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

RESPONSE ANNOUNCEMENT TO SGX-ST QUERIES

The Board of Directors (the "**Board**") of Green Build Technology Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to clarify the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 26 May 2022 with reference to the Company's financial statements for the financial period ended 31 March 2022 (the "**Announcement**"). The queries from the SGX-ST and the Company's responses are as follows:

SGX Queries:

1. Please disclose:

(i) the underlying transactions of the Group's other receivables and the terms of the transaction;

(ii) the ageing profile of the Group's trade and other receivables in bands of 3 months;

(iii) the Company's plans to recover the trade and other receivables;

(iv) whether they are major customer(s) and whether the Company continues to transact with these customer(s) and if so, what are the commercial reasons in doing so;

(v) how long are the debts outstanding and when were the sales reported;

(vi) what were the actions taken to recover the trade and other receivables; and

(vii) the Board's assessment on the recoverability of the Group's trade and other receivables, and the basis for such an assessment.

Company's Response:

Trade and other receivables	As at 31 March 2022 RMB'000
Trade receivables	21,627
Other receivables	16,172
	37,799

Please refer to Appendices 1 and 2 for information.

2. Please disclose the rationale for prepayments recorded of RMB 8,913,000 as at 31 March 2022 which exceeded cost of sales of RMB 803,000. Please also disclose whether the Group has made any impairment of the prepayments for this financial period and whether the Group is still purchasing from them.

Company's Response:

The breakdown of prepayment as at 31 March 2022 are as follows:

Prepayment	RMB'000	Explanations:
Prepayment for the maintenance work of the insulation project (completed in FY2016)	5,610	This is related to the prepayment for an ongoing contract in relation to the maintenance work to be performed on the completed insulation project over a contract period of 10 years starting 2017. The prepayment is recognised as cost of sales at RMB 1.32 million per annum since 2017. Ongoing maintenance work is necessary under the requirements of the completed insulation project which generates annual maintenance income of RMB 1.4 million for the insulation project. As such, allowance for impairment loss is not required. The Group is still engaging this supplier for the remaining maintenance work pursuant to the contract.
Prepayment for bidding service fee and consultancy fee of phase two of the underground utility tunnel project	3,041	This is mainly related to the prepayment of bidding service fee and consultancy fee of RMB 3.8 million incurred for phase two of the underground utility tunnel project, which is amortised over a period of 23 years from the financial year ended 31 December 2017. As the local government is in discussions with the Group to acquire this project from the Group, the Company has not made any allowance for impairment loss. The Group may consider engaging this supplier again for future projects on a case-by-case basis and depending on the requirements of future projects.
Others	262	
	8,913	

3. Please explain why trade payables amounted to RMB 197,806,000 when revenue for the financial year/period ended 31 December 2021 and 31 March 2022 amounted to only RMB 16,369,000 and RMB 1,498,000 respectively.

Company's Response:

Revenue for the financial year ended 31 December 2021 of RMB 16,369,000 was mainly derived from project consultancy services for the refurbishment of old estates; maintenance services for phase one of the underground utility tunnel project and the insulation project; and trading of construction materials. Revenue for the three-month period ended 31 March 2022 of RMB 1,498,000 is mainly related to the maintenance services for phase one of the underground utility tunnel project and the insulation project.

The outstanding trade payables of RMB 197,806,000 is not related to the revenue generated for the financial year ended 31 December 2021 and for the financial period ended 31 March 2022. It is mainly related to construction costs incurred during the construction phase of phase one and phase two of the underground utility tunnel projects and the insulation project. The breakdown of trade payables by business segments is as follows:

Business Segments	RMB'000	Comments:
Underground utility tunnel	147,690	Trade payables are mainly due to construction costs occurred during the construction phase of phase one and phase two of the underground utility tunnel project prior to 31 December 2019.
Project management	12,276	Trade payables are mainly related to phase one of the underground utility tunnel project and energy saving project carried out between FY2016 and FY2019.
Materials trading	37,840	Trade payables are mainly related to the purchase of materials from the suppliers for the construction of phase one of the underground utility tunnel project and the insulation project during the construction phase of these projects prior to 31 December 2019.
	197,806	

The trade payables set out above have been outstanding due mainly to delays in (i) cost finalisation of phase one of the underground utility tunnel project; and (ii) the acquisition of phase two of the underground utility tunnel project by the government bodies as a result of the strict COVID-19 measures imposed by the government in the People's Republic of China (the **PRC**"). The Group has been managing the suppliers and is also in the process of negotiating repayment plans with key suppliers to defer payment of the outstanding trade payables.

