GT STEEL CONSTRUCTION GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8402)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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 Main Board. 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 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 the 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 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 of Directors (the "Board") of the Company (together with its subsidiaries, the "Group") is pleased to present the audited consolidated results of the Group for the year ended 31 December 2017 together with comparative figures for the corresponding year in 2016:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Notes	**2017** *S$*	2016 *S$*
Revenue	4	**27,890,048**	22,003,922
Cost of services		**(20,836,596)**	(15,684,125)
Gross profit		**7,053,452**	6,319,797
Other income	5	**281,903**	298,202
Other gains	6	**39,359**	24,515
Selling expenses		**(173,856)**	(212,213)
Administrative expenses		**(2,834,115)**	(2,893,379)
Other expenses	7	**(3,879,260)**	(14,890)
Finance costs	8	**(143,006)**	(124,691)
Profit before taxation		**344,477**	3,397,341
Income tax expense	9	**(755,671)**	(163,321)
(Loss) Profit and total (expense) income for the year	10	**(411,194)**	3,234,020
Basic (loss) earnings per share (S$ cents)	13	**(0.11)**	0.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	**2017** **S$**	2016 S$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**1,891,692**	2,617,544
Investment properties	15	**2,738,208**	2,791,474
		4,629,900	5,409,018
Current assets			
Trade receivables	16	**16,607,505**	9,155,811
Deposits, prepayments and other receivables	17	**241,751**	175,336
Amounts due from customers for construction work	18	**5,133,483**	1,306,662
Amount due from a director	19a	**—**	135,653
Bank balances and cash	20	**11,229,883**	786,337
		33,212,622	11,559,799
Current liabilities			
Trade and other payables	21	**12,311,592**	2,832,467
Amount due to a director	19b	**100,994**	—
Amount due to ultimate holding company	19c	**80,526**	—
Amounts due to customers for construction work	18	**770,810**	138,138
Obligations under finance leases — due within one year	22	**137,141**	143,040
Borrowings	23	**3,029,919**	1,749,147
Income tax payable		**752,845**	215,910
		17,183,827	5,078,702
Net current assets		**16,028,795**	6,481,097
Total assets less current liabilities		**20,658,695**	11,890,115

	Notes	2017 S$	2016 S$
Non-current liabilities			
Obligations under finance leases — due after one year	22	**321,270**	455,703
Borrowings	23	**1,309,382**	1,440,965
Deferred tax liabilities	24	**71,575**	66,415
		1,702,227	1,963,083
NET ASSETS		**18,956,468**	9,927,032
Capital and reserves			
Share capital	25	**827,586**	3,000,000
Share premium		**8,613,061**	—
Merger reserves		**2,999,983**	—
Accumulated profits		**6,515,838**	6,927,032
Equity attributable to owners of the Company		**18,956,468**	9,927,032

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2017

	Share capital *S$*	Share premium (Note A) *S$*	Merger reserves (Note B) *S$*	Accumulated profits *S$*	Total *S$*
At 1 January 2016	3,000,000	—	—	3,693,012	6,693,012
Profit and total comprehensive income for the year	—	—	—	3,234,020	3,234,020
At 31 December 2016	3,000,000	—	—	6,927,032	9,927,032
Loss and total comprehensive expense for the year	—	—	—	(411,194)	(411,194)
Transactions with owners, recognised directly in equity:					
Issue of shares on the date of incorporation *(Note 25)*	—	—	—	—	—
Issue of shares pursuant to the Reorganisation *(Notes 2 and 25)*	17	—	2,999,983	—	3,000,000
Elimination of share capital pursuant to Reorganisation *(Note 2)*	(3,000,000)	—	—	—	(3,000,000)
Issue of shares under the capitalisation issue *(Note 25)*	620,672	(620,672)	—	—	—
Issue of shares under the Share Offer *(Note 25)*	206,897	10,965,517	—	—	11,172,414
Share issue expenses	—	(1,731,784)	—	—	(1,731,784)
	(2,172,414)	8,613,061	2,999,983	—	9,440,630
At 31 December 2017	827,586	8,613,061	2,999,983	6,515,838	18,956,468

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

Note B: Merger reserves represents the difference between the underlying net assets of the subsidiary which was acquired by the Company pursuant to the Reorganisation (Note 2) 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 2017

