



Issuer: Green Build Technology Limited

Security: Green Build Technology Limited

Meeting details:

Date: 31 May 2019

Time: 10.00 a.m.

Venue: Shibuya Room at level 4 of RNN Conference Centre, 137 Cecil Street, HengDa Building, Singapore 069537

Company Description

Green Build Technology Limited, formerly Youyue International Ltd., is a Singapore-based investment holding company. The Company operates in green technology segment, which includes its energy conservation services, and the installation of green technology and architecture. The Company focuses on managing projects relating to urban infrastructure construction, refurbishment of old estates, and the investment, management and operation of energy-saving and environmental projects. The Company's subsidiaries include Harbin Shengming Energy Saving Technology Co., Ltd. (Harbin Shengming), which is engaged in energy conservation services and installation of green technology and architecture, and Harbin Prevailing Municipal Engineering Co., Ltd (HPME), which is engaged in the provision of architectural design and construction services for government projects, promotion of energy conservation and investment in construction business. The Company has operations in People's Republic of China.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=Y06)

Q1. In the operating and financial review of the Annual Report 2017, the company has stated the following:

6. Prospects & Plans

As at 31 December 2017, the underground utility tunnel project was approximately **99.2%** completed. Upon the completion of the project, the Group will be entitled to manage and operate the underground utility tunnel project over a concession period of 25 years from 2018. Additional revenue and cash flows are expected during the concession period.

(Source: Company annual report 2017; emphasis added)

However, in the Annual Report 2018, the company stated that it has completed approximately 88% of phase one of the underground utility tunnel project (including its variation order) as at 31 December 2018. It is anticipated that the project will be completed in 2019 and the group will manage and operate the underground utility tunnel project over a concession period of 25 years upon its completion.

- (i) Can management clarify if the project completion has been shifted back from 99.2% to 88% solely due to the variation order(s)?**
- (ii) What was the scale and scope of the variation order(s) (which includes the installation of electrical wires and corbel)?**
- (iii) Can the company help shareholders understand the (operational) reasons that led to the variation order?**
- (iv) On the project management aspect, could management have better anticipated the need for such variation order?**
- (v) When does management expect the variation order to be completed? Are other variation orders likely/expected that would further delay the completion of the project?**
- (vi) What is the estimated start of the concession period?**
- (vii) What are the lessons gleaned by management from phase one of the underground utility tunnel that could be applied to phase two?**

Q2. On 28 August 2018, the company announced that it had entered into an asset purchase agreement for the acquisition of specific assets, namely niches in Yea Eun Columbarium in Seoul, Republic of Korea.

The proposed transaction also required the company to enter into a convertible bond subscription agreement with a subscriber, namely Kim Kwang Seun, for the principal amount of S\$2,500,000 and obtaining the said principal amount by the date of completion.

Having gained a foothold in the green building and the urban infrastructure industry, management has stated that it will source for more sustainable development projects.

- (i) Would the board help shareholders understand if the proposed investment in the Seoul assets represent a diversification outside of its core competencies?**
- (ii) How would the group be able to contribute/value-add to the operations of the proposed assets?**

The independent external auditors have included a material uncertainty related to the group's going concern in the auditor's report. They have highlighted that the group's current liabilities exceeded its current assets by RMB313,798,000 (2017: RMB199,181,000) and this indicates the existence of a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business.

As at 31 December 2018, the group has RMB71.8 million in total equity while total liabilities amounted to RMB799.3 million.

- (iii) What were the deliberations by the board on the group's capital allocation framework?**
- (iv) Would the board be reviewing the group's diversification/investment efforts outside the group's core business until it is in a stronger financial position?**
- (v) What is the experience of the board/management in structuring and pricing convertible bonds?**

Q3. The attendance of directors at board and board committee meetings are shown in the table below:

For FY2018, the Board held 2 meetings and the attendance of each Director at the Board and Board Committee meetings is as follows:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Zhao Lizhi (Executive Chairman)	2	2	2	2 ⁽¹⁾	1	1 ⁽¹⁾	1	1 ⁽¹⁾
Wu Xueying (Chief Executive Officer and Executive Director)		2		2 ⁽¹⁾		1 ⁽¹⁾		1 ⁽¹⁾
Kuan Cheng Tuck (Non-Executive and Independent Director)		2		2		1		1
Gallen Tay Wi Keng (Non-Executive and Independent Director)		2		2		1		1
Dong Congwen (Non-Executive and Independent Director)		2		2		1		1
Li Mingyang ⁽²⁾ (Chief Business Development Officer and Executive Director)		1		1 ⁽¹⁾		1 ⁽¹⁾		1 ⁽¹⁾

Note:

(1) Attendance by invitation.

(2) Mr Li Mingyang resigned as an Executive Director on 30 April 2018

(Source: Company annual report)

As seen from the table, the executive directors have been invited to all the board committee meetings, including the audit committee meetings.

- (i) Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend board committee meetings?**
- (ii) Were there specific agenda items or reasons to invite the executive directors to all the board committee meetings?**
- (iii) What is the dynamics of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors?** Such board committee meetings would have included agenda items on performance assessment and remuneration of the executive directors and on the audit/financial reporting/internal controls of the group.
- (iv) Do the invited directors also actively participate in the discussions during the board committee meetings? If so, how are board committee meetings different from the board meeting?**



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A copy of the questions for the Annual Report for the financial year ended 31 December 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Green%20Build%20Technology%20Ltd&cid=6771,4637>

The company's response could be found here: -----