



GREEN BUILD TECHNOLOGY

GREEN BUILD TECHNOLOGY LIMITED
(Co. Reg. No. 200401338W)
AND ITS SUBSIDIARIES

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
30 September 2022

This condensed interim financial statement is issued pursuant to the SGX's requirements under Listing Rule 705(2C) of the SGX-ST Listing Rules (Mainboard) in view of the material uncertainty relating to going concern raised by the Company's statutory auditor.

GREEN BUILD TECHNOLOGY LIMITED

(Incorporated in Singapore)
(Co. Reg. No. 200401338W)

A. Condensed interim consolidated statement of profit and loss and other comprehensive (loss)/income

	Group			Group			
	Note	3Q2022 RMB'000	3Q2021 RMB'000	Increase/ (Decrease)	9M2022 RMB'000	9M2021 RMB'000	Increase/ (Decrease)
Revenue	3	1,748	2,377	-26.5%	4,743	5,340	-11.2%
Cost of sales		(2,089)	(2,158)	-3.2%	(3,098)	(5,052)	-38.7%
Gross (loss)/profit		(341)	219	N.M	1,645	288	471.2%
Other income		25	23	8.7%	35	260	-86.5%
Finance income		12,700	12,715	-0.1%	38,102	38,145	-0.1%
Expenses							
Administrative expenses		(2,730)	(1,433)	90.5%	(4,966)	(5,142)	-3.4%
Impairment losses on financial assets		(71,023)	-	N.M	(71,023)	-	N.M
Interest expenses on borrowings		(9,286)	(9,910)	-6.3%	(29,042)	(29,458)	-1.4%
(Loss)/profit before tax	4	(70,655)	1,614	N.M	(65,249)	4,093	N.M
Income tax expense		(403)	(412)	-2.2%	(1,611)	(1,285)	25.4%
(Loss)/profit for the period		(71,058)	1,202	N.M	(66,860)	2,808	N.M
Other comprehensive (loss)/income for the period, net of tax							
Foreign currency translation differences arising on consolidation		(272)	11	N.M	(398)	98	N.M
Total comprehensive (loss)/income for the period, net of tax		(71,330)	1,213	N.M	(67,258)	2,906	N.M
(Loss)/profit for the period attributable to:							
Owners of the Company		(71,058)	1,202	N.M	(66,860)	2,808	N.M
Total comprehensive (loss)/income for the period, attributable to:							
Owners of the Company		(71,330)	1,213	N.M	(67,258)	2,906	N.M

Definitions:

"9M2021" - 9 months from 1 January 2021 to 30 September 2021

"9M2022" - 9 months from 1 January 2022 to 30 September 2022

"3Q2021" - 3 months from 1 July 2021 to 30 September 2021

"3Q2022" - 3 months from 1 July 2022 to 30 September 2022

"N.M" - Not meaningful

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B. Condensed interim statements of financial position

	Group		Company		
	Note	30.09.2022 RMB'000	31.12.2021 RMB'000	30.09.2022 RMB'000	31.12.2021 RMB'000
Non-current assets					
Plant and equipment		213	322	-	-
Intangible assets		1,072	1,072	-	-
Subsidiaries		-	-	-*	-*
Investment in associated company		248	248	-	-
Service concession receivables	5	709,382	743,185	-	-
Contract assets	5	49,077	49,077	-	-
Prepayments		3,630	4,620	-	-
Total non-current assets		763,622	798,524	-	-
Current assets					
Service concession receivables	5	94,680	102,006	-	-
Trade and other receivables	6	27,834	27,809	16	13,612
Prepayments	7	1,681	4,665	-	-
Cash and cash equivalents		3,047	6,101	859	50
Total current assets		127,242	140,581	875	13,662
Total assets		890,864	939,105	875	13,662
Equity					
Share capital	8	126,807	124,909	126,807	124,909
Foreign currency translation reserve		1,182	1,580	1,191	1,539
Accumulated losses		(129,002)	(62,142)	(133,410)	(130,859)
Equity attributable to equity holders of the Company		(1,013)	64,347	(5,412)	(4,411)
Non-controlling interests		1,919	1,919	-	-
Total equity		906	66,266	(5,412)	(4,411)
Non-current liabilities					
Borrowings	9	539,500	568,000	-	-
Total non-current liabilities		539,500	568,000	-	-
Current liabilities					
Trade and other payables	10	291,031	272,327	6,287	13,214
Contract liabilities		581	646	-	-
Borrowings	9	34,562	9,193	-	4,859
Tax payable		24,284	22,673	-	-
Total current liabilities		350,458	304,839	6,287	18,073
Total liabilities		889,958	872,839	6,287	18,073
Total equity and liabilities		890,864	939,105	875	13,662

* Less than RMB1,000.

