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## **GT STEEL CONSTRUCTION GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8402)**

**(Warrant code: 8209)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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.**

*This announcement, 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 announcement 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 announcement misleading.*

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

## RESULTS

The Board (the “Board”) of the Directors is pleased to present the audited consolidated results of the Group for the year ended 31 December 2021 together with comparative figures for the corresponding year in 2020, as follows:

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 S\$	2020 S\$
Revenue	3	12,749,956	10,153,652
Cost of services		<u>(18,258,799)</u>	<u>(9,975,628)</u>
<b>Gross (loss) profit</b>		<b>(5,508,843)</b>	178,024
Other income	4a	481,054	1,041,376
Other gains	4b	398	—
Selling expenses		(170,305)	(153,760)
Administrative expenses		(4,162,882)	(4,410,182)
Other expenses	4c	—	(150,573)
Impairment loss recognised on financial assets	15	—	(88,945)
Finance costs	5	<u>(202,914)</u>	<u>(185,722)</u>
<b>Loss before taxation</b>		<b>(9,563,492)</b>	(3,769,782)
Income tax credit	6	<u>8,683</u>	<u>378,910</u>
<b>Loss for the year</b>	7	<b><u>(9,554,809)</u></b>	<b><u>(3,390,872)</u></b>
<b>Other comprehensive income</b>			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operation		<u>30,343</u>	<u>16,114</u>
<b>Total comprehensive expense for the year</b>		<b><u>(9,524,466)</u></b>	<b><u>(3,374,758)</u></b>
<b>Basic loss per share (S\$ cents)</b>	10	<b><u>(1.99)</u></b>	<b><u>(0.71)</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2021*

		31 December 2021	31 December 2020
	<i>Note</i>	<i>S\$</i>	<i>S\$</i>
<b>Non-current assets</b>			
Property, plant and equipment	11	2,735,547	3,041,508
Right-of-use assets	12	1,243,435	2,075,593
Investment properties	13	2,525,143	2,578,409
Deferred tax assets	22	326,954	326,954
		<u>6,831,079</u>	<u>8,022,464</u>
<b>Current assets</b>			
Inventories	14	872,289	—
Trade receivables	15	2,373,793	5,155,488
Contract assets	16	8,716,601	16,655,647
Deposits, prepayments and other receivables	17	220,738	612,769
Income tax recoverable		3,480	—
Pledged bank deposits	18b	589,500	2,974,481
Bank balances and cash	18a	5,563,915	7,554,507
		<u>18,340,316</u>	<u>32,952,892</u>
<b>Current liabilities</b>			
Trade and other payables	19	2,327,868	5,031,893
Contract liabilities	16	18,088	17,277
Lease liabilities	20	534,553	626,189
Borrowings	21	968,628	1,049,677
Income tax payable		—	719,824
		<u>3,849,137</u>	<u>7,444,860</u>
<b>Net current assets</b>		<u>14,491,179</u>	<u>25,508,032</u>
<b>Total assets less current liabilities</b>		<u>21,322,258</u>	<u>33,530,496</u>

		<b>31 December</b>	31 December
		<b>2021</b>	2020
	<i>Note</i>	<i>S\$</i>	<i>S\$</i>
<b>Non-current liabilities</b>			
Lease liabilities	20	<b>660,086</b>	1,194,659
Borrowings	21	<b>2,741,797</b>	4,890,996
		<u><b>3,401,883</b></u>	<u>6,085,655</u>
<b>Net assets</b>		<u><b>17,920,375</b></u>	<u>27,444,841</u>
<b>Capital and reserves</b>			
Share capital	23	<b>827,586</b>	827,586
Share premium		<b>8,613,061</b>	8,613,061
Merger reserves		<b>2,999,983</b>	2,999,983
Translation reserve		<b>38,992</b>	8,649
Accumulated profits		<b>5,440,753</b>	14,995,562
		<u><b>17,920,375</b></u>	<u>27,444,841</u>
<b>Equity attributable to owners of the Company</b>		<u><b>17,920,375</b></u>	<u>27,444,841</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Share capital S\$	Share premium (Note 1 below) S\$	Merger reserves (Note 2 below) S\$	Translation reserve S\$	Accumulated profits S\$	Total S\$
<b>As at 1 January 2020</b>	827,586	8,613,061	2,999,983	(7,465)	18,386,434	30,819,599
<i>Total comprehensive expense for the year:</i>						
Loss for the year	—	—	—	—	(3,390,872)	(3,390,872)
Other comprehensive income for the year	—	—	—	16,114	—	16,114
Total	—	—	—	16,114	(3,390,872)	(3,374,758)
<b>As at 31 December 2020</b>	<u>827,586</u>	<u>8,613,061</u>	<u>2,999,983</u>	<u>8,649</u>	<u>14,995,562</u>	<u>27,444,841</u>
<i>Total comprehensive expense for the year:</i>						
Loss for the year	—	—	—	—	(9,554,809)	(9,554,809)
Other comprehensive income for the year	—	—	—	30,343	—	30,343
Total	—	—	—	30,343	(9,554,809)	(9,524,466)
<b>As at 31 December 2021</b>	<u>827,586</u>	<u>8,613,061</u>	<u>2,999,983</u>	<u>38,992</u>	<u>5,440,753</u>	<u>17,920,375</u>

*Note 1:* Share premium represents the excess of share issue over the par value.

*Note 2:* Merger reserves represents the difference between the underlying net assets of the subsidiary which was acquired by the Company pursuant to the group reorganisation in 2017 and the total par value and share premium amount of the shares issued.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	S\$	S\$
<b>Operating activities</b>		
Loss before taxation	(9,563,492)	(3,769,782)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	855,979	949,455
Depreciation of investment properties	53,266	53,266
Depreciation of right-of-use assets	593,129	660,057
Gain on disposal of property, plant and equipment	(398)	—
Impairment loss recognised on trade receivables	—	88,945
Interest income	(24,763)	(55,564)
Finance costs	202,914	185,722
	<hr/>	<hr/>
Operating cash flows before movement in working capital	(7,883,365)	(1,887,901)
<i>Movement in working capital:</i>		
Increase in inventories	(872,289)	—
Decrease in trade receivables	2,781,695	15,698,577
Decrease (Increase) in contract assets	7,939,046	(3,319,298)
Decrease (Increase) in deposits, prepayments and other receivables	392,031	(254,341)
Decrease in trade and other payables	(2,704,025)	(4,754,121)
Increase in contract liabilities	811	17,277
	<hr/>	<hr/>
Cash (used in) from operations	(346,096)	5,500,193
Income taxes paid	(731,621)	(1,053,915)
Income taxes refunded	17,000	—
	<hr/>	<hr/>
<b>Net cash (used in)/from operating activities</b>	<b>(1,060,717)</b>	<b>4,446,278</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(310,989)	(189,887)
Proceeds from disposal of property, plant and equipment	398	—
Addition to right-of-use assets	—	(154,367)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(310,591)</b>	<b>(344,254)</b>

