



## **GREEN BUILD TECHNOLOGY**

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

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### **RESPONSE ANNOUNCEMENT TO SGX-ST QUERIES**

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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 10 December 2021 with reference to the Company’s financial statements for the financial period ended 30 September 2021 and the Company’s announcement dated 9 April 2021 titled “Response announcement to SGX-ST queries” (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:**

Please refer to Appendix 1 and Appendix 2 for the related information.

2. **Please disclose the rationale for prepayments recorded of RMB 18,714,000 as at 30 September 2021 which exceeded cost of sales of RMB 5,052,000. 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:**

As at 30 September 2021, prepayments (current and non current) amounted to RMB 18,714,000, the breakdown of which are set out as follows:

SN	Description	RMB'000
1	Prepayment for the maintenance work of the insulation project (completed in the financial year ended 31 December ("FY") 2016)	6,270
2	Prepayment for the maintenance work of phase one of the underground utility tunnel project (completed in FY2019, pending cost finalisation with the respective government bodies)	9,062
3	Prepayment for bidding service fee and consultancy fee of phase two of the underground utility tunnel project	3,126
4	Others	256
	<b>Total</b>	<b>18,714</b>

**Explanations:**

SN1: This is related to the prepayment for the maintenance work to be performed on the completed insulation project over a contract period of 10 years. The prepayment is recognised as cost of sales at RMB 1.32 million per annum from FY2017. Ongoing maintenance work is necessary under the requirements of the completed insulation project which generates annual maintenance income of RMB 1.4 million for insulation project. The Group has not made any allowance of the prepayments during the nine months ended 30 September 2021.

SN2: This is related to the prepayment for the maintenance work for phase one of the underground utility tunnel project, which was completed in FY2019 and currently pending cost finalisation with the relevant government bodies. Ongoing maintenance work is necessary under the requirements of the project which generates annual maintenance income of RMB 4.6 million. As the project is currently pending cost finalisation with the relevant government bodies, no maintenance income has been recognised and no prepayment has been recognised to cost of sales during the nine months ended 30 September 2021. The Group has not made any allowance of the prepayments during the nine months ended 30 September 2021.

SN3: 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 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.

3. **It is disclosed in the Announcement that, "Ongoing maintenance work is necessary under the requirements of the completed projects which generate annual maintenance income of RMB 1.4 million for insulation project and RMB 4.6 million for phase one of the underground utility tunnel project. Therefore, allowance for impairment loss is not required." Please disclose whether and how maintenance income in respect of phase one of the underground utility tunnel project has been recognised for the period ended 30 September 2021.**

**Company's Response:**

With reference to SN2 set out in the Company's response to query 2 above, phase one of the underground utility tunnel project is currently pending cost finalisation with

the relevant government bodies. No maintenance income has been recognised during the financial period ended 30 September 2021.

4. **It is disclosed on page 14 of the financial statements that, “The decrease in revenue by RMB0.9 million in 9M 2021 as compared to 9M 2020 was due mainly to the lower amount of revenue recognised in relation to a consultancy project for the refurbishment of old estates in the quarter ended 30 September 2021 as compared to the quarter ended 30 September 2020.” Please explain the factors which led to a lower amount of revenue recognised in relation to the consultancy project for the refurbishment of old estates.**

**Company’s Response:**

A lower amount of revenue was recognised in relation to the consultancy project for the nine months ended 30 September 2021 as compared with the nine months ended 30 September 2020. This is mainly due to lower amount of completed work for this project during the nine months ended 30 September 2021 as compared with the nine months ended 30 September 2020.

5. **It is disclosed in the Announcement that, “the Company is unable to provide a definitive date by which it would be able to appoint a CFO; however the Company remains committed to sourcing for a suitable candidate as soon as possible and management has targeted to complete interviews and identify suitable candidates by the third quarter of 2021.”**

**Please provide an update on the appointment of Chief Financial Officer in this regard.**

**Company’s Response:**

During the third quarter of 2021, the Company conducted interviews and ultimately identified a suitable candidate who the Board deemed fit to take on the role of Chief Financial Officer (“CFO”) of the Company. Subsequently, discussions between the Company and the candidate did not lead to an offer being made.