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C. Condensed interim statement of changes in equity

	Attributable to equity holders of the Company					Total equity RMB'000
	Share capital RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Sub-Total RMB'000	Non-controlling interests RMB'000	
Group						
As at 1 January 2022	124,909	1,580	(62,142)	64,347	1,919	66,266
Loss for the period	-	-	(66,860)	(66,860)	-	(66,860)
Other comprehensive loss						
- Foreign currency translation differences arising on consolidation	-	(398)	-	(398)	-	(398)
Total comprehensive loss for the period, net of tax	-	(398)	(66,860)	(67,258)	-	(67,258)
Issuance of 25,466,666 new ordinary shares	1,898	-	-	1,898	-	1,898
As at 30 September 2022	126,807	1,182	(129,002)	(1,013)	1,919	906
As at 1 January 2021	124,909	1,408	(67,146)	59,171	1,919	61,090
Profit for the period	-	-	2,808	2,808	-	2,808
Other comprehensive income						
- Foreign currency translation differences arising on consolidation	-	98	-	98	-	98
Total comprehensive income for the period, net of tax	-	98	2,808	2,906	-	2,906
As at 30 September 2021	124,909	1,506	(64,338)	62,077	1,919	63,996
Company						
As at 1 January 2022	124,909	1,539	(130,859)	(4,411)	-	(4,411)
Loss for the period	-	-	(2,551)	(2,551)	-	(2,551)
Other comprehensive loss						
- Foreign currency translation differences	-	(348)	-	(348)	-	(348)
Total comprehensive loss for the period, net of tax	-	(348)	(2,551)	(2,899)	-	(2,899)
Issuance of 25,466,666 new ordinary shares	1,898	-	-	1,898	-	1,898
As at 30 September 2022	126,807	1,191	(133,410)	(5,412)	-	(5,412)
As at 1 January 2021	124,909	1,406	(128,299)	(1,984)	-	(1,984)
Loss for the period	-	-	(1,967)	(1,967)	-	(1,967)
Other comprehensive income						
- Foreign currency translation differences	-	73	-	73	-	73
Total comprehensive income/(loss) for the period, net of tax	-	73	(1,967)	(1,894)	-	(1,894)
As at 30 September 2021	124,909	1,479	(130,266)	(3,878)	-	(3,878)

GREEN BUILD TECHNOLOGY LIMITED(Incorporated in Singapore)
(Co. Reg. No. 200401338W)**D. Condensed interim consolidated statement of cash flows**

	Group	
	9M2022 RMB'000	9M2021 RMB'000
Cash flows from operating activities		
(Loss)/profit before tax	(65,249)	4,093
Adjustments for:		
Depreciation of plant and equipment	109	114
Amortisation of intangible assets	-	4
Interest expense	29,042	29,458
Impairment losses on financial assets	71,023	-
Unwinding of discount on service concession receivables and contract assets	(38,102)	(38,145)
Operating loss before working capital changes	(3,177)	(4,476)
Changes in working capital:		
Service concession receivables and contract assets	11,108	66,292
Trade and other receivables	(24)	2,685
Prepayments	1,073	(2,389)
Contract liabilities	(65)	(1,342)
Trade and other payables	1,815	(18,196)
Currency translation adjustments	(398)	98
Net cash generated from operating activities	10,332	42,672
Cash flows from investing activities		
Purchase of plant and equipment	-	(1)
Net cash used in investing activities	-	(1)
Cash flows from financing activities		
Proceeds from bank borrowings	-	2,700
Repayment of bank borrowings	(2,800)	(500)
Repayment to a former director/substantial shareholder	(1,142)	(5,938)
Repayment to related parties	(331)	(9,894)
Proceeds from issuance of 25,466,666 new ordinary shares	1,898	-
Interest paid	(11,011)	(29,458)
Net cash used in financing activities	(13,386)	(43,090)
Net decrease in cash and cash equivalents	(3,054)	(419)
Cash and cash equivalents at beginning of period	6,101	801
Cash and cash equivalents at end of period	3,047	382

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E. Notes to the condensed interim consolidated 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, #20-03 Clifford Centre, Singapore 048621. The principal place of business of the Group is at 27 Tianshun Street, Level 2 Room 202, 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 Group are (i) construction, operation and management of sustainable development projects, (ii) trading of construction materials, (iii) energy conservation services and installation of green technology and architecture, (iv) project management and (v) investment holdings.