	2021	2020
	S\$	S\$
<b>Financing activities</b>		
Repayments of borrowings	(3,781,112)	(3,990,739)
Repayment of lease liabilities	(626,209)	(610,065)
Fixed deposits released/(pledged)	2,384,981	(32,671)
Proceeds from borrowings	1,550,864	6,329,666
Interest received	24,763	55,564
Interest paid	<u>(202,914)</u>	<u>(185,722)</u>
<b>Net cash (used in)/from financing activities</b>	<u>(649,627)</u>	<u>1,566,033</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,020,935)</b>	<b>5,668,057</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>7,554,507</b>	<b>1,870,336</b>
<b>Effects of foreign exchange rate changes arising on translating of foreign operation</b>	<u>30,343</u>	<u>16,114</u>
<b>Cash and cash equivalents at end of the year, represented by</b>		
— <b>Bank balances and cash</b>	<u><u>5,563,915</u></u>	<u><u>7,554,507</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 1 GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 1 February 2017. The address of 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 of Hong Kong Limited (the “Stock Exchange”) with effect from 17 November 2017.

Its parent is Broadbville Limited (“Broadbville”), 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 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 functional currency of the Company is Singapore Dollars (“S\$”), which is also the presentation currency of the Company.

The consolidated financial statements are approved by the Board of Directors of the Company on 28 March 2022.

### 2 APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

#### **Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Company and its subsidiaries (the “Group”) has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.



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

At the date of authorisation of these financial statements, the Group has not applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	<i>Insurance Contracts and the related Amendments</i> <sup>3</sup>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> <sup>2</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> <sup>1</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> <sup>3</sup>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> <sup>3</sup>
Amendments to IAS 12	<i>Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction</i> <sup>3</sup>
Amendments to IAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i> <sup>2</sup>
Amendments to IAS 37	<i>Onerous contracts — Cost of Fulfilling a Contract</i> <sup>2</sup>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2018–2020</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all these new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### **3 REVENUE AND SEGMENT INFORMATION**

The Group's revenue represents the fair value of amounts received and receivable from the provision of structural steelworks services, 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 year.

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 structural steelworks services comprising design, supply, fabrication and erection of structural steelworks for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore 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 year is as follows:

	<b>Year ended 31 December</b>	
	<b>2021</b>	2020
	<b>S\$</b>	S\$
Revenue from:		
Provision of structural steelworks services	<u><b>12,749,956</b></u>	<u>10,153,652</u>

**Timing of revenue recognition**

Revenue based by timing of recognition are as follows:

	<b>Year ended 31 December</b>	
	<b>2021</b>	2020
	<b>S\$</b>	S\$
Over time	<u><b>12,749,956</b></u>	<u>10,153,652</u>

**Information about major customers**

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

	<b>Year ended 31 December</b>	
	<b>2021</b>	2020
	<b>S\$</b>	S\$
Customer I	<b>6,878,027</b>	N/A*
Customer II	<b>5,257,154</b>	6,746,602
Customer III	<u><b>N/A*</b></u>	<u>2,368,462</u>

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

### Performance obligation for contracts with customers

The Group provides building construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using input method.

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as at the end of each reporting period:

	Year ended 31 December	
	2021	2020
	S\$	S\$
Provision of structural steelworks services	<u>1,749,915</u>	<u>8,180,730</u>

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 December 2021 will be recognised as revenue during the next reporting period.

The following table shows the amount of revenue recognised in the current reporting period that were included in the current liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December	
	2021	2020
	S\$	S\$
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>3,312</u>	<u>—</u>

The Group has no contracts that contain variable consideration.

### Geographical information

The Group principally operates in Singapore, also the place of domicile. During the years ended 31 December 2021 and 2020, all revenue was derived from Singapore based on the location of services delivered and the Group's non-current assets are all located in Singapore.

#### 4 OTHER INCOME/OTHER GAINS/OTHER EXPENSES

##### a Other income

	Year ended 31 December	
	2021	2020
	S\$	S\$
Insurance claim receipt	4,301	29,245
Government grants ( <i>Note below</i> )	322,714	808,163
Gross rental income from investment properties	129,185	111,521
Interest income	24,763	55,564
Sundry income	91	36,883
	<u>481,054</u>	<u>1,041,376</u>

*Note:* Government grants in 2021 and 2020 mainly include COVID-19-related support by the Singapore government to help companies tide through this period of economic uncertainty, such as the Foreign Worker Levy (“FWL”) rebates and the Jobs Support Scheme (“JSS”).

All government grants received are incentives as compensation of expenses or losses already incurred or as immediate financial support to the Company with no future related costs and no relation to any assets received upon fulfilling the conditions attached to them.

##### b Other gains

	Year ended 31 December	
	2021	2020
	S\$	S\$
Gain on disposal of property, plant and equipment	<u>398</u>	<u>—</u>

##### c Other expenses

	Year ended 31 December	
	2021	2020
	S\$	S\$
Listing transfer expenses ( <i>see Note 7</i> )	<u>—</u>	<u>150,573</u>

## 5 FINANCE COSTS

	Year ended 31 December	
	2021	2020
	S\$	S\$
Interest on:		
— Bank borrowings	119,478	92,132
— Lease liabilities	83,436	93,590
	<u>202,914</u>	<u>185,722</u>

## 6 INCOME TAX CREDIT

	Year ended 31 December	
	2021	2020
	S\$	S\$
Tax credit comprises:		
Current tax:		
— Singapore corporate income tax (“CIT”)	—	—
— Overprovision in prior years	(8,683)	—
Deferred tax ( <i>Note 22</i> ):		
— Current year	—	(388,388)
— Underprovision in prior years	—	9,478
	<u>(8,683)</u>	<u>(378,910)</u>

