss and other comprehensive income for the financial year ended 31 December 2017. There was no impact on initial application of SFRS(I) 9 on the Group's and the Company's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018 and the Group's profit or loss and other comprehensive income for the financial year ended 31 December 2017. There were no material adjustments to the consolidated statement of cash flows of the Group for the financial year ended 31 December 2017 arising on transition to SFRS(I).

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

Consolidated statement of financial position

		31 December 2017			1 January 2018
	Note	FRS framework RMB'000	SFRS(I) 15 RMB'000	SFRS(I) framework RMB'000	SFRS(I) framework RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment		984	–	984	984
Intangible assets		1,089	–	1,089	1,089
Service concession receivables	B(i), B(ii)	–	157,415	157,415	157,415
Contract assets	B(i), B(ii)	–	406,039	406,039	406,039
Trade receivables	B(ii)	528,121	(528,121)	–	–
Prepayments		10,560	–	10,560	10,560
Total non-current assets		540,754	35,333	576,087	576,087
Current assets					
Inventories		94	–	94	94
Contract work-in-progress	B(i)	30,256	(30,256)	–	–
Service concession receivables	B(ii)	–	74,520	74,520	74,520
Contract assets	B(ii)	–	102,279	102,279	102,279
Trade and other receivables	B(ii)	255,348	(176,799)	78,549	78,549
Prepayments		5,914	–	5,914	5,914
Cash and cash equivalents		301,263	–	301,263	301,263
Total current assets		592,875	(30,256)	592,619	592,619
Total assets		1,133,629	5,077	1,138,706	1,138,706

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

Consolidated statement of financial position (cont'd)

	Note	31 December 2017 FRS framework RMB'000	SFRS(I) 15 RMB'000	SFRS(I) framework RMB'000	1 January 2018 SFRS(I) framework RMB'000
EQUITY AND LIABILITIES					
Equity					
Share capital		124,909	–	124,909	124,909
Currency translation reserve		1,274	–	1,274	1,274
Accumulated losses		(68,566)	–	(68,566)	(68,566)
Equity attributable to equity holders of the Company, total		57,617	–	57,617	57,617
Non-controlling interests		1,919	–	1,919	1,919
Total equity		59,536	–	59,536	59,536
LIABILITIES					
Non-current liability					
Borrowings		317,370	–	317,370	317,370
Current liabilities					
Trade and other payables	B(i), B(ii)	328,348	(38,923)	289,425	289,425
Contract liabilities	B(ii)	–	44,000	44,000	44,000
Borrowings		409,945	–	409,945	409,945
Tax payable		18,430	–	18,430	18,430
Total current liabilities		756,723	5,077	761,800	761,800
Total liabilities		1,074,093	5,077	1,079,170	1,079,170
Total equity and liabilities		1,133,629	5,077	1,138,706	1,138,706

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

Consolidated statement of financial position (cont'd)

	Note	1 January 2017 FRS framework RMB'000	SFRS(I) 15 RMB'000	SFRS(I) framework RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment		1,087	–	1,087
Intangible assets		1,096	–	1,096
Service concession receivables	B(ii)	–	151,224	151,224
Contract assets	B(ii)	–	89,647	89,647
Trade receivables	B(ii)	240,871	(240,871)	–
Prepayments		11,880	–	11,880
Total non-current assets		254,934	–	254,934
Current assets				
Inventories		94	–	94
Service concession receivables	B(ii)	–	77,296	77,296
Contract assets		–	205,866	205,866
Trade and other receivables	B(ii)	341,641	(283,162)	58,479
Prepayments		5,229	–	5,229
Cash and cash equivalents		211,659	–	211,659
Total current assets		558,623	–	558,623
Total assets		813,557	–	813,557

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

Consolidated statement of financial position (cont'd)

	Note	FRS framework RMB'000	SFRS(I) 15 RMB'000	SFRS(I) framework RMB'000
		1 January 2017		
EQUITY AND LIABILITIES				
Equity				
Share capital		124,909	–	124,909
Currency translation reserve		1,074	–	1,074
Accumulated losses		(61,206)	–	(61,206)
Equity attributable to equity holders of the Company, total		64,777	–	64,777
Non-controlling interests		1,919	–	1,919
Total equity		66,696	–	66,696
LIABILITIES				
Non-current liability				
Borrowings		274,274	–	274,274
Current liabilities				
Trade and other payables		297,059	–	297,059
Contract liabilities		–	–	–
Borrowings		159,091	–	159,091
Tax payable		16,437	–	16,437
Total current liabilities		472,587	–	472,587
Total liabilities		746,861	–	746,861
Total equity and liabilities		813,557	–	813,557

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

Consolidated statement of profit or loss and other comprehensive income

		Financial year ended 31 December 2017		
		FRS framework	SFRS(I) 15	SFRS(I) framework
	Note	RMB'000	RMB'000	RMB'000
Revenue	B(i)	288,659	35,333	323,992
Cost of sales	B(i)	(260,615)	(35,333)	(295,948)
Gross profit		28,044	–	28,044
Other income		9	–	9
Finance income		39,418	–	39,418
Administrative expenses		(17,723)	–	(17,723)
Other operating expenses		(485)	–	(485)
Interest expenses on borrowings		(33,980)	–	(33,980)
Loss on change in estimates of the fair value of the consideration under service concession arrangements		(20,365)	–	(20,365)
Loss before tax		(5,082)	–	(5,082)
Tax expense		(2,278)	–	(2,278)
Loss for the year		(7,360)	–	(7,360)
Other comprehensive income for the year, net of tax:				
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences consolidation, net of tax		200	–	200
Total comprehensive loss for the year		(7,160)	–	(7,160)
Loss for the year attributable to:				
Equity holders of the Company		(7,360)	–	(7,360)
Non-controlling interests		–	–	–
		(7,360)	–	(7,360)
Total comprehensive loss for the year attributable to:				
Equity holders of the Company		(7,160)	–	(7,160)
Non-controlling interests		–	–	–
		(7,160)	–	(7,160)

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

A. SFRS(I)

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The application of SFRS(I) did not have any significant impact on the financial statements.

B. SFRS(I) 15

SFRS(I) 15 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using the full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application.

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

(i) *Contract work-in-progress*

The contract work-in-progress as at 31 December 2017 relates to the preliminary work done for the second phase of underground utility tunnel project that was awarded to the Group in September 2017.

Before the adoption of SFRS(I) 15, the Group recognised revenue and costs associated with the construction service by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. The Group recognised costs incurred as contract work-in-progress during the early stage of a contract.

Under SFRS(I) 15, the Group recognised revenue from construction service over time as the Group has enforceable right to payment throughout the construction period. The relevant financial effects on the adoption of SFRS(I) 15 have been set out above.

Notes to the Financial Statements
For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

B. SFRS(I) 15 (cont'd)

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below (cont'd)

(ii) *Presentation of contract assets and liabilities*

Upon adoption of SFRS(I) 15, the Group has also changed the presentation of the following amounts:

(a) Service concession receivables classified as trade and other receivables of RMB524,033,000 as at 1 January 2017 and RMB704,920,000 as at 31 December 2017 were reclassified separately to the following:

- Service concession receivables of RMB228,520,000 (non-current: RMB151,224,000 and current: RMB77,296,000) as at 1 January 2017 and RMB231,935,000 (non-current: RMB157,415,000 and current: RMB74,520,000) as at 31 December 2017.
- Contract assets of RMB295,513,000 (non-current: RMB89,647,000 and current: RMB205,866,000) as at 1 January 2017 and RMB472,985,000 (non-current: RMB370,706,000 and current: RMB102,279,000) as at 31 December 2017.

(b) Advance payment from a customer of RMB44,000,000 as at 31 December 2017 was reclassified to contract liabilities.

C. SFRS(I) 9

SFRS(I) 9 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 January 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39. Differences arising from the adoption of SFRS(I) 9 have been recognised directly in accumulated losses and other components of equity as at 1 January 2018.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

C. SFRS(I) 9 (cont'd)

The impact upon adoption of SFRS(I) 9 as at 1 January 2018 was as follows:

(i) Classification and measurement

Under SFRS(I) 9, the Group and the Company classify their financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Loans and receivables (including trade and other receivables, service concession receivables and cash and cash equivalents) as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The following summaries the Group and the Company's required or elected reclassifications as at 1 January 2018 upon adoption on SFRS(I) 9:

		SFRS(I) 9 measurement category		
	Original carrying amount	**Fair value through profit or loss**	**Amortised cost**	**Fair value through other comprehensive income**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
FRS 39 measurement category				
Loans and receivables				
Group				
Service concession receivables	231,935	–	231,935	–
Trade and other receivables	78,549	–	78,549	–
Cash and cash equivalents	301,263	–	301,263	–
Company				
Trade and other receivables	20,383	–	20,383	–
Cash and cash equivalents	130	–	130	–

Notes to the Financial Statements
For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

C. SFRS(I) 9 (cont'd)

The impact upon adoption of SFRS(I) 9 as at 1 January 2018 was as follows (cont'd):

(ii) Impairment

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its financial assets at amortised cost either on 12-month or lifetime basis.

At the date of initial application, the Group and the Company have assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed below:

SFRS(I) 16 *Leases*

SFRS(I) 16 replaces the existing FRS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group does not expect the adoption of SFRS(I) 16 to have significant impact on its financial position and financial results for the financial year ended 31 December 2019.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(e). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) Associated company

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(d) Associated company (cont'd)

Distributions received from associated company is adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

(e) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a subsidiary company and associated company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associated company is described in Note 2(d).

