

GT STEEL

Construction Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8402

FIRST QUARTERLY REPORT 2019

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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 2019, together with the unaudited comparative figures for the corresponding period in 2018, as follows:

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

For the three months ended 31 March 2019

		Three months ended	
		31 March	
	Note	2019	2018
		S\$	S\$
		(Unaudited)	(Unaudited)
Revenue	3	16,829,401	6,349,274
Cost of services		(12,948,318)	(4,596,711)
Gross profit		3,881,083	1,752,563
Other income	4A	46,848	91,358
Other gains	4B	3,000	—
Selling expenses		(46,200)	(33,083)
Administrative expenses		(773,928)	(674,212)
Other expenses	5	(152,551)	—
Finance costs	6	(36,821)	(22,121)
Profit before taxation		2,921,431	1,114,505
Income tax expense	7	(590,261)	(160,940)
Profit for the period		2,331,170	953,565
Other comprehensive income			
<i>Item that was subsequently reclassified to profit or loss</i>		2,441	—
Total comprehensive income for the period		2,333,611	953,565
Basic earnings per share (S\$ cents)	9	0.49	0.20

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Share Capital S\$	Share Premium S\$	Merger Reserves S\$	Accumulated Profits S\$	Translation Reserve S\$	Total S\$
At 1 January 2018 (audited)	827,586	8,613,061	2,999,983	6,515,838	—	18,956,468
Total comprehensive income for the period	—	—	—	953,565	—	953,565
At 31 March 2018 (unaudited)	827,586	8,613,061	2,999,983	7,469,403	—	19,910,033
At 1 January 2019 (audited)	827,586	8,613,061	2,999,983	13,058,338	(2,441)	25,496,527
Total comprehensive income for the period	—	—	—	2,331,170	2,441	2,333,611
At 31 March 2019 (unaudited)	827,586	8,613,061	2,999,983	15,389,508	—	27,830,138

NOTES TO THE UNAUDITED CONDENSED 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 shares of the Company are listed on 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 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 condensed consolidated interim financial information was approved by the Board on 14 May 2019.

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 2018, 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 except for the adoption of International Financial Reporting Standards ("IFRS") 16 *Leases* which took effect on 1 January 2019. In compliance with IFRS 16 *Leases*, the Group has applied the following practical expedients permitted by the Standard:

- No reassessment on whether a contract is or contains a lease if the contract was entered into before 1 January 2019. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or modified before 1 January 2019.
- The Group accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

The Group has applied IFRS 16 retrospectively with the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of retained earnings at the date of initial application, as permitted under the specific transition provision in the Standard. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.79%.

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of S\$313,652 were recognized on 1 January 2019.

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 is 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 31 March 2019	2018
	S\$	S\$
	(Unaudited)	(Unaudited)
Revenue from:		
Provision of structural steelworks services	16,829,401	6,349,274
	16,829,401	6,349,274

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	
	2019	2018
	S\$	S\$
	(Unaudited)	(Unaudited)
Customer I	13,914,887	N/A*
Customer II	N/A*	2,250,988
Customer III	N/A*	878,586

* 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	
	2019	2018
	S\$	S\$
	(Unaudited)	(Unaudited)
Singapore	16,824,357	5,252,658
Malaysia	5,044	1,096,616
	16,829,401	6,349,274

4. A. OTHER INCOME

	Three months ended 31 March	
	2019	2018
	S\$	S\$
	(Unaudited)	(Unaudited)
Insurance claim receipt	179	7,557
Government grants	9,040	49,841
Rental income	28,329	31,800
Sundry income	9,300	2,160
	<hr/>	
	46,848	91,358
	<hr/>	

B. OTHER GAINS

	Three months ended 31 March	
	2019	2018
	S\$	S\$
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	3,000	—
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5. OTHER EXPENSES

This is pertaining to the professional services fees for the proposed transfer of listing which is S\$152,551 for the three months ended 31 March 2019 and Nil for 31 March 2018 respectively, all unaudited.