2 Basis of preparation

The condensed interim financial statements for the financial period ended 30 September 2022 (“9M2022”) have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the financial year ended 31 December 2021. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2. The condensed interim financial statements are presented in Renminbi (“RMB”) and all values in the tables are rounded to the nearest thousand (“RMB’000”), except where otherwise indicated.

2.1 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 2.4 below.

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.

2.2 New and revised standards that are adopted

The Group and the Company have adopted the new and revised SFRS(I)s, and interpretations of SFRS(I) (“SFRS(I) INTs”) that are effective for the annual period beginning on 1 January 2022. The adoption of these SFRS(I)s and SFRS(I) INTs did not have any significant effect on the condensed interim financial statements of the Group and the Company.

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2.3 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.

2.4 Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management has made the following judgements that have the most significant effect on the amounts recognised in the condensed interim financial statements (apart from those involving estimations).

Going concern assumption

As at 30 September 2022, the Group's and the Company's current liabilities exceeded current assets by RMB223,216,000 (31 December 2021: RMB164,258,000) and RMB5,412,000 (31 December 2021: RMB4,411,000) respectively. During the financial period ended 30 September 2022, the Group and the Company incurred a net loss of RMB66,860,000 (9M2021: net profit of RMB2,808,000) and RMB2,551,000 (9M2021: RMB1,967,000), respectively. In addition, the COVID-19 pandemic and the zero-Covid-19 strategy adopted by the PRC has brought about uncertainties to the Group's and the Company's operating environments and has impacted the Group's operations in the PRC and its financial performance, cash flow and liquidity during the financial period.

These factors indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business.

Nevertheless, the management believes that the use of the going concern assumption in the preparation and presentation of the condensed interim financial statements for the financial period ended 30 September 2022 is appropriate after taking into consideration the following factors:

- (i) The Group is working with relevant government bodies and agencies of the PRC to expedite on the finalisation of the cost of the phase one of the underground utility tunnel project and the collection of subsidies from the completed insulation project. Upon the finalisation for such costs for phase one of the underground utility tunnel project and barring any unforeseen circumstances, the Group expects subsidies to be received pursuant to service concession agreements from certain government bodies and agencies of the PRC for the next 12 months from financial period ending 30 September 2022 as follows:
 - RMB74.5 million in relation to phase one of the underground utility tunnel project;
and
 - RMB20.2 million in relation to the completed insulation project;

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- (ii) As at the date of this announcement, the Company has entered into loan agreements for the loans of approximately RMB3.0 million from two lenders for working capital purposes and for investment in hotel management businesses in Singapore;
- (iii) Certain related parties (entities in which the controlling shareholder, Mr Zhao Lizhi, 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 fifteen months from 10 November 2021; and
- (iv) As announced by the Company on 30 September 2022, due to the delay in the cost finalisation process and consequently, the receipt of the subsidies from the PRC government bodies and agencies in relation to phase one of the underground utility tunnel project, the Group has made an application to Harbin Bank on 21 September 2022 to further extend the payment deadline for the repayment of its principal loan and interest payments in relation to a facility previously obtained.

The condensed interim financial statements have been prepared on the assumptions that the Group and the Company will continue as going concerns. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the 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 and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. No such adjustments have been made to these financial statements.

3 Revenue

	Group		Group	
	3Q2022 RMB'000	3Q2021 RMB'000	9M2022 RMB'000	9M2021 RMB'000
Management & consultancy fees	250	2,027	250	2,150
Sales of goods	-	-	-	1,669
Operation revenue	1,498	350	4,493	1,521
	<u>1,748</u>	<u>2,377</u>	<u>4,743</u>	<u>5,340</u>

GREEN BUILD TECHNOLOGY LIMITED(Incorporated in Singapore)
(Co. Reg. No. 200401338W)**4 Breakdown of (loss)/ profit before tax is arrived at after charging/(crediting) the following:**

	Group			Group		
	3Q2022 RMB'000	3Q2021 RMB'000	Increase/ (Decrease)	9M2022 RMB'000	9M2021 RMB'000	Increase/ (Decrease)
Depreciation of plant and equipment	35	42	-16.6%	109	114	-4.4%
Amortisation of intangible assets	-	2	-100.0%	-	4	-100.0%
Staff costs	1,225	621	97.2%	2,455	2,138	14.8%
Interest expense on loans and borrowings	9,286	9,910	-6.3%	29,042	29,458	-1.4%
Unwinding of discount on service concession receivables and contract assets	(12,700)	(12,715)	-0.1%	(38,102)	(38,145)	-0.1%
Impairment losses on financial assets	71,023	-	N.M	71,023	-	N.M
Foreign exchange loss/(gain), net	396	(23)	N.M	430	(246)	N.M