(f) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Notes to the Financial Statements
For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(f) Property, plant and equipment (cont'd)

Depreciation is calculated on a straight-line basis to write off the depreciable amount of the property, plant and equipment less any estimated residual value over their expected useful lives. The estimated useful lives are as follows:

Motor vehicles	5 years
Office equipment	3 to 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(g) Intangible assets

Computer software

Computer software licenses are initially recognised at cost which includes the purchase price (net of any discounts and rebates) and other costs directly attributable to bringing the assets to a working condition for their intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its original specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Computer software licenses are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(h) Impairment of non-financial assets excluding goodwill

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(j) Financial assets

The accounting policy for financial assets before 1 January 2018 are as follows:

Classification

The Group and the Company's only financial assets are loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "service concession receivables and contract assets", "trade and other receivables" and "cash and equivalents" on the statement of financial position.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the assets does not exceed the amortised cost at the reversed date.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(j) Financial assets (cont'd)

The accounting policy for financial assets before 1 January 2018 are as follows: (cont'd)

Offset

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The accounting policy for financial assets from 1 January 2018 onwards are as follows:

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets at amortised cost. The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents, trade and other receivables and service concession receivables. These debt instruments are subsequently measured at amortised cost based on the Group's business model for managing the asset and cash flow characteristics of the asset.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(j) Financial assets (cont'd)

The accounting policy for financial assets from 1 January 2018 onwards are as follows: (cont'd)

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. For contract assets and service concession receivables that have a significant financing component, the Group applies general approach to recognise a loss allowance at each reporting date. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(k) Cash and cash equivalents in the consolidated statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(l) Financial liabilities

Financial liabilities include trade and other payables and borrowings. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(m) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

(n) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(o) Revenue recognition

Service concession arrangements

The Group enters into service concession arrangements with a government agency of the PRC to construct and operate underground utility tunnel and upgrade the existing housing estate on Public-Private Partnership ("PPP") basis ("project"). These service concession arrangements generally involve the Group to construct and operate an asset or a group of assets at a specified level of serviceability on behalf of the government agency of the PRC for periods ranging from 11 to 26 years (the "service concession periods"), and the Group will be paid for its services over the relevant service concession periods at prices stipulated through agreed pricing mechanism with the government agency of the PRC. At the end of the service concession periods, the assets will be transferred to the respective grantors.

Management determines the service concession arrangements fall within the scope of SFRS(I) INT 12 *Service Concession Arrangements* ("SFRS(I) INT 12"). Where the Group performs more than one service under the service concession arrangements, the consideration for the services provided under the service concession arrangements is allocated to the different performance obligations by reference to their relative stand-alone selling prices. Estimation is exercised in determining the fair values of the consideration under service concession arrangements. Discount rates, estimates of future cash flows and other factors are used in the determination of the fair value of the consideration under service concession arrangements and corresponding finance income. The Group applies SFRS(I) 15 *Revenue from Contracts with Customers* in its recognition of revenue from service concession arrangements, which includes revenue relating to construction services, operation income and finance income.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(o) Revenue recognition (cont'd)

Construction service revenue

The Group's performance in respect of construction services under the service concession arrangements creates or enhances an asset or work-in-progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue from construction service over time, by reference to completion of the specific transaction assessed on the basis of the contract costs incurred up to the end of the reporting period as a percentage of the estimated total contract costs for each project. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Operation revenue

Under the service concession arrangements, the Group also operates an asset or a group of assets at a specified level of serviceability on behalf of the government agency during the service concession periods. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the contract. Management has assessed that the stage of completion determined as the proportion of the total time expected to perform the service that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Progress billings to customer are based on a payment schedule in the contract and are based upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed the construction services but has not yet billed the customer. A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payment from the customer. Contract assets are transferred to service concession receivables when the Group has unconditional contractual right to consideration when the construction services are completed. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred. The Group has elected to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods that have not been recognised as expenses.

Interest income and finance income from service concession arrangements

Interest income and finance income from service concession arrangements are recognised using the EIR method.

Revenue from sale of goods

The Group transfers control and recognises a sale when they deliver goods to their customers. Revenue from these sales is recognised based on the price specified in the contract. For sale of goods where advances are received from customers, the differences between the consideration received in accordance with the payment terms and revenue recognised is classified as contract liabilities. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(o) Revenue recognition (cont'd)

Revenue from services - project management fees

The Group provides project management services. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the contract. Management has assessed that the stage of completion determined as the proportion of the total time expected to perform the service that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Payment for project management services is not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date.

(p) Employee benefits

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

(q) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

(r) Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(s) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated company, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

(t) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The functional currency of the Company is Singapore dollar. The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in RMB, which is the functional currency of the principal entities in the PRC.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2 Summary of significant accounting policies (cont'd)

(t) Foreign currencies (cont'd)

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are taken to the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

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.

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, which are dealt in the preceding paragraphs).

Notes to the Financial Statements

For the financial year ended 31 December 2018

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

Critical judgements in applying the Group's accounting policies

Going concern assumption

As at 31 December 2018, the Group's current liabilities exceeded its current assets by RMB313,798,000 (2017: RMB199,181,000). This factor indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business. Nevertheless, the management 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 2018 is appropriate after taking into consideration the following factors:

(i) In December 2018, the Group successfully obtained a 23-year loan facility from a bank amounting to RMB564,000,000. In January 2019, RMB564,000,000 was drawn down of which RMB267,866,000 was used to refinance certain existing loans (current and non-current), and the remaining amount was or will be deployed as additional working capital for the Group. This has extended the Group's debt maturity profile, which has in turn reduced its total current liabilities and improved its liquidity position.

(ii) Certain related parties (entities in which the executive chairman has substantial financial interests) have agreed to unconditionally provide continuous financial assistance to the Group to enable it to meet its obligations and to carry on its business for a period of not less than twelve months from 7 May 2019.

The financial statements have been prepared on the assumptions that the Group will continue as a going concern. If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to realise its assets and discharge its liabilities in the normal 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 normal 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 may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Functional currency

As disclosed in Note 2(t), the functional currency of the Company and its principal entities in the PRC is Singapore dollars and RMB respectively.

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the Group entities, judgement is required by management to determine the primary economic environment in which the Group entities operate, the Group entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the Group entities. In addition, most of the Group entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the Group entities is their respective local currency.

Notes to the Financial Statements

For the financial year ended 31 December 2018

3 Critical accounting judgements and key sources of estimation uncertainty (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:

Construction service revenue

The Group recognised construction service revenue over time by reference to completion of the specific transaction assessed on the basis of the contract costs incurred up to the end of the reporting period as a percentage of the estimated total contract costs for each project.

Significant judgement and estimations involved in the determining the contract costs incurred and the estimated total contract costs. In making these estimates, the Group relied on past experience and knowledge of the project management team.

If the estimated total contract costs of on-going projects to be incurred had been higher/lower by 10% from management's estimates, the Group's revenue for the financial year would have been lower/higher by RMB88,000,000 and RMB108,000,000 respectively.

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. 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 value of trade and other receivables, service concession receivables and contract assets at the end of the reporting period are disclosed in Note 27(b).

4 Revenue

	Group	
		(Restated)
	2018	2017
	RMB'000	RMB'000
Construction service revenue	**84,319**	308,840
Project management fee	**7,360**	13,752
Sales of goods	**2,730**	–
Operation revenue	**2,099**	1,400
	96,508	323,992

Notes to the Financial Statements

For the financial year ended 31 December 2018

4 Revenue (cont'd)

The Group's revenue is derived from customers based in the PRC.

The following table provides a disaggregation disclosure of the Group's revenue by timing of revenue recognition:

	Underground Utility Tunnel	Project Management	Materials Trading	Insulation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018					
At a point in time	–	–	2,730	–	2,730
Over time	84,319	7,360	–	2,099	93,778
	84,319	**7,360**	**2,730**	**2,099**	**96,508**
2017					
Over time	308,840	13,752	–	1,400	323,992

5 Finance income

	Group	
	2018	2017
	RMB'000	RMB'000
Interest income from banks	**1,458**	7,220
Unwinding of discount on service concession receivables and contract assets	**40,619**	32,198
	42,077	39,418

6 Loss on change in estimates of the fair value of the consideration under service concession arrangements

Loss on change in estimates of the fair value of the consideration under service concession arrangements arose from the re-measurement of the fair value of the consideration mainly as a result of actual collections from the government agency of the PRC were not in accordance with the expected cash flows due to changes in the timing of the completion of the construction services under the service concession arrangements. The amount and timing of the expected future cash flows are estimated based mainly on the latest developments of the construction status under the service concession arrangements.

Notes to the Financial Statements
For the financial year ended 31 December 2018

7 Profit/(loss) before tax

This is determined after charging the following:

	Group	
	2018	2017
	RMB'000	RMB'000
Fees payable/paid to independent auditor of the Company		
- Audit	492	477
- Non-audit services	–	12
Audit fee payable/paid to other auditors*	481	851
Allowance for expected credit losses on trade receivables (Note 17)	2,750	–
Amortisation of intangible assets (Note 11)	9	7
Depreciation of property, plant and equipment (Note 10)	410	485
Foreign exchange loss, net	437	342
Operating lease expenses	149	161
Staff costs (inclusive of directors' remuneration):		
- Salaries and bonuses	5,028	6,553
- Defined contribution plans	833	1,006
- Directors' fees	663	662
	6,524	8,221

* Includes independent member firms of the Baker Tilly International network.