	2017	2016
	S$	*S$*
Operating activities		
Profit before taxation	**344,477**	3,397,341
Adjustments for:		
Depreciation of property, plant and equipment	**778,545**	819,159
Depreciation of investment properties	**53,266**	53,266
Gain on disposal of property, plant and equipment	**(39,359)**	(24,515)
Finance costs	**143,006**	124,691
Impairment and bad debts written off on trade receivables	**—**	14,890
Operating cash flows before movement in working capital	**1,279,935**	4,384,832
Movements in working capital:		
(Increase) decrease in trade receivables	**(7,451,694)**	236,367
(Increase) decrease in deposits, prepayments and other receivables	**(66,415)**	764,675
Increase in amounts due from customers for construction work	**(3,826,821)**	(1,040,972)
Increase (decrease) in trade and other payables	**9,467,101**	(6,011,042)
Increase (decrease) in amounts due to customers for construction work	**632,672**	(464,593)
Cash generated from (used in) operations	**34,778**	(2,130,733)
Income taxes paid	**(228,292)**	(36,483)
Tax refund received	**14,716**	—
Net cash used in operating activities	**(178,798)**	(2,167,216)
Investing activities		
Purchase of property, plant and equipment	**(89,845)**	(271,052)
Proceeds from disposal of property, plant and equipment	**76,511**	34,915
Net cash inflow on acquisition of subsidiary	**46,112**	—
Repayment from a director	**135,653**	—
Repayment of advance to a related party	**—**	30,040
Net cash from (used in) investing activities	**168,431**	(206,097)

	2017	2016
	S$	*S$*
Financing activities		
Issuance of share capital — net of listing expenses	**9,440,630**	—
Advance from a director	**135,408**	789,913
Repayment to a director	—	(1,396,569)
Repayment of finance leases	**(140,332)**	(145,575)
Proceeds from borrowings	**7,052,038**	5,906,154
Repayment of borrowings	**(5,902,849)**	(5,071,190)
Interest paid	**(130,982)**	(124,691)
Net cash from (used in) financing activities	**10,453,913**	(41,958)
Net increase (decrease) in cash and cash equivalents	**10,443,546**	(2,415,271)
Cash and cash equivalents at beginning of the year	**786,337**	3,201,608
Cash and cash equivalents at end of the year represented by bank balances and cash	**11,229,883**	786,337

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 1 February 2017. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is at 64 Woodlands Industrial Park E9, Singapore 757833. The shares of the Company are listed on the GEM of The Stock Exchange 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 only operating subsidiary, G-Tech Metal Pte Ltd ("G-Tech Metal"), is 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 20 March 2018.

2. GROUP REORGANISATION AND BASIS OF PREPARATION

Before the completion of the reorganisation as mentioned below (the "Reorganisation"), G-Tech Metal is wholly owned by Mr. Ong, the director and controlling shareholder of the Company.

In preparation of the listing of the Company's shares on the GEM of the Stock Exchange (the "Listing"), the companies comprising the Group underwent the Reorganisation as described below.

(i) On 22 December 2016, Broadbville Limited ("Broadbville", the Company's holding company which is not forming part of the Group) was incorporated in the British Virgin Islands ("BVI") with limited liability and is authorised to issue a maximum of 50,000 shares of a single class, each with a par value of US$1, of which 1 fully paid share had been allotted and issued at par to Mr. Ong Cheng Yew on 17 January 2017.

(ii) On 28 November 2016, Chirton Investments Limited ("Chirton Investments") was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1, of which 1 fully paid share has been allotted and issued at par to Broadbville on 17 January 2017.

(iii) On 1 February 2017, the Company was incorporated as an exempted company in the Cayman Islands with limited liability and the initial one nil-paid subscriber share was issued to the initial subscriber and transferred to Broadbville at nil-paid on the same day. The authorised share capital of the Company was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each at the time of incorporation.

(iv) On 16 June 2017, Mr. Ong Cheng Yew transferred the entire issued share capital of G-Tech Metal to Chirton Investments for a consideration which was settled by allotting and issuing one share in Chirton Investments, credited as fully paid, to Broadbville at the direction of Mr. Ong Cheng Yew.

(v) On 21 June 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 shares of HK$0.01 each by the creation of an additional 4,962,000,000 shares.

