

# GT STEEL

## Construction Group Limited

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 8402**

First Quarterly Report

**2020**



## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of GT Steel Construction Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this report misleading.*

*The original report is prepared in the English language. This report is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.*

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Ong Cheng Yew (*Chairman*)

Ms. Koh Siew Khing

#### Independent non-executive Directors

Mr. Tam Wai Tak Victor

Ms. Chooi Pey Nee

Mr. Tan Yeok Lim (Chen Yulin)

### AUDIT COMMITTEE MEMBERS

Mr. Tam Wai Tak Victor

*(Chairman of the audit committee)*

Ms. Chooi Pey Nee

Mr. Tan Yeok Lim (Chen Yulin)

### NOMINATION COMMITTEE MEMBERS

Mr. Tan Yeok Lim (Chen Yulin)

*(Chairman of the nomination committee)*

Mr. Tam Wai Tak Victor

Ms. Chooi Pey Nee

Ms. Koh Siew Khing

### REMUNERATION COMMITTEE MEMBERS

Ms. Chooi Pey Nee (*Chairwoman of the remuneration committee*)

Mr. Tam Wai Tak Victor

Mr. Tan Yeok Lim (Chen Yulin)

### COMPLIANCE OFFICER

Mr. Ong Cheng Yew

### COMPANY SECRETARY

Mr. Chan Hank Daniel

### COMPLIANCE ADVISER

Vinco Capital Limited

Unit 2610, 26/F, The Center

99 Queen's Road Central

Hong Kong

### AUDITOR

Deloitte & Touche LLP

Public Accountants and

Chartered Accountants

6 Shenton Way, OUE Downtown 2

#33-00

Singapore 068809

### REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

64 Woodlands Industrial Park E9

Singapore 757833

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE (CAP 622)

19/F, Prosperity Tower

39 Queen's Road Central

Central

Hong Kong

## FIRST QUARTERLY RESULTS

The board (the “Board”) of Directors of the Company (together with its subsidiaries, the “Group”) is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2020 together with unaudited comparative figures for the corresponding period in 2019, as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2020

		<b>Three months ended 31 March</b>	
		<b>2020</b>	2019
	Note	<b>S\$</b>	S\$
		<b>(Unaudited)</b>	(Unaudited)
Revenue	3	<b>2,938,567</b>	16,829,401
Cost of services		<b>(2,233,311)</b>	(12,948,318)
<b>Gross profit</b>		<b>705,256</b>	3,881,083
Other income	4a	<b>71,671</b>	46,848
Other gains	4b	—	3,000
Selling expenses		<b>(50,945)</b>	(46,200)
Administrative expenses		<b>(864,874)</b>	(773,928)
Other expenses	4c	<b>(57,353)</b>	(152,551)
Finance costs	5	<b>(49,237)</b>	(36,821)
<b>(Loss) Profit before taxation</b>		<b>(245,482)</b>	2,921,431
Income tax expense	6	<b>(277,332)</b>	(590,261)
<b>(Loss) Profit for the period</b>	7	<b>(522,814)</b>	2,331,170
<b>Other comprehensive income</b>			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operation		<b>7,465</b>	2,441
<b>Total comprehensive (expense) income for the period</b>		<b>(515,349)</b>	2,333,611
<b>Basic (loss) earnings per share (S\$ cents)</b>	9	<b>(0.11)</b>	0.49

