



GT STEEL Construction Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8402

INTERIM REPORT
2021

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, include 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 and 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

Non-executive Director

Ms. Chen Xiaoyu

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

Yongtuo Fuson CPA Limited

Unit 1020, 10/F, Tower B,

New Mandarin Plaza

14 Science Museum Road

Tsim Sha Tsui East

Kowloon

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 OF THE LAWS OF HONG KONG)

19/F., Prosperity Tower

39 Queen's Road Central

Central

Hong Kong

INTERIM RESULTS

The board (the "Board") of the Directors is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period of 2020, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2021

	Note	Three months ended 30 June		Six months ended 30 June	
		2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Revenue	3	6,493,295	358,452	13,953,017	3,297,019
Cost of services		(6,733,681)	(696,611)	(13,987,081)	(2,929,922)
Gross (loss) profit		(240,386)	(338,159)	(34,064)	367,097
Other income	4	119,580	142,756	260,856	214,427
Selling expenses		(41,558)	(30,862)	(87,989)	(81,807)
Administrative expenses		(1,130,281)	(931,598)	(2,109,690)	(1,796,472)
Other expenses	5	—	(257)	—	(57,610)
Finance costs	6	(64,316)	(36,678)	(128,648)	(85,915)
Loss before taxation	7	(1,356,961)	(1,194,798)	(2,099,535)	(1,440,280)
Income tax expense	8	—	—	—	(277,332)
Loss for the period		(1,356,961)	(1,194,798)	(2,099,535)	(1,717,612)
Other comprehensive (expense) income					
<i>Item that was subsequently reclassified to profit or loss</i>		—	—	(8,649)	7,465
Total comprehensive expense for the period		(1,356,961)	(1,194,798)	(2,108,184)	(1,710,147)
Basic loss per share (S\$ cents)	10	(0.28)	(0.25)	(0.44)	(0.36)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Non-current assets			
Property, plant & equipment	13	2,916,601	3,041,508
Right-of-use assets	14	1,764,527	2,075,593
Investment properties		2,551,776	2,578,409
Deferred tax assets		326,954	326,954
		7,559,858	8,022,464
Current assets			
Trade receivables	15	7,082,173	5,155,488
Contract assets	16	12,957,410	16,655,647
Deposits, prepayments and other receivables	17	375,433	612,769
Bank balances and cash		3,382,804	7,554,507
Pledged bank deposits		2,974,481	2,974,481
Income tax receivable		3,817	—
		26,776,118	32,952,892
Current liabilities			
Trade and other payables	18	4,399,753	5,031,893
Contract liabilities	16	—	17,277
Lease liabilities	14	382,688	626,189
Borrowings		847,990	1,049,677
Income tax payable		—	719,824
		5,630,431	7,444,860
Net current assets		21,145,687	25,508,032
Total assets less current liabilities		28,705,545	33,530,496

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2021

		As at 30 June 2021	As at 31 December 2020
	Note	S\$ (Unaudited)	S\$ (Audited)
Non-current liabilities			
Lease liabilities	14	1,114,427	1,194,659
Borrowings		2,254,461	4,890,996
		3,368,888	6,085,655
Net assets		25,336,657	27,444,841
Capital and reserves			
Share capital	19	827,586	827,586
Share premium		8,613,061	8,613,061
Merger reserves		2,999,983	2,999,983
Accumulated profits		12,896,027	14,995,562
Translation reserve		—	8,649
Equity attributable to owners of the Company		25,336,657	27,444,841

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share Capital S\$	Share Premium S\$	Merger Reserves S\$	Accumulated Profits S\$	Translation Reserve S\$	Total S\$
At 1 January 2020 (audited)	827,586	8,613,061	2,999,983	18,386,434	(7,465)	30,819,599
Total comprehensive expense for the period	—	—	—	(1,717,612)	7,465	(1,710,147)
At 30 June 2020 (unaudited)	827,586	8,613,061	2,999,983	16,668,822	—	29,109,452
At 1 January 2021 (audited)	827,586	8,613,061	2,999,983	14,995,562	8,649	27,444,841
Total comprehensive expense for the period	—	—	—	(2,099,535)	(8,649)	(2,108,184)
At 30 June 2021 (unaudited)	827,586	8,613,061	2,999,983	12,896,027	—	25,336,657