6. FINANCE COSTS

	Three months ended 31 March	
	2019	2018
	S\$	S\$
	(Unaudited)	(Unaudited)
Interest on:		
Bank borrowings		
— wholly repayable within five years	22,220	6,847
— not wholly repayable within five years	10,867	10,050
Finance lease	3,734	5,224
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	36,821	22,121
	<hr/>	<hr/>

7. INCOME TAX EXPENSE

	Three months ended 31 March	
	2019	2018
	S\$	S\$
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current tax		
— Singapore corporate income tax ("CIT")	569,630	160,940
— Under provision in prior years	14,148	—
Deferred tax expense		
— Under provision in prior years	6,483	—
	<hr/>	<hr/>
	590,261	160,940
	<hr/>	<hr/>

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 40%, capped at S\$15,000 for the Year of Assessment 2018, and adjusted to 20%, capped at S\$10,000 for the Year of Assessment 2019. G-Tech Metal can also enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$290,000 of normal chargeable income.

8. DIVIDEND

The Directors do not recommend the payment of dividend for the three months ended 31 March 2019 (2018: nil).

9. EARNINGS PER SHARE

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

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

	Three months ended 31 March	
	2019	2018
	S\$	S\$
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company (S\$)	2,331,170	953,565
Weighted average number of ordinary shares in issue	480,000,000	480,000,000
Basic earnings per share (S\$)	0.49	0.20

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

10. 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 directors and other members of key management during the period were as follows:

	Three months ended 31 March	
	2019	2018
	S\$	S\$
	(Unaudited)	(Unaudited)
Short term benefits	114,772	115,604
Post-employment benefits	10,800	10,800
	125,572	126,404

MANAGEMENT DISCUSSION AND ANALYSIS

General

For the financial period to date, the business of 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 three months ended 31 March 2019, the Group recorded an unaudited revenue of approximately S\$16,829,000 (2018: approximately S\$6,349,000) and profit of approximately S\$2,331,000 (2018: approximately S\$954,000).

The revenue increased by approximately S\$10,480,000 or 165% mainly due to higher percentage of completion of a project for the provision of structural steel work services for the largest customer.

The gross profit for the three months ended 31 March 2019 was approximately S\$3,881,000 (2018: approximately S\$1,753,000). The gross profit increased in line with the increase in revenue. However, gross profit margin declined from approximately 28% for the three months ended 31 March 2018 to 23% for the three months ended 31 March 2019 mainly due to relatively lower gross profit margin from the high value contract from the largest customer. After taking into consideration the size of the contract, which, when completed, could enhance the Group's reputation and track record in the execution of large scale projects and its on-going relationship with the largest customer, the management was willing to undertake the contract at a relatively lower gross profit margin. Moreover, the largest customer is part of a global-engineering and construction company and has a prompt payment track record.

Other income for the three months ended 31 March 2019 approximately S\$47,000 (2018: approximately S\$91,000) representing a decrease of S\$44,000 mainly due to decrease in government grants as a result of expiry of Productivity & Innovation Credit ("PIC") Scheme after Year of Assessment 2018.

Other gains included gain arising from disposal on property, plant and equipment.

Selling and administrative expenses for the three months ended 31 March 2019 was approximately S\$820,000 (2018: approximately S\$707,000) representing an increase of S\$113,000 mainly due to entertainment cost incurred and upgrade of motor vehicle for key staff, and increase in staff costs and staff welfare and repair and maintenance cost, which are in line with the growth of the Group's business.

FINANCIAL REVIEW (continued)

Revenue and Results (continued)

Other expenses for the three months ended 31 March 2019 were mainly related to professional services fees of approximately S\$153,000 for the proposed transfer of listing with more details in section headed "Prospect".

The Group recorded a profit before taxation for the three months ended 31 March 2019 of approximately S\$2,921,000 (2018: approximately S\$1,115,000) representing an increase of S\$1,806,000 as compared with the corresponding period of last year.

The profit after taxation for the three months ended 31 March 2019 was approximately S\$2,331,000 (2018: approximately S\$954,000) representing an increase of S\$1,377,000 as compared with the corresponding period of last year.

Reserves

Movement in the reserves of the Group for the three months ended 31 March 2019 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 2019 (2018: Nil).

Capital Commitments

As at 31 March 2019, the Group did not have any capital commitments.

Contingent Liabilities

As at 31 March 2019, the Group did not have any contingent liabilities.