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Share capital	Share premium	Merger reserves	Accumulated profits	Translation Reserve	Total
	S\$	S\$	S\$	S\$	S\$	S\$
<b>At 1 January 2019 (audited)</b>	827,586	8,613,061	2,999,983	13,058,338	(2,441)	25,496,527
<i>Total comprehensive income for the period:</i>						
Profit for the period	—	—	—	2,331,170	—	2,331,170
Other comprehensive income for the period	—	—	—	—	2,441	2,441
Total	—	—	—	2,331,170	2,441	2,333,611
At 31 March 2019 (unaudited)	<u>827,586</u>	<u>8,613,061</u>	<u>2,999,983</u>	<u>15,389,508</u>	<u>—</u>	<u>27,830,138</u>
<b>At 1 January 2020 (audited)</b>	<b>827,586</b>	<b>8,613,061</b>	<b>2,999,983</b>	<b>18,386,434</b>	<b>(7,465)</b>	<b>30,819,599</b>
<i>Total comprehensive income (expense) for the period:</i>						
Loss for the period	—	—	—	(522,814)	—	(522,814)
Other comprehensive income for the period	—	—	—	—	7,465	7,465
Total	—	—	—	(522,814)	7,465	(515,349)
<b>At 31 March 2020 (unaudited)</b>	<b><u>827,586</u></b>	<b><u>8,613,061</u></b>	<b><u>2,999,983</u></b>	<b><u>17,863,620</u></b>	<b><u>—</u></b>	<b><u>30,304,250</u></b>

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS**

*FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020*

### **1 GENERAL**

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 1 February 2017. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is at 64 Woodlands Industrial Park E9, Singapore 757833. The shares of the Company are listed on the GEM of the Stock Exchange with effect from 17 November 2017.

Its parent is Broadville Limited ("Broadville"), incorporated in the British Virgin Islands ("BVI"), which is also the Company's ultimate holding company. Its ultimate controlling party is Mr. Ong Cheng Yew ("Mr. Ong"), who is the chairman and an executive Director.

The Company is an investment holding company and its operating subsidiaries are engaged in designing, supplying, fabricating and erecting structural steelworks for the construction of buildings including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings and provision of pre-fabricated steel structures or on-site installation services.

The financial information is presented in Singapore Dollars ("S\$"), which is also the presentation currency of the Company.

The unaudited condensed consolidated financial information was approved by the Board on 14 May 2020.

## 2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) New and amended IFRSs that are effective for the current period

Amendments to IFRS 3 <sup>(i)</sup>	<i>Definition of a business</i>
Amendments to IAS 1 and IAS 8 <sup>(ii)</sup>	<i>Definition of material</i>
Amendments to IFRS 9, IAS 39 and IFRS 7 <sup>(iii)</sup>	<i>Interest Rate Benchmark Reform</i>

- <sup>(i)</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
- <sup>(ii)</sup> Effective for annual periods beginning on or after 1 January 2020.

### **New and amendments to IFRSs in issue but not yet effective**

At the date of authorisation of these financial results, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 <sup>(i)</sup>	<i>Insurance Contracts</i>
Amendments to IFRS 10 and IAS 28 <sup>(ii)</sup>	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

- <sup>(i)</sup> Effective for annual periods beginning on or after 1 January 2021.
- <sup>(ii)</sup> Effective for annual periods beginning on or after a date to be determined.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in IFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial results of the Group in future periods.

### **Amendments to IAS 1 and IAS 8 Definition of Material**

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

## 2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

### Amendments to IAS 1 and IAS 8 Definition of Material (continued)

The amendments also align the definition across all IFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

### Conceptual Framework for Financial Reporting 2018 (the “New Framework”) and the Amendments to References to the Conceptual Framework in IFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain IFRSs have been updated to the New Framework, whilst some IFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.



### 3 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of construction services, installation and auxiliary services provided by the Group to external customers. The Group's operations are mainly derived from Singapore during the financial period.

Information is reported to the Executive Directors, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group's accounting policies. The CODM reviews revenue by category, i.e. provision of services comprising design, supply, fabrication and erection of structural steel-works for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore and Malaysia and other installation and auxiliary services by the Group to external customers for the respective reporting period. No analysis of the Group's results, assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the period is as follows:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	2019
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Revenue from:		
Provision of structural steelworks services	<b>2,938,567</b>	16,829,401

#### Timing of recognition

Revenue based by timing of recognition are as follows:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	2019
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Over time	<b>2,938,567</b>	16,829,401

### 3 REVENUE AND SEGMENT INFORMATION (continued)

#### Major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group are as follows:

	Three months ended 31 March	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Customer I	<b>1,117,951</b>	13,914,887
Customer II	<b>1,042,993</b>	N/A*

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective reporting period.