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Net cash (used in) from operating activities	(744,402)	1,907,456
Net cash used in investing activities	(289,268)	(190,938)
Net cash used in financing activities	(3,129,384)	(1,588,758)
Net (decrease) increase in cash and cash equivalents	(4,163,054)	127,760
Cash and cash equivalents at beginning of the period	7,554,507	1,870,336
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	(8,649)	7,465
Cash and cash equivalents at end of the period	3,382,804	2,005,561

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

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 issued shares of the Company (the "Shares") are listed on GEM of the Stock Exchange with effect from 17 November 2017.

Broadbville Limited ("Broadbville"), a company incorporated in the British Virgin Islands ("BVI") with limited liability, is the Company's ultimate holding company. Its ultimate controlling party is Mr. Ong Cheng Yew, who is the chairman and managing director of the Company.

The Company is an investment holding company and its operating subsidiaries, are engaged in the designing, supplying, fabricating and erecting structural steel-works 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 interim financial information is presented in Singapore Dollar ("S\$"), which is also the functional currency of the Company.

The unaudited consolidated interim financial information was approved by the Board on 28 July 2021.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial results should be read in conjunction with the audited financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). For these unaudited consolidated financial results, the Group has applied the new and amendments to IFRSs and interpretations. The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group.

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 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:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from:				
Provision of structural steel-works services	6,493,295	358,452	13,953,017	3,297,019

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 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Customer I	N/A*	N/A*	N/A*	1,117,951
Customer II	—	N/A*	1,823,936	1,042,993
Customer III	1,177,524	N/A*	3,009,380	N/A*
Customer IV	1,573,451	N/A*	1,573,451	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 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Singapore	6,493,295	358,452	13,953,017	3,297,019

4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Insurance claim receipt	1,453	—	1,453	29,245
Government grants ^(a)	85,208	105,696	194,188	115,293
Rental income	32,297	32,442	64,593	65,271
Sundry income	622	4,618	622	4,618
	119,580	142,756	260,856	214,427

Note:

- (a) During the period of COVID-19, in order to help employers to retain the local employees, the Government of Singapore granted Job Support Scheme.

5. OTHER EXPENSES

This is pertaining to the expenses incurred in relation to the proposed transfer of listing of the Shares from GEM to the Main Board of the Stock Exchange (the "Proposed Transfer"). On 13 July 2020, the Company has decided not to continue with the application for the Proposed Transfer.

6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Interest on:				
Bank borrowings				
— wholly repayable				
within five years	33,757	9,685	69,254	29,166
— not wholly repayable				
within five years	11,941	9,697	20,467	20,448
Lease liabilities	18,618	17,296	38,927	36,301
	64,316	36,678	128,648	85,915

7. LOSS BEFORE TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Loss for the period has been arrived at after charging:				
Listing transfer expenses (Note a)	—	257	—	57,610
Depreciation of property, plant and equipment:				
— Recognised in cost of services	32,275	49,163	77,287	169,360
— Recognised in administrative expenses	140,190	211,667	336,887	370,987
Depreciation of right-of-use assets:				
— Recognised in cost of services	80,926	—	161,851	84,337
— Recognised in administrative expenses	44,915	156,988	149,215	247,101
Depreciation of investment properties	13,317	13,317	26,633	26,633
Directors' remuneration	110,673	115,880	252,240	258,178
Other staff costs				
— Salaries and wages	874,581	204,279	1,745,701	1,093,186
— Defined contribution plans	15,511	14,297	35,129	34,644
— Other staff benefits	36,057	11,202	70,449	27,096
Total staff costs	1,036,822	345,658	2,103,519	1,413,104
Cost of materials recognised as expenses	1,332,206	175,512	4,243,438	576,095
Subcontractor costs recognised as expenses	4,149,923	322,174	7,267,472	1,128,429

Note:

- (a) This pertains to expenses incurred in relation to the Proposed Transfer. On 13 July 2020, the Company has decided not to continue with the application for the Proposed Transfer.

8. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Tax expense comprises:				
Current tax				
— Singapore corporate income tax ("CIT")	—	—	—	—
— under provision in prior years	—	—	—	277,332
Deferred tax expense				
— under provision in prior years	—	—	—	—
	<hr/>	<hr/>	<hr/>	<hr/>
	—	—	—	277,332
	<hr/>	<hr/>	<hr/>	<hr/>

Singapore CIT is calculated at 17% (2020: 17%) of the estimated assessable loss for the period.

9. DIVIDEND

The Directors do not recommend the payment of dividend for the six months ended 30 June 2021 (2020: Nil).

10. LOSS PER SHARE

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

No diluted loss per share is presented for both periods as there was no potential ordinary share in issue for both periods.

	Three months ended 30 June		Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Loss attributable to the owners of the Company (S\$)	(1,356,961)	(1,194,798)	(2,099,535)	(1,717,612)
Weighted average number of ordinary shares in issue	480,000,000	480,000,000	480,000,000	480,000,000
Basic loss per share (S\$ cents)	(0.28)	(0.25)	(0.44)	(0.36)

11. RELATED PARTY TRANSACTIONS

Apart from disclosure elsewhere in the financial statements, the Group entered into the following transactions with related parties during the period:

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

	Three months ended 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Short term benefits	145,327	131,594	290,654	294,772
Post-employment benefits	7,799	9,180	15,598	18,360
	153,126	140,774	306,252	313,132

12. RESERVES

During the period under review, there was no movement to and from any reserves other than loss for the six months ended 30 June 2021.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with aggregate cost of approximately S\$289,000 (2020: approximately S\$263,000) of which S\$Nil (2020: approximately S\$40,000) was acquired under finance leases.

The Group incurred depreciation expenses for the six months ended 30 June 2021 of approximately S\$414,000 (2020: approximately S\$540,000).

14. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group incurred depreciation expenses on right-of-use assets for the six months ended 30 June 2021 of approximately S\$311,000 (2020: approximately S\$331,000).

The lease liabilities include lease liabilities under finance lease of approximately S\$85,000 (31 December 2020: lease liabilities under finance lease of approximately S\$145,000).

15. TRADE RECEIVABLES

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Trade receivables	2,090,422	982,579
Less: Loss allowance	(88,945)	(88,945)
Unbilled revenue ^(Note)	5,080,696	4,261,854
	7,082,173	5,155,488

Note: Unbilled revenue are those accrued revenue which payment certificates are issued by the customers but no billing has been raised to customers.

The average credit period granted to the customers is from 30 to 60 days, from the invoice date for trade receivables. The following is an analysis of trade receivables presented based on the invoice dates as at the end of each reporting period:

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Within 30 days	521,614	313,900
31 days to 60 days	109,092	97,237
61 days to 90 days	10,593	75
Over 90 days	1,360,178	482,422
	2,001,477	893,634

Before accepting any new customers, the Group assesses the potential customer's credit quality and defined credit limit to each customer on an individual basis. Limits attributed to customers are reviewed periodically.

15. TRADE RECEIVABLES (continued)

The Group applied simplified approach to provide the expected credit losses prescribed by IFRS 9.

As part of the Group's credit risk management, the Group assesses the impairment for its customers based on different group of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The Directors considered that the ECL for trade receivables is insignificant as at 30 June 2021.

16. CONTRACT ASSETS (LIABILITIES)

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Analysed for reporting purposes as:		
Contract assets	12,957,410	16,655,647
Contract liabilities	—	(17,277)
	12,957,410	16,638,370

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in satisfying the respective performance obligations at the reporting date on construction contracts in respect of project works.

Retention money is unsecured, interest-free and expected to be received within the Group's normal operating cycle.

The Directors considered that the ECL for contract assets is insignificant as at 30 June 2021.

17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Deposits ^(a)	231,957	310,957
Prepayments	87,194	98,554
Government grant receivables	56,282	183,743
Sundry debtors	—	19,515
	375,433	612,769

Note:

(a) The Directors considered that the ECL on deposits is insignificant as at 30 June 2021.