8 Tax expense

	Group	
	2018	2017
	RMB'000	RMB'000
Tax expense attributable to profits/losses is made up of:		
Income tax		
- current year	926	2,326
- under/(over) provision in respect of prior years	159	(48)
	1,085	2,278

Notes to the Financial Statements
For the financial year ended 31 December 2018

8 Tax expense (cont'd)

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to profit/(loss) in the countries where the Group operates due to the following factors:

	Group	
	2018	2017
	RMB'000	RMB'000
Profit/(loss) before tax	**13,290**	(5,082)
Tax at the domestic rates applicable to profit/loss in the countries where the Group operates	**3,691**	(772)
Expenses not deductible for tax purposes	**810**	1,167
Income not subject to tax	**(4,152)**	–
Deferred tax asset not recognised	**577**	1,931
Under/(over) provision of income tax in respect of prior years	**159**	(48)
	1,085	2,278

The above tax reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

The Company and its Singapore subsidiary

The Company and its Singapore subsidiary have no taxable income during the financial year. The statutory income tax rate applicable to the Company is 17% (2017: 17%).

The PRC subsidiaries

The Group's PRC subsidiaries are subject to PRC corporate income tax rate of 25% (2017: 25%). Certain PRC subsidiaries enjoy concessionary tax rates due to tax incentive schemes. Pursuant to *Notice of the Ministry of Finance and the State Administration of Taxation on Promoting the Development of Value-Added Tax, Business Tax and Corporate Income Tax Policies for Energy-Saving Service Industry (Cai Shui[2010]110),* energy saving service companies which implement contract energy management projects could enjoy a corporate income tax exemption for the first three years since the first operating income and a 50% reduced in corporate income tax for the next three years.

At the end of the reporting period, the Group has unrecognised tax losses of RMB25,847,000 (2017: RMB23,536,000) that are available for carry forward to offset against future taxable profits/income of the PRC subsidiaries in which the tax losses arose, subject to agreement of the tax authorities and compliance with tax regulations in the PRC in which the PRC subsidiaries operate. Deferred tax assets have not been recognised by the PRC subsidiaries in respect of these tax losses because it is not probable that future taxable profits/income will be available in these PRC subsidiaries against which the Group can utilised the benefits therefrom.

The unrecognised tax losses of the PRC subsidiaries amounting to RMB25,847,000 (2017: RMB23,536,000) are available for carry forward up to five years from the year of loss against future taxable profits/income of the PRC subsidiaries in which the tax losses arose. There were no unrecognised tax losses of the PRC subsidiaries expired during the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2018

9 Earnings/(losses) per share

The calculation of the basic and diluted earnings/(losses) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2018	2017
Profit/(loss) for the year attributable to equity holders of the Company (RMB'000)	**12,205**	(7,360)
Weighted average number of ordinary shares for basic and diluted earnings/(losses) per shares ('000)	**246,678**	246,678
Basic and diluted earnings/(losses) per share (RMB cents)	**4.95**	(2.98)

10 Property, plant and equipment

	Motor vehicles RMB'000	**Office equipment RMB'000**	**Total RMB'000**
Group			
2018			
Cost			
At 1.1.2018	1,356	1,259	2,615
Additions	400	18	418
At 31.12.2018	**1,756**	**1,277**	**3,033**
Accumulated depreciation			
At 1.1.2018	824	807	1,631
Depreciation charge	219	191	410
At 31.12.2018	**1,043**	**998**	**2,041**
Net carrying value			
At 31.12.2018	**713**	**279**	**992**
2017			
Cost			
At 1.1.2017	1,322	911	2,233
Additions	34	348	382
At 31.12.2017	1,356	1,259	2,615
Accumulated depreciation			
At 1.1.2017	572	574	1,146
Depreciation charge	252	233	485
At 31.12.2017	824	807	1,631
Net carrying value			
At 31.12.2017	532	452	984

Notes to the Financial Statements

For the financial year ended 31 December 2018

10 Property, plant and equipment (cont'd)

	Office equipment RMB'000
Company	
2018	
Cost	
At 1.1.2018 and 31.12.2018	**8**
Accumulated depreciation	
At 1.1.2018	3
Depreciation charge	2
At 31.12.2018	**5**
Net carrying value	
At 31.12.2018	**3**
2017	
Cost	
At 1.1.2017 and 31.12.2017	8
Accumulated depreciation	
At 1.1.2017	2
Depreciation charge	1
At 31.12.2017	3
Net carrying value	
At 31.12.2017	5

11 Intangible assets

	Group	
	2018 RMB'000	2017 RMB'000
Goodwill arising on business combination (Note a)	**1,072**	1,072
Computer software	**23**	17
	1,095	1,089

Notes to the Financial Statements
For the financial year ended 31 December 2018

11 Intangible assets (cont'd)

(a) Goodwill arising on business combination

	Group	
	2018	2017
	RMB'000	RMB'000
Cost		
At 1 January and 31 December	**1,072**	1,072
Accumulated impairment losses		
At 1 January and 31 December	**–**	–
Net carrying amount		
At 31 December	**1,072**	1,072

Impairment test for goodwill

Goodwill acquired in a business combination is allocated, to the cash-generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to insulation, underground utility tunnel, project management and materials trading segments.

(b) Computer software

	Group	
	2018	2017
	RMB'000	RMB'000
Cost		
At 1 January	**28**	28
Additions	**15**	–
At 31 December	**43**	28
Accumulated amortisation		
At 1 January	**11**	4
Amortisation charge	**9**	7
At 31 December	**20**	11
Net carrying amount		
At 31 December	**23**	17

The amortisation of computer software is included in "administrative expense".

Notes to the Financial Statements

For the financial year ended 31 December 2018

12 Investments in subsidiaries

	Company 2018 RMB'000	Company 2017 RMB'000
Unquoted equity shares, at cost		
Balance at beginning and end of financial year	–*	–*

**Amount less than RMB1,000*

(a) Details of significant subsidiaries held by the Company are:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest 2018 %	Proportion of ownership interest 2017 %
Held by the Company				
GBT Investments Pte. Ltd. ("GBTI'")**	Investment holding	Singapore	**100**	100
Held by GBTI				
Harbin Superior Construction Materials Trading Co., Ltd.***	Trading of construction materials	People's Republic of China	**100**	100
Harbin Shengming Energy Saving and Technology Co., Ltd. ("Harbin Shengming")***	Energy conservation services and installation of green technology and architecture	People's Republic of China	**100**	100
Held by Harbin Shengming				
Harbin Utility Tunnel Construction and Management Co., Ltd. ("HUTCAM")***	Construction, operation and management of projects	People's Republic of China	**100**	100
Harbin Prevailing Municipal Engineering Co., Ltd. ("HPME")***	The provision of architectural design and construction services for government projects, promotion of energy conservation and investment in construction business	People's Republic of China	**100**	100
Harbin Utility Tunnel Phase Two Construction and Management Co., Ltd.***	Construction, operation and management of projects	People's Republic of China	**100**	100

Notes to the Financial Statements

For the financial year ended 31 December 2018

12 Investments in subsidiaries (cont'd)

(a) Details of significant subsidiaries held by the Company are (cont'd):

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest	
			2018	2017
			%	%
Harbin Vigorous Construction and Engineering Co., Ltd.#	Dormant	People's Republic of China	**51**	51

** Audited by Baker Tilly TFW LLP.
*** Audited by independent overseas member firms of Baker Tilly International.
# Not required to be audited for the financial year ended 31 December 2018 by law of country of incorporation.

(b) Significant restrictions

Cash and cash equivalents of RMB3,233,000 (2017: RMB301,075,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country.

(c) Summarised financial information of subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiary that has NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI
31 December 2018:		
Harbin Vigorous Construction and Engineering Co., Ltd.	People's Republic of China	49%
31 December 2017:		
Harbin Vigorous Construction and Engineering Co., Ltd.	People's Republic of China	49%

The following are the summarised financial information (before inter-company eliminations) of the Group's subsidiary with NCI that are considered by management to be material to the Group.

Notes to the Financial Statements
For the financial year ended 31 December 2018

12 Investments in subsidiaries (cont'd)

(c) Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (cont'd)

Summarised Statement of Financial Position

	Harbin Vigorous Construction and Engineering Co., Ltd.	
	2018	2017
	RMB'000	RMB'000
Non-current assets	**–**	–
Current assets	**3,915**	3,915
Non-current liabilities	**–**	–
Current liabilities	**–**	–
Net assets	**3,915**	3,915
Net assets attributable to NCI	**1,919**	1,919

The summarised statement of comprehensive income and statement of cash flows of Harbin Vigorous Construction and Engineering Co., Ltd. are not disclosed because there are no significant movements during the financial years ended 31 December 2018 and 31 December 2017.

