



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 queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 17 April 2024 with reference to the Company’s announcement on 28 March 2024 titled “Annual Report and related documents” on the Company’s Annual Report for the financial year ended 31 December 2023 (“**AR2023**”). The queries from the SGX-ST and the Company’s responses are as follows:

We refer to the Company’s annual report for the financial year ended 31 December 2023 (“FY2023”) announced on 28 March 2024.

- 1) Listing Rule 704(6) provides that an issuer must immediately announce if it has previously announced its preliminary full-year results, any material adjustments to its preliminary full-year results made subsequently by auditors. Please provide explanations for the material variance between net cash used in financing activities of RMB2,343,000 in the unaudited financial statements to net cash used in financing activities of RMB2,595,000 in the FY2023 Annual Report.**

Please also clarify whether and how has Listing Rule 704(6) been complied with.

Company’s response:

The Company wishes to clarify that the difference between the net cash used in financing activities of RMB2,343,000 in the unaudited financial statements to net cash used in financing activities of RMB2,595,000 in the AR2023 of RMB252,000 is mainly due to the net share issuance expenses on the issuance of new ordinary shares of RMB218,000 which has been reclassified as cash used in financing activities following the statutory audit.

The variances do not have any impact on the consolidated statements of profit or loss and statements of financial position of the Group. Cash and cash equivalents of RMB890,000 as at 31 December 2023 in the consolidated statement of cash flows remain unchanged as stated in the unaudited full year financial results for FY2023 and in the audited financial statements in the AR2023.

Therefore, the Company did not consider the changes to be material adjustments to the audited consolidated statement of cash flows and accordingly did not proceed with announcement in accordance with Listing Rule 704(6). The Company has complied with Listing Rule 704(6).

- 2) It is disclosed on page 36 of the FY2023 Annual Report that “The Board and the AC regularly reviews the adequacy and effectiveness of the Groups risk management and internal control systems, including financial, operational, compliance, and information technology controls to ensure that that such systems are sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational and compliance risks.”

Listing Rule 1207(10) states that, the board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided.

Please disclose the Board’s and AC’s comments on the adequacy and effectiveness of the issuer's internal controls and risk management systems, including its basis of assessment.

Company’s response:

As disclosed on page 29 of the AR2023, the Board and the Audit Committee (“AC”) regularly reviews the adequacy and effectiveness of the Group’s risk management and internal control systems, including financial, operational, compliance, and information technology controls to ensure that that such systems are sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational and compliance risks. The Board further ensures that Management regularly reviews and improves the Group’s internal controls and implement effective risk management policies to control and mitigate any identified areas of significant business and operational risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and the documentation of the Group’s risk management system, the AC and the Board are of the opinion that the Group’s internal controls addressing the financial, operational, compliance and information technology risks of the Company were adequate as at 31 December 2023.

- 3) Listing Rule 1207(10C) requires the Audit Committee’s comments on whether the internal audit function is independent, effective and adequately resourced. Please disclose whether and how Listing Rule 1207(10C) has been complied with.

Company’s response:

As disclosed on page 31 of the AR2023, while the importance of effective internal controls cannot be discounted, the Board also recognized that due to the size of the Group, it is not cost-effective to have an internal audit function and team within the organizational setup. In light thereof, the Company has outsourced its internal audit function to an independent risk advisory and consulting firm, Crowe Horwath First Trust Risk Advisory Pte Ltd (“**Crowe**”), which meets the standards set by internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

In assessing the engagement of the internal auditors, the AC has considered factors such as the resources of the internal auditors and the independence of the internal auditors from the activities that it audits. Crowe is a member firm of Crowe Global, a professional and international large-scale accounting firm with a development history of more than 90 years. Crowe Global is ranked as the eighth largest accounting network in the world and has over 200 independent accounting and advisory firms in more than 130 countries.

Crowe primarily reports to the AC Chairman and submits its audit plans to the AC for approval prior to the commencement of the internal audit. The AC has reviewed and is satisfied that Crowe is able to discharge its duties effectively as the internal auditor as it is adequately qualified, adequately resourced and has the appropriate standing the Company given, inter alia, its involvement in certain AC meetings and its unfettered access to the to the all the Group's documents, records, properties and personnel, including direct access to the AC.

- 4) Listing Rule 210(5)(a) requires directors who has no prior experience as a director of an issuer listed on the Exchange to undergo training in the roles and responsibilities of director of a listed issuer as prescribed by the Exchange.**

We note that Mr. Ho had been appointed to the Board since 18 August 2022. It is further disclosed on page 105 of the annual report that, the Company has arranged for Mr Ho to attend the relevant courses with the Singapore Institute of Directors to familiarise himself with the roles and responsibilities of a Director of public listed in Singapore.

Please disclose the progress and plans in place for Mr Ho to attend the relevant courses. If no trainings have been attended to-date, please explain why.

Company's response:

Mr Ho has attended the Listed Entity Director Programme ("LED") LED 9: Environmental, Social & Governance Essentials, organised by the Singapore Institute of Directors ("SID"). The Company plans to arrange for Mr Ho to complete the remaining LED courses by the end of 2024. As at the date of this announcement, Mr Ho has signed up for LED 8 - Remuneration Committee Essentials and LED 1 - Listed Entity Director Essentials.

