



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 26 April 2021 with reference to the Company’s annual report for the financial year ended 31 December 2020 issued on 15 April 2021 (the “**Annual Report**”). The queries from the SGX-ST and the Company’s responses are as follows:

- (i) **Provision 9.2 of the Code of corporate governance 2018 (the “Code”) states that, “The Board requires and discloses in the company’s annual report that it has received assurance from:**
 - (a) **the CEO and the Chief Financial Officer (“CFO”) that the financial records have been properly maintained and the financial statements give a true and fair view of the company’s operations and finances; and**
 - (b) **the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company’s risk management and internal control systems.”**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 9.2 of the Code with regard to (i) the assurance from the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company’s operations and finances; and (ii) the assurance from other key management personnel who are responsible, regarding the adequacy and effectiveness of the company’s risk management and internal control systems.

Please disclose whether and how the recommendations of provision 9.2 have been complied with.

Company’s Response:

As set out in pages 40 and 41 of the Annual Report, the Company does not currently have a Chief Financial Officer and is in the process of sourcing for a suitable candidate. In the meantime, the Board has disclosed in the Annual Report that the Group’s finance team, which is based in China, is headed by a finance manager who

reports directly to the CEO. The Company has also disclosed in the Annual Report that the CEO, with the concurrence of the finance manager, had provided assurance to the AC that the financial records have been properly maintained and all the financial statements give a true and fair view of the Company's operations and finances.

The Company further refers to pages 41 and 45 of the Annual Report where the Board wishes to state for the record that it has considered and accepted from the CEO and the Executive Chairman, who the Board considers key management personnel, that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal controls system (including financial, operational, compliance and information technology controls) are adequate and effective.

In light of the above, the Company considers that Provision 9.2 of the Code has been complied with.

- (ii) **Listing Rule 907 requires issuers to disclose the aggregate value of interested person transactions entered into during the financial year under review in the prescribed presentation format. Please make the necessary disclosure in the prescribed presentation format.**

Company's Response:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Heilongjiang Jiuli Municipal Construction Project Co., Ltd. ("黑龙江省久利市政建筑工程有限公司")	Maintenance fees	RMB 1,032,000	-

- (iii) **Provision 2.4 of the Code states that, "The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made**

towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report."

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives. Please state if the Company has a formal board diversity policy and clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company. Please also disclose how the Company has complied with the recommendation of having directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, other than its board diversity policy.

Company's Response:

While the Company does not currently have a formal board diversity policy, the Company's Nominating Committee (the "NC") is of the view that its board diversity policy is already encapsulated in its existing terms of reference, which is geared towards ensuring an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. In this regard, the Company refers to page 31 of the Annual Report and reproduces the extract as follows:

'the Board and its Board Committees should comprise a sufficient number of Directors to fulfil its responsibilities and who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. They also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (this number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified);'

The NC reviews the composition of the Board annually to ensure that its diversity policy is continually implemented to ensure that it has an appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

The Board is pleased to announce that it currently comprises five members (including one female Director) with a mix of experience in finance (including audit and accounting), marketing, business administration, management and civil engineering. The ages of the Directors range from late 30s to late 60s. The Board is satisfied that its Directors, with its current diversity and mix of skills, knowledge and experience, is appropriate taking into account the scope and nature of the business and operations of the Company and of the Group. No individual or group dominates the Board's decision-making process.

The Company is of the view that the practices the Company has adopted and disclosed in pages 30 to 32 of the Annual Report are consistent with the intent of

Principle 2 of the Code. The Company is also of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

- (iv) **Provision 8.1 of the Code states that “The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:**
- (a) **each individual director and the CEO; and**
 - (b) **at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.” (emphasis added)**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regard to the disclosure of the amounts of remuneration of each individual director and the CEO, and in aggregate the total remuneration paid to these key management personnel. No explanations were provided for in the Company’s FY2020 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Company’s Response:

As set out in page 39 of the Annual Report, the Group is not disclosing the remuneration of the Directors (which includes the Chief Executive Officer) and the Group’s top executives for confidentiality reasons and to avoid poaching of the Group’s staff.

The Company had disclosed the names and remuneration of the Directors (including the Chief Executive Officer) and the top executives in remuneration bands of no wider than S\$250,000 and by a percentage breakdown in terms of categories and components in page 39 of the Annual Report. As set out in page 40 of the Annual Report, the total remuneration paid to the top 5 key executives of the Group for FY2020 is S\$308,000.

The Company has also disclosed in pages 36 to 39 of the Annual Report, the Company’s remuneration policies in determining the Directors’ remuneration.

Taken as a whole, the Company believes that the disclosures provided are sufficiently transparent in providing an understanding of the remuneration of its Directors and top executives of the Group.

The Company is of the view that the practices the Company has adopted and disclosed in pages 39, 40 and 97 of the Annual Report are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

- (v) **Listing Rule 1207(10C) states that the annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including audit committee's comment on whether the internal audit function is independent, effective and adequately resourced. Please clarify whether and how Listing Rule 1207(10C) has been complied with. Where the internal audit function is outsourced, please provide information on the relevant experience of the accounting firm and the engagement team.**

Company's Response:

As set out in page 44 of the Annual Report, the internal audit function of the Group has been outsourced to Mazars Certified Public Accountants (SGP) Heilongjiang Branch ("**MCPA**"). MCPA reports primarily and directly to the AC and has unfettered access to all the Group's documents, records, properties and personnel of the Group.

As disclosed in the Annual Report, the AC annually assesses and ensures the adequacy of the internal audit function. The AC is satisfied that the internal audit function is (i) adequately resourced and has appropriate standing within the Group, (ii) staffed with persons with relevant qualifications and experience, and (iii) carries out its functions according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. This is because it has engaged MCPA to carry out internal audit.

The Company also wishes to state that it has provided further information on MCPA in the Annual Report in pages 44 and 45. MCPA is a professional and international large-scale accounting firm with a development history of more than 20 years. The Company however wishes to clarify that MCPA is ranked thirteen in China in terms of revenue earned, based on the article titled "Information on the Top 100 Accounting Firms for Business Income in 2018" by the China Institute of Certified Public Accountants. MCPA is also a member firm of Mazars Global accounting network in China.

MCPA's engagement team for the internal audit comprises of 4 members - 2 special general partners, 1 audit manager and 1 auditor.

The details of the special general partners are as follows:

- (a) Mr Gao Xiangjun is, and has been a certified public accountant of the Heilongjiang Institute of Certified Public Accountant since 1999.
- (b) Mr Wang Rui is, and has been a certified public accountant of the Heilongjiang Institute of Certified Public Accountant since 2005.

The AC wishes to reiterate that they have assessed the internal audit team and is of the view that the internal audit function is independent, effective and adequately resourced.

By Order of the Board

Wu Xueying
Chief Executive Officer and Executive Director
28 April 2021