4. Given the Group's significant liabilities of RMB 874,994,000 and cash and cash equivalents of only RMB 934,000, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short term liabilities of RMB 306,994,000, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

The Board has considered the cash inflows from the Group's existing projects (as per table provided in (i) below) and cash outflows for significant and key payment obligations (as per table provided in (ii) below) within 14 months from 31 March 2022. The Group intends to fulfil its significant and key payment obligations via cash inflows from its existing projects. Based on the tables set out in paragraphs (i) and (ii) below, the Group is of the view that, barring unforeseen circumstances, projected cash inflows from its existing projects, which exceed project cash outflows, is adequate and on track to meet its short term liabilities within 14 months from 31 March 2022.

(i) The projected cash inflows from the Group's existing projects within 14 months from 31 March 2022 (without taking into consideration cash inflows from collections from other receivables, new projects and new businesses) are as follows:

Projected cash inflows	Within 14 months from 31 March 2022 RMB'000
(1) Subsidies expected from completed projects:	
(i) Insulation project	29,813
(ii) Phase one of the underground utility tunnel project (assume cost finalisation by September 2022) - Note *	88,663
(2) Management fees expected from completed projects	
(i) Insulation project	1,400
(ii) Phase one of the underground utility tunnel project	23,000
(3) Expected proceeds from sale of phase two of the underground utility tunnel project	24,563
(4) Expected proceeds from consulting work by project management segment	3,711
Total projected cashflow from projects (not including cashflow from potential projects, business, investors and lenders, etc)	171,150

(ii) The projected cash outflows for significant and key payment obligations of the Group within 14 months from 31 March 2022 are as follows:

Projected significant/ key cash outflows	Within 14 months from 31 March 2022 RMB'000
(i) Interest payments on bank loans	45,233
(ii) Principal repayment of bank loans	29,469
(iii) Payment of key suppliers	63,198
(iv) Payment of operating expenses	7,384
(v) Payment of other payables	4,531
(vi) Payment of maintenance costs for phase one of the underground utility project	13,033
Total projected outflows	162,848

In addition to the above, the Group is in the process of carrying out the following:

(i) obtaining unsecured loans of up to SGD 0.5 million from investor(s);
(ii) negotiating repayment plans with key suppliers to defer payment of the outstanding trade payable(s);
(iii) obtaining documents from Harbin Bank setting out the agreed existing extension of time arrangements for the repayment of the principal loan amount and interest payments by the Group to Harbin Bank in relation to a facility previously obtained; and
(iv) obtaining financial support from certain shareholders.

Note * - The Group received RMB 6.3 million of subsidies from the PRC government for this project in the first quarter of 2022.

By Order of the Board

Wu Xueying
Chief Executive Officer and Executive Director
30 May 2022

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Appendix 1

Trade receivables	As at 31/3/2022 RMB'000	Aging (as at 31/3/2022) 0 to 3 months RMB'000	4 to 6 months RMB'000	7 to 9 months RMB'001	10 to 12 months RMB'000	>24 months RMB'000	Nature and action plans on collection
Trade receivable 1	8,333	-	-	-	-	8,333	Relates to the provision of technical consulting services on an insulation project with income of RMB 29.1 million, RMB 14.5 million and RMB 7.4 million in FY2016, FY2017 and FY2018, respectively. The Group has received RMB 42.6 million of payments from this trade debtor. The trade debtor has provided the Group a payment schedule for the remaining outstanding balance in FY2019 but has not been making payments in accordance with the schedule in FY2020. Accordingly, allowance for impairment loss has been made. Action plan: Notwithstanding the allowance for impairment loss made, the Group continues to monitor and periodically follows up with the trade debtor in relation to this outstanding receivable. This is not a major customer of the Group and the Group will not be granting sales on credit to this customer for any new orders.
Trade receivable 2	7,542	-	-	-	-	7,542	Relates to the supply of skilled labour by the Group to the sub-contractor of Phase 1 of the underground utility tunnel project ("Phase 1") in FY2016 with revenue of RMB 22 milion generated. The Group has received RMB14.5 million from the trade debtor. Action plan: This amount will be settled upon cost finalisation with the government agency. This is not a major customer of the Group and the Group will not be granting sales on credit to this customer for any new orders. There is no allowance for impairment loss on this receivable as amount owing to this sub-contractor by Phase 1 is RMB 120 million as at 31 March 2022. The Board is of the view that this trade receivable is recoverable based on the aforementioned reasons.
Trade receivable 3	3,522	-	1,494	2,028	-	-	Relates to consultancy services for the upgrading of an old estate using green technology under a consultancy contract with a government body in QiTaiHe city. This project is a one-off project and was completed in 2021. This is not a major customer of the Group. Action Plan: As the customer has been paying, the Group will continue to monitor and request for payment. No allowance has been made on this receivable as amount outstanding is current and is expected to be collected by 2022. The Board is of the view that this trade receivable is recoverable based on the aforementioned reasons.
Trade receivable 4	10,332	1,148	9,184	-	-	-	Relates to management fees for maintenance services for Phase 1. This is a major customer of the Group. Action Plan: As the customer is a government body in the PRC and the outstanding is current, no allowance has been made on the receivable. The Group will continue to monitor and request for payment. The Board is of the view that this trade receivable is recoverable based on the aforementioned reasons.
Others	666		-	-	231	435	
	30,395	1,148	10,678	2,028	231	16,310	
Less: Allowance for impairment loss	(8,768)	-	-	-	-	(8,768)	
	21,627	1,148	10,678	2,028	231	7,542	