#### Geographical information

Revenue based on geographical location of customers are as follows:

	Three months ended 31 March	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Singapore	<b>2,938,567</b>	16,824,357
Malaysia	—	5,044
	<b>2,938,567</b>	16,829,401

### 4 A. OTHER INCOME

	Three months ended 31 March	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Insurance claim receipt	<b>29,245</b>	179
Government grants	<b>9,597</b>	9,040
Rental income	<b>32,829</b>	28,329
Sundry income	—	9,300
	<b>71,671</b>	46,848

**4 B. OTHER GAINS**

**Three months ended 31 March**  
**2020** 2019  
**S\$** S\$  
**(Unaudited)** (Unaudited)

Gain on disposal of property, plant and equipment

— 3,000

**C. OTHER EXPENSES**

**Three months ended 31 March**  
**2020** 2019  
**S\$** S\$  
**(Unaudited)** (Unaudited)

Expenses in relation to the proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange (the "Proposed Transfer")

**57,353** 152,551

**5 FINANCE COSTS**

**Three months ended 31 March**  
**2020** 2019  
**S\$** S\$  
**(Unaudited)** (Unaudited)

Interest on:

Bank borrowings:

— wholly repayable within five years

**19,481** 22,220

— not wholly repayable within five years

**10,751** 10,867

Lease liabilities

**19,005** —

Obligations under finance leases

— 3,734

**49,237** 36,821

## 6 INCOME TAX EXPENSE

### Three months ended 31 March

	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current tax:		
— Singapore corporate income tax ("CIT")	—	569,630
— Under provision in prior years	<b>277,332</b>	14,148
Deferred tax expense:		
— Current year	—	6,483
	<b>277,332</b>	590,261

Singapore CIT is calculated at 17% (2019: 17%) of the estimated assessable profit for the period.

## 7 (LOSS) PROFIT FOR THE PERIOD

(Loss) Profit for the period has been arrived at after charging:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	2019
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Listing transfer expenses (Note a)	<b>57,353</b>	152,551
Depreciation of property, plant and equipment:		
— Recognised in cost of services	<b>120,197</b>	112,888
— Recognised in administrative expenses	<b>159,320</b>	53,064
Depreciation of right-of-use assets		
— Recognised in cost of services	<b>84,337</b>	—
— Recognised in administrative expenses	<b>90,113</b>	—
Depreciation of investment properties	<b>13,316</b>	13,316
Directors' emoluments	<b>142,298</b>	69,653
Other staff costs:		
— Salaries and wages	<b>888,907</b>	1,029,936
— Defined contribution plans	<b>20,347</b>	26,866
— Other staff benefits	<b>15,894</b>	26,445
Total staff costs	<b>1,067,446</b>	1,152,900
Cost of materials recognised as expenses	<b>400,583</b>	2,725,267
Subcontractor costs recognised as expenses	<b>806,255</b>	7,808,987

Note:

- a. This pertains to expenses incurred in relation to the Proposed Transfer.

## 8 DIVIDEND

The directors do not recommend the payment of dividend for the three months ended 31 March 2020 (2019: Nil).

## 9 (LOSS) EARNINGS PER SHARE

	<b>Three months ended 31 March</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
(Loss) Profit attributable to the owners of the Company (S\$)	<b>(522,814)</b>	2,331,170
Weighted average number of ordinary shares in issue	<b>480,000,000</b>	480,000,000
Basic (loss) earnings per share (S\$ cents)	<b>(0.11)</b>	0.49

The calculation of basic (loss) earnings per share is based on the (loss) profit for the period attributable to owners of the Company and the weighted average number of shares in issue.