18. TRADE AND OTHER PAYABLES

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Trade payables	3,681,807	3,966,229
GST payables	138,470	55,829
Other payables	85,317	322,894
Deferred grants	36,317	163,438
Deposits received	18,667	21,057
Provision for unutilised leave	72,101	72,101
Salaries and CPF payables	367,074	430,345
	4,399,753	5,031,893

18. TRADE AND OTHER PAYABLES (continued)

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Within 30 days	2,102,057	537,195
31 days to 60 days	819,410	1,009,372
61 days to 90 days	576,548	345,956
Over 90 days	183,792	2,073,706
	3,681,807	3,966,229

19. SHARE CAPITAL

Details of movements of authorised and issued capital of the Company are as follows:

	Number of Shares	Share Capital HK\$
Authorised share capital of the Company:		
At 1 January 2020, 31 December 2020 (audited) and 30 June 2021 (unaudited)	5,000,000,000	50,000,000
	Number of Shares	Share Capital S\$
Issued and fully paid of the Company:		
At 1 January 2020, 31 December 2020 (audited) and 30 June 2021 (unaudited)	480,000,000	827,586

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

General

For the financial period to date, the Group is principally engaged in the design, supply, fabrication 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 six months ended 30 June 2021, the Group recorded an unaudited revenue of approximately S\$13,953,000 (2020: approximately S\$3,297,000) and loss of approximately S\$2,100,000 (2020: approximately S\$1,718,000). The lower revenue for the six months ended 30 June 2020 was contributed by outbreak of COVID-19 since early 2020, the Circuit Breaker Measures implemented by the Government of Singapore from 7 April 2020 to 1 June 2020, and quarantine requirements for the foreign workers which caused the delay and suspension of the projects. The operation of the Company was resumed in August 2020.

The gross loss for the six months ended 30 June 2021 was approximately S\$34,000 (2020: gross profit of approximately S\$367,000).

The gross loss for the period is mainly contributed by the fluctuation in the price of steel due to changes in market supply and demand, which is driven by factors such as global economic conditions and the production capacities of steel mill; and high subcontractor costs due to staggering start times and shifts implemented as social distancing safety measures to combat the novel coronavirus disease ("COVID-19").

Other income for the six months ended 30 June 2021 was approximately S\$261,000 (2020: approximately S\$214,000).

Selling and administrative expenses for the six months ended 30 June 2021 was approximately S\$2,198,000 (2020: approximately S\$ 1,878,000), representing an increase of approximately of S\$320,000 which was mainly due to the increase in the fees of consultation and professional services.

Other expenses mainly related to the expenses of approximately S\$58,000 for the Proposed Transfer. On 13 July 2020, the Company has decided not to continue with the application for the Proposed Transfer.

FINANCIAL REVIEW (continued)

Revenue and Results (continued)

The Group recorded a loss before taxation for the six months ended 30 June 2021 of approximately S\$2,100,000 (2020: approximately S\$1,440,000) representing an increase of approximately S\$660,000 as compared with the corresponding period of last year. The increase in the loss was driven by the higher purchase price due to change in market supply and demand, higher subcontractor costs due to staggering start times and shifts being implemented, and higher consultation and professional services fees.

Liquidity, Financial Resources and Capital Structure

The Group's exposure to liquidity risk arises in the general funding of the Group's operations, in particular, that the duration of the contracts spans from one month to one year and during which the amount of progress claim vary from month to month depending on the provision of construction works and installation and auxiliary services for the month. The supply and installation schedule is as directed by the customer, in accordance with the main contractor's schedule. As such, the Group actively manages our customers' credit limits, aging, and repayment of retention monies and monitor the operation cash flows to ensure adequate working capital funds and repayment schedule is met.

The Group's net current assets was approximately S\$21,146,000 (31 December 2020: approximately S\$25,508,000) and the Group has cash and cash equivalent of approximately S\$3,383,000 (31 December 2020: approximately S\$7,555,000) which were placed with major banks in Singapore, Hong Kong and Malaysia.

For the period under review, the net cash used in operating activities was approximately S\$744,000.

