



**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 2 October 2023 with reference to the Company’s announcement on 14 July 2023 titled “Annual Report and related documents” on the Company’s Annual Report for the financial year ended 31 December 2022 (“**AR2022**”) and the announcement on 14 August 2023 titled “Condensed Interim Financial Statements for the financial period ended 30 June 2023” (“**Announcement**”). Unless otherwise defined, all capitalised terms used herein shall bear the same meaning ascribed to it in the Announcement. The queries from the SGX-ST and the Company’s responses are as follows:

### **SGX-ST queries:**

- 1) **It is disclosed on page 4 of the unaudited financial statements that an amount of RMB2,000,000 was recognised as impairment losses on financial assets for the period ended 30 June 2023. In this regard, please disclose the following information:**
  - (i) **the nature of financial assets;**
  - (ii) **how the amount of impairment was determined;**
  - (iii) **the Board’s confirmation as to whether it is satisfied with the reasonableness of the methodologies and assumptions used to determine amount of impairment; and**
  - (iv) **the reasons for the impairment losses.**

### **Company’s response:**

- (i) As disclosed on page 14 of the Company’s announcement on 12 May 2023 titled “Condensed Interim Financial Statements for the financial period ended 31 March 2023” (“**1Q2023FS**”), the amount of RMB2,000,000 of impairment losses on financial assets was recognised in the 1Q2023FS.
- (ii) Information on the nature of the financial assets, how the amount of impairment was determined and the reasons for the impairment losses is set out in page 14 of the 1Q2023FS and replicated as follows:

*“For the Insulation Project, the Disposal Group did not receive any subsidies from the relevant government bodies and agencies of the PRC in 1Q2023. However, subsidies of approximately RMB14.6 million and RMB5.0 million due from the Harbin government which was initially due for receipt in June 2022 and 1 January 2023, respectively, have not been received by the Disposal Group. Accordingly, the Disposal Group reassessed the timing of*

*subsidies to be received from the relevant government bodies and agencies and has estimated and recorded impairment losses arising from the service concession receivables for the Insulation Project to be around RMB2.0 million in 1Q2023.”*

- (iii) The Board confirms that it is satisfied with the reasonableness of the methodologies and assumptions used to determine amount of impairment in the 1Q2023FS.
- (iv) The Company and the Group did not make any allowance for impairment losses on financial assets in the second quarter of 2023.

**2) It is disclosed in the unaudited financial results for the financial period ended 30 June 2023 that, the Company reported trade receivables amounting to RMB2,250,000 which represented more than 100% of the Group’s revenue of RMB1,410,000 for the period ended 30 June 2023.**

**Please disclose:**

- (i) the ageing profile of the Group’s trade and other receivables in bands of 3 months;**
- (ii) the general credit term extended to customers;**
- (iii) the Company’s plans to recover the trade and other receivables;**
- (iv) what were the actions taken to recover the trade and other receivables;**
- (v) 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:**

- (i) The aging profile of the Company’s trade receivables is as follows:

	Current (RMB)	1 to 90 days (RMB)	91 to 180 days (RMB)	Total (RMB)
Trade receivables	750,000	750,000	750,000	2,250,000

- (ii) The general credit term extended to customers is 90 days.
- (iii) The Group has been actively engaging its existing customer to manage the collection of its trade receivables based on the agreed terms of payment under the service contract. Prior to the agreed payment date, the Group will constantly engage with the customer to remind of the payment obligations under their service contract. As at the date of this announcement, the Group has collected approximately RMB2.2 million from its trade receivables.
- (iv) Please refer to the Company’s response in paragraph 2(iii) above.
- (v) For the reasons provided in paragraph 2(i) to 2(iii) above, the Board is of the view that the Group’s trade and other receivables are recoverable.

**3) Listing Rule 1207(10) requires 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 whether and how Listing Rule 1207(10) has been complied with.**

### **Company's response**

As disclosed on page 39 of the AR2022, 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 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 2022.

The Chief Financial Officer (“CFO”) and Mr Li Mingyang in his capacity as the Executive Director have assured the Board that the financial records for the financial year ended 31 December 2022 (“FY2022”) have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances.

- 4) 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 43 of the AR2022, while the importance of effective internal controls cannot be discounted, the Board also recognised 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. Therefore, for FY2022, 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 recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

Crowe has conducted its internal audit for the Group in FY2022 and reported directly to the AC on its findings. An internal audit was performed by Crowe in respect of two key areas of focus; the Group’s payment and reimbursement processes, and procedures relating to sustainability reporting. Based on the assessment conducted by Crowe, there were no major internal control weaknesses highlighted by them for the attention of the AC for FY2022. The AC has reviewed Crowe’s report on internal controls and processes and is satisfied with the adequacy of the same. The AC will assess and ensure the adequacy and effectiveness of the internal audit function on an annual basis.

- 5) Listing Rule 1207(20) requires that if applicable, a status report on the use of IPO proceeds and any proceeds arising from any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use and is in accordance with the percentage allocated in the prospectus or the announcement of the issuer. Where the proceeds are used for general working capital purposes, the issuer must announce a breakdown with specific details on the use of proceeds for working capital. Where there is any material deviation from the stated use of proceeds, the issuer must also announce the reasons for such deviation.**

**We note on page 97 of the Annual Report that on 19 September 2022, the Company carried out a private placement and issued 25,466,666 new ordinary shares at an issue price of SGD0.015 per share for an aggregate cash consideration of SGD382,000 (RMB1,898,000) for working capital purposes. Please disclose whether and how Listing Rule 1207(20) has been complied with, including a breakdown on the use of proceeds utilised for general working capital.**

**Company's response**

The Company has made periodic announcements on the breakdown of the utilisation of the net proceeds for the placement in its announcements dated 26 August 2022, 14 November 2022 and 28 April 2023.