## 10 RELATED PARTY TRANSACTION

The remuneration of directors and other members of key management during the period were as follows:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	2019
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Short term benefits	<b>163,178</b>	114,772
Post-employment benefits	<b>9,180</b>	10,800
	<b>172,358</b>	125,572

## MANAGEMENT DISCUSSION AND ANALYSIS

### GENERAL

The Group is principally engaged in the design, supply, fabricate and erect structural steel works for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore.

### FINANCIAL REVIEW

#### Revenue and Results

For the three months ended 31 March 2020, the Group recorded revenue of approximately S\$2,939,000 (2019: approximately S\$16,829,000).

The revenue decreased by approximately S\$13,890,000 or 82.5%. Since late 2019, there has been an outbreak of a highly contagious form of novel coronavirus disease ("COVID-19") affecting a lot of countries across the world. COVID-19 has resulted in the delay or suspension of the projects, which significantly affect the Group's business and financial results.

The gross profit for the three months ended 31 March 2020 was approximately S\$705,000 (2019: approximately S\$3,881,000). The gross profit margin was maintained at a range of 24.0% to 23.1% for the three months ended 31 March 2020 and 2019.

Selling and administrative expenses for the three months ended 31 March 2020 was approximately S\$916,000 (2019: approximately S\$820,000), representing an increase of approximately S\$96,000, which was mainly due to the increase in the depreciation of newly acquired factory in the second half of the year of 2019.

Other expenses for the three months ended 31 March 2020 mainly related to expenses in relation to the Proposed Transfer of approximately S\$57,000 (2019: approximately S\$153,000).

The Group recorded a loss before tax for the three months ended 31 March 2020 of approximately S\$188,000 exclusive of expenses in relation to the Proposed Transfer of approximately S\$57,000 (2019: a profit of approximately S\$3,074,000 exclusive of expenses in relation to the Proposed Transfer of approximately S\$153,000).

Loss for the three months ended 31 March 2020 was approximately S\$465,000 (exclusive of expenses in relation to the Proposed Transfer of approximately S\$57,000), representing a decrease of approximately S\$2,949,000 as compared with the corresponding period of last year which recorded a profit of approximately S\$2,484,000 (exclusive of expenses in relation to the Proposed Transfer of approximately S\$153,000).

## **FINANCIAL REVIEW (continued)**

### **Foreign Exchange Exposure**

The Group transacts mainly in Singapore dollars, which is the functional currency of the Group. However, the Group retains the proceeds from the listing of the Company on GEM of the Stock Exchange on 17 November 2017 by way of share offer in Hong Kong dollars, which exposed the Group to foreign exchange risk arising from the fluctuations of exchange rate for Hong Kong dollars against Singapore dollars. The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures if necessary.

### **Reserves**

Movement in the reserves of the Group for the three months ended 31 March 2020 are set out above in the unaudited condensed consolidated statement of changes in equity.

### **Dividend**

No dividend was paid, proposed or declared for the ordinary shareholders of the Company for the three months ended 31 March 2020 (2019: Nil).

### **Contingent Liabilities**

As at 31 March 2020, the Group did not have any contingent liabilities.

### **Capital Commitments**

As at 31 March 2020, the Group did not have any capital commitments.

### **Employee Information**

As at 31 March 2020, the Group had an aggregate of 141 (2019: 141) employees.

The employees of the Group are remunerated according to their job scope and responsibilities. The local employees are also entitled to discretionary bonus depending on their respective performance. The foreign workers are employed on one or two years contractual basis and are remunerated according to their work skills.

Total staff costs, including Directors' emoluments, amounted to approximately S\$1,067,000 and S\$1,153,000 for the three months ended 31 March 2020 and 2019 respectively.

## **BUSINESS REVIEW**

The Group is principally engaged in the design, supply, fabricate and erect structural steel works for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore.



