



GREEN BUILD TECHNOLOGY

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 matters raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 3 April 2019 with reference to the Company’s announcement of 31 March 2019 (the “**Announcement**”) with regard to the Company’s unaudited financial statements for the year ended 31 December 2018 (“**FY2018**”). The queries from the SGX-ST and the Company’s responses are as follows:

SGX Query 1

With reference to the unaudited financial statements for the year ended 31 December 2018, please provide an explanation for the decrease in trade and other receivables.

The decrease in trade and other receivables was mainly due to better collections of trade receivables and an allowance for expected credit loss made on receivables during FY2018.

SGX Query 2

It is disclosed on Page 10 of the announced financial results that “The significant decline in revenue in FY2018 as compared to FY2017 was mainly due to the substantial completion of phase one of the underground utility tunnel project in FY2017.” Please provide an explanation for the drop in revenue arising from phase two of the underground utility tunnel project as compared to phase one of the project.

Revenue of our underground utility tunnel projects is recognised over time by reference to the progress towards completing the project. The measure of the progress is determined based on the proportion of contract costs incurred to date to the total estimated costs.

The main structure of the underground utility tunnel phase one under the original contract was substantially completed by FY2017. In FY2018, the revenue generated from the underground utility tunnel phase one was mainly attributable to the installation of electrical wires and corbel under the approved variation order obtained in early 2018. Accordingly, a lower amount of revenue was recognised in FY2018 as compared to FY2017.

For the underground utility tunnel phase two, there was minimal construction on this project. Accordingly, its revenue contribution to the Group was minimal in FY2018.

SGX Query 3

Please provide the ageing of the trade and other payables.

	2018
	RMB'000
Within 1 year	95,210
1 to 2 years	60,042
More than 2 years	191,067
Total	346,319

SGX Query 4

Please provide further elaboration on the reason for a decrease in loss on remeasurement of service concession receivables/contract assets from RMB 20M in FY2017 to RMB 4.4M in FY2018.

The loss on remeasurement of service concession receivables/contract assets arose from their remeasurements based on the present value of the estimated future cashflows from the subsidies for the insulation and underground utility tunnel projects. Significant judgements and estimates are involved in estimating the present value of service concession receivables, which require estimations of, among others, timing of receipts (expected future cash flows), amount of receipts and appropriate discount rates. Any change in these estimation parameters will have a significant impact on the carrying amount of service concession receivables/contract assets, and the difference would be accounted for as a gain or loss on remeasurement, as the case may be.

The lower net loss on remeasurement for FY2018 as compared to that of FY2017 is mainly attributable to changes in the timing estimations of some cash flow streams in the light of the availability of more updated and accurate information on the timing of certain receipts in FY2018.

SGX Query 5

Please clarify on the concession period over which the Group will manage and operate the underground utility tunnel project as disclosed on page 12 of the announced financial results. What are the salient terms of this arrangement?

The concession periods to manage and operate phases one and two of the underground utility tunnel are 25 years and 20 years respectively.

The salient terms of the underground utility tunnel phase one are as follows:

- i. Construction of a 12 km underground utility tunnel in Harbin City, Heilongjiang Province, China under the Public-Private Partnership ("PPP") model; and
- ii. Based on the agreement with the People's Republic of China (the "PRC") Government, the project including the variation order to install electrical wires and corbel is expected to be

completed by end of 2019. Thereafter, the Group will receive subsidies, management and maintenance income from the government during the 25-year operating period.

The salient terms of the underground utility tunnel phase two are as follows:

- i. Construction of a 12.623 km underground utility tunnel (at a different location from the underground utility tunnel phase one) in Harbin city, Heilongjiang Province, China, under the PPP model;
- ii. Subject to obtaining the necessary financial resources, the project is expected to be completed by 2020; and
- iii. Upon its completion, the project will have a 20-year management, maintenance and operating period from 2021 to 2040. There will be subsidies income from the PRC Government during this management and maintenance period.

By Order of the Board

Wu Xueying

Chief Executive Officer and Executive Director

4 April 2019