Employee Information

As at 31 March 2019, the Group had an aggregate of 141 (2018: 110) 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 the Directors' emoluments, amounted to approximately S\$401,000 for the three months ended 31 March 2019 (2018: approximately S\$361,000).

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\$16,829,000 and S\$6,349,000 for three months ended 31 March 2019 and 2018, 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 2019 and 31 March 2018, the net profit was approximately S\$2,331,000 and S\$954,000 respectively.

The Group's strategies are to expand and strengthen our market position in the structural steel work industry in Singapore through the expansion of our production 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. Structure 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 this responsibility to various operational departments. The Group's financial position, operations, business and prospects may be affected by the following identified risks and uncertainties. The Group adopts risk management policies, measures and monitoring systems to pre-empt and contain exposures associated with the identified risks.

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

BUSINESS REVIEW (continued)

Prospect

The Group recorded a significant increase in revenue in the financial period ended 31 March 2019 as compared with the corresponding period in 2018. The Group's strategies are to expand and strengthen its market position in the structural steelwork industry in Singapore through the expansion of its production capacity and workforce.

The Building and Construction Authority (the "BCA") is pursuing a program of green buildings with a target of achieving 80% of the buildings in Singapore to be designated 'green' by 2030. BCA's "Green Mark" system including the Sustainable Construction Masterplan refers to the Concrete Usage Index (CUI) to minimize the use of concrete in buildings.

The public sector is expected to contribute S\$16 billion to S\$20 billion per year from 2020 to 2023 with similar proportions of demand coming from building projects and civil engineering works. Besides public residential developments, public sector construction demand over the medium term will continue to be supported by big infrastructure projects such as the Cross Island Line, developments at Jurong Lake District and Changi Airport Terminal 5.

Steel is one of the most commonly recycled building materials. It is 100% recyclable and each reuse process does not degrade its quality. Each year, more steel is recycled in North America than aluminium, paper, glass and plastic combined.

Structural steel has numerous advantages over alternatives in building design and development. Comparing with concrete, steel offers a less labour-intensive, faster rate of construction, a better strength to volume ratio as well as flexibility in design. In the past, Singapore has faced supply problems from Indonesia for sand, a critical component in concrete, which causes issue with construction cost. Similarly the formation of concrete requires significant onsite resources and space, or the shipping in of modular prefabricated components.

The Company is in the process of considering a proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange. 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 2019, 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 (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⁾	360,000,000	75%
Ms. Koh Siew Khing	Interest of spouse ⁽²⁾	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 2019, 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 31 March 2019, the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 March 2019, 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
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 2019.

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 three months ended 31 March 2019.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS

During the three months ended 31 March 2019, 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 three months ended 31 March 2019.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Vinco Capital Limited, as at 31 March 2019, 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.

As at 31 March 2019, 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 three months ended 31 March 2019.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 18 March 2019, G-Tech Metal, an indirect wholly-owned subsidiary of the Company, entered into a share purchase agreement to acquire (the “Acquisition”) the entire issued shares of Kay Huat Trading Company Private Limited (the “Target Company”) at a consideration of S\$3,500,000.

As at the date of this report, the Acquisition is still ongoing pending satisfaction of the conditions precedent as stipulated in the share purchase agreement and the Acquisition is expected to be completed by the second quarter of 2019.

The Target Company is a company incorporated in Singapore with limited liability. The Target Company is principally engaged in the provision of freight forwarding, packing and crating services.

G-Tech Metal had entered into and taken possession of the leased property (the “Leased Property”) located at 12 Sungei Kadut Loop, Singapore 729456 which its lease was entered into by the Target Company ending on 15 March 2025.

The Leased Property will be used by the Group to expand its business and operations. The Acquisition will enhance the Group’s capacity for production and fabrication and provide additional storage space for beam and steel material, such that it will enable the Group to accommodate the increasing demand in beam and steel fabrication.

For details, please refer to the announcement of the Company dated 18 March 2019.

EVENTS AFTER THE FINANCIAL PERIOD

No significant events have taken place after the three months ended 31 March 2019 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 and Corporate Governance Report 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 three months ended 31 March 2019 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 2019

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 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.