## **BUSINESS REVIEW (continued)**

Revenue comprised of revenue from the provision of construction services, installation and auxiliary services provided by the Group to external customers, which amounted to approximately S\$2,939,000 and S\$16,829,000 for the three months ended 31 March 2020 and 2019 respectively.

Management is actively seeking projects from other customers for diversification of customer concentration risks, and expanding existing capacity to cater to higher demands.

During the three months ended 31 March 2020 and 31 March 2019, the Group recorded a net loss of approximately S\$465,000 (exclusive of expenses in relation to the Proposed Transfer of approximately S\$57,000), and a profit of approximately S\$2,484,000 (exclusive of expenses in relation to the Proposed Transfer of approximately S\$153,000) respectively.

The Group's strategies are to expand and strengthen its market position in the structural steel work industry in Singapore through the expansion of its projection capacity and workforce.

Singapore's construction sector is being driven by a large number of infrastructure projects which will continue into the latter part of the next decade. These infrastructure projects feed into the government's overall strategy for growth which includes bringing in new companies, investing in new industry sectors and increasing the population level. Structural steel is a critical component in many of these projects.

Those large scale projects will increase demand in design and consultancy skills from the steel fabricators, which will in turn enhance their skills and productivity making them more valuable for future projects.

The Board is ultimately responsible for ensuring that the risk management practices of the Group are sufficient to mitigate the risks present in our businesses and operations as efficiently and effectively as possible. The Board delegates some of these responsibilities to various operational departments. The Group's financial position, operations, business and prospects may be affected by various risks and uncertainties such as the non-recurring nature of the Group's contracts, potential delays in projects and risks involved in engaging subcontractors. The Group adopts risk management policies, measures and monitoring systems to pre-empt and contain exposures associated with the identified risks.

Since late 2019, there has been an outbreak of COVID-19 which has been affecting a lot of countries across the world. Since then, the projects of the Group have slowed down, delayed and suspended.

## **BUSINESS REVIEW (continued)**

Going forward, the Group will continue to manage its expenditures, review the business strategy constantly and look for opportunities in a cautious and prudent manner.

## **PROSPECT**

### **Economic outlook for 2020**

On 26 March 2020, The Ministry of Trade and Industry (“MTI”) had downgraded the GDP growth forecast of Singapore for 2020 to “-4.0% to -1.0%”, from an earlier estimate of “-0.5% to 1.5%”. On a quarter-on-quarter annualized basis, the economy shrank by 10.6% during the period from January to March, a magnitude unseen since the third quarter of 2010 and a sharp pullback from 0.6% growth in the previous quarter. For the first quarter, the construction sector lead the decline with a contraction of 4.3% year on year. The MTI said the 2020 outlook has sharply deteriorated after the COVID-19 outbreak which rapidly escalated beyond China to many other countries, including the United States of America (the “U.S.”), the United Kingdom, France and Germany.

On 3 April 2020, the Ministry of Health of Singapore has implemented “Additional Measures to Minimise Further Spread of COVID-19 Cases” which outlined enhanced safe distancing measures to reduce the risk of further local transmission of COVID-19. In compliance with Singapore government’s rules, the Group has stopped its business operation until 1 June 2020, which significantly affected the Group’s business and financial results. The Group expects the macroeconomic environment would remain challenging amid the COVID-19 outbreak, which has shown signs of slowing down, crash of the crude oil prices, as well as escalating trade tensions and geopolitical risks, including uncertainty over the outcome of the upcoming 2020 U.S. Presidential election.

Going forward, the Group will continue to expand and strengthen its market position in the structural steelwork industry in Singapore through the expansion of its production capacity and workforce.