As the search for the CFO has taken an inordinate period of time, and the Board felt that it would be beneficial if the CFO was someone already familiar and well-versed in the Company’s financial operations, the Board approached its current finance consultant, who has been engaged by the Company to assist the finance team in the People’s Republic of China on the reporting requirements in Singapore, to assume the role of CFO. After deliberation, the finance consultant was agreeable to the same but informed the Board that he has to serve his notice period as he is currently in the employment of another listed company. He is expected to commence his employment with the Company on or around mid-January 2022. The Company will be making the relevant announcement of appointment via SGXNET in due course.

By Order of the Board

**Wu Xueying**

Chief Executive Officer and Executive Director  
22 December 2021

**Green Build Technology Limited**  
**Appendix 1**

	As at		Aging (as at 30 September 2021)			Comments
	31-12-2020 RMB'000	30-09-2021 RMB'000	<3 months RMB'000	7 to < 9 months RMB'000	>24 months RMB'000	
<b>Trade receivables</b>						
Trade receivable 1	8,333	8,333	-	-	8,333	<p>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.</p> <p>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.</p>
Trade receivable 2	7,542	7,542	-	-	7,542	<p>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 million 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 132 million as at 30 September 2021.</p> <p>The Board is of the view that this trade receivable is recoverable based on the aforementioned reasons.</p>
Trade receivable 3	-	500	500	-	-	<p>Relates to billing to a government agency for the purpose of collection of subsidies for our completed insulation project. This insulation project was completed in FY2016 with revenue being recognised during the construction phase (using the percentage of completion method). This government agency is a major customer of our Group given our projects are on PPP model and on-going billings to the government agency for the purpose of collection of subsidies are required. Action Plan: As the customer has been paying, we 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 the first quarter of 2022.</p> <p>The Board is of the view that this trade receivable is recoverable based on the aforementioned reasons.</p>
Trade receivable 4	-	2,028	2,028	-	-	<p>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 is expected to complete by the end of 2021. This is not a major customer of the Group. Action Plan: As the customer has been paying, we 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 the first quarter of 2022.</p> <p>The Board is of the view that this trade receivable is recoverable based on the aforementioned reasons.</p>
张晓杰, 张利箴, 朗山, 常瑞莲, 张晓玲, 张晓梅, 张晓云, 张晓彬	8,602	2,774	-	1,337	1,437	<p>This amount arose from the provision of technical consulting services and heating metering equipment with revenue of RMB 63.7 million in FY2016 to Heilongjiang Jiuli Municipal Construction Project Co., Ltd. ("Jiuli"). This trade debtor has since paid RMB 35.0 million to the Group. This trade debtor is also a supplier of the Group and amount due to them amounted to RMB26.0 million as at 30 September 2021. Accordingly, the net trade receivable (after offsetting amount due to this trade debtor) amounted to RMB2.8 million as at 30 September 2021. The outstanding amount due from this related company is the obligation of the previous shareholders.</p> <p>This company was acquired by Mr Zhao Lizhi, a major shareholder of the Company, and became a related party in FY2019. Since then, there have been no transaction between Jiuli and the Group that has exceeded 3% of the Group's net tangible assets.</p> <p>Action plan: The Group shall monitor and collect this outstanding amount from the trade debtors in due course. As collections have been made during the nine months ended 30 September 2021, no allowance for impairment loss is required.</p>
Others	435	666	231	-	435	
Less: Allowance for impairment loss	24,912 (8,768)	21,843 (8,768)	-	-	(8,768)	
	16,144	13,075				

Other receivables	As at		Aging (as at 30 September 2021)					Comments
	31-12-2020	30-09-2021	4 to < 6months	7 to <9 months	19 to <21 months	22 to <24 months	> 24 months	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Other receivable 1	710	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 132 million as at 30 September 2021.  The Board is of the view that this receivable is recoverable based on the aforementioned reasons.
Other receivable 2	6,700	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 People's Republic of China ("PRC") government's acquisition of Phase 2. As at 30 September 2021, 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.
Other receivable 3	120	-	-	-	-	-	-	
VAT (input)	1,948	1,940	-	-	-	130	1,810	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	-	-	-	-	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	2,398	3,130	664	122	235	170	1,939	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, they will typically request for partial payment upfront ("Partial Payment"). Invoices for these work will be issued by the sub-contractor during the cost finalisation stage. These Partial Payments 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 converted to construction costs 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 4	1,922	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	1,122	902						
	<b>17,550</b>	<b>17,934</b>						
Less: Allowance for impairment loss	(1,939)	(1,939)		-	-	-	(1,939)	Allowance on impairment loss on advances to employees for material purchase where related invoices are outstanding from the suppliers.
	<b>15,611</b>	<b>15,995</b>						