- 5) It is noted that paragraph (i) of Appendix 7.4.1 has not been disclosed with regard to the re-election of Ms Tan Lay Suan Judy on page 108 of the annual report. Please provide the required information accordingly.**

Company's response:

In accordance with paragraph (i) of Appendix 7.4.1. of the SGX-ST's Listing Manual, Ms Tan confirms that she has not been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining her from engaging in any type of business practice or activity. This confirmation is disclosed in the Company's announcement dated 31 October 2023 in relation to Ms Tan's appointment as an independent director of the Company.

- 6) We noted that the auditors have issued a disclaimer of opinion over:**
- i) Going concern,**
 - ii) Limitation of scope - discontinued operations and disposal group classified as held-for-sale.**

Given the disclaimer of opinion noted, please explain how the assurances from the CFO and Mr Li Mingyang in their capacity as the Executive Directors that the financial records for FY2023 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances can be provided per page 29 of the annual report. Please specifically reference each item mentioned in the basis of the disclaimer of opinion in the auditor's report in the explanation.

Company's response:

The Company refers to its announcement dated 28 March 2024 in relation to the disclaimer of opinion issued by its auditors. In relation to the “Limitation of scope - discontinued operations and disposal group classified as held-for-sale”, where it disclosed the following extract from the disclaimer of opinion in the auditor’s report:

“As disclosed in Note 7 to the financial statements, the disposal of the discontinued operations has been completed during the year. The Group recorded profit from discontinued operations amounted to RMB467,000 and a gain on disposal of the discontinued operations amounted to RMB93,429,000 for the financial year ended 31 December 2023. Due to the change in ownership after the disposal, the management does not have any access to the books and records of the disposed subsidiaries. During the course of audit, we were unable to obtain sufficient appropriate audit evidence for the purpose of verification of the profit or loss generated from the discontinued operations and the gain on disposal of the discontinued operations. Consequently, we are unable to satisfy ourselves with regards to the recording and measurement of all transactions that occurred during the financial year up to date of completion of disposal, including but not limited to the items described below:

- (i) the profit from discontinued operations (net of tax) of RMB467,000 as disclosed in Note 7 to the financial statements;*
- (ii) the gain on disposal of discontinued operations of RMB93,429,000;*
- (iii) the basic and diluted earnings/(loss) per share attributable to equity holders of the Company for profit/(loss) from discontinued operations as disclosed in Note 8 to the financial statements;*
- (iv) the cash flows effects of the discontinued operations to the consolidated statement of cash flows of the Group as disclosed in Note 7 to the financial statements;*
- (v) the disclosure of related party information relating to disposal group; and*
- (vi) the disclosure of segment information relating to the disposal group...”*

The Company did keep and maintain proper financial records for the purpose of the Group’s operations and finances in FY2023. However, as disclosed in the Company’s announcements dated 5 October 2023 and 28 March 2024, the Company is no longer the legal owner of the disposal and is no longer in the position to liaise directly with the lawyers, banks, related parties and third parties to obtain the relevant documents and confirmations required by the auditors for the purposes of their audit.

As disclosed in the Company’s announcement dated 28 March 2024, the following efforts have been made by the Company to request for the books and records required by the auditors for the audit of the disposed subsidiaries in FY2023:

- (i) Following the completion of the sale of the disposal group on 24 May 2023, management continued to liaise with the purchaser to request for the documents of the disposed subsidiaries for the purposes of the Group’s statutory audit. However, as the books and records of the disposed subsidiaries contained confidential information relating to projects with the Harbin Municipal People’s Government, the purchaser informed management that it would be unable to disclose such documents unless the written consent of the relevant government authorities in the People’s Republic of China had been obtained.
- (ii) Despite management’s best efforts to follow up with the purchaser up to the finalisation of the Independent Auditor’s Report for FY2023, management did not receive any concrete response from the purchaser as to whether the consent of the relevant government authorities for the disclosure of such documents had been obtained.

- (iii) To ensure the Company's compliance with its reporting obligations under the Listing Rules of the SGX-ST, the Board was of the view that the statutory audit for FY2023 would need to be completed latest by end February 2024 to ensure that the Company is able to release its annual report and conduct its annual general meeting for FY2023 in a timely manner. As such, the Company ultimately reached an understanding with the auditors that a disclaimer of opinion would need to be issued in relation to the Group's audited accounts for FY2023 since the records and books of the disposed subsidiaries could not be obtained from the purchaser before the finalisation of the Group's audited accounts.

As the Company is no longer the legal owner of the disposal group, it would not be in the position to retain the books and records of the disposed subsidiaries. The books and records of the disposed subsidiaries would form part of the proprietary information to be transferred to the purchaser upon completion of the sale, and the Company would not be entitled to retain copies of such documents of its disposed subsidiaries.

For the above reasons, the CFO and Mr Li Mingyang in their capacity as the Executive Directors were able to provide assurances that the financial records for FY2023 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

By Order of the Board
Li Mingyang
Chairman and Executive Director of the Board
22 April 2024