As at 30 June 2021, the Group's borrowings comprised the lease liabilities of approximately S\$85,000 exclusive of lease liabilities in relation to the addition of IFRS 16 of approximately S\$1,412,000 (31 December 2020: lease liabilities of approximately S\$145,000 exclusive of lease liabilities in relation to the addition of IFRS 16 of approximately S\$1,676,000) and bank borrowings of approximately S\$3,102,000 (31 December 2020: approximately S\$5,941,000).

The Group's current ratio was approximately 4.8 times (31 December 2020: approximately 4.4 times). The gearing ratio is calculated based on the total borrowings divided by the total equity as the respective periods end. The Group's gearing ratio was approximately 12.6% (31 December 2020: approximately 22.2%).

The Group's total equity attributable to owners of the Group amounted to approximately S\$25,337,000 (31 December 2020: approximately S\$27,445,000). The capital of the Group mainly comprises share capital and reserves.

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 share offer in Hong Kong dollar, which exposed the Group to foreign exchange risk arising from the fluctuations of exchange rate for Hong Kong dollar 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 six months ended 30 June 2021 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 (the "Shareholders") for the six months ended 30 June 2021 (2020: Nil).

Capital Commitments

As at 30 June 2021, the Group did not have any capital commitments (2020: Nil).

Contingent Liabilities

As at 30 June 2021, the Group did not have any contingent liabilities (2020: Nil).

Employee Information

As at 30 June 2021, the Group had an aggregate of 108 (2020: 138) 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 contractual basis of one or two years and are remunerated according to their work skills.

Total staff costs, including the Directors' emoluments, amounted to approximately S\$2,104,000 for the six months ended 30 June 2021 (2020: approximately S\$1,413,000).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 30 October 2017 (the "Prospectus") with the Group's actual business progress, from 17 November 2017, being the date of listing (the "Listing") of the Shares on GEM of the Stock Exchange, to 30 June 2021 (the "Review Period") is set out below:

Business strategies	Actual business progress during the Review Period
— Purchase of new fabrication facility	— The Group has fully utilised approximately HK\$20.4 million for the purchase of new fabrication facility
— Expand our workforce to support our business expansion	— The Group has fully utilised approximately HK\$0.8 million for the expansion of workforce in 2018 to support business expansion
— Purchase of machineries for new fabrication facility	— The Group has utilised approximately HK\$0.1 million for the purchase of machineries for the leased property located at 12 Sungei Kadut Loop, Singapore 729456 (the "Leased Property"). The remaining amount of approximately HK\$14.6 million is expected to be utilised by 2022 which is delayed due to the outbreak of COVID-19

USE OF PROCEEDS

The net proceeds from the Listing, after deducting listing related expenses, were approximately HK\$35.9 million (equivalent to approximately S\$6.19 million).

USE OF PROCEEDS (continued)

As at 30 June 2021, the net proceeds from the Listing have been utilised in the following manner:

	Use of proceeds as allocated in accordance with the Prospectus (Note (1)) HK\$ million	Use of proceeds from the Listing up to 30 June 2021 HK\$ million	Outstanding proceeds as at 30 June 2021 HK\$ million
Purchase price of new fabrication facility	20.4	20.4 ⁽²⁾	—
Purchase of machineries for new fabrication facility	14.7	0.1 ⁽³⁾	14.6 ⁽³⁾
Expansion of workforce to support business expansion	0.8	0.8	—

Notes:

- (1) The actual amounts allocated have been adjusted to reflect the percentage of the net proceeds actually received pursuant to the Listing.
- (2) As stated in the Prospectus, the Group intended to utilise the proceeds from the Listing to purchase a new fabrication facility by 30 June 2018. However, the Group only identified the Leased Property in the first quarter of 2019 after searching for suitable properties within the vicinity and engaging in negotiations with potential sellers. As at 30 June 2021, the Group has utilised the net proceeds raised as deposits and payment of remaining purchase consideration after the execution of the share purchase agreement for the acquisition of the entire issued shares in Kay Huat Trading Company Private Limited in relation to the Leased Property.
- (3) Such amount was utilised for the purchase of machineries for the Leased Property. The remaining amount of approximately HK\$14.6 million is expected to be utilised by 2022.

The unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong and Singapore.

As at the date of this report, the Directors do not anticipate any change to the plan as to the use of proceeds.