5 Service concession receivables and contract assets

	Group	
	30.09.2022 RMB'000	31.12.2021 RMB'000
Non-current assets		
Service concession receivables	799,780	765,460
Less: Allowance for expected credit losses	(90,398)	(22,275)
	709,382	743,185
Contract assets	49,077	49,077
	758,459	792,262
Current assets		
Service concession receivables	94,680	102,006
Net carrying amount	853,139	894,268

The Group has entered into three service concession arrangements with a government agency of the PRC to construct and operate the 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 constructing and operating 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 mechanisms with the government agency of the PRC and/or certain amounts from the residents of the existing housing estate which will be collected on behalf by the government agency of the PRC. At the end of the service concession periods, the assets will be transferred to the respective grantors.

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5 Service concession receivables and contract assets (continued)

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 - 第一期	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 - 第二期	Harbin City, Heilongjiang Province	Government agency 委员会	PPP	From 2021 to 2040

The service concession receivables represent amounts due from grantors (except for RMB17,480,000 due from residents) in respect of the Insulation project and phase one of the underground utility tunnel project where the construction services have been completed.

As at 30 September 2022, the construction services of the phase one of the underground utility tunnel project have been completed and accepted by the government agency of the PRC but is currently pending cost finalisation by the government agency of the PRC. The Group has submitted the full construction settlement costs for phase one of the underground utility tunnel project ("Submitted Costs") (where information of the Submitted Costs shall remain confidential) to the government agency of the PRC for review. The outbreak of the COVID-19 pandemic had prompted the PRC Government to place a lockdown on Harbin City on several occasions in 2020, 2021 and in early 2022, and strict preventive measures were put in place to combat the COVID-19 pandemic from 2020 to early 2022. The PRC Government is also believed to have expended a huge amount of effort and costs in implementing such measures. These have led to the delay in the cost finalisation for phase one of the underground utility tunnel project. As at 30 September 2022, about 21% of the Submitted Costs have been reviewed by the government agency of the PRC and, relating to this 21% of the Submitted Costs, the construction settlement amount thereafter approved was approximately 16% lesser than the submitted amount ("16% Reduction"). Extrapolating the 16% Reduction to the Submitted Costs and taking into consideration of the estimated delays in cost finalisation and timing of subsidies, the Group estimated and recorded impairment losses arising from phase one of the underground utility tunnel project to be around RMB60.4 million for 9M2022. As the Group needs to service interest and principal repayments of bank loans, it will continue to expedite on cost finalisation of phase one of the underground utility tunnel project. However, while the cost finalisation is still ongoing as at 30 September 2022, the General Office of Harbin Municipal People's Government has paid the Group government subsidies of RMB6.4 million during 9M2022. Following the cost finalisation of phase one of the underground utility tunnel project, the amount of government subsidies, determined according to the formula stipulated in the agreement, shall be approved and disbursed by the Harbin Municipal People's Government on a quarterly basis over a concession period of 25 years.

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5 Service concession receivables and contract assets (continued)

For phase two of the underground utility tunnel project, the Group has commenced some construction work and recognised contract assets of RMB49,077,000 as at 30 September 2022, but the financing from the banks has been affected by the borrowing ratios of the Harbin government exceeding the nationwide benchmark in the PRC. The Harbin government is in discussions with the Group for the acquisition of the completed portions of phase two of the underground utility tunnel project. In the interim, the Group has completed, with its main contractor and construction supervisor, and submitted, the preliminary review of the work which was carried out by the Group for phase two of the underground utility tunnel project and for which the Group would want to bill.

For the Insulation project, as of the date of this announcement, the Group has received approximately RMB9.2 million of subsidies from the relevant government bodies and agencies of the PRC. However, subsidies of approximately RMB14.6 million due from the Harbin government which was initially due for receipt in June 2022 has not been received by the Group. Accordingly, the Group reassessed the timing of subsidies to be received from the relevant government bodies and agencies and has estimated and recorded impairment losses arising from the service concession receivables for its Insulation project to be around RMB7.7 million.

GREEN BUILD TECHNOLOGY LIMITED(Incorporated in Singapore)
(Co. Reg. No. 200401338W)**6 Trade and other receivables**

	Group		Company	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
- Third parties	20,502	20,252	-	-
Less: Allowance for expected credit losses	(8,768)	(8,768)	-	-
	11,734	11,484	-	-
Non-trade amounts due from subsidiaries	-	-	-	13,598
Other receivables	15,389	15,614	-	-
Deposits	2,650	2,650	16	14
Less: Allowance for expected credit losses	(1,939)	(1,939)	-	-
	16,100	16,325	16	13,612
	27,834	27,809	16	13,612

7 Prepayments

	Group	
	30.09.2022	31.12.2021
	RMB'000	RMB'000
Current assets		
Prepayments	4,582	4,665
Less: Allowance for expected credit losses	(2,901)	-
Net carrying amount	1,681	4,665

During the financial period ended 30 September 2022, the Group provided for allowance for impairment losses for prepaid expenses (for the bidding and consultancy work) incurred for phase two of the underground utility tunnel project. Based on the latest meetings with the relevant government bodies and agencies of the PRC government for the purpose of the acquisition of the completed portions of phase two of the underground utility tunnel project by the PRC government, it is noted that such costs may not be recoverable and, accordingly, allowance for impairment losses has been made.