(vi) On 21 June 2017, in consideration of Broadbville transferring the entire issued share capital of Chirton Investments to the Company, the Company allotted and issued 9,999 new shares, credited as fully paid, to Broadbville. After completion of the above transaction, G-Tech Metal became an indirectly wholly-owned subsidiary of the Company.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the two years ended 31 December 2017, or since their respective dates of incorporation, whichever is a shorter period.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2017, the Group adopted all the new and revised IFRSs and Interpretations of IFRS ("IFRIC") that are effective and relevant to its operations. The adoption of these new/revised IFRSs and IFRIC does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

At the date of issuance of this announcement, the Group has not early applied the following new and revised to IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[3]
IFRS 17	Insurance Contracts[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[3]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transaction[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 19	Plan Amendment, Curtailment or Settlement[3]
Amendments to IFRS 28	Long-term Interests in Associates and Joint Ventures[3]
Amendments to IFRS 28	As part of the Annual Improvements to IFRS Standards 2014–2016 Cycle[1]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015–2017 Cycle[3]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2021.
[3] Effective for annual periods beginning on or after 1 January 2019.
[4] Effective for annual periods beginning on or after a date to be determined.

Except as described below, the management of the Company considers that the application of the other new and revised standards and amendments is unlikely to have a material impact on the Company's financial position and performance as well as disclosure.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39 Financial Instruments, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39 under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of nonfinancial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

In the opinion of the directors of the Company, based on the historical experience of the Group, the historical default rate in outstanding balances from financial assets measured at amortised cost as disclosed above is low. Hence, the directors of the Company anticipate that the application of IFRS 9 would not have material impact on the Group's future consolidated financial statements.

The above assessments were made based on an analysis of the Group's financial assets as at 31 December 2017 on the basis of the facts and circumstances that existed at that date. It is also expected that the adoption of IFRS 9 may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2017.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, IASB issued Clarifications to IFRS 15 in relation to identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipates that the application of IFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timings and amounts of revenue recognised in the respective reporting periods.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the leases payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of leases modifications, among others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16 lease payments in relation to lease liability will be allocated into a principal and interest portion which will be presented as financing cash flows.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of S$765,492. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

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

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

	Year ended 31 December	
	2017	2016
	S$	*S$*
Revenue from:		
Provision of structural steelworks services	**27,890,048**	22,003,922
	27,890,048	22,003,922

Major customers

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

	Year ended 31 December	
	2017	2016
	S$	*S$*
Customer I	**5,827,650**	N/A*
Customer II	**4,740,509**	N/A*
Customer III	**4,694,203**	N/A*
Customer IV	**3,407,243**	N/A*
Customer V	**N/A***	8,669,416
Customer VI	**N/A***	4,000,651
Customer VII	**N/A***	2,408,611

* 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:

	Year ended 31 December	
	2017	2016
	S$	*S$*
Singapore	**27,687,479**	22,003,922
Malaysia	**202,569**	—
	27,890,048	22,003,922

5. OTHER INCOME

	Year ended 31 December	
	2017	2016
	S$	*S$*
Management fee income *(Note)*	**—**	70,000
Insurance claim receipt	**21,776**	50,107
Government grants	**88,529**	50,206
Rental income	**122,590**	105,502
Sundry income	**49,008**	22,387
	281,903	298,202

Note: The management fee income represents the charges for secondment of project manager to related party (Note 27).

6. OTHER GAINS

	Year ended 31 December	
	2017	2016
	S$	*S$*
Gain on disposal of property, plant and equipment	**39,359**	24,515

7. OTHER EXPENSES

	Year ended 31 December	
	2017	2016
	S$	*S$*
Listing expenses	**3,879,260**	—
Impairment and bad debts written off on trade receivables	**—**	14,890
	3,879,260	14,890

8. FINANCE COSTS

	Year ended 31 December	
	2017	2016
	S$	*S$*
Interest on:		
Bank borrowings		
— wholly repayable within 5 years	**67,816**	78,965
— not wholly repayable within 5 years	**37,439**	23,975
Finance leases	**37,751**	21,751
	143,006	124,691

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2017	2016
	S$	*S$*
Tax expense comprises:		
Current tax		
— Singapore corporate income tax (“CIT”)	**752,845**	195,910
— (Over) under provision in prior years	**(2,334)**	29,014
Deferred tax expense *(Note 24)*		
— Current year	**5,160**	25,601
— Over provision in prior years	**—**	(87,204)
	755,671	163,321

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 50%, capped at S$25,000 for the Year of Assessment 2017, and adjusted to 40%, capped at S$15,000 for the Year of Assessment 2018. 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.