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

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2021	2020
	S\$	S\$
Loss before taxation	<u>(9,563,492)</u>	<u>(3,769,782)</u>
Tax at applicable tax rate of 17%	(1,625,793)	(640,863)
Tax effect of expenses not deductible for tax purpose	197,077	289,883
Tax effect of income not taxable for tax purpose	(56,062)	(39,975)
Effect of different tax rates of subsidiary operating in other jurisdictions	28	(186)
Tax effect of tax losses not recognised	1,484,750	—
(Overprovision)/underprovision in prior years	(8,683)	9,478
Others	—	2,753
Income tax (credit) expense for the year	<u>(8,683)</u>	<u>(378,910)</u>

## 7 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended 31 December	
	2021	2020
	S\$	S\$
Audit fees paid to auditors of the Company:		
— Annual audit fees	121,109	165,000
Listing transfer expenses ( <i>Note below</i> )	—	150,573
Depreciation of property, plant and equipment ( <i>Note 11</i> )		
— Recognised in cost of services	175,402	149,892
— Recognised in administrative expenses	680,577	799,563
	<u>855,979</u>	<u>949,455</u>
Depreciation of right-of-use assets ( <i>Note 12</i> )		
— Recognised in cost of services	329,344	251,246
— Recognised in administrative expenses	263,785	408,811
	<u>593,129</u>	<u>660,057</u>
Depreciation of investment properties ( <i>Note 13</i> )	53,266	53,266
Directors' emoluments ( <i>Note 8</i> )	615,661	535,551
Other staff costs:		
— Salaries and wages	3,264,149	2,643,954
— Defined contribution plans	64,557	71,762
— Other staff benefits	123,539	57,724
Total staff costs (exclusive of Directors' emoluments)	<u>3,452,245</u>	<u>2,773,440</u>
Cost of services		
— Cost of materials recognised as expenses	4,432,239	2,687,271
— Subcontractor costs recognised as expenses	9,564,745	4,692,840

*Note:* This pertains to 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.

## 8 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to the directors and chief executive of the Company for their services in connection with the management affairs of the Group during the year are as follows:

### Year ended 31 December 2021

	Fees S\$	Discretionary bonus S\$	Salaries and allowances S\$	Contributions to retirement benefit scheme S\$	Total S\$
<b>Executive Directors</b>					
Mr. Ong Cheng Yew ( <i>chief executive</i> )	—	—	240,000	12,240	252,240
Ms. Koh Siew Khing	—	—	240,000	12,240	252,240
Ms. Chen Xiaoyu (re-designated as executive director on 30 July 2021)	—	—	40,227	—	40,227
<b>Non-executive Director</b>					
Ms. Lin Xiaoqin (appointed on 30 July 2021)	—	—	8,722	—	8,722
Ms. Chen Xiaoyu (appointed on 13 January 2021 and re-designated as executive director on 30 July 2021)	—	—	—	—	—
<b>Independent Non-Executive Directors</b>					
Mr. Tam Wai Tak Victor	20,744	—	—	—	20,744
Ms. Chooi Pey Nee	20,744	—	—	—	20,744
Mr. Tan Yeok Lim (Chen Yulin)	20,744	—	—	—	20,744
	<u>62,232</u>	<u>—</u>	<u>528,949</u>	<u>24,480</u>	<u>615,661</u>

**Year ended 31 December 2020**

	Fees S\$	Discretionary bonus S\$	Salaries and allowances S\$	Contributions to retirement benefit scheme S\$	Total S\$
<b>Executive Directors</b>					
Mr. Ong Cheng Yew ( <i>chief executive</i> )	—	—	223,467	12,240	235,707
Ms. Koh Siew Khing	—	—	223,467	12,240	235,707
<b>Independent Non-Executive Directors</b>					
Mr. Tam Wai Tak Victor	21,359	—	—	—	21,359
Ms. Chooi Pey Nee	21,389	—	—	—	21,389
Mr. Tan Yeok Lim (Chen Yulin)	21,389	—	—	—	21,389
	<u>64,137</u>	<u>—</u>	<u>446,934</u>	<u>24,480</u>	<u>535,551</u>

*Note:* No other retirement benefits were paid to Mr. Ong Cheng Yew, Ms. Koh Siew Khing and Ms. Chen Xiaoyu in respect of their respective other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

The Executive Directors' emoluments shown above were for their services in connection with the management affairs of the Company and the Group.

The Independent Non-Executive Directors' emoluments shown above were for their services as directors of the Company.

The remunerations of directors and the chief executive were determined by the remuneration committees having regard to the performance of individuals and market trends.

During the year, no remuneration was paid by the Group to the directors or other highest paid individuals of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived or agreed to waive any remuneration during the year.



## Employees' remuneration

The five highest paid employees of the Group during the year ended 31 December 2021 included two (2020: two) directors, details of whose remunerations are set out above. Details of the remuneration for the remaining three (2020: three) highest paid employees who are not directors of the Company are as follows:

	Year ended 31 December	
	2021	2020
	S\$	S\$
Salaries and allowances	187,996	219,002
Discretionary bonus	13,000	—
Contributions to retirement benefits scheme	—	18,447
	<u>200,996</u>	<u>237,449</u>

The five highest paid individuals including directors were within the following bands presented in Hong Kong Dollars (“HK\$”):

Emolument bands	Number of Employees	
	Year ended 31 December	
	2021	2020
Nil to HK\$500,000	2	2
HK\$500,001 to HK\$1,000,000	1	3
HK\$1,000,001 to HK\$2,000,000	2	—
	<u>2</u>	<u>—</u>

## 9 DIVIDEND

No dividend was paid or proposed for the ordinary shareholders of the Company during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: S\$Nil).

## 10 LOSS PER SHARE

	Year ended 31 December	
	2021	2020
Loss attributable to the owners of the Company (S\$)	(9,554,809)	(3,390,872)
Weighted average number of ordinary shares in issue	480,000,000	480,000,000
Basic loss per share (S\$ cents)	<u>(1.99)</u>	<u>(0.71)</u>

No diluted loss per share is presented for both years because the exercise price of the Company's warrants (Note 25) was higher than the average market price for shares for both 2021 and 2020.