GREEN BUILD TECHNOLOGY LIMITED(Incorporated in Singapore)
(Co. Reg. No. 200401338W)**8 Share capital**

Issued and Paid-Up Capital	Company		
	Number of Shares	Share Capital (S\$'000)	Share Capital (RMB'000)
As at 31 December 2021 and 1 January 2022	246,677,796	25,345	124,909
Issuance of 25,466,666 new ordinary shares	25,466,666	382	1,898
As at 30 September 2022	272,144,462	25,727	126,807

As announced on 26 August 2022, 15 September 2022 and 19 September 2022, the Company carried out a share placement exercise (the “**Placement**”) and issued 25,466,666 new ordinary shares at an issue price of S\$0.015 cents per share for an aggregate cash consideration of S\$382,000 (RMB1,898,000) for working capital purposes.

As at 30 September 2022, the net cash proceeds from the Placement have been utilised in the following manner:

	Intended Use of Net Proceeds		Amount utilised, as at 30 September 2022		Balance as at 30 September 2022	
	Amount (S\$'000)	Amount (RMB'000)	Amount (S\$'000)	Amount (RMB'000)	Amount (S\$'000)	Amount (RMB'000)
Payment of professional fees and listing expenses	267	1,333	126	629	141	704
Payment of directors' fees and remuneration	100	499	89	444	11	55
Total	367	1,832	215	1,073	152	759

The Company did not have any outstanding convertibles and treasury shares as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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9 Borrowings

Amount repayable in one year or less, or on demand

	Group		Company	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Loan from bank (a)	1,400	1,000	-	-
Loan from bank (b)	-	2,700	-	-
Loans from related parties (c)	5,162	5,493	-	4,859
Loan from bank (d)	28,000	-	-	-
	34,562	9,193	-	4,859

Amount repayable after one year

	Group		Company	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Loan from bank (d)	-	28,000	-	-
Loan from bank (a)	539,500	540,000	-	-
	539,500	568,000	-	-

Details of any collateral:

- (a) The bank borrowings are secured over (i) the service concession arrangements with a government agency of the PRC to construct and operate underground utility tunnel on a PPP basis; (ii) the Company's entire shareholding held in a wholly-owned subsidiary, Harbin Utility Tunnel Construction and Management Co., Ltd; and (iii) the joint and several guarantees provided by the controlling shareholder, Mr Zhao Lizhi, the Group's former CEO, Ms Wu Xueying, and another wholly-owned subsidiary. As at 30 September 2022, the outstanding amount of RMB540.9 million is repayable progressively with final maturity due in 2041.
- (b) The bank borrowings are for general working capital and is secured by guarantees provided by the controlling shareholder, Mr Zhao Lizhi. The bank loan was fully repaid in January 2022.
- (c) Loans from related parties, which are controlled by controlling shareholder, Mr Zhao Lizhi, are unsecured, interest-free and repayable on demand.
- (d) The bank borrowings are secured over the service concession arrangements with the government agency of the PRC for the insulation project on a PPP basis. This outstanding bank loan of RMB28.0 million is repayable progressively with final maturity on 14 April 2023.

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10 Trade and other payables

	Group		Company	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	197,686	197,741	-	-
Other payables	6,724	5,654	-	-
Accrued operating expenses	64,232	63,310	4,596	3,305
Loan from a shareholder and a former director	-	1,142	403	405
Interest payable	18,031	-	-	-
Non-trade amount due to a shareholder/ key management personnel	-	3,165	-	3,165
Non-trade amount due to directors	4,358	1,315	1,288	1,315
Non-trade amount due to a subsidiary	-	-	-	5,024
	291,031	272,327	6,287	13,214

The loans from a shareholder and a former director are unsecured and repayable on demand.

Non-trade amounts due to a shareholder/key management personnel, directors and a subsidiary are unsecured and repayable on demand.

11 Segmented revenue and results

For management purpose, the Group is organised into business units based on their products and services. The Group has four reportable segments; being the Insulation segment, underground utility tunnel segment, management segment and materials trading segment for the financial period ended 30 September 2022 and 2021.