13 Investment in associated company

The Group's investment in associated company is summarised below:

	Group	
	2018	2017
	RMB'000	RMB'000
Carrying amount:		
Zhongjieneng Shengming Intelligence Construction Co., Ltd.	**246**	–

Details of associated company is:

Name of associated company	Principal activity	Country of incorporation	Proportion of ownership interest	
			2018	2017
			%	%
Held by Harbin Shengming				
Zhongjieneng Shengming Intelligence Construction Co., Ltd.***	Investment holding	People's Republic of China	**49**	–

*** Audited by independent overseas member firms of Baker Tilly International.

Notes to the Financial Statements

For the financial year ended 31 December 2018

14 Service concession receivables and contract assets

	Group		
		(Restated)	(Restated)
	31.12.2018	31.12.2017	1.1.2017
	RMB'000	RMB'000	RMB'000
Non-current assets:			
Service concession receivables	**135,466**	157,415	151,224
Contract assets	**541,673**	406,039	89,647
	677,139	563,454	240,871
Current assets:			
Service concession receivables	**46,780**	74,520	77,296
Contract assets	**22,304**	102,279	205,866
	69,084	176,799	283,162
	746,223	740,253	524,033
Representing:			
Service concession receivables	**182,246**	231,935	228,520
Contract assets	**563,977**	508,318	295,513
	746,223	740,253	524,033
The maturity analysis of service concession receivables:			
Not later than one financial year	**46,780**	74,520	77,296
Later than one financial year but not later than five financial years	**94,603**	87,051	86,479
Later than five financial years	**40,863**	70,364	64,745
	182,246	231,935	228,520

The Group has entered into three service concession arrangements with a government agency of the PRC to construct and operate underground utility tunnel and upgrade the existing housing estate ("Insulation") on Public-Private Partnership ("PPP") basis ("project"). These service concession arrangements generally involve the Group to construct and operate an asset or a group of assets at a specified level of serviceability on behalf of the government agency of the PRC for periods ranging from 11 to 25 years (the "service concession periods"), and the Group will be paid for its services over the service concession periods at prices stipulated through agreed pricing mechanism with the government agency of the PRC. At the end of the service concession periods, the assets will be transferred to the respective grantors.

Notes to the Financial Statements

For the financial year ended 31 December 2018

14 Service concession receivables and contract assets (cont'd)

A summary of the major terms of the service concession arrangements entered into by the Group is set out below:

Name of subsidiary as operator	Project name	Location in PRC	Name of grantor	Type of service concession arrangements	Expected service concession period
Harbin Utility Tunnel Construction and Management Co., Ltd.	Underground utility tunnel project - phase one 哈尔滨市地下综合管廊项目	Harbin City, Heilongjiang Province	Harbin Urban and Rural Construction Committee ("Government agency") 哈尔滨市城乡建设委员会 ("委员会")	PPP	From 2015 to 2041
Harbin Prevailing Municipal Engineering Co., Ltd.	Insulation project 哈尔滨市既有建设一般性节能改造项目	Harbin City, Heilongjiang Province	Government agency 委员会	PPP	From 2015 to 2026
Harbin Utility Tunnel Phase Two Construction and Management Co., Ltd.	Underground utility tunnel project - phase two 哈尔滨市地下综合管廊项目	Harbin City, Heilongjiang Province	Government agency 委员会	PPP	From 2021 to 2040

The underground utility tunnel projects are not completed as at 31 December 2018 and therefore contract assets are recognised over the construction period. Once the construction is complete, the amounts due from grantors previously recognised as contract assets are reclassified to service concession receivables.

The service concession receivables represent amounts due from grantors in respect of Insulation project which the construction period has been completed in 2016.

The fair values of the non-current portion of consideration under service concession arrangements approximate their carrying values, as management is of the opinion that the effective interest rates used ranging from 5.16% to 7.09% per annum (2017: 5.23% to 6.01% per annum) is appropriate.

During the financial year, loss on change in estimates of the fair value of the consideration under service concession arrangements recognised as an expense amounted to RMB4,427,000 (2017: RMB20,365,000) arose from the re-measurement of the fair value of the consideration mainly as a result of actual collections from the government agency of the PRC were not in accordance with expected cash flows due to changes in the timing of the completion of the construction services under the service concession arrangements. The amount and timing of the expected future cash flows are estimated based mainly on the latest developments of the construction status under the service concession arrangements. The progress of the construction is subject to the regulatory inspections and approval, which can affect the timing of the disbursement from the government agency of the PRC.

As at 31 December 2018, the Group's concession rights of the Insulation and underground utility tunnel projects (comprising service concession receivables and contract assets) with aggregate carrying amounts of RMB746,223,000 (2017: RMB740,253,000) were pledged to secure banking facilities granted to the Group (Note 21).

During the financial year, the Group recorded revenue and profit after tax of RMB86,418,000 and RMB19,535,000 respectively (2017: RMB310,240,000 and RMB5,120,000) from the service concession arrangements.

Notes to the Financial Statements

For the financial year ended 31 December 2018

14 Service concession receivables and contract assets (cont'd)

Construction service revenue recognised during the financial year from the service concession arrangements comprises:

	Group	
	2018	2017
	RMB'000	RMB'000
Performance obligations satisfied or partially satisfied in previous periods	**84,319**	308,840

The table below discloses construction service revenue expected to be recognised in the future related to performance obligations that are unsatisfied (partially satisfied) related to service concession arrangements at the end of the reporting period:

	Group	
	2018	2017
	RMB'000	RMB'000
Expected to be recognised within one financial year	**517,061**	83,800
Expected to be recognised after one financial year	**769,613**	1,322,007
Total transaction price allocated to the unsatisfied performance obligations	**1,286,674**	1,405,807

15 Prepayments

	Group		Company	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current asset:				
Advance payments to sub-contractors	**9,240**	10,560	**–**	–
Current assets:				
Prepaid operating expenses	**13**	3,224	**13**	9
Advance payments to sub-contractors	**40,525**	2,690	**–**	–
	40,538	5,914	**13**	9

Notes to the Financial Statements

For the financial year ended 31 December 2018

16 Inventories

	Group	
	2018	2017
	RMB'000	RMB'000
Finished goods	**94**	94

During the financial year, the cost of inventories recognised as an expense and included in the cost of sales of the Group amounted to RMB13,942,000 (2017: RMB28,552,000).

17 Trade and other receivables

	Group			Company	
		(Restated)	(Restated)		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017
	RMB'000	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**58,598**	56,669	54,014	**–**	–
Less: Allowance for expected credit losses	**(2,750)**	–	–	**–**	–
	55,848	56,669	54,014	**–**	–
Non-trade amounts due from subsidiaries	–	–	–	**18,782**	20,360
Government grant receivables	–	–	1,294	**–**	–
Interest receivables	–	4,501	–	**–**	–
Other receivables	**13,505**	2,683	3,149	**–**	–
Deposits	–	14,696	22	**–**	23
	13,505	21,880	4,465	**18,782**	20,383
	69,353	78,549	58,479	**18,782**	20,383

The movements in allowance for expected credit losses during the financial year are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**–**	–	**–**	–
Allowance made (Note 7)	**2,750**	–	**–**	–
At 31 December	**2,750**	–	**–**	–

During the financial year, allowance for expected credit losses on trade receivables recognised as an expense and included in administrative expenses amounted to RMB2,750,000 (2017: Nil).

Non-trade amounts due from subsidiaries are non-trade in nature, interest-free, unsecured and repayable on demand.

Deposits mainly relate to tender deposit for underground utility tunnel project - phase two which was refunded during the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2018

18 Cash and cash equivalents

	Group		Company	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and on hand	**3,289**	1,263	**54**	130
Fixed deposit	**–**	300,000	**–**	–
	3,289	301,263	**54**	130

For the purposes of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2018	2017
	RMB'000	RMB'000
Cash and bank balances	**3,289**	301,263
Less: fixed deposit pledged	**–**	(300,000)
Cash and cash equivalents per consolidated statement of cash flows	**3,289**	1,263

In 2017, fixed deposit includes amount of RMB300,000,000 representing bank balances of a PRC subsidiary pledged as security to obtain credit facilities (Note 21).

19 Share capital

	2018		2017	
	Number of issued shares	**Issued share capital RMB'000**	Number of issued shares	Issued share capital RMB'000
Issued and fully paid				
At 1 January and 31 December	**246,677,796**	**124,909**	246,677,796	124,909

All issued shares are fully paid ordinary shares with no par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

20 Currency translation reserve

Currency translation reserve arises from the translation of the financial statements of the Company and its Singapore incorporated subsidiary whose functional currency are different from that of the Group's presentation currency.

Notes to the Financial Statements

For the financial year ended 31 December 2018

21 Borrowings

	Group		Company	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current liability				
Loans from banks	**303,121**	317,370	**–**	–
Current liabilities				
Loans from banks	**14,148**	362,928	**–**	–
Loans from related parties	**87,035**	47,017	**5,279**	5,110
	101,183	409,945	**5,279**	5,110

Terms and conditions of outstanding loans from banks are as follows:

				2018		2017	
	Currency	**Interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
		%		**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Group							
Secured bank loan	RMB	Prime rate + 0.60%	2018 - 2031	**240,866**	**240,866**	299,137	299,137
Secured bank loan	RMB	Prime rate + 0.60%	2019 - 2024	**27,000**	**27,000**	27,000	27,000
Secured bank loan	RMB	Prime rate + 0.45%	2018 - 2019	**1,403**	**1,403**	21,161	21,161
Secured bank loan	RMB	Prime rate	2020	**48,000**	**48,000**	48,000	48,000
Secured bank loan	RMB	Prime rate	2018	**–**	**–**	285,000	285,000
				317,269	**317,269**	680,298	680,298

The secured bank loans of the Group are secured over the service concession arrangements with a government agency of the PRC (Note 14). In addition, the bank loans were secured by bank deposit pledged of RMB300,000,000 in 2017 (Note 18).

