Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Green Build Technology Limited

Stock code: Y06

Meeting details:
Date: 30 April 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As shown in the operating and financial review, revenue for FY2020 dropped by 95.5% to RMB7.5 million as the group was limited to the provision of consultation services in relation to the refurbishment of old estates, maintenance services and trading of construction materials due to COVID-19.

Other income of RMB10.2 million was mainly due to the reversal of construction costs of RMB 8.2 million for an insulation project that was completed in 2016 as the group has been actively negotiating for reductions in material costs since the completion of the insulation project in FY2016.

For FY2020, net profit for the year attributable to owners of the company amounted to RMB2.6 million.

(i) **What is the sentiment on the ground in Harbin? How badly affected was Harbin especially during the early days of the pandemic? How strong is the recovery in Harbin?**

(ii) **Can management also help shareholders understand the state of the local economy and the fiscal condition of the Harbin local government?**

In the operating and financial review (page 26), the company has stated that phase 2 has commenced but the work appears to have stopped due to financing issues of the local government. It was disclosed that financing from banks for this project has been affected by the borrowing ratios of the local government which has exceeded the nationwide benchmark in the PRC.

As a result, the company has disclosed that the local government is in discussions with the group to acquire this project from the group.

(iii) **Can management elaborate further on this new development? How much has the group invested in Phase 2? How will the group be safeguarding its interests?** From page 21, it would appear that the group has contract assets of RMB 49 million related to Phase 2.

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Q2. The group has successfully completed phase one of the underground utility tunnel project. Receivables from the PRC government for phase one of the underground utility tunnel project of RMB 693.3 million has been reclassified from contract assets to service concession receivables. The impact on the group's financial position is shown below.

2. Consolidated Statement of Financial Position

	Group	
	31 Dec 2020 RMB'000	31 Dec 2019 RMB'000
Total assets	**984,440**	**984,929**
Contract assets	49,077	742,463
Service concession trade receivables	884,681	171,578
Trade and other receivables	31,755	51,329
Cash and bank balances	801	765
Other assets	18,126	18,794
Total liabilities	**923,350**	**926,483**
Trade and other payables	301,302	315,040
Loans and borrowings	599,489	589,927
Other liabilities	22,559	21,516
Total shareholders' equity	**59,171**	**56,527**

(Source: company annual report; emphasis added)

(i) **What is the group's involvement, if any, in the cost finalisation process by the PRC government?**

(ii) **How significant is the cost finalisation process? That is, how much uncertainty is there to the final figure recognised by the government?**

As disclosed in Note 14 (page 90 - Service concession receivables and contract assets), the group recorded revenue and profit/(loss) after tax of RMB1,398,000 and RMB9,893,000 respectively from the service concession arrangements in FY2020.

(iii) **Can management help shareholders understand the revenue and cash flow to be expected in FY2021, FY2022 and FY2023 based on the current service concession trade receivables (prior to any adjustments due to the cost finalisation)?**

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Q3. In the corporate governance report, the company has disclosed that it has outsourced its internal audit function to an independent risk advisory and consulting firm, Mazars Certified Public Accountants Heilongjiang Branch.

The internal auditors conducted its internal audit for the group in FY2020 and reported its findings directly to the AC. The internal auditors reported no major internal control weaknesses. In addition, the AC has also reviewed the internal auditor's report on internal controls and processes and is satisfied with the adequacy of internal controls.

(i) **What was the scope of the internal audit? How was the scope of the internal audit determined?**

(ii) **Can the AC help shareholders understand if the internal audit covered all the major subsidiaries and operations of the group?**

(iii) **What were some of the key findings by the internal audit?**

(iv) **Did the internal auditor make any recommendations to the AC? If so, have the recommendations been implemented?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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