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

## 11 PROPERTY, PLANT AND EQUIPMENT

	Building S\$	Motor Vehicles S\$	Office equipment S\$	Plant and machinery S\$	Leasehold improvement S\$	Total S\$
<b>Cost:</b>						
<b>As at 1 January 2020</b>	5,000,000	46,501	460,450	1,439,753	743,728	7,690,432
Additions	—	32,000	26,034	131,853	—	189,887
<b>As at 31 December 2020</b>	5,000,000	78,501	486,484	1,571,606	743,728	7,880,319
Additions	—	—	4,089	306,900	—	310,989
Transferred from right-of-use assets	—	312,662	—	438,430	—	751,092
Disposal/Written off	—	(46,500)	(208,465)	(265,825)	(106,639)	(627,429)
<b>As at 31 December 2021</b>	5,000,000	344,663	282,108	2,051,111	637,089	8,314,971
<b>Accumulated depreciation:</b>						
<b>As at 1 January 2020</b>	1,578,967	44,779	428,453	1,132,615	704,542	3,889,356
Charge for the year	758,001	2,788	22,600	134,650	31,416	949,455
<b>As at 31 December 2020</b>	2,336,968	47,567	451,053	1,267,265	735,958	4,838,811
Charge for the year	633,001	26,284	20,851	171,522	4,321	855,979
Transferred from right-of-use assets	—	164,813	—	347,250	—	512,063
Disposal/Written off	—	(46,500)	(208,465)	(265,825)	(106,639)	(627,429)
<b>As at 31 December 2021</b>	2,969,969	192,164	263,439	1,520,212	633,640	5,579,424
<b>Carrying amounts:</b>						
As at 31 December 2020	<u>2,663,032</u>	<u>30,934</u>	<u>35,431</u>	<u>304,341</u>	<u>7,770</u>	<u>3,041,508</u>
As at 31 December 2021	<u>2,030,031</u>	<u>152,499</u>	<u>18,669</u>	<u>530,899</u>	<u>3,449</u>	<u>2,735,547</u>

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

Buildings	6 to 45 years (shorter of lease terms of land on which building was erected)
Motor vehicles	1 to 10 years
Office equipment	3 years
Plant and machinery	5 years
Leasehold improvement	5 years

## 12 RIGHT-OF-USE ASSETS

	Leasehold Land S\$	Office premises S\$	Plant and machinery S\$	Motor vehicle S\$	Total S\$
<b>Cost:</b>					
<b>As at 1 January 2020</b>	1,218,980	748,002	322,030	608,657	2,897,669
Additions	—	625,068	116,400	37,967	779,435
Derecognition of right-of-use assets	—	(324,541)	—	—	(324,541)
<b>As at 31 December 2020</b>	1,218,980	1,048,529	438,430	646,624	3,352,563
Transferred to property, plant and equipment	—	—	(438,430)	(312,662)	(751,092)
<b>As at 31 December 2021</b>	1,218,980	1,048,529	—	333,962	2,601,471
<b>Accumulated depreciation:</b>					
<b>As at 1 January 2020</b>	72,775	337,350	298,862	232,467	941,454
Charge for the year	218,325	333,347	44,508	63,877	660,057
Derecognition of right-of-use assets	—	(324,541)	—	—	(324,541)
<b>As at 31 December 2020</b>	291,100	346,156	343,370	296,344	1,276,970
Charge for the year	218,325	329,345	3,880	41,579	593,129
Transferred to property, plant and equipment	—	—	(347,250)	(164,813)	(512,063)
<b>As at 31 December 2021</b>	509,425	675,501	—	173,110	1,358,036
<b>Carrying amount:</b>					
As at 31 December 2020	<u>927,880</u>	<u>702,373</u>	<u>95,060</u>	<u>350,280</u>	<u>2,075,593</u>
As at 31 December 2021	<u>709,555</u>	<u>373,028</u>	<u>—</u>	<u>160,852</u>	<u>1,243,435</u>

The Group leases several assets including leasehold land, office premises, plant and machinery and motor vehicles. The lease term ranges from 3 to 7 years.

Amount recognised in profit and loss for the year ended 31 December 2021 and 2020:

	2021 S\$	2020 S\$
Depreciation on right-of-use assets	593,129	660,057
Interest expense on lease liabilities	<u>83,436</u>	<u>93,590</u>

The total cash outflow for principal amount and interest of leases liabilities amount to S\$626,209 (2020: S\$610,065) and S\$83,436 (2020: S\$93,590) respectively.

As at 31 December 2021, lease liabilities of S\$1,141,000 and right-of-use assets of S\$1,243,000 in relation to the adoption of IFRS 16 are recognised. The lease agreements do not impose any covenants in other than the security interests in the leases assets that are held by the lessor.

The net book value of right-of-use assets included an amount of S\$161,000 (2020: S\$445,000) in respect of assets held under finance leases.

### 13 INVESTMENT PROPERTIES

	<b>Freehold property S\$</b>	<b>Leasehold properties S\$</b>	<b>Total S\$</b>
<b>Cost:</b>			
As at 1 January 2020, 31 December 2020 and 2021	<u>1,581,575</u>	<u>1,427,551</u>	<u>3,009,126</u>
<b>Accumulated depreciation:</b>			
<b>As at 1 January 2020</b>	118,619	258,832	377,451
Charge for the year	<u>26,360</u>	<u>26,906</u>	<u>53,266</u>
<b>As at 31 December 2020</b>	144,979	285,738	430,717
Charge for the year	<u>26,359</u>	<u>26,907</u>	<u>53,266</u>
<b>As at 31 December 2021</b>	<u>171,338</u>	<u>312,645</u>	<u>483,983</u>
<b>Net carrying value:</b>			
As at 31 December 2020	<u>1,436,596</u>	<u>1,141,813</u>	<u>2,578,409</u>
As at 31 December 2021	<u>1,410,237</u>	<u>1,114,906</u>	<u>2,525,143</u>

The above investment properties are depreciated on a straight-line basis over the following year:

Leasehold properties	— Over the lease terms, ranging between 45 to 58 years
Freehold property	— 60 years

As at 31 December 2021, included in the balances are freehold property with carrying value amounting to S\$1,410,237 (2020: S\$1,436,596). All of the Group's property interests which are freehold, and leased out under operating leases for lease terms of 1 to 2 years to earn rentals or for capital appreciation purposes, are measured using the costs model and are classified and accounted for as investment properties.

The investment properties comprise industrial properties that are leased to external customers. The leases contain initial non-cancellable period of 1 to 2 years. Subsequent renewal is negotiated with the lessees. The investment properties are mortgaged to the banks to secure for bank borrowings (Note 21) as at 31 December 2021 and 2020.