The outstanding bank loans of RMB240,866,000 and RMB27,000,000 as at 31 December 2018 have been refinanced by a new secured loan from another bank in January 2019 (the "2019 Bank Loan"). This 2019 Bank Loan is repayable progressively with final maturity due in 2041.

The loans from related parties are interest-free, unsecured and repayable on demand.

The Group's borrowings are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period. Accordingly, the fair values of the non-current borrowings determined from discounted cash flows analysis using market lending rate that management expects would be available to the Group at the end of the reporting period, would approximate their carrying amounts at the end of the reporting period. This fair value measurement disclosures purpose is categorised in Level 3 of the fair values hierarchy.

Notes to the Financial Statements

For the financial year ended 31 December 2018

21 Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loans from banks RMB'000	Loans from related parties RMB'000	Non-trade amount due to a director (Note 22) RMB'000	Total RMB'000
Balance at 1.1.2018	680,298	47,017	1,530	728,845
Changes from financing cash flows:				
- Proceeds from drawdown	–	40,018	7,297	47,315
- Repayments	(363,029)	–	–	(363,029)
- Interest paid	(32,667)	–	–	(32,667)
Non-cash changes:				
- Interest expense	23,128	–	–	23,128
Changes in interest payables	9,539	–	–	9,539
Balance at 31.12.2018	**317,269**	**87,035**	**8,827**	**413,131**
Balance at 1.1.2017	428,000	5,365	15	433,380
Changes from financing cash flows:				
- Proceeds from drawdown	363,000	41,652	1,515	406,167
- Repayments	(110,702)	–	–	(110,702)
- Interest paid	(24,441)	–	–	(24,441)
Non-cash changes:				
- Interest expense	33,980	–	–	33,980
Changes in interest payables	(9,539)	–	–	(9,539)
Balance at 31.12.2017	680,298	47,017	1,530	728,845

Notes to the Financial Statements

For the financial year ended 31 December 2018

22 Trade and other payables

	Group		Company	
		(Restated)		
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**311,175**	231,963	**–**	–
Other payables	**7,775**	3,111	**–**	–
Interest payables	**–**	9,539	**–**	–
Accrued operating expenses	**47,657**	43,282	**6,821**	4,902
Non-trade amount due to a director	**8,827**	1,530	**361**	–
Non-trade amount due to a subsidiary	**–**	–	**5,024**	4,913
	375,434	289,425	**12,206**	9,815

Non-trade amounts due to a director and a subsidiary are unsecured and are repayable on demand.

23 Contract liabilities

In 2017, contract liabilities relate to advance considerations received from a customer for the sales of materials. In 2018, advance consideration of RMB30,000,000 has been refunded to the customer due to cancellation of order and remaining balances used to offset with trade receivables.

24 Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2018	2017
	RMB'000	RMB'000
Advances from a director	**7,297**	1,515
Advances from related parties	**40,018**	41,652

Other related party transactions

The Group benefited from the rent-free lease of the office premises from a related party from 1 January 2018 to 31 December 2018.

Related parties refer to companies in which the executive chairman has substantial financial interests.

Notes to the Financial Statements

For the financial year ended 31 December 2018

24 Related party transactions (cont'd)

Key management personnel compensation

Total directors and key management personnel compensation are analysed as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Directors' fees	**663**	662
Short-term employee benefits	**3,145**	3,778
Defined contributions plans	**325**	204
	4,133	4,644

Included in key management personnel compensation is remuneration (including directors' fees) paid/payable to directors of the Company amounting to RMB1,900,000 (2017: RMB2,735,000).

25 Operating lease commitments

The Group leases various premises from non-related parties under non-cancellable operating lease agreements. The leases have an average tenure of between one to five years, varying terms, escalation clauses and renewal options.

Commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period, but not recognised as liabilities, are as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Not later than one financial year	**–**	145

26 Segment information

The Group has the following four business units, namely insulation, underground utility tunnel, project management and materials trading. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's CEO (the chief operating decision maker) reviews internal management reports of each business units at least quarterly. The following summary describes the operations in each of the Group's reportable segments:

- Insulation - constructing and operating external insulation project
- Underground utility tunnel - constructing and operating underground utility tunnel for (i) utility lines such as electricity, gas supply pipes and water supply pipes; and (ii) communications lines such as fibre optics, television and telephone cables
- Project management - consultation service for external insulation project
- Materials trading - trading of green technology materials
- Others - investment holding

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Notes to the Financial Statements

For the financial year ended 31 December 2018

26 Segment information (cont'd)

	Insulation RMB'000	Underground Utility Tunnel RMB'000	Project Management RMB'000	Materials Trading RMB'000	Others RMB'000	Total RMB'000
Group						
2018						
External revenue	**2,099**	**84,319**	**7,360**	**2,730**	**–**	**96,508**
Inter-segment revenue	**–**	**–**	**1,980**	**11,699**	**–**	**13,679**
Total revenue of reportable segments	**2,099**	**84,319**	**9,340**	**14,429**	**–**	**110,187**
Finance income	**12,130**	**28,494**	**1,453**	**–**	**–**	**42,077**
Interest expenses on borrowings	**4,923**	**14,166**	**4,039**	**–**	**–**	**23,128**
(Gain)/loss on change in estimates of the fair value of the consideration under service concession arrangements	**(9,528)**	**13,955**	**–**	**–**	**–**	**4,427**
Depreciation and amortisation	**–**	**33**	**370**	**14**	**2**	**419**
Impairment losses on financial assets	**–**	**–**	**2,750**	**–**	**–**	**2,750**
Reportable segment profit/(loss) before income tax	**16,335**	**3,200**	**(569)**	**(1,241)**	**(4,435)**	**13,290**
Reportable segment assets	**194,197**	**606,967**	**63,366**	**3,473**	**3,067**	**871,070**
Reportable segment liabilities	**62,816**	**557,163**	**127,472**	**38,795**	**13,031**	**799,277**
Capital expenditure	**–**	**12**	**421**	**–**	**–**	**433**
2017						
External revenue - Restated	1,400	308,840	13,752	–	–	323,992
Inter-segment revenue	–	–	1,320	29,577	–	30,897
Total revenue of reportable segments	1,400	308,840	15,072	29,577	–	354,889
Finance income	13,551	20,466	4,508	893	–	39,418
Interest expenses on borrowings	4,487	19,953	9,540	–	–	33,980
Loss on change in estimates of the fair value of the consideration under service concession arrangements	10,292	10,073	–	–	–	20,365
Depreciation and amortisation	–	44	438	9	1	492
Reportable segment (loss)/profit before income tax	(4,182)	9,302	(3,753)	(217)	(6,232)	(5,082)
Reportable segment assets - Restated	244,026	513,703	374,440	3,316	3,221	1,138,706
Reportable segment liabilities - Restated	73,000	548,050	410,096	37,488	10,536	1,079,170
Capital expenditure	–	–	312	70	–	382

Notes to the Financial Statements

For the financial year ended 31 December 2018

26 Segment information (cont'd)

Geographical information

The Group's revenue is derived from customers based in the PRC and substantially all the Group's assets are located in the PRC.

Information about major customers

Revenue of approximately RMB86,418,000 (2017: RMB310,240,000) which amounts to more than 10% of the Group's revenue are derived from 1 (2017: 1) external customer from Underground Utility Tunnel and Insulation segment.

27 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
		(Restated)		
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**–**	1,120,065	**–**	20,513
Financial assets at amortised cost	**254,888**	–	**18,836**	–
	254,888	1,120,065	**18,836**	20,513
Financial liabilities				
Financial liabilities at amortised cost	**779,738**	1,016,740	**17,485**	14,925

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance.

Notes to the Financial Statements
For the financial year ended 31 December 2018

27 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Debtors has a low risk of default and does not have any past due amount	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the end of the reporting period with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtors.

Notes to the Financial Statements

For the financial year ended 31 December 2018

27 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates the receivables that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources that indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Notes to the Financial Statements

For the financial year ended 31 December 2018

27 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

The Group's most significant customer, a government agency of the PRC, accounts for 91% (2017: 90%) of the carrying amounts of total receivables and contract assets as at 31 December 2018.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statement of financial position.

The expected credit losses for cash and cash equivalents and other receivables of the Group and the Company are immaterial as at 31 December 2018.

Movements in allowance for expected credit losses are as follows:

	Trade receivables RMB'000
Group	
Balance at 1 January 2018	–
Loss allowance measured/(reversed):	
Lifetime ECL	
- credit-impaired	2,750
	2,750
Balance at 31 December 2018	**2,750**

Trade receivables

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables.