	Underground		Management	Materials Trading	Adjustment and Elimination	Total
	Insulation	Utility Tunnel				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
9M2022						
Revenue						
External customers	1,049	3,444	250	-	-	4,743
Inter-segment revenue	-	-	990	-	(990)	-
Segment results						
Segment loss	(4,108)	(57,484)	(699)	(367)	(2,591)	(65,249)
9M2021						
Revenue						
External customers	1,049	472	2,150	1,669	-	5,340
Inter-segment revenue	-	-	990	245	(1,235)	-
Segment results						
Segment profit/(loss)	3,381	4,710	(1,824)	(154)	(2,020)	4,093

No further geographical segment information is presented as 100% of the Group's revenue is derived from customers based in the PRC.

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F. Other information required by Listing Rule 7.2

1. **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Company	
	As at 30 September 2022	As at 31 December 2021
Total number of issued shares	272,144,462	246,677,796

As announced on 26 August 2022, 15 September 2022 and 19 September 2022, the Company carried out the Placement and issued 25,466,666 new ordinary shares at an issue price of S\$0.015 per share for an aggregate cash consideration of S\$382,000.00 (RMB1,898,000) for working capital purposes.

Please refer to paragraph E 8 above for further details.

2. **A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

3. **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

4. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

5. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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6. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (i) Updates on the efforts taken to resolve each outstanding audit issues.**
- (ii) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

In the latest audited financial statements of the Company for the financial year ended 31 December 2021, under the basis for Disclaimer of Opinion, the following significant matters were disclosed: (1) Appropriateness of the going concern assumption and (2) Expected credit loss assessment of service concession receivables and contract assets. The Board will endeavour to resolve the above-mentioned matters within the next twelve months. Efforts made by the Company towards resolution of these outstanding audit issues include: (i) strengthening the Group's cash position by raising funds via the Placement and entering into loan agreements with two lenders; (ii) sourcing and procurement of new business and projects similar to the Group's existing business to increase revenue stream; (iii) engaging the Harbin Government in relation to the acquisition of the completed portions of phase two of the underground utility tunnel project and other completed projects by the government; (iv) working closely with the Harbin Government to expedite on the cost finalisation of the phase one of the underground utility tunnel; (v) engaging major suppliers on repayment plans for the repayment of outstanding trade payables and (vi) engaging Harbin Bank on the rescheduling of payments of loan interests and principal repayments.

Based on current available information, the Board confirms that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

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7. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

(Loss)/earnings per ordinary share for the period:	Group		Group	
	3Q2022	3Q2021	9M2022	9M2021
Company (RMB '000)	(71,058)	1,202	(66,860)	2,808
Weighted average number of ordinary shares in issue ('000)	250,000	246,678	247,797	246,678
(a) Basic (loss)/earnings per share (RMB cents)	(28.42)	0.49	(26.98)	1.14
(b) On a fully diluted basis (RMB cents)	(28.42)	0.49	(26.98)	1.14

Basic and fully diluted (loss)/earnings per share were the same as there were no potentially dilutive ordinary shares in issue as at 30 September 2022 and 30 September 2021.

8. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
Net (liabilities)/assets (RMB'000)	(1,013)	64,347	(5,412)	(4,411)
Number of ordinary shares in issue as at the end of the financial period/year reported on	272,145	246,678	272,145	246,678
Net (liabilities)/assets value per ordinary share based on issued share capital as at the end of the period/year reported on (RMB cents)	(0.37)	26.09	(1.99)	(1.79)

Net (liabilities)/assets are defined as total assets less total liabilities and non-controlling interests.

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9. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review for the performance of the Group for the financial period ended 30 September 2022 (“9M2022”) as compared to the financial period ended 30 September 2021 (“9M2021”).

(A) Performance Review - Overall

During the period under review, the Group's revenue of RMB4.7 million for 9M2022 was mainly derived from maintenance and management services provided. The net loss after tax attributable to equity holders of the Company was RMB66.9 million for 9M2022 as compared to net profit after tax attributable to equity holders of the Company of RMB2.8 million for the corresponding period for 9M2021.

(B) Revenue

Revenue of RMB4.7 million in 9M2022 was derived mainly from maintenance and management services provided while revenue of RMB5.3 million in 9M2021 was derived mainly from project consultancy services in relation to the refurbishment of old estates, maintenance services and trading of construction materials.