As at 31 December 2021, the fair values of the investment properties amounted to S\$3,420,000 (2020: S\$3,160,000) and is categorised within level 3 of the fair value hierarchy. The fair values were determined by an independent valuer not connected to the Group using the comparison approach, where it is based on comparable market transactions that considered the sales of similar properties that have been transferred in the open market with the significant unobservable input being the price per square metre where any significant isolated increases (decreases) in this input would result in a significantly higher (lower) fair value measurement

In estimating the fair value of the property, the highest and best use of the property is their current use. There has been no change to the valuation technique during the year.

The property rental income from the Group's investment properties, all of which are leased out under operating leases, amounted to S\$129,185 (2020: S\$111,521). Direct operating expenses arising from the rental-generating investment properties amounted to S\$53,266 (2020: S\$53,266).

Details of the Group's investment properties and information about the fair value hierarchy as at end of the reporting period are as follows:

	<b>Fair value Level 3 S\$</b>
— As at 31 December 2021	
421 Tagore Ind. Avenue #02–14, Singapore	1,600,000
No. 18 Sin Ming Lane #07–40 Midview City, Singapore	650,000
No. 18 Sin Ming Lane #07–41 Midview City, Singapore	720,000
No. 21 Woodlands Park E1 #03–05, Singapore	<u>450,000</u>
Total	<u><u>3,420,000</u></u>
— As at 31 December 2020	
421 Tagore Ind. Avenue #02–14, Singapore	1,500,000
No. 18 Sin Ming Lane #07–40 Midview City, Singapore	580,000
No. 18 Sin Ming Lane #07–41 Midview City, Singapore	650,000
No. 21 Woodlands Park E1 #03–05, Singapore	<u>430,000</u>
Total	<u><u>3,160,000</u></u>

## 14 INVENTORIES

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>S\$</b>	S\$
Structural steelworks and direct costs	<u><u>872,289</u></u>	<u><u>—</u></u>

## 15 TRADE RECEIVABLES

	As at 31 December	
	2021	2020
	S\$	S\$
Trade receivables	1,118,435	982,579
Less: Loss allowance	<u>(88,945)</u>	<u>(88,945)</u>
	<u>1,029,490</u>	<u>893,634</u>
Unbilled revenue ( <i>Note below</i> )	<u>1,344,303</u>	<u>4,261,854</u>
	<u><u>2,373,793</u></u>	<u><u>5,155,488</u></u>

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

Before accepting any new customer, 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.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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, net of loss allowance presented based on the invoice dates as at the end of each reporting period:

	As at 31 December	
	2021	2020
	S\$	S\$
Within 30 days	654,066	313,900
31 days to 60 days	232,611	97,237
61 days to 90 days	—	75
Over 90 days	<u>142,813</u>	<u>482,422</u>
	<u><u>1,029,490</u></u>	<u><u>893,634</u></u>

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.

Aging of trade receivables that are past due but not impaired at reporting date:

	As at 31 December	
	2021	2020
	S\$	S\$
31 days to 60 days	232,611	97,237
61 days to 90 days	—	75
Over 90 days	<u>142,813</u>	<u>482,422</u>
	<u><u>375,424</u></u>	<u><u>579,734</u></u>

The Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually and/or collectively. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's aging of outstanding balances. The management of the Group is not aware of any significant change in credit quality of the trade receivables and assessed that the expected credit losses are insignificant.

The table below shows the movement in loss allowance that has been recognised for trade receivables in accordance to IFRS 9:

	Collectively assessed S\$	Individually assessed S\$	Total S\$
Balance as at 1 January 2020	—	—	—
Net remeasurement of loss allowance	—	88,945	88,945
	<u>—</u>	<u>88,945</u>	<u>88,945</u>
Balance as at 31 December 2020, 1 January 2021 and 31 December 2021	<u>—</u>	<u>88,945</u>	<u>88,945</u>

## 16 CONTRACT ASSETS/(LIABILITIES)

	As at 31 December	
	2021	2020
	S\$	S\$
Analysed for reporting purposes as:		
Contract assets	8,716,601	16,655,647
Contract liabilities	<u>(18,088)</u>	<u>(17,277)</u>
	<u><u>8,698,513</u></u>	<u><u>16,638,370</u></u>

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.

The Group classifies contract assets as current because the Group expects to realise them in its normal operating cycle.

As at 31 December 2021, included in contract assets are retention money held by customers for construction work which amounted to S\$2,026,926 (2020: S\$7,047,694), which were expected to be recovered or settled in more than twelve months from the end of reporting period.

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

The contract assets are transferred to trade receivables when the rights became unconditional.

Changes of contract assets were mainly due to: (1) the amount of retention receivables in accordance with the number of ongoing and completed contracts under the defect liability period; and (2) size and number of contract works that the relevant services were completed but yet certified by representatives appointed by the customers at the end of each reporting period.

None of the revenue recognised during the year relates to performance obligations that were satisfied in prior periods.

The management makes periodic individual assessment on the recoverability of contract assets based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. The directors of the Company considered that the ECL for contract assets is insignificant as at 31 December 2021 and 2020.

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise when a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

## 17 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
	S\$	S\$
Deposits	78,892	310,957
Prepayments	98,639	98,554
Government grant receivables	42,954	183,743
Sundry debtors	253	19,515
	<u>220,738</u>	<u>612,769</u>

For the purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment as the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to the 12-month expected credit losses ("ECL").



In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

## 18 BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

### a Bank balances and cash

	As at 31 December	
	2021	2020
	S\$	S\$
Cash on hand	1,000	425
Cash at bank	<u>5,562,915</u>	<u>7,554,082</u>
	<u><u>5,563,915</u></u>	<u><u>7,554,507</u></u>

The directors of the Company considered that the ECL on bank balances is insignificant as at 31 December 2021 and 2020.

### b Pledged bank deposits

	As at 31 December	
	2021	2020
	S\$	S\$
Fixed deposits	<u>589,500</u>	<u>2,974,481</u>

The fixed bank deposits are pledged to bank borrowings (Note 21), bear interests at effective interest rates ranging from 0.21% to 1.98% (2020: 0.25% to 0.97%) per annum and for a tenure of a year.

The directors of the Company considered that the ECL on fixed bank deposit is insignificant as at 31 December 2021 and 2020.