The Group categorises its trade receivables by its past due status and segregates debtors regarded as credit-impaired where one or more credit impairment events have occurred.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions. The Group has recognised a loss allowance of 100% against all credit-impaired trade receivables. A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2018

27 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Service concession receivables and contract assets

For service concession receivables and contract assets that have a significant financing component, the Group applies general approach to recognise a loss allowance. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The ECL on service concession receivables and contract assets are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Receivables under service concession arrangements relate to consideration receivables from a government agency of the PRC are generally considered as having low risk of default.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

Financial assets at amortised cost and contract assets

The table below details the credit quality of the Group's financial assets and contract assets:

	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Trade receivables	Lifetime	58,598	(2,750)	55,848
Service concession receivables	12-month ECL	182,246	–	182,246
Contract assets	12-month ECL	563,977	–	563,977
Other receivables	N.A. Exposure Limited	13,505	–	13,505
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	3,289	–	3,289

The table below details the credit quality of the Company's financial assets:

	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Non-trade amounts due from subsidiaries	12-month ECL	18,782	–	18,782
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	54	–	54

Notes to the Financial Statements

For the financial year ended 31 December 2018

27 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Financial assets at amortised cost and contract assets (cont'd)

Previous accounting policy for impairment of financial assets

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group and the Company. Cash and cash equivalents are placed with reputable financial institutions.

Financial assets that are past due and/or impaired

There is no financial assets that are past due and/or impaired as at 31 December 2017.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

As at 31 December 2018, the Group's current liabilities exceeded its current assets by RMB313,798,000, which stems mainly from the mismatch between the maturity of liabilities and receipt of service concession receivables from the government agency of the PRC.

The sources of liquidity and funding available to the Group are future cash inflows from the Group's operating activities and support from the Group's bankers and related parties. The Group's liquidity risk management policy is to maintain sufficient liquid financial assets and credit facilities with reputable banks:

(i) In December 2018, the Group successfully obtained a 23-year loan facility from a bank amounting to RMB564,000,000. In January 2019, RMB564,000,000 was drawn down, of which RMB267,866,000 was used to refinance certain existing loans (current and non-current), and the remaining amount was or will be deployed as additional working capital for the Group. This has extended the Group's debt maturity profile, which has in turn reduced its total current liabilities and improved its liquidity position.

(ii) Certain related parties (entities in which the executive chairman has substantial financial interests) have agreed to unconditionally provide continuous financial assistance to the Group to enable it to meet its obligations and to carry on its business for a period of not less than twelve months from 7 May 2019.

Notes to the Financial Statements

For the financial year ended 31 December 2018

27 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

			Contractual cash flows		
	Carrying amount	**Total**	**Within 1 year**	**Within 2 to 5 years**	**More than 5 years**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Group					
2018					
Trade and other payables	375,434	375,434	375,434	–	–
Borrowings	404,304	496,421	111,277	132,972	252,172
	779,738	**871,855**	**486,711**	**132,972**	**252,172**
2017					
Trade and other payables	289,425	289,425	289,425	–	–
Borrowings	727,315	833,177	424,157	119,922	289,098
	1,016,740	1,122,602	713,582	119,922	289,098

			Contractual cash flows		
	Carrying amount	**Total**	**Within 1 year**	**Within 2 to 5 years**	**More than 5 years**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Company					
2018					
Trade and other payables	12,206	12,206	12,206	–	–
Borrowings	5,279	5,279	5,279	–	–
	17,485	**17,485**	**17,485**	**–**	**–**
2017					
Trade and other payables	9,815	9,815	9,815	–	–
Borrowings	5,110	5,110	5,110	–	–
	14,925	14,925	14,925	–	–

The maturity analysis shows the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity. As disclosed in Note 21, the Group has secured bank loans which contain debt covenants. A breach of these covenants may require the Group to repay the loan earlier than indicated in the table above. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis of the above could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

For the financial year ended 31 December 2018

27 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Currency risk

The Group operates predominantly in PRC and usually transacts in RMB, the official currency in the PRC. Currently, the PRC government imposes control over foreign currencies. RMB is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions. Payments for imported materials or services and remittance of earnings of the PRC subsidiaries to the Company, which is outside of the PRC, are subject to the availability of foreign currencies which depends on the foreign currency denominated earnings of the enterprise, or exchanges of RMB for foreign currency must be arranged through the People's Bank of China or other authorised financial institutions. Approval for exchanges at the People's Bank of China or other authorised financial institutions is granted to enterprises in the PRC for valid reasons such as purchase of imported materials and remittance of earnings. While conversion of RMB into Singapore dollars or other currencies can generally be effected at the People's Bank of China or other authorised financial institutions, there is no guarantee that it can be effected at all times.

Interest rate risk

The Group's exposure to interest rate risk arises primarily from their interest-bearing financial instruments. Borrowings at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). The Group manages its interest rate risk using a mix of fixed and floating rate debts.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated in RMB. If the RMB interest rates increase/decrease by 100 (2017: 100) basis points with all other variables, in particular foreign currency exchange rate being held constant, the effects on the profit after tax are as follows:

	Group Increase/(decrease) in profit after tax	
	2018	2017
	RMB'000	RMB'000
Interest rate		
- Increase by 100 basis points	**(3,173)**	(6,803)
- Decrease by 100 basis points	**3,173**	6,803

Notes to the Financial Statements

For the financial year ended 31 December 2018

28 Fair value of assets and liabilities

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of these financial assets and financial liabilities recorded in the financial statements of the Group and the Company approximate their respective fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

29 Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves, and accumulated profits/(losses) on the statement of financial position. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the financial year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

30 Comparative figures

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017 were audited by another independent auditor whose report dated 6 April 2018 expressed an unmodified opinion with Material Uncertainty Related to Going Concern on those financial statements.

31 Events after the reporting period

In December 2018, the Group successfully obtained a 23-year loan facility from a bank amounting to RMB564,000,000. In January 2019, RMB564,000,000 was drawn down of which RMB267,866,000 was used to refinance certain existing loans (current and non-current), and the remaining amount was or will be deployed as additional working capital for the Group.

32 Authorisation of financial statements

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors dated 7 May 2019.

Shareholdings Statistics

As at 25 April 2019

SHAREHOLDERS' INFORMATION AS AT 25 April 2019

No of equity securities	:	246,677,796
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

There is no treasury share held in the issued capital of the Company.

STATISTICS OF SHAREHOLDINGS

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	–	–	–	–
100 - 1,000	30	17.05	25,624	0.01
1,001 - 10,000	76	43.18	403,100	0.16
10,001 - 1,000,000	53	30.11	9,270,400	3.76
1,000,001 AND ABOVE	17	9.66	236,978,672	96.07
TOTAL	176	100.00	246,677,796	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of Shares	%	No. of Shares	%
Zhao Lizhi	97,518,111	39.53	–	–
Li Mingyang [(1)]	–	–	45,000,000	18.24
Chan Mang Ghoon	16,606,000	6.73	–	–

Note:

(1) Li Mingyang is deemed to be interested in the shares held by Citibank Nominees Singapore Pte Ltd by virtue of Section 7 of the Companies Act.

Shareholdings Statistics
As at 25 April 2019

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ZHAO LIZHI	97,518,111	39.53
2	CITIBANK NOMINEES SINGAPORE PTE LTD	45,012,000	18.25
3	CHAN MANG GHOON	16,606,000	6.73
4	PHILLIP SECURITIES PTE LTD	14,655,800	5.94
5	SKY ASSOCIATES HOLDINGS PTE LTD	12,037,900	4.88
6	WU XUEYING	8,360,000	3.39
7	SUN HAIWEN	7,166,000	2.91
8	OCBC SECURITIES PRIVATE LTD	6,081,861	2.47
9	WANG CHAO	5,672,700	2.30
10	WANG XIN	5,000,000	2.03
11	WANG TENGDA	4,327,000	1.75
12	UOB KAY HIAN PRIVATE LIMITED	3,495,000	1.42
13	DBS VICKERS SECURITIES (S) PTE LTD	2,889,300	1.17
14	FU XINGJIA	2,500,000	1.01
15	ZHANG LI	2,194,000	0.89
16	WANG PENGRUI	2,000,000	0.81
17	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,463,000	0.59
18	JIANGJUNWEI	1,000,000	0.41
19	SUN HUI	870,000	0.35
20	WANG YI	709,000	0.29
	TOTAL	239,557,672	97.12

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

29.55% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **GREEN BUILD TECHNOLOGY LIMITED** will be held at Shibuya Room at level 4 of RNN Conference Centre, 137 Cecil Street, HengDa Building, Singapore 069537 on 31 May 2019 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2018 together with the Auditors' Report thereon. ***(Resolution 1)***

2. To approve the payment of Directors' fees of up to S$170,000 for the financial year ending 31 December 2019 to be paid quarterly in arrears. ***(Resolution 2)***

3. To re-elect Mr Gallen Tay Wi Keng pursuant to Regulation 91 of the Company's Constitution. ***(Resolution 3)***

   [See Explanatory Note (i)]

4. To re-elect Mr Dong Congwen pursuant to Regulation 91 of the Company's Constitution. ***(Resolution 4)***

   [See Explanatory Note (ii)]

5. To re-appoint Baker Tilly TFW LLP as Independent Auditor of the Company and to authorise the Directors to fix their remuneration. ***(Resolution 5)***

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

Notice of Annual General Meeting

7. Authority to issue shares ***(Resolution 6)***

"That, pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Act**") and Rule 806(2) of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding that the authority conferred by the shareholders may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided always that:

the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares excluding treasury shares, and for the purpose of this Resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(A) new shares arising from the conversion or exercise of convertible securities;

(B) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and/or

(C) any subsequent bonus issue, consolidation or subdivision of shares; and

(c) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iii)]

Notice of Annual General Meeting

8. Renewal of Shareholders' Mandate for Interested Person Transactions ***(Resolution 7)***

"That for the purposes of Chapter 9 of the Listing Manual of SGX-ST:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Appendix to the Annual Report (the "**Appendix**") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such Interested Person Transactions as set out in the Appendix (the "**Shareholders' Mandate**");

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit."