BUSINESS REVIEW

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\$13,953,000 and S\$3,297,000 for the six months ended 30 June 2021 and 2020, respectively.

The loss for the six months ended 30 June 2021 was approximately S\$2,100,000 (2020: approximately S\$1,718,000) representing an increase of approximately S\$382,000 as compared with the corresponding period of last year.

The loss for the period is mainly contributed by the fluctuation in the price of steel due to changes in market supply and demand, which is driven by factors such as global economic conditions and the production capacities of steel mill; and high subcontractor costs due to staggering start times and shifts implemented as social distancing safety measures to combat COVID-19.

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

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.

BUSINESS REVIEW (continued)

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 affecting a lot of countries across the world. Since then, the projects of the Group have been slowed down, delayed or suspended. Since August 2020, the operations of the Company had resumed, as such the financial results of the Group had been improved. However, with staggering start times and shifts being implemented as the social distancing safety measures to combat COVID-19, the operations and financial results of the Group are still affected.

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 2021

Prospects for construction demand is expected to improve, albeit only marginally. The Building and Construction Authority projects construction demand for 2021 to be between S\$23 billion and S\$28 billion.

Notwithstanding that construction demand for 2021 has not returned to its pre-COVID levels, the Singapore government expects a sustained recovery in construction demand over the next five years. Some of the notable projects in the pipeline include subsequent phases of major MRT infrastructure projects, new healthcare facilities and new regional centres.

BUSINESS REVIEW (continued)**Prospect (continued)*****Economic outlook for 2021 (continued)***

While construction output is expected to increase to approximately S\$24 billion to S\$27 billion in 2021 from S\$19.5 billion last year, this increase will be largely attributed to the backlog created during the pandemic.

Despite a decline in construction activity, tender pricing for new projects is anticipated to increase approximately 6%–10%, which would be driven by labour shortages, increase in key construction material costs (reinforcement), availability of contracting resources and the implementation of safety measures to combat COVID-19.

Given the level of uncertainty in the current market, a much wider range of tender pricing has also been reflected in some project tenders, in some instances the tender pricing has increased more than 10% as compared with last year. It is anticipated that it will take some time for tender prices to stabilise.

The Group expects the macroeconomic environment to remain challenging amid the COVID-19 outbreak, which has shown signs of slowing down, with crash of the crude oil prices, as well as escalating trade tensions and geopolitical risks.

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.

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

As at 30 June 2021, 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 the meaning of part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (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 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 the 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 ⁽¹⁾	331,790,000	69.12%
Ms. Koh Siew Khing	Interest of spouse ⁽²⁾	331,790,000	69.12%

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 held by Broadville Limited under the SFO.
- (2) Ms. Koh Siew Khing is the spouse of Mr. Ong Cheng Yew and is deemed to be interested in all the Shares in which Mr. Ong Cheng Yew is interested in under the SFO.

Save as disclosed above, as at 30 June 2021, 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 the 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 30 June 2021, the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 June 2021, 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

Name of substantial shareholder	Nature of interest	Number of Shares held	Approximate percentage of the issued share capital
Broadville Limited	Beneficial owner	331,790,000	69.12%

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 30 June 2021.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS

During the six months ended 30 June 2021, 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 the 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 (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 six months ended 30 June 2021.

Code Provision A.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ong Cheng Yew is the chairman of the Board. The position of chief executive officer of the Company remains vacant. The responsibilities of the chief executive officer are taken up by the executive Directors. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Vinco Capital Limited, as at 30 June 2021, 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 summarised in the section headed “Share Option Scheme” in Appendix V to the Prospectus.

As at 30 June 2021, 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 Board does not recommend the payment of dividend for the six months ended 30 June 2021 (2020: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

EVENTS AFTER THE FINANCIAL PERIOD

No significant events have taken place after the six months ended 30 June 2021 to the date 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 as set out in Appendix 15 to the GEM Listing Rules. 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 the 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 six months ended 30 June 2021 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, 28 July 2021

As at the date of this report, the Board comprises two executive Directors, namely, Mr. Ong Cheng Yew (Chairman) and Ms. Koh Siew Khing; one non-executive Director, namely Ms. Chen Xiaoyu; 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 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.