



GREEN BUILD TECHNOLOGY

GREEN BUILD TECHNOLOGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200401338W)

DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITOR'S ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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**", together with its subsidiaries, the "**Group**") wishes to inform that the independent auditor of the Company, Baker Tilly TFW LLP (the "**Independent Auditor**"), has issued a disclaimer of opinion in its Independent Auditor's Report dated 15 June 2022 (the "**Independent Auditor's Report**") in relation to the Group's financial statements for the financial year ended 31 December 2021 ("**FY2021**") (the "**Audited Financial Statements**").

The basis for the disclaimer of opinion is set out in the Independent Auditor's Report, an extract of which is annexed hereto for further details.

An extract of Note 3 to the FY2021 Audited Financial Statements is also annexed to this announcement.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor's Report, the Audited Financial Statements and the Company's annual report for FY2021, which will be despatched in due course.

By Order of the Board

Wu Xueying

Chief Executive Officer and Executive Director

15 June 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GREEN BUILD TECHNOLOGY LIMITED**

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Green Build Technology Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 65 to 119, which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(1) Appropriateness of the going concern assumption

As disclosed in Note 3 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns, the Group's and the Company's current liabilities exceeded the current assets by RMB164,258,000 and RMB4,411,000 (2020: RMB207,974,000 and RMB1,984,000) respectively as at 31 December 2021. During the financial year ended 31 December 2021, the Company incurred a net loss of RMB2,560,000 (2020: 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 26 to the financial statements. These factors indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group and the Company to continue as going concerns and therefore they may not be able to realise their assets and discharge their liabilities in the ordinary course of business.

In the preparation of the financial statements, the Board of Directors of the Company believes that the use of going concern assumption is appropriate after taking into consideration of the factors as disclosed in Note 3 to the financial statements. However, as the factors are dependent on certain assumptions and these outcomes are inherently uncertain, we are unable to obtain sufficient appropriate audit evidence to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Consequently, we are unable to determine whether any adjustments in respect of these financial statements for the financial year ended 31 December 2021 are necessary.

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

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

Basis for Disclaimer of Opinion (cont'd)

(1) Appropriateness of the going concern assumption (cont'd)

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that 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 ordinary 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 ordinary 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 may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities respectively. No such adjustments have been made to the financial statements.

(2) Expected credit loss assessment of service concession receivables and contract assets

As disclosed in Note 12 to the financial statements, the Group's service concession receivables and contract assets as at 31 December 2021 totalled RMB894,268,000 (2020: RMB933,758,000). During the financial year ended 31 December 2021, the Group recognised impairment loss on service concession receivables amounted to RMB1,083,000 (2020: RMB3,712,000).

As disclosed in Note 12 and Note 26 to the financial statements, the outbreak of COVID-19 pandemic had prompted the People's Republic of China 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 phase one of the Group's underground utility tunnel project, which initially was expected to be completed in 2020 and also the delay in the completion of the acquisition of the completed part of phase two of the Group's underground utility tunnel project. This affected the timing of the expected future cash flows from the grantors in respect of phase one of the Group's underground utility tunnel project and affected the progress of the acquisition of the completed part of phase two of the Group's underground utility tunnel project.

Due to uncertainty as to when the cost finalisation for phase one of the Group's underground utility tunnel project and the acquisition of the completed part of phase two of the Group's underground utility tunnel project can be finalised, we are unable to obtain sufficient and appropriate audit evidence to assess the reasonableness and appropriateness of the timings and amounts of the expected future cash flows from the grantors in respect of these projects as estimated by management in their expected credit loss assessments and recognition of contract assets respectively. Accordingly, we are unable to determine if further loss allowance and adjustments are required on the net carrying amounts of the Group's service concession receivables and contract assets respectively as at 31 December 2021. In addition, we are unable to assess if the disclosures of credit risk with respect to the Group's service concession receivables and contract assets in Note 23(b) to the financial statements are appropriate and complete.

Extracted from the Independent Auditor's Report to the Audited Financial Statements of Green Build Technology Limited for the financial year ended 31 December 2021

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

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

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 Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("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 responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Extracted from the Independent Auditor's Report to the Audited Financial Statements of Green Build Technology Limited for the financial year ended 31 December 2021

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

Report on Other Legal and Regulatory Requirements (cont'd)

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

15 June 2022

GREEN BUILD TECHNOLOGY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 2021, the Group's and the Company's current liabilities exceeded the current assets by RMB164,258,000 and RMB4,411,000 (2020: RMB207,974,000 and RMB1,984,000) respectively. During the financial year ended 31 December 2021, the Company incurred a net loss of RMB2,560,000 (2020: 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 26.

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 2021 is appropriate after taking into consideration the following factors:

- (i) Certain related parties (entities in which the substantial shareholder and former director, Mr Zhao Lizhi, 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 10 November 2021.
- (ii) As disclosed in Note 26, 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 12). The board is confident that the Group will be able to collect on the service concession agreements notwithstanding the delay in the cost finalisation process as these delays were mainly due to the COVID-19 situation in the PRC.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the Group's accounting policies (cont'd)

Going concern assumption (cont'd)

- (iii) The cash flows projection for the 17-month period from 31 December 2021 (the reporting date) that has been prepared and approved by management confirms that the Group and the Company are able to meet their debts and obligations during the said 17-month forecast period. The key assumptions for the said 17-month cash flows projection are as follows:

Projected cash inflows:

- (a) Expected future cash flows to be received pursuant to service concession agreements from government agency of the PRC in relation to phase one of the underground utility tunnel project and insulation project; and
- (b) Expected proceeds from sale of completed part of the phase two of the underground utility tunnel project.

Projected cash outflows:

- (c) Expected principal and interest payments for the borrowings;
 - (d) Expected payments of key trade and other payables; and
 - (e) Expected payments of operating expenses and maintenance costs.
- (iv) There are existing extension of time arrangements in place for the repayment of the principal loan amount and interest payments by the Group to bank in relation to an existing borrowing facility, of which the Group is currently in the process of obtaining such document setting out the agreed arrangements.

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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Allowance for expected credit losses of trade and other receivables, service concession receivables and contract assets

When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration on the impact of COVID-19 pandemic and how these conditions will affect the Group's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As the calculation of loss allowance on trade and other receivables, service concession receivables and contract assets is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables, service concession receivables and contract assets. Details of ECL measurement and carrying values of trade and other receivables, service concession receivables and contract assets at the end of the reporting period are disclosed in Note 23(b).