## 19 TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	S\$	S\$
Trade payables	1,320,747	3,966,229
GST payables	146,081	55,829
Other payables	275,266	322,894
Deferred grants	22,649	163,438
Deposits received	24,267	21,057
Provision for unutilised leave	57,141	72,101
Salaries and CPF payables	481,717	430,345
	<u>2,327,868</u>	<u>5,031,893</u>

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

	As at 31 December	
	2021	2020
	S\$	S\$
Within 30 days	465,996	537,195
31 to 60 days	429,698	1,009,372
61 days to 90 days	312,914	345,956
Over 90 days	112,139	2,073,706
	<u>1,320,747</u>	<u>3,966,229</u>

## 20 LEASE LIABILITIES

	As at 31 December	
	2021	2020
	S\$	S\$
Analysed as:		
Non-current	660,086	1,194,659
Current	<u>534,553</u>	<u>626,189</u>
	<u><b>1,194,639</b></u>	<u><b>1,820,848</b></u>
	As at 31 December	
	2021	2020
	S\$	S\$
Lease liabilities payable:		
Within one year	534,553	626,189
In more than one year but no more than two years	351,398	534,550
In more than two years but no more than five years	<u>308,688</u>	<u>660,109</u>
	<u><b>1,194,639</b></u>	<u><b>1,820,848</b></u>
Less: Amount due within one year shown under current liabilities	<u>(534,553)</u>	<u>(626,189)</u>
Amount shown under non-current liabilities	<u><b>660,086</b></u>	<u><b>1,194,659</b></u>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury's function.

## 21 BORROWINGS

	As at 31 December	
	2021	2020
	S\$	S\$
Secured and guaranteed:		
Bank loans ( <i>Notes a and c below</i> )	3,496,631	5,940,673
Trade financing ( <i>Notes b and c below</i> )	<u>213,794</u>	<u>—</u>
	<u><b>3,710,425</b></u>	<u><b>5,940,673</b></u>
Analysed as:		
Carrying amount repayable within one year	968,628	1,049,677
Carrying amount repayable more than one year, but not exceeding two years	653,199	1,079,145
Carrying amount repayable more than two years, but not more than five years	1,400,145	3,067,433
Carrying amount repayable more than five years	<u>688,453</u>	<u>744,418</u>
	<b>3,710,425</b>	5,940,673
Less: Amount due within one year shown under current liabilities	<u>(968,628)</u>	<u>(1,049,677)</u>
Amount shown under non-current liabilities	<u><b>2,741,797</b></u>	<u><b>4,890,996</b></u>

### Notes:

- a. As at 31 December 2021 and 2020, the bank loans are secured by first legal charge and mortgaged over the Group's investment properties (Note 13) and the bank loans bear floating interest rates with weighted average effective interest rate at 2.49% (2020: 3.12%) per annum. The amounts are repayable at the dates ranging from 2022 to 2037 and from 2021 to 2037 as at 31 December 2021 and 2020 respectively.
- b. As at 31 December 2021, the trade financing bore a floating interest rate at 1.65% over the bank's cost of funds per annum.
- c. As at 31 December 2021 and 2020, the Group's bank loans and trade financing are secured by corporate guarantee issued by the Company and personal guarantee issued by the Director.

## 22 DEFERRED TAX ASSETS

	Tax losses S\$	Accelerated tax depreciation S\$	Total S\$
As at 1 January 2020	—	(52,069)	(52,069)
Recognised in profit or loss during the year:			
— Tax losses	374,069	—	374,069
— Accelerated tax depreciation	—	14,432	14,432
— Underprovision of deferred tax in prior years	—	(9,478)	(9,478)
	<u>374,069</u>	<u>(9,478)</u>	<u>(9,478)</u>
As at 31 December 2020 and 1 January 2021	374,069	(47,115)	326,954
Recognised in profit or loss during the year:			
— Tax losses	—	—	—
— Accelerated tax depreciation	—	—	—
— Underprovision of deferred tax in prior years	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
As at 31 December 2021	<u>374,069</u>	<u>(47,115)</u>	<u>326,954</u>

Subject to the agreement by the tax authorities, at the reporting date, the Group has unused tax losses of approximately S\$11,000,000 (2020: approximately S\$2,200,000) available for offset against future profits. A deferred tax assets has been recognised in respect of approximately S\$2,200,000 (2020: S\$2,200,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately S\$8,800,000 (2020: Nil) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

The deferred tax liabilities resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax laws in Singapore.

## 23 SHARE CAPITAL

	Number of shares	Par value HK\$	Share capital HK\$
<b>Authorised share capital</b>			
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	<u>5,000,000,000</u>	<u>0.01</u>	<u>50,000,000</u>
		Number of shares	Share capital S\$
<b>Issued and fully paid share capital</b>			
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021		<u>480,000,000</u>	<u>827,586</u>

## 24 SHARE OPTION SCHEME

Pursuant to a share option scheme approved by a written resolution passed by the shareholders of the Company on 2 November 2017 (the “Share Option Scheme”), the Company may grant options to eligible directors of the Group, eligible employees of the Group and other selected participants, for the recognition of their contributions, to subscribe for shares (“Shares”) in the Company with a payment of HK\$1 upon each grant of options offered.

The exercise price of the share option will be not less than the highest of:

- (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheet on the date (the “Offer Date”) of grant of the particular option, which must be a business day;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheet for the five business days immediately preceding the Offer Date of the option; and
- (iii) the nominal value of a Share on the Offer Date.

The share options are exercisable at any time during a period of not more than 10 years from the date of grant, subject to the terms and conditions of the Share Option Scheme, or any conditions stipulated by the Board of Directors.

The maximum number of shares in respect of which options may be granted shall not exceed 10% of the number of shares of Company in issue from time to time. Unless further shareholders’ approval has been obtained pursuant to the conditions set out in the Share Option Scheme, no person shall be granted an option which, if all the options granted to the person (including both exercised and outstanding options) in any 12 months period up to the date of grant are exercised in full, would result in such person’s maximum entitlement exceeding 1% of the number of issued shares of Company.

Up to the date of issuance of the consolidated financial statements, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

During the years ended 31 December 2021 and 2020, no share options has been granted nor exercised and there is no outstanding share options of the Company as at 31 December 2021 and 2020.

## 25 2023 WARRANTS

Pursuant to the Company's announcement dated 28 June 2021 and the circular of the Company dated 26 July 2021, the Company proposed (the "Proposal") an issue of bonus warrants to the shareholders of the Company on the basis of one warrant (the "2023 Warrants") for every five existing shares.

