



**GREEN BUILD TECHNOLOGY**

**GREEN BUILD TECHNOLOGY LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200401338W)

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**EMPHASIS OF MATTER ON THE AUDITED FINANCIAL STATEMENTS FOR THE  
FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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In compliance with Rule 704(5) of the Singapore Exchange Securities Trading Limited Listing Manual, the Board of Directors of Green Build Technology Limited (the "**Company**") wishes to inform that the independent auditors of the Company, Baker Tilly TFW LLP (the "**Independent Auditor**"), have rendered an unmodified audit opinion with an emphasis of matter on material uncertainty related to going concern in their audit report (the "**Independent Auditor's Report**") on the audited financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2020 (the "**FY2020 Audited Financial Statements**").

In the opinion of the Directors, the Group will be able to continue as a going concern, having regard to the factors described in Notes 3 and 28 to the FY2020 Audited Financial Statements. For further details, please refer to the extracts of the Independent Auditor's Report and Notes 3 and 28 to the FY2020 Audited Financial Statements, as annexed to this announcement.

Shareholders of the Company are advised to read the FY2020 Audited Financial Statements in full, as set out in its annual report 2020, which will be despatched in due course.

**By Order of the Board**

**Wu Xueying**

Chief Executive Officer and Executive Director

14 April 2021

*Extracted from the Independent Auditor's Report to the Audited Financial Statements of Green Build Technology Limited for the financial year ended 31 December 2020*

## **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 9 to 60, which comprise the statements of financial position of the Group and the Company as at 31 December 2020, 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 2020 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 and the Company's ability to continue as going concerns. As at 31 December 2020, the Group's and the Company's current liabilities exceeded the current assets by RMB207,974,000 and RMB1,984,000 respectively. During the financial year ended 31 December 2020, the Company incurred a net loss of RMB2,514,000. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments and has impacted the Group's operations in the People's Republic of China and its financial performance, cash flows and liquidity during the financial year and subsequent to the reporting period as disclosed in Note 28 to the financial statements.

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, for the reasons disclosed in Note 3 to the financial statements, the Board of Directors of the Company is of the view that it is appropriate for the financial statements of the Group and the Company 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 (cont'd)**

**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.

*Expected credit loss assessment of service concession receivables*

As disclosed in Note 14 to the financial statements, the Group's service concession receivables as at 31 December 2020 totalled RMB884,681,000 (2019: RMB171,578,000) and accounted for approximately 90% (2019: 17%) of the Group's total assets as at 31 December 2020. During the financial year ended 31 December 2020, the Group recognised impairment loss on service concession receivables amounted to RMB3,712,000 (2019: RMB17,480,000).

We considered this to be a key audit matter because of the significance of service concession receivables to the Group's total assets and the expected credit loss assessment requires significant judgement and estimation applied by management in forecasting the timing of the expected future cash flows.

*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 expected credit loss assessment of service concession receivables. The audit work performed includes:

- Evaluated management's expected credit loss assessment of the service concession receivables and assessed the reasonableness of management's judgement and assumptions applied in the assessment;
- Obtained an understanding of management's process in estimating the timing of expected future cash flows;
- Reviewed the expected future cash flows by taking into consideration the latest developments of each service concession arrangements;
- Enquired with management on any current on-going negotiations and correspondences with the government agency of the People's Republic of China that may affect the timing of the expected future cash flows; and
- Performed sensitivity analysis in the amount and timing of the expected future cash flows.

We also considered the adequacy and appropriateness of the disclosures related to the expected credit loss assessment of service concession receivables in the financial statements.

*Extracted from the Independent Auditor's Report to the Audited Financial Statements of Green Build Technology Limited for the financial year ended 31 December 2020*

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

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

#### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2020, 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.

#### ***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.

*Extracted from the Independent Auditor's Report to the Audited Financial Statements of Green Build Technology Limited for the financial year ended 31 December 2020*

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

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

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

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.

*Extracted from the Independent Auditor's Report to the Audited Financial Statements of Green Build Technology Limited for the financial year ended 31 December 2020*

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

**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 corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

14 April 2021

## GREEN BUILD TECHNOLOGY LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

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

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

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

##### *Going concern assumption*

As at 31 December 2020, the Group's and the Company's current liabilities exceeded the current assets by RMB207,974,000 (2019: RMB257,959,000) and RMB1,984,000 respectively. During the financial year ended 31 December 2020, the Company incurred a net loss of RMB2,514,000 (2019: RMB4,408,000). In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments and has impacted the Group's operations in the People's Republic of China and its financial performance, cash flows and liquidity during the financial year and subsequent to the reporting period as disclosed in Note 28.

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 Board of Directors of the Company believes that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2020 is appropriate after taking into consideration the following factors:

- (i) Certain related parties (entities in which the executive chairman has substantial financial interests) have agreed to unconditionally provide continuous financial assistance to the Group and the Company to enable the Group and the Company to meet their obligations and to carry on their business for a period of not less than fifteen months from 1 March 2021.
- (ii) As disclosed in Note 28, the Group has been and will be monitoring closely with the government agency of the PRC on the collections pursuant to service concession agreements (Note 14).

The 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.

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

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

**For the financial year ended 31 December 2020**

#### **28 Impact of Covid-19 pandemic**

The emergence of COVID-19 since early 2020 has brought about uncertainties to the Group's and the Company's operating environments and has impacted the Group's operations in PRC and its financial performance, cash flows and liquidity.

The closure of the Group's physical office in PRC for an extended Chinese New Year break as a result of the COVID-19 pandemic has impacted the Group's operations in PRC. The impact includes, inter alia, the following: (i) delay to the project acceptance and cost finalisation of phase one of the Group's underground utility tunnel project by the respective government bodies; (ii) the continuation of the construction of phase two of the Group's underground utility tunnel project; and (iii) uncertainty in securing and undertaking of new sustainable development projects in light of project owners choosing to delay commencement of such projects during this period.

The outbreak of COVID-19 pandemic had prompted the PRC Government to place a lockdown on Harbin City on several occasions and strict preventive measures have since been put in place to combat the COVID-19 pandemic. This led to the delay in the cost finalisation for the phase one of the underground utility tunnel project, which initially expected to be completed in 2020. This also affects the Group's collections from the government agency of the PRC for its phase one of the underground utility tunnel project due to delay in the cost finalisation, which may in turn affect the fulfilment of the Group's upcoming obligations. However, while the cost finalisation is still on-going, the General Office of Harbin Municipal People's Government has on 29 January 2021 approved the payment of RMB66.90 million of subsidies. The Group has received the government subsidies of RMB66.90 million on 1 April 2021. Following the cost finalisation of the phase one of the underground utility 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. The Group has been and will be monitoring closely with the government agency of the PRC on the collections pursuant to service concession arrangements (Note 14).

In addition, the Group monitors its headcounts, operating costs and overheads closely with the aim of reducing unnecessary expenses. The Group shall adopt initiatives that help to conserve cashflows and improve profits outcomes in the interests of the shareholders.

The Group will continuously assess the situation, work closely with the local authorities in PRC to support their efforts in containing the spread of COVID-19 pandemic, and put in place measures to minimise impact to the Group's business.