(C) Gross Profit

Gross profit margin increased by 29.3% from 5.4% in 9M2021 to 34.7% in 9M2022. This was due mainly to the higher gross margin arising from (i) the lower maintenance costs incurred in phase one of the underground utility tunnel project and (ii) revenue of RMB0.3 million generated from a two-year consulting and maintenance contract with annual revenue of RMB3.0 million (starting 1 September 2022) secured by a subsidiary in the Group, Yunbao (Heilongjiang) Investment Co., Ltd (“Yunbao”), in 9M2022 as compared with 9M2021.

The Group incurred a gross loss of RMB0.3 million in 3Q2022 which was mainly due to higher maintenance costs incurred in phase one of the underground utility tunnel in 3Q2022 as compared with 3Q2021.

(D) Other Profit and Loss Items

Similar to 9M2021, finance income in 9M2022 was RMB38.1 million arising from the unwinding of discount on the service concession receivables and contract assets from the Group's Insulation and underground utility tunnel projects, which is non-cash in nature.

Administrative expenses decreased slightly by RMB0.2 million from RMB5.1 million in 9M2021 to RMB5.0 million in 9M2022. This was due to cost control measures implemented by the Group and frequent implementation of traveling restrictions and estate/city wide lock-downs arising from the rise in COVID-19 cases in Harbin city, resulting in the corresponding reduction in business activities in Harbin city during 9M2022.

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During 9M2022, impairment losses of RMB71.0 million was provided for the following: (i) service concession receivables arising from phase one of the underground utility tunnel project and Insulation project for reasons provided in paragraph E.5 above; and (ii) prepayment for phase two of the underground utility tunnel project for reasons provided in paragraph E.7 above.

Similar to 9M2021, interest expenses on borrowings decreased slightly by RMB0.5 million from RMB29.5 million in 9M2021 to RMB29.0 million in 9M2022 mainly due to lower average bank borrowings in 9M2022 as compared to 9M2021 as a result of the principal repayment of loan (net) of approximately RMB9.8 million during the period from 1 April 2021 to 30 September 2022.

The Group incurred loss before tax of RMB65.2 million in 9M2022 was mainly due to impairment losses of RMB71.0 provided during the financial period.

Income tax expenses of RMB1.6 million for 9M2022 was mainly due to (i) profit generated from phase one of the underground utility tunnel project (after adjusting for allowance for impairment losses of RMB60.4 million as disclosed in paragraph E.5 above) and (ii) profit generated by Yunbao.

(E) Statements of Financial Position

(i) The Group

Service concession receivables is mainly related to the receivables from the PRC government for the Insulation project and phase one of the underground utility tunnel project. Service concession receivables of RMB709.3 million was classified as non-current, as such amounts will be received from the government after 12 months from 30 September 2022. The net decrease in service concession receivables (current and non-current portion) in 9M2022 by RMB41.1 million was mainly due to allowance for impairment losses of RMB68.1 million and the collections of service concession from the PRC government of RMB15.6 million for phase one of the underground utility tunnel project and Insulation project, partially offset by finance income of RMB38.1 million related to the unwinding of discount on the service concession receivables and maintenance income of RMB4.4 million from the Group's Insulation and underground utility tunnel project. Currently, phase one of the underground utility tunnel project is under cost finalisation by the PRC government. Following cost finalisation of phase one of the underground utility tunnel project, the amount of government subsidies, determined according to the formula stipulated in the agreement (where such formula is to remain confidential), shall be approved and disbursed by the Harbin Municipal Government on a quarterly basis over a concession period of 25 years.

Contract assets is mainly related to the receivable from the PRC government for phase two of the underground utility tunnel project. There has been no change in contract assets as at 30 September 2022 and 31 December 2021.

Prepayments (current and non-current portion) decreased by RMB4.0 million in 9M2022. This was mainly due to (i) the allowance for impairment losses of RMB2.9 million for reasons provided in paragraph E.7 above; and (ii) arising from recognition of prepayment as maintenance costs of RMB1.0 million arising from the maintenance work for the Insulation project.

The increase in trade and other payables of RMB18.7 million in 9M2022 was mainly due to the accrual of loan interest of RMB18.0 million arising from the deferment of loan interest payment as discussed in paragraph E.2.4 (iv) above.

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(E) Statements of Financial Position (continued)

(i) The Group (continued)

The increase in provision for income tax by RMB1.6 million was mainly due to (i) profit generated from phase one of the underground utility tunnel project (after adjusting for allowance for impairment losses of RMB60.4 million as disclosed in paragraph E.5 above) and (ii) profit generated by Yunbao.

The decrease in loans and borrowings (current and non-current) by RMB3.1 million was due mainly to the repayment of bank loans of RMB2.7 million in 9M2022.

As at 30 September 2022, the Group's net liability position was approximately RMB1.0 million (net asset position as at 31 December 2021: RMB64.3 million).