Each 2023 Warrants will entitle the holder thereof to subscribe in cash for one new share of the Company at an initial subscription price of HK\$4.00, subject to adjustments, upon exercise of the 2023 Warrants at any time during the period from 24 August 2021 to 23 August 2023 (both day inclusive). Upon the Proposal, 96,000,000 2023 Warrants were issued, upon the full exercise of the subscription rights attaching to the 2023 Warrants, a maximum of 96,000,000 new shares (subject to adjustments) will be issued, representing 20% of the issued share capital of the Company approximately 16.67% of the issued share capital of the Company as enlarged by the new shares to be issued upon the exercise of all 2023 Warrants. Based on the initial subscription price of HK\$4.00 per new share, the Company would receive the subscription monies total up to approximately HK\$384 million (equivalent to approximately S\$66.6 million).

Assuming the subscription rights attaching to the 2023 Warrants are fully exercised, the Company currently intends to apply any subscription monies in the following order:

- i. approximately HK\$38 million, representing 10% of the subscription monies, will be used for general working capital of the Group;
- ii. approximately HK\$77 million, representing 20% of the subscription monies, will be used for the Group's expansion of construction business in the PRC over the next four years, including (a) establishing a WFOE in the PRC; (b) expanding its market shares in the construction industry through direct investment or acquisitions in the PRC; and (c) expanding its workforce in the PRC; and
- iii. approximately HK\$269 million, representing 70% of the subscription monies, will be used for the Group's new business development of the yak dairy products over the next four years, including (a) developing the distributorship business in the PRC, Hong Kong and South-East Asia; (b) expanding its market shares in the dairy product industry through direct investments or acquisitions in the PRC, Hong Kong and South-East Asia; (c) expanding its sales workforce of the dairy products business in the PRC, Hong Kong and South-East Asia; (d) marketing and promoting the brand of 西藏高原之寶犛牛乳業股份有限公司 (Tibet Plateau Treasures Yak Dairy Industry Co., Ltd.)\* (the "Tibet Plateau") and its yak dairy products in the PRC, Hong Kong and South-East Asia; and (e) developing the logistics channel for distribution of the Tibet Plateau's dairy products from the supplier in Tibet to the customers' stores in various countries.

The Company did not receive any subscription monies during the financial year ended 31 December 2021.

The issue of the 2023 Warrants would enable the Company to improve its capital structure and represent an opportunity to raise capital for the Group's long term growth, which will enhance its financial position without increasing finance costs while broadening its capital base.

The 2023 Warrants were issued pursuant to the general mandate to issue share granted to the directors of the Company's annual general meeting held on 22 June 2021. The initial subscription price of the 2023 Warrants was determined with reference to the recent market price of the share of the Company on 25 June 2021 and other factors and details of which are set out in the Company's announcement dated 28 June 2021.

The new share to be issued upon exercise of the subscription rights attaching to the 2023 Warrants will rank pari passu in all respects with the then existing shares in issue of the Company.

As announced by the Company on 23 August 2021, the Company has obtained from the Stock Exchange the approval for the listing of and permission to deal in, the 2023 Warrants to be issued and any Shares which may fall to be issued upon exercise of the subscription rights attaching to the 2023 Warrants were approved for the listing on the Stock Exchange.

Further details of the above are set out in the Company's announcements dated 28 June 2021 and 25 August 2021 and the Company's circular dated 23 August 2021.

*The English translation of Chinese names or words in this announcement, where indicated by “\*”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

## 26 OPERATING LEASE ARRANGEMENTS

### The Group as lessor

Operating leases, in which the Group is the lessor, relate to investment property (Note 13) owned by the Group with lease terms of 1 to 2 years, with one year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last three years. The Group did not identify any indications that this situation will change.

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Maturity analysis of operating lease payments:		
Year 1	<b>81,285</b>	105,527
Year 2	<b>37,462</b>	35,056
	<hr/>	<hr/>
Total	<b>118,747</b>	140,583
	<hr/> <hr/>	<hr/> <hr/>

## 27 RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund Board of Singapore, the Company's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For the year ended 31 December 2021, the Group contributed up to 17% of the eligible employees' salaries to the CPF scheme, with each employee's qualifying salary capped at S\$6,000 per month.



The total costs charged to profit or loss, amounting to S\$89,037 (2020: S\$96,242) for the year ended 31 December 2021, represent contributions paid to the retirement benefits plan by the Group.

As at 31 December 2021, the CPF contribution payables amounted to S\$15,186 (2020: S\$20,033) which were paid subsequent to the end of the respective years.

## 28 RELATED PARTY TRANSACTIONS

Saves as disclosed elsewhere in these financial statements, the Group had the following transactions and balances with related parties during the year.

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

	Year ended 31 December	
	2021	2020
	S\$	S\$
Short term benefits	629,070	618,737
Post-employment benefits	28,560	36,720
	<u>657,630</u>	<u>655,457</u>

## **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 year ended 31 December 2021, the Group recorded revenue of approximately S\$12,750,000 (2020: approximately S\$10,154,000).

The loss for the financial year ended 31 December 2021 is mainly contributed by (1) new projects coming in at a slower pace, (2) fluctuation of 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, (3) higher subcontractor costs due to staggering start times and implementation of shift for the social distance safety purpose due to the COVID-19.

Selling and administrative expenses for the year ended 31 December 2021 was approximately S\$4,333,000 (2020: approximately S\$4,564,000).

The Group recorded a loss before tax for the year ended 31 December 2021 of approximately S\$9,563,000 and loss before tax for the year ended 31 December 2020 of approximately S\$3,770,000.

The loss after tax of the Group were approximately S\$9,555,000 for the year ended 31 December 2021 and loss after tax were approximately S\$3,391,000 for the year ended 31 December 2020.

#### **Liquidity and Financial Resources**

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 varies 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 monitors the operating cash flows to ensure adequate working capital funds and repayment schedule is met.

As at 31 December 2021, the Group's borrowings comprised lease liabilities of approximately S\$54,000 (exclusive of lease liabilities in relation to the addition of IFRS 16 of approximately S\$1,141,000) (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\$3,710,000 (2020: approximately S\$5,941,000).

The Group had cash and cash equivalents of approximately S\$5,564,000 (2020: approximately S\$7,555,000) which were placed with major banks in Singapore, Hong Kong and Malaysia.