[See Explanatory Note (iv)]

By Order of the Board

Lim Kok Meng
Company Secretary

Singapore, 16 May 2019

Explanatory Notes:

(i) Mr Gallen Tay Wi Keng will, upon re-election as a Director of the Company, remain as a Non-Executive and Independent Director of the Company, the Chairman of the Nominating Committee, a member of the Audit Committee and a member of the Remuneration Committee. Mr Gallen Tay Wi Keng will be considered independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST.

(ii) Mr Dong Congwen will, upon re-election as a Director of the Company, remain as a Non-Executive and Independent Director of the Company, a member of the Nominating Committee, a member of the Audit Committee and a member of the Remuneration Committee. Mr Dong Congwen will be considered independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST.

(iii) The Ordinary Resolution 6 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares) for issues other than on a pro-rata basis to shareholders.

(iv) The Ordinary Resolution 7 above, if passed, will authorise the Interested Person Transactions as described in the Appendix to the Annual Report and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notice of Annual General Meeting

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote in his stead.

   (b) A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50 of Singapore).

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies shall in the case of an individual, be signed by the appointor or his attorney, and in the case of a corporation shall be either under the Common Seal or signed by its attorney or a duly authorised officer on behalf of the corporation.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the Meeting.

5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to attend and vote at the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or by attending the Annual General Meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the Annual General Meeting and/or adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

Appendix

APPENDIX - RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. Background

The Board of Directors of Green Build Technology Limited (the "**Company**") refer to:

(a) the notice of the Fifteenth Annual General Meeting of the Company dated 16 May 2019 (the "**Notice**") convening the Fifteenth Annual General Meeting ("**Fifteenth AGM**") of the Company to be held on Friday, 31 May 2019, which accompanies this annual report of the Company for the financial year ended 31 December 2018 ("**Annual Report**"); and

(b) Resolution 7 under the heading "**Special Business**" as set out in the Notice.

2. Shareholders' Mandate

Pursuant to the Company's Circular dated 11 September 2014 (the "**Circular**"), approval of the shareholders of the Company ("**Shareholders**") was deemed obtained for a shareholders' mandate (the "**Shareholders' Mandate**") to enable the Company and its subsidiaries which are considered to be "**entities at risk**" within the meaning of Rule 904(2) of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), in their ordinary course of businesses, to enter into categories of transactions with specified classes of the Company's interested persons, provided that such transactions are entered into on an arm's length basis and on normal commercial terms. The details of the interested person transactions and shareholders' mandate were disclosed in pages 19 to 25 of the said Circular. The Shareholders' Mandate was renewed during the Fourteenth AGM.

3. Proposed Renewal of the Shareholders' Mandate

The Shareholders' Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company ("**AGM**"). Accordingly, the Directors propose that the Shareholders' Mandate be renewed at the Fifteenth AGM, to take effect until the Sixteenth AGM of the Company.

4. Details of the Shareholders' Mandate

Details of the Shareholders' Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with interested persons and other general information relating to Chapter 9 of the Listing Manual, are set out in the annexure of this Appendix (the "**Annexure**").

5. Audit Committee Statement

The Audit Committee has reviewed the terms of the Shareholders' Mandate and confirms that:

(a) the review procedures for determining the transaction prices under the Shareholders' Mandate have not changed since the conclusion of the Fourteenth Annual General Meeting convened on 30 April 2018; and

(b) the review procedures referred to in paragraph 7 of the Annexure are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit Committee, it is of the view that the established review procedures are no longer appropriate or adequate to ensure that the interested person transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new review procedures.

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6. Directors' and Substantial Shareholders' Interests

The interests of the directors and substantial shareholders of the Company in the issued share capital of the Company as at 25 April 2019 can be found on page 108 and 109 of this Annual Report.

7. Abstention from Voting

Mr Zhao Lizhi, who is the Executive Chairman and Director of the Company, has interests in the shares of the Interested Person (as described in paragraph 5.1 of the Annexure to this Appendix), and also holds directorship and/or executive position in it. He and his respective associates will abstain from voting on Resolution 7 being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate in respect of their shareholdings in the Company, if any, at the Fifteenth AGM.

8. Directors' Recommendation

The Directors who are considered independent for the purposes of the proposed renewal of the Shareholders Mandate are, Mr Kuan Cheng Tuck, Mr Gallen Tay Wi Keng and Mr Dong Congwen (the "**Independent Directors**"). The Independent Directors are of the opinion that the entry into of the Interested Person Transactions between the EAR Group (as described in paragraph 2.2 of the Annexure to this Appendix) and those Interested Persons (as described in paragraph 5.1 of the Annexure to this Appendix) in the ordinary course of its business will be entered into to enhance the efficiency of the EAR Group and are in the best interests of the Company.

For the reasons set out in paragraphs 2, 4 and 8 of the Annexure to this Appendix, the Independent Directors recommend that Shareholders vote in favour of Resolution 7, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate at the Fifteenth AGM.

9. Directors' Responsibility Statement

The Directors collectively and individually accept responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate and that there are no material facts the omission of which would make any statement herein misleading.

10. Action To Be Taken By Shareholders

If a Shareholder is unable to attend the Fifteenth AGM and wishes to appoint a proxy to attend and vote on his/her/their behalf, he/her/they should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach Company's Share Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 **not less than** 48 hours before the time appointed for the meeting. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the Shareholder, being the appointor, is not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the Fifteenth AGM, as certified by The Central Depository (Pte) Limited to the Company.

11. SGX-ST

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Appendix and the accompanying Annexure.

Appendix

ANNEXURE - THE SHAREHOLDERS' MANDATE

1. Chapter 9 of the Listing Manual

1.1. Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

1.2. Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement(s), or immediate announcement(s) and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

1.3. Based on the latest audited consolidated accounts of Green Build Technology Limited (the "**Company**") and its subsidiaries (collectively, the Company and its subsidiaries shall hereinafter be referred to as the "**Group**") for the financial year ended 31 December 2018, the consolidated net tangible assets of the Group was approximately RMB70,698,000. As such, in relation to the Company, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the consolidated audited accounts of the Group for the next financial year are published, 5% of the latest audited consolidated net tangible assets of the Group would be approximately RMB3,535,000.

1.4. Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons (the "**Shareholders' Mandate**").

1.5. Under the Listing Manual:-

(a) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(b) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder;

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(c) an "**associate**" means, in relation to an interested person who is a director, chief executive officer, substantial or controlling shareholder:

(i) an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling and parent) of such director, chief executive officer or controlling shareholder;

(ii) the trustees of any trust of which the director or his immediate family, the chief executive officer or his immediate family or controlling shareholder or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object;

(iii) any company in which the director and his immediate family, the chief executive officer and his immediate family or controlling shareholder and his immediate family has an aggregate interest (directly or indirectly) of 30% or more; and

(iv) where a substantial shareholder or a controlling shareholder which is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(d) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual; and

(e) an "**interested person transaction**" means a transaction between an entity at risk and an interested person.

2. Rationale for the Shareholders' Mandate

2.1. It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and the Company's Interested Persons (as defined in paragraph 5 below) are likely to occur from time to time. Such transactions would include the provision of goods and services in the ordinary course of business of the EAR Group to the Company's interested persons.

2.2. In view of the time-sensitive nature of commercial transactions, the obtaining of the Shareholders Mandate pursuant to Chapter 9 of the Listing Manual will enable:

(a) the Company;

(b) subsidiaries of the Company (other than a subsidiary that is listed on the SGX-ST or an approved exchange); and

(c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and interested person(s) of the Company, has or have control, (together, the "**EAR Group**"), or any of them,

in the ordinary course of their businesses, to enter into the categories of transactions ("**Interested Person Transactions**") set out in paragraph 6 below with the specified classes of the Company's interested person(s) (the "**Interested Person(s)**") set out in paragraph 5.1 below, provided such Interested Person Transactions are made on normal commercial terms.

3. The Shareholders' Mandate

3.1. The Shareholders' Mandate will cover the range of activities detailed in paragraph 6 below.

3.2. The Shareholders' Mandate will not cover an Interested Person Transaction which has a value less than S$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such an Interested Person Transaction.

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3.3. Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the Shareholders' Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3.4. The Shareholders' Mandate will take effect from the date of the passing of Resolution 7 as stipulated in the notice of the Fifteenth Annual General Meeting of the Company (the "**Fifteenth AGM**") relating to the renewal of the Shareholders' Mandate to be proposed at the Fifteenth AGM to be held on Friday, 31 May 2019 until the next Annual General Meeting of the Company.

4. Benefits of the Shareholders Mandate

The Shareholders' Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

5. Classes of Interested Persons

5.1. The Shareholders' Mandate will apply to the Group's interested person transactions with Harbin Dali Aluminium Doors & Windows Products Co., Ltd. (the "**Interested Person**").

5.2. Transactions with the Interested Person, which do not fall within the ambit of the proposed Shareholders Mandate, shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

6. Categories of Interested Person Transactions

The Interested Person Transaction that will be covered by the Shareholders' Mandate refer to the purchase of supplies and materials from Interested Persons.