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

	Year ended 31 December	
	2017	2016
	S$	*S$*
Profit before taxation	**344,477**	3,397,341
Tax at applicable tax rate of 17% (2016: 17%)	**58,561**	577,548
Tax effect of expenses not deductible for tax purpose	**757,154**	104,626
Tax effect of income not taxable for tax purpose	**(6,477)**	(2,416)
Effect of tax concessions *(Note a)*	**(54,344)**	(458,247)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,889**	—
(Over) under provision of current tax in prior years	**(2,334)**	29,014
Over provision of deferred tax in prior years	**—**	(87,204)
Others	**1,222**	—
Taxation for the year	**755,671**	163,321

Note:

a. Tax concession pertains to incentive schemes given by the Singapore tax authority. One of the major tax concession is Productivity and Innovation Credit (“PIC”) Scheme. Under the PIC Scheme, the Group enjoys 400% tax deductions for qualifying expenditure incurred from the Years of Assessment 2011 to 2018.

10. (LOSS) PROFIT FOR THE YEAR

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

	Year ended 31 December	
	2017	2016
	S$	*S$*
Audit fees paid to auditors of the Company:		
— Annual audit fees	**120,000**	66,000
— Audit fees in connection with the listing of the Company	**161,250**	—
Audit fees paid to member firm of the auditors of the Company:		
— Audit fees in connection with the listing of the Company	**217,500**	—
Non-audit fees paid to auditors of the Company	**64,500**	—
Listing expense *(Note a)*	**3,879,260**	—
Depreciation of property, plant and equipment		
— Recognised in cost of services	**462,059**	465,563
— Recognised in administrative expenses	**316,486**	353,596
Depreciation of investment properties	**53,266**	53,266
Directors' remuneration *(Note 11)*	**224,481**	216,480
Other staff costs		
— Salaries and wages	**3,413,667**	4,627,516
— Defined contribution plans	**87,161**	97,177
— Other staff benefits	**30,494**	41,883
Total staff costs	**3,531,322**	4,766,576
Cost of materials recognised as expenses	**5,330,031**	4,532,283
Subcontractor costs recognised as expenses	**11,142,622**	4,785,568

Note:

a. Included in listing expenses are audit and non-audit fees of S$161,250 and S$64,500 paid to auditors of the Company respectively, and audit fees of S$217,500 paid to other member firms of the auditors of the Company.

Included in share issue expenses are audit fees and non-audit fees of S$53,750 and S$21,500 paid to the auditors of the Company, and audit fees of S$72,500 paid to other member firms of the auditors of the Company.

11. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

Mr. Ong Cheng Yew and Ms. Koh Siew Khing were appointed as directors of the Company on 1 February 2017 respectively. Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee, and Mr. Tan Yeok Lim were appointed as independent non-executive directors of the Company on 21 June 2017.

The emoluments paid or payable to the directors of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company as applicable) by entities comprising the Group for their services in connection with management affairs of the Group during the year are as follows:

Year ended 31 December 2017

	Fees	Discretionary bonus	Salaries and allowances	Contributions to retirement benefit scheme	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Ong Cheng Yew	—	—	120,000	12,240	132,240
Ms. Koh Siew Khing	—	—	72,000	12,240	84,240
Independent Non-Executive Directors					
Mr. Tam Wai Tak Victor	2,667	—	—	—	2,667
Ms. Chooi Pey Nee	2,667	—	—	—	2,667
Mr. Tan Yeok Lim	2,667	—	—	—	2,667
	8,001	—	192,000	24,480	224,481

Year ended 31 December 2016

	Fees	Discretionary bonus	Salaries and allowances	Contributions to retirement benefit scheme	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Ong Cheng Yew	—	—	120,000	12,240	132,240
Ms. Koh Siew Khing	—	—	72,000	12,240	84,240
	—	—	192,000	24,480	216,480

Notes:

a. Mr. Ong Cheng Yew acts as chairman of the Company with effect from 3 March 2017.

b. Ms. Koh Siew Khing acts as executive director of the Company with effect from 3 March 2017.

c. No other retirement benefits were paid to Mr. Ong Cheng Yew and Ms. Koh Siew Khing 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 Group.