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 21.0% (2020: approximately 22.2%).

### **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 (the "Listing Date") by way of share offer (the "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.

### **Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets**

During the year, there was no significant investments held by the Group, and there were no material acquisitions and disposals of subsidiaries, and the Group do not have any future plans for material investments and capital assets.

### **Charges on Group's Assets**

The Group has total present value of lease obligations under finance lease, which are secured by the relevant leased machinery and motor vehicles amounting to approximately S\$161,000 (2020: approximately S\$445,000).

### **Contingent Liabilities**

As at 31 December 2020 and 2021, the Group did not have any contingent liabilities.

### **Capital Commitments**

As at 31 December 2020 and 2021, the Group did not have any capital commitments.

## Employee Information

As at 31 December 2021, the Group had an aggregate of 116 (2020: 124) 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\$4,068,000 and S\$3,309,000 for the years ended 31 December 2021 and 2020 respectively.

## 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 Company's issued shares on GEM of the Stock Exchange, to 31 December 2021 is set out below:

### Business Strategies

### Actual business progress up to 31 December 2021

- |  |  |
|--|--|
| — Purchase of new fabrication facility                   | — The Group has fully utilised approximately HK\$20.4 million for 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 as down payment for the purchase of machinery for the Leased Property. The remaining amount of approximately HK\$14.6 million is expected to be utilised by 31 December 2022 which is delayed due to the outbreak of COVID-19 |

## Use of Proceeds from the Share Offer

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

As at the date of this announcement, the net proceeds from the Listing have been utilised in the following manner:

	Use of proceeds as allocated in accordance with the Prospectus <sup>(1)</sup> <i>HK\$ million</i>	Actual use of proceeds from the Listing up to 31 December 2019 <i>HK\$ million</i>	Proceeds utilised during the year ended 31 December 2020 <i>HK\$ million</i>	Proceeds utilised during the year ended 31 December 2021 <i>HK\$ million</i>	Outstanding proceeds as at 31 December 2021 <i>HK\$ million</i>
Purchase price of new fabrication facility	20.4	20.4 <sup>(2)</sup>	—	—	—
Purchase of machineries for new fabrication facility	14.7	0.1 <sup>(3)</sup>	—	—	14.6 <sup>(3)</sup>
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 31 December 2019, the Group has utilised the net proceeds raised as deposit 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 as down payment for the purchase of machinery for the Leased Property. The remaining amount of the unutilised net proceeds is expected to be utilised by 31 December 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 announcement, the Directors do not anticipate any change to the plan as to the use of proceeds.

## **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.

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\$12,750,000 and S\$10,154,000 for the years ended 31 December 2021 and 2020 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 current financial year, the loss before tax for the year ended 31 December 2021 was approximately S\$9,563,000 and the loss before tax for the year ended 31 December 2020 was approximately S\$3,770,000.

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.

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 2022

The economy will continue to grow, albeit unevenly, in 2022. The outlook for Singapore's external demand has "deteriorated slightly" as many economies tightened restrictions to combat the highly transmissible Omicron variant of the COVID-19.

Global supply bottlenecks remain and are expected to persist throughout the first half of 2022. This may constrain industrial production and growth in some external economies in the near term.

These persistent supply chain snarls, alongside rising energy prices due to geopolitical tensions, have also exacerbated global inflationary pressures.

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 31 December 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 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 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	Number of underlying shares held	Approximate percentage of the issued share capital
Mr. Ong Cheng Yew	Interest of the controlled company <sup>(1)</sup>	331,790,000	66,358,000	82.95%
Ms. Koh Siew Khing <sup>(2)</sup>	Interest of spouse	331,790,000	66,358,000	82.95%

*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 December 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 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 December 2021, the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 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**

<b>Name of substantial shareholder</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Number of underlying shares held</b>	<b>Approximate percentage of the issued share capital</b>
Broadville Limited	Beneficial owner	331,790,000	66,358,000	82.95%

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 December 2021.



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

During the year 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 year ended 31 December 2021, 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 year ended 31 December 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 Directors during the year ended 31 December 2021.

## **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 year ended 31 December 2021.

Code Provision C.2.1 of the CG Code states that the roles of the 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 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 government structure in place to ensure effective oversight of management.

## **INTEREST OF THE COMPLIANCE ADVISER**

As at the date of this announcement, neither Vinco Capital Limited, the compliance advisor of the Company, nor any of its directors, employees or close associates had any interest in the securities of the Company or any other companies of the Company (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

## **BONUS WARRANTS ISSUE**

On 26 July 2021, the Company issued a circular relating to the proposed bonus issue of warrants to subscribe for new Shares at an initial subscription price of HK\$4.00 per new Shares, subject to adjustment (the “Warrant(s)”), by the Company to qualifying shareholders of the Company on the basis of one Warrant for every five Shares held on 6 August 2021. On 23 August 2021, the Company announced that it has obtained approval from the Stock Exchange for the listing of and permission to deal in the Warrants and new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants. The stock code of the Warrants is 8209.

A total of 96,000,000 Warrants were issued by the Company to the shareholders on 24 August 2021 pursuant to the general mandate granted to the Directors at the Company’s annual general meeting held on 22 June 2021, as represented by the Warrant certificates. The Warrants were issued in registered form and each Warrant will entitle the holder to exercise the subscription right during the subscription period from 24 August 2021 to 23 August 2023.

As at the date of this announcement, none of the Warrants were exercised.

## **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 December 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 Directors do not recommend the payment of dividend for year ended 31 December 2021 (2020: S\$Nil).

## **SIGNIFICANT INVESTMENTS**

As at 31 December 2021, the Group did not hold any significant investments.

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events have taken place after the financial year ended 31 December 2021 to the date of this announcement.

## **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 announcement.

## **SCOPE OF WORK OF YONGTUO FUSON CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, Messrs. Yongtuo Fuson CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on 28 March 2022. The work performed by Messrs. Yongtuo Fuson CPA Limited in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Messrs. Yongtuo Fuson CPA Limited on this announcement.

## **AUDIT COMMITTEE**

The Company established an audit committee (the "Audit Committed") on 21 June 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph D.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 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 financial statements and annual results for the year ended 31 December 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 March 2022

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

*This announcement 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 announcement will also be published on the Company’s website at [www.gt-steel.com.sg](http://www.gt-steel.com.sg).*