



GREEN BUILD TECHNOLOGY

GREEN BUILD TECHNOLOGY LIMITED
(FORMERLY KNOWN AS YOUYUE INTERNATIONAL LIMITED)

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200401338W)

EMPHASIS OF MATTER BY AUDITORS ON FINANCIAL STATEMENTS

The board of directors (the “**Board**”) of Green Build Technology Limited (the “**Company**”) refers to the announcement regarding the emphasis of matter (“**EOM**”) by the Company’s auditors, Ernst & Young LLP (the “**Auditors**”), in relation to the financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2014 dated 24 March 2015 (Announcement Reference: SG150324OTHR1BU8) (the “**EOM Announcement**”).

Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the EOM Announcement.

As at 31 December 2014, there is an amount of approximately RMB25,264,000 (Renminbi Twenty Five Million Two Hundred and Sixty Four Thousand only) and RMB 6,716,000 (Renminbi Six Million Seven Hundred and Sixteen Thousand only) due from the Group and the Company respectively to Youcan Foods (Hangzhou) Co., Ltd. (“**Youcan Hangzhou**”) (the “**Outstanding Sums**”). In this regard, the Company had endeavoured to procure an undertaking from Youcan Hangzhou, which is a related party of a corporate shareholder, that it would not recall the Outstanding Sums until the Group’s and the Company’s cash flow so permits (the “**YH Undertaking**”). As of 24 March 2015, the Board and the Auditors were under the impression that the YH Undertaking would be made available to the Company. In the interim, the Management had a discussion with Mr Zhao Lizhi (“**Mr Zhao**”), the Non-Executive Chairman of the Company, on this matter, and he has agreed to provide a separate undertaking under which Mr Zhao and Harbin Dali Aluminium Doors & Windows Products Co., Ltd. (“**Harbin Dali**”), the ultimate holding company established in the People’s Republic of China of which Mr Zhao is also a director and major beneficial owner, would jointly and severally undertake, *inter alia*, to provide the necessary financial assistance to the Company to repay the Outstanding Sums in the event that Youcan Hangzhou recalls from the Company the same (the “**HD Undertaking**”).

As the Management is of the view that the HD Undertaking (a recent and subsequent development) would provide the Board and the Auditors with a greater level of comfort that the Company and Group would be able to continue as going concerns, the Board has decided to rely on the HD Undertaking and accordingly reworded the Basis of

Preparation as disclosed in Note 2.1 of the financial statements of the Company and Group for the financial year ended 31 December 2014. Consequently, the Auditors have also reworded the EOM paragraph in their report, which made reference to Note 2.1 to the financial statements and is reproduced as follows:

**Independent auditor's report
For the financial year ended 31 December 2014**

Independent auditor's report to the members of Green Build Technology Limited

Report on the financial statements

We have audited the accompanying financial statements of Green Build Technology Limited (the "Company") and its subsidiaries (the "Group") set out on pages 7 to 77, which comprise the balance sheets of the Group and of the Company as at 31 December 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flow of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity, and cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to Note 2.1 to the financial statements. For the year ended 31 December 2014, the Group's cash flow from operating activities is a net outflow of RMB 671,000. As at 31 December 2014, the Company's current liabilities exceeded its current assets by RMB 19 million, and the Company has a net equity deficit of RMB 11 million. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's abilities to continue as going concerns. As disclosed in Note 2.1, the ability of the Group and the Company to continue as going concerns is based on the following:

- (a) undertaking from ultimate holding company to provide financial support to the Group and Company to enable them to pay the amounts due to a related party of a corporate shareholder should the amounts be recalled;
- (b) continuing financial support from its bankers; and
- (c) ability of the Group to generate positive cash flows from its operations and the Company to receive funding from its subsidiaries.

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 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 Group's and Company's balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Our opinion is not qualified in respect of this matter.

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 have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

13 April 2015

Excerpt from the Relevant Notes to Financial Statements

2. Summary of significant accounting policies

2.1 *Basis of preparation*

For the year ended 31 December 2014, the Group's cash flow from operating activities is a net outflow of RMB 671,000. As at 31 December 2014, the Company's current liabilities exceeded their current assets by RMB 19 million, and the Company has a net equity deficit of RMB 11 million. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

The financial statements have been prepared on the basis that the Group and the Company will continue as going concerns based on the following:

- (a) as disclosed in Note 21, the ultimate holding company has given an undertaking to provide financial support to the Group and Company to enable them to pay the amounts due to a related party of a corporate shareholder should the amounts be recalled;
- (b) the Group is reliant on loan facilities and it believes it has good working relationships with its principal bankers in the People's Republic of China and that it will be able to obtain re-financing and/or additional loans from the bankers when required; and
- (c) ability of the Group to generate positive cash flows from its operations and the Company to receive funding from its subsidiaries.

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 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 Group's and Company's balance sheets as at 31 December 2014. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Save for the replacement of the YH Undertaking with the HD Undertaking, there are no further amendments to the EOM as announced on 24 March 2015.

By Order of the Board

Lim Kok Meng
Joint Company Secretary
13 April 2015