Further, the Company is in the process of considering the Proposed Transfer. The Company will issue further announcement(s) to keep the shareholders of the Company and potential investors informed of the Proposed Transfer as and when required under the GEM Listing Rules.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2020, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

### Aggregate long positions in the shares and underlying shares of the Company

Name of Director	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Mr. Ong Cheng Yew	Interest of the controlled company <sup>(Note 1)</sup>	360,000,000	75%
Ms. Koh Siew Khing <sup>(Note 2)</sup>	Interest of spouse	360,000,000	75%

Notes:

- (1) Broadville Limited is wholly-owned by Mr. Ong Cheng Yew. Under the SFO, Mr. Ong Cheng Yew is deemed to be interested in all the shares of the Company held by Broadville Limited.
- (2) Ms. Koh Siew Khing is the spouse of Mr. Ong Cheng Yew and is deemed to be interested in all the shares of the Company in which Mr. Ong is interested in under the SFO.

Save as disclosed above, as at 31 March 2020, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, DEBENTURES AND UNDERLYING SHARES OF THE COMPANY**

As at 31 March 2020, the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 March 2020, the Company had been notified of the following substantial shareholder's interest and short positions being 5% or more of the issued share capital of the Company.

### **Aggregate long positions in the shares and underlying shares of the Company**

<b>Name of substantial shareholder</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Approximate percentage of the issued share capital</b>
Broadbville Limited	Beneficial owner	360,000,000	75%

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who had an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 31 March 2020.

### **DIRECTORS' INTEREST IN COMPETING BUSINESS**

During the period under review, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Group had any interests in any business which competed with or might compete with the business of the Group.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the three months ended 31 March 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS**

During the three months ended 31 March 2020, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

## **CORPORATE GOVERNANCE PRACTICES**

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the three months ended 31 March 2020.

## **INTEREST OF THE COMPLIANCE ADVISER**

As notified by the compliance adviser of the Company, Vinco Capital Limited, as at 31 March 2020, save for the compliance adviser agreement dated 26 June 2017 entered into between the Company and Vinco Capital Limited, neither Vinco Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## **SHARE OPTION SCHEME**

The Company has adopted the share option scheme (the "Scheme") on 2 November 2017. The purpose of the Scheme is to advance the interests of the Company and the shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group. The principal terms of the Scheme are summarized in the section headed "Share Option Scheme" in Appendix V to the prospectus of the Company dated 30 October 2017.

As at 31 March 2020, no share option was outstanding under the Scheme. No share option has been granted, exercised, cancelled or lapsed under the Scheme since its adoption.

## **DIVIDEND**

The Directors do not recommend the payment of dividend for the three months ended 31 March 2020 (2019: Nil).

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group has no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the three months ended 31 March 2020.

## **EVENTS AFTER THE REPORTING PERIOD**

The outbreak of COVID-19 since early 2020 has brought additional uncertainties in the global macroeconomic situation. As disclosed in the announcement of the Company dated 6 April 2020, the Group's financial performance has been impacted. With the government's help through Job Support Scheme, Wage Credit Scheme, deferment of income tax payments and Property Tax Reliefs etc, the cost burden of the Group has been lessened. The Group will closely monitor the development of the epidemic and assess its impact on the financial position and operating results of the Group.

## **PUBLIC FLOAT**

Based on the information that is publicly available to Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the issue of this report.

## **AUDIT COMMITTEE**

The Company established an audit committee (the "Audit Committee") on 21 June 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors namely Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim (Chen Yulin). Mr. Tam Wai Tak Victor, a Director with the appropriate professional qualifications, serves as the chairman of the Audit Committee. Among other things, the primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the unaudited results for the three months ended 31 March 2020 and has provided advice and comments thereon.

By order of the Board  
**GT Steel Construction Group Limited**  
**Ong Cheng Yew**  
*Chairman and Executive Director*

Singapore, 14 May 2020

*As at the date of this report, the Board comprises two executive Directors, namely, Mr. Ong Cheng Yew (Chairman) and Ms. Koh Siew Khing and three independent non-executive Directors, namely, Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim (Chen Yulin).*

*This report will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication. This report will also be published on the Company's website at [www.gt-steel.com.sg](http://www.gt-steel.com.sg).*