Green Build Technology Limited
Appendix 2

	As at	Aging (as at 31 March 2021)					
	31/3/2022	3 to 6months	10 to 12 months	19 to 21 months	22 to 24 months	> 24 months	
Other receivables	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	Nature and action plans on collection.
Other receivable 1	710	-	-	-	-	710	Payment of partial costs of construction on behalf of sub-contractor for Phase 1. Action plan: This amount will be settled upon cost finalisation with the government agency. Accordingly, no allowance for impairment is required as amount owing to this sub-contractor by Phase 1 is RMB 120 million as at 31 March 2022. The Board is of the view that this receivable is recoverable based on the aforementioned reasons.
Other receivable 2	6,700	-	-	-	-	6,700	Deposit placed with a supplier for the purchase of materials (such as rebar) used in phase two of the underground utility tunnel ("Phase 2"). Action plan: This amount will be settled upon the PRC government's acquisition of Phase 2. As at 31 March 2022, the Group's Project Management segment has an amount due to this supplier of RMB11,450,000. Accordingly, no allowance for impairment is required. The Board is of the view that this receivable is recoverable upon the PRC government's acquisition of Phase 2.
VAT (input)	1,940	-	-	-	-	1,940	Input VAT arose mainly from the purchase of construction materials for Phase 2. Action plan: This amount will be recovered upon the PRC government's acquisition of Phase 2. Accordingly, no allowance for impairment is required. The Board is of the view that this receivable is recoverable upon the PRC government's acquisition of Phase 2.
Migrant worker wage guarantee fund	2,630	-	-	-	-	2,630	Migrant workers wage guarantee funds are required by the PRC government for the construction of Phase 2. Action Plan: This amount will be recovered upon the PRC government's acquisition of Phase 2. Accordingly, no allowance for impairment is required. The Board is of the view that this receivable is recoverable upon the PRC government's acquisition of Phase 2.
Advances to employees	3,416	52	472	4	507	2,381	The Group conducts ad-hoc work on the insulation project, Phase 1 and Phase 2 by engaging subcontractors on the same. During the course of the sub-contractor carrying out their work, the employees will typically request for advances upfront ("Advances"). Invoices for these work will be issued by the sub-contractor during the cost finalisation stage. These Advances are recorded as advances to the employees who submit the fund approval form relating to the approval of such ad-hoc work and will be offset against accruals made upon the finalisation of the projects with the government bodies. Allowance for impairment loss of RMB 1.9 million has been provided on advances to employees with aging greater than 2 years. The Board is of the view that the remaining receivable is recoverable based on the aforementioned reason.
Other receivable 3	1,922	-	-	-	-	1,922	This relates to the outstanding share capital contribution to a subsidiary due from its other shareholder holding 49% in this subsidiary. Pursuant to the articles of association of the subsidiary, the outstanding contributions of the other shareholder is due by 2026. Accordingly, no allowance for impairment is required. Action Plan: The subsidiary will monitor the collection of the outstanding contributions. The Board is of the view that this receivable is recoverable based on the aforementioned reason.
Others	793						
	18,111						
Less: Allowance for impairment loss	(1,939)		-	-	-	(1,939)	Allowance on impairment loss on advances to employees for ad-hoc work where related invoices are outstanding from the suppliers.
	16,172						