(ii) The Company

During 9M2022, the re-assignment of intercompany balances, loan from related party and non-trade balances due to a director between the Company and the parties involved has resulted in the following:

(a) Trade and other receivables of the Company decreased from RMB13.60 million as at 31 December 2021 to RMB0.02 million as at 30 September 2022;

(b) Trade and other payables of the Company decreased from RMB13.2 million as at 31 December 2021 to RMB6.3 million as at 30 September 2022; and

(c) Borrowings (in the form of loan from a related party) has decreased from RMB4.9 million as at 31 December 2021 to RMB Nil balance as at 30 September 2022.

As at 30 September 2022, the Company's net liability position was approximately RMB5.4 million (31 December 2021: RMB4.4 million).

(F) Statement of Cash Flows of the Group

The Group reported a net decrease in cash and bank balances of RMB3.1 million from RMB6.1 million as at 31 December 2021 to RMB3.0 million as at 30 September 2022. The decrease is mainly due to net cash outflow from financing activities of RMB13.4 million, which was partially offset by the net cash inflow from operating activities of RMB10.3 million in 9M2022.

10. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

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11. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As at 30 September 2022, phase one of the underground utility tunnel project (including its variation order) has been completed and accepted by the PRC government, pending cost finalisation by the relevant government bodies. The General Office of Harbin Municipal People's Government has recently paid out RMB 6.4 million in government subsidies in 9M2022. However, the full sum of the government subsidies can only be paid upon cost finalisation, which is taking significantly more time than the Group has expected. In the interim, the Group remains responsible for interest payments. As set out above, the Group is engaging with Harbin Bank on discussions in relation to the further rescheduling of payments of loan interests and principal repayments.

The Group has commenced some construction work on phase two of the underground utility tunnel project. However, financing from banks for this project has been affected by the borrowing ratios of local government exceeding the nationwide benchmark in the PRC. The local government is in discussions with the Group to acquire this project from the Group, and the Group has completed, with its main contractor and construction supervisor, and submitted, the preliminary review of the work which was carried out by the Group for phase two of the underground utility tunnel project and for which the Group would want to bill. The Company will provide an update via SGXNET upon any further developments.

At this juncture, the Group wishes to highlight that COVID-19 continues to maintain an ongoing presence in the PRC. In the early part of 2022, various lockdowns and travel restrictions were imposed in the PRC, and in Harbin, measures have been taken to curb the spread of the virus, which included a semi-shutdown of the Harbin city, and to date, the implementation of restrictive measures to varying degrees. This has further added to the delay in the discussions between the Group and the local government, and the progress of the cost finalisation of phase one of the underground utility tunnel project and the acquisition of phase two of the underground utility tunnel project.

Given the inordinate delay of time the discussions with the local government on the cost finalisation and acquisition of the underground utility tunnel project and its impact on the Group's revenue, particularly taking into account the 16% Reduction on the Submitted Costs, the Group is considering the disposal of its subsidiaries involved in PPP projects and construction material trading, and has engaged a consulting company to assist the Company in exploring this option. The Company will provide an update via SGXNET upon any developments.

The Group is also actively sourcing for sustainable development projects, as well as new business opportunities and projects that that it can enter into to provide the Group with new revenue streams. In light of the experience and know-how it has acquired in the process of the provision of upgrading, management and maintenance services to existing housing estates, the Group is in discussions to provide maintenance works in other existing housing estates. Further to the Placement, the Company is also exploring fund raising opportunities to strengthen its cash and financial position.

As at the date of this announcement, the Company has entered into a joint venture agreement with a hotel management company to incorporate an entity to carry on the business of management and consultancy services for hotels. Please refer to the related announcement dated 27 October 2022 for further information.

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12. If a decision regarding dividend has been made:

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend was declared for 9M2022.

- (b) (i) Amount per share (cents)**

Not applicable.

- (b) (ii) Previous corresponding period (cents)**

No dividend was declared for 9M2021.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable

- (d) The date the dividend is payable.**

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

13. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for 9M2022 so as to conserve resources to fund current projects, future potential sustainable development projects and new businesses.

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14. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There were no interested person transactions conducted under the shareholders' mandate obtained by the Company pursuant to Rule 920.

There were also no interested person transactions carried out during the financial period under review, excluding transactions of less than S\$100,000.

15. Negative assurance confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company has confirmed that, to the best of its knowledge, nothing has come to its attention which may render the unaudited condensed interim financial statements for the nine-month period ended 30 September 2022 set out above to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1).

BY ORDER OF THE BOARD

Li Mingyang
Executive Director & Chairman

14 November 2022