Please refer to page 14 of the announcement on 28 April 2023 titled "Condensed Interim Financial Statements for the financial year ended 31 December 2022" where the Company has made the necessary disclosure including a breakdown on the use of proceeds from the private placement exercise utilised for general working capital.

- 6) Listing Rule 1207(18B)(c) requires the issuer to provide an explanation of how the issuer has complied with the disclosure of its commitment to ensure protection of the whistleblower against detrimental or unfair treatment. Please disclose whether and how Listing Rule 1207(18B)(c) has been complied with.**

**Company's response**

As disclosed on page 49 of the AR2022, the Group has in place a whistleblowing policy which sets out the procedures for the Group's employees and other persons to make reports about the possible improprieties of financial reporting or other matters within the Group. The AC is responsible for the oversight and monitoring of whistleblowing and the whistleblower is able to report to the Chairman of the AC directly to raise concerns about any financial impropriety or other matters. Information received pertaining to whistleblowing is treated confidentially to protect the identity and the interest of all whistleblowers.

The Company wishes to clarify that its whistleblowing policy ensures that employees or other external parties making any reports in good faith are able to do so with the confidence that they are able to do so while being protected from reprisal, detriment or unfair treatment.

- 7) 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 is in his capacity as the Executive Director that the financial records for FY2022 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 39 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.**

**Please also disclose the Company's updates on the efforts taken to resolve the outstanding audit issue with regard to the limitation of scope.**

### Company's response:

The Company refers to its announcement dated 11 July 2023 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:

*"During the course of audit, we were unable to obtain sufficient appropriate audit evidence such as certain confirmations from the lawyers, banks, related parties and third parties and supporting documents for verification of certain balances and transactions. We were also unable to carry out the necessary audit procedures to complete the review of subsequent events of the disposal group from 31 December 2022 up to the date of this report. Consequently, we are unable to satisfy ourselves with regards to the recording and measurement of all transactions that occurred during the financial year ended 31 December 2022 and whether the assets and liabilities are complete and fairly stated as at 31 December 2022...."*

The Company did keep and maintain proper financial records for the purpose of the Group's operations and finances in FY2022. However, as disclosed in the Company's announcement on 14 July 2023 titled "Response Announcement to SGX-ST Queries", the abovementioned documents as set out in the disclaimer of opinion in the auditor's report could not be provided to the auditors due to the following reasons:

- (i) As announced on 7 June 2023, the Company received a letter from the tax authority in the People's Republic of China ("**PRC**") on 14 April 2023 informing them that Harbin Shengming Energy Saving and Technology Co., Ltd and related companies such as Harbin Utility Tunnel Construction and Management Co., Ltd., Harbin Prevailing Municipal Engineering Co., Ltd., Harbin Utility Tunnel Phase Two Construction and Management Co., Ltd. and Harbin Superior Construction Materials Trading Co., Ltd. (the "**Selected Entities**") had been selected to undergo routine compliance checks, randomly conducted on PRC entities by the tax authority.
- (ii) As part of the routine compliance checks, the PRC tax authority had directed the Company to handover all hardcopy documents relating to the financial information, books, tax returns and audit report materials (the "**Original Documents**") in respect of the Selected Entities by 14 April 2023. In compliance with the directions given by the PRC tax authority, the Company proceeded to deliver the original books and underlying supporting documents of the Selected Entities to the office of the tax authority on the same day.
- (iii) The management team of the Selected Entities had reached out to the PRC tax authority to request for their confirmation on the probable end date of the routine compliance checks and to expedite the return of the Original Documents. However as of 14 July 2023, the Original Documents had not yet been returned to the Selected Entities by the PRC tax authority. As such, the Selected Entities were not able to provide the supporting documents for the verification of certain balances and transactions to the auditors for the purposes of their audit.
- (iv) Following the completion of the sale of the Disposal Group, the Company is no longer the legal owner of the Disposal Group and is no longer in the position to liaise directly with the lawyers, banks, related parties and third parties to obtain the relevant confirmations required by the auditors. The Company would therefore need to write to the purchaser to request that they liaise with the aforesaid parties to obtain the relevant confirmations, and this process

is expected to take some time. However, as at the date of the independent auditor's report dated 11 July 2023, such confirmations remained unavailable.

The management team of the Selected Entities had reached out to the PRC tax authority to follow up on the probable end date for the compliance checks but no concrete response was provided by the tax authority in the period leading up to the finalisation of the audited accounts of the Group for FY2022. As the Company's application for a further extension of time under Rule 707(1) and 707(2) of the Listing Manual had been rejected by the SGX-ST and to avoid any further delay in the finalisation of the Group's audited accounts for FY2022, the Company was not able to provide the Original Documents and the relevant confirmations required by the auditors in time for the finalisation of the audit. This led to the disclaimer of opinion on the limitation of scope in respect of the discontinued operations and disposal group in the auditor's report.

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 FY2022 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Following the completion of the sale of the Disposal Group, the Company is no longer the legal owner of the Disposal Group and is not in the position to resolve the outstanding audit issue with regard to the limitation of scope pertaining to the Disposal Group.

By Order of the Board

**Li Mingyang**

Chairman and Executive Director of the Board

5 October 2023