7. Review Procedures for Interested Person Transactions

7.1. The Group's principal activities include that of upgrading existing housing estates using green architecture and green technology. As part of such upgrading projects, the EAR Group may enter into transactions with the Interested Person in the ordinary course of business to purchase supplies and materials for use in the upgrading projects.

7.2. In general, the EAR Group has internal control procedures to ensure that the Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual practices and policies, which (in relation to services or products to be provided to or procured from the Interested Person) are no more favourable than those extended to unrelated third parties. As a general practice, the EAR Group will only enter into transactions with the Interested Person if the terms offered by the Interested Person are no less favourable than that offered by unrelated third parties. The Audit Committee will also review and approve the transactions where applicable, as further described below.

7.3. To ensure that all Interested Person Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, the Group has established the following guidelines and procedures to be complied with prior to entry by the Group into any Interested Person Transaction:

(a) the Chief Financial Officer (and/or the Financial Controller, as the case may be), of the Group and the finance manager of the relevant EAR Group entity entering into the Interested Person Transaction (collectively, the "**Finance Team**") shall review quotations obtained from the Interested Person and at least two (2) other quotes from unrelated third parties. The EAR Group will only enter into transactions with such Interested Person provided the quotation offered by the Interested Person, after taking into consideration various factors

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including, *inter* alia, credit standing, volume of transactions, delivery requirements, age of products, product attachments, tenure of business relationship and potential for future repeat business, are no less favourable than those offered by the unrelated third parties, when compared to at least two latest similar transactions between the EAR Group and unrelated third parties; and

(b) where it is not possible to compare the terms of an Interested Person Transaction against the terms of other transactions with unrelated third parties, the Finance Team will consider whether the pricing of the Interested Person Transactions is in accordance with the EAR Group's usual business practices and pricing policies, and consistent with the usual unit costs (i.e. the unit costs chargeable by third parties at market rate for similar goods supplied by them) to be obtained for the same or substantially similar types of transactions, to determine whether the relevant transaction is carried out at arm's length and on normal commercial terms.

7.3.1. Approval by Directors and Audit Committee

In addition to the guidelines and review procedures set out above, the following approval procedures will be implemented to supplement existing internal control procedures and ensure that the Interested Person Transactions are undertaken on an arms' length basis and on normal commercial terms:

(a) the review and approval of the Financial Controller and any one Director (with no interest, direct or indirect, in the Interested Person Transaction) is required for any Interested Person Transaction where the value thereof is below the lower of, RMB 5 Million or 3% of the Group's latest audited NTA; and

(b) the review and approval of the Audit Committee is required for any Interested Person Transaction where the value thereof is equal to, or above the lower of, RMB 5 Million or 3% of the Group's latest audited NTA.

The approval thresholds set out above will be adopted by the Company taking into account, *inter alia*, the nature, volume, recurrent frequency and size of the Interested Person Transactions, as well as the EAR Group's day-to-day operations, administration and businesses. The threshold limits are arrived at as a result of a balancing exercise after considering the operational efficiency for the day-to-day business operations of the Group and the internal controls for interested person transactions.

In addition, the above review includes the examination of the Interested Person Transactions and its supporting documents or such other data deemed necessary by the Directors or the Audit Committee. The Finance Team will prepare the relevant information to assist the Directors or the Audit Committee in its review. The Directors or the Audit Committee shall, when it deems fit, have the right to require the appointment of independent advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the Interested Person Transactions under review.

7.3.2. Periodic Review Procedures

The EAR Group has also implemented the following procedures for the identification of Interested Persons and the record of all Interested Person Transactions:

(a) the Finance Team will maintain a list of Interested Persons and their Associates (which is to be updated immediately if there are any changes) to enable identification of Interested Persons. The list of Interested Persons which is maintained shall be reviewed quarterly by the Chief Financial Officer (and/or the Financial Controller, as the case may be) and subject to such verifications or declarations as required by the Audit Committee from time to time or for such period as determined by them. This list of Interested Persons shall be disseminated to all staff of the Group that the Finance Team considers relevant for the purpose of entering into transactions that fall under the Shareholders' Mandate;

(b) the Finance Team will maintain a register of transactions carried out with the Interested Person pursuant to the Shareholders' Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into) (the "**IPT Register**"). Any discrepancies or significant variances

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(as determined by the Audit Committee) from the Group's usual business practices and pricing policies will be highlighted to the Audit Committee. The IPT Register will also record any transaction with an Interested Person that is less than S$100,000 in value, though such transactions are not covered under the Shareholders' Mandate;

(c) the Audit Committee shall, at least on a quarterly basis, periodically review the IPT Register to ensure that the Interested Person Transactions are carried out on normal commercial terms and in accordance with the guidelines and review procedures under the Shareholders' Mandate. All relevant non-quantitative factors will also be taken into account, including but not limited to customer requirements, specification compliance, delivery schedules, track record, experience and expertise. The Group's internal and external auditors shall assist the Audit Committee in such review and carry out such tests as they deem necessary;

(d) the Company's annual internal audit plan shall incorporate a review of all Interested Person Transactions, including the established review procedures for monitoring of such Interested Person Transactions, entered into during the current financial year pursuant to the Shareholders' Mandate. The Group's internal auditor shall, on a yearly basis, subject to adjustment in frequency, and depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit Committee on all Interested Person Transactions, and the basis of such transactions, entered into with the Interested Person(s) during the preceding period;

(e) as part of the Group's annual audit, external auditors will review the Interested Person Transactions on a sampling basis. The external auditors will report to the Audit Committee in the event of any non-compliance based on the audit sample;

(f) the Audit Committee and the Board shall review the internal audit reports to ascertain that the guidelines and review procedures under the Shareholders' Mandate have been complied with and have overall responsibility for the determination of such guidelines and review procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate. In addition, the Audit Committee shall also review from time to time the guidelines and review procedures to determine if they are adequate and/or commercially practicable in ensuring that all Interested Person Transactions are conducted on normal commercial terms;

(g) if during its periodic reviews the Audit Committee is of the view that the proposed review procedures and guidelines in place have become inappropriate or insufficient in view of the changes to the nature of, or the manner in which, the business activities of the Group are conducted, it will, in consultation with the Board, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the Interested Person Transactions will be conducted on normal commercial terms and, hence, will not be prejudicial to the interests of the Company and its minority Shareholders. The Company will then accordingly seek a fresh mandate from the Shareholders based on the new review procedures and guidelines for Interested Person Transactions.

7.3.3. Interested Audit Committee Member to Abstain

In the event that a member of the Audit Committee (where applicable) is interested (directly or indirectly) in any Interested Person Transaction, he/she will abstain from reviewing that particular transaction to ensure that the Interested Person Transaction will be carried out on normal commercial terms and not be prejudicial to the interests of the Company and its minority Shareholders. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

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7.3.4. Further Compliance

The Board will ensure compliance with all disclosure, approval and other requirements relating to Interested Person Transactions, including those prescribed by applicable laws and regulations, the Listing Manual and accounting standards.

8. Benefits to the EAR Group

8.1. The renewal of the Shareholders' Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Interested Person Transactions or Interested Persons arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.

8.2. The Shareholders' Mandate is intended to facilitate transactions in the normal course of business of the EAR Group, which are transacted from time to time with the Interested Person, provided that they are carried out at arm's length and on the normal commercial terms and are not prejudicial to Shareholders.

8.3. The Company will announce the aggregate value of transactions conducted with the Interested Person pursuant to the Shareholders' Mandate for the half-yearly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

Disclosure will also be made in the annual reports of the Company of the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders' Mandate during the financial year in which a shareholders' mandate is in force.

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GREEN BUILD TECHNOLOGY LIMITED

(Company Registration No. 200401338W)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy GREEN BUILD TECHNOLOGY LIMITED's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

Proxy Form

(Please see notes overleaf before completing this Form)

I/We ______________________________ (Name), NRIC/Passport Number ______________________________

of ____(Address)

being a member/members of Green Build Technology Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting (the "**Meeting**") as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting of the Company to be held at **Shibuya Room at level 4 of RNN Conference Centre, 137 Cecil Street, HengDa Building, Singapore 069537** on **31 May 2019** at **10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against
Ordinary Business			
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018		
2.	Approval of Directors' fees for the financial year ending 31 December 2019, to be paid quarterly in arrears		
3.	Re-election of Mr Gallen Tay Wi Keng as a Director		
4.	Re-election of Mr Dong Congwen as a Director		
5.	Re-appointment of Baker Tilly TFW LLP as Independent Auditor		
Special Business			
6.	Authority to allot and issue new shares		
7.	Renewal of Shareholders' Mandate for Interested Person Transactions		

Dated this ______________ day of ______________________ 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete accordingly

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Except for a member who is a relevant intermediary (as defined under the Companies Act, Chapter 50 of Singapore (the "**Act**")), a member entitled to attend and vote at the general meeting is entitled to appoint one or two proxies to attend and vote in his stead. A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the general meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares.

3. Where a member who is not a relevant intermediary appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. Where a member who is a relevant intermediary appoints two or more proxies, the appointments shall be invalid unless the number and class of shares in relation to which each proxy has been appointed is specified in the proxy form.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. The dispensation of the use of common seal pursuant to Sections 41A, 41B and 41C of the Act effective from 31 March 2017 is applicable at the Meeting.

8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Act.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.