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 2017 included two (2016: two) directors, details of whose remunerations are set out above. Details of the remuneration for the remaining three (2016: three) highest paid employees who are not directors of the Company are as follows:

	Year ended 31 December	
	2017	2016
	S$	*S$*
Salaries and allowances	**194,327**	237,760
Discretionary bonus	**56,126**	27,480
Contributions to retirement benefits scheme	**23,613**	32,078
	274,066	297,318

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

	Number of Employees Year ended 31 December	
	2017	2016
Emolument bands		
Nil to HK$500,000	**2**	2
HK$500,001 to HK$1,000,000	**3**	3

12. DIVIDEND

No dividend was paid or declared by the Company since its incorporation.

13. (LOSS) EARNINGS PER SHARE

	Year ended 31 December	
	2017	2016
	S$	*S$*
(Loss) Profit attributable to the owners of the Company *(S$)*	**(411,194)**	3,234,020
Weighted average number of ordinary shares in issue	**374,794,521**	360,000,000
Basic (loss) earnings per share *(S$ cents)*	**(0.11)**	0.90

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

The calculation of basic earnings per share is based on the (loss) profit for the year attributable to owners of the Company and the weighted average number of shares in issue. The number of shares for the purpose of basic earnings per share for the year ended 31 December 2016 is based on the assumption that 360,000,000 ordinary shares of the Company are in issue and issuable, comprising an aggregate of 10,000 ordinary shares, 359,990,000 ordinary shares issuable upon capitalisation of share premium, as if the Group Reorganisation was effective on 1 January 2016.

14. PROPERTY, PLANT AND EQUIPMENT

	Properties erected on leasehold land S$	Motor vehicles S$	Office equipment S$	Plant and machinery S$	Leasehold improvement S$	Total S$
Cost:						
At 1 January 2016	1,500,000	724,170	388,616	1,343,488	704,349	4,660,623
Additions	—	234,300	18,068	144,075	27,879	424,322
Disposals/write-offs	—	(48,800)	—	(48,000)	—	(96,800)
At 31 December 2016	1,500,000	909,670	406,684	1,439,563	732,228	4,988,145
Additions	—	—	30,926	58,919	—	89,845
Disposals/write-offs	—	(263,897)	—	—	—	(263,897)
At 31 December 2017	1,500,000	645,773	437,610	1,498,482	732,228	4,814,093
Accumulated depreciation:						
At 1 January 2016	375,000	195,120	247,933	617,722	202,067	1,637,842
Charge for the year	250,000	134,324	92,286	215,563	126,986	819,159
Elimination on disposals/write-offs	—	(48,800)	—	(37,600)	—	(86,400)
At 31 December 2016	625,000	280,644	340,219	795,685	329,053	2,370,601
Charge for the year	250,000	125,485	64,641	212,059	126,360	778,545
Elimination on disposals/write-offs	—	(226,745)	—	—	—	(226,745)
At 31 December 2017	875,000	179,384	404,860	1,007,744	455,413	2,922,401
Carrying Amounts:						
At 31 December 2016	875,000	629,026	66,465	643,878	403,175	2,617,544
At 31 December 2017	**625,000**	**466,389**	**32,750**	**490,738**	**276,815**	**1,891,692**

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:

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

Included in the additions of machineries and motor vehicles were assets amounting to S$Nil (2016: S$153,270) in aggregate, which were acquired under hire purchase arrangements. These constituted as non-cash transactions during the respective years.

Leased assets are pledged as security for the related finance lease liabilities. The carrying value of below items are assets held under finance leases:

	As at 31 December	
	2017	2016
	S$	*S$*
Machinery and motor vehicles	**585,055**	735,962

15. INVESTMENT PROPERTIES

	Freehold properties	**Leasehold properties**	**Total**
	S$	***S$***	***S$***
Cost:			
At 1 January 2016, 31 December 2016 and 2017	1,581,575	1,386,618	2,968,193
Accumulated depreciation:			
At 1 January 2016	13,179	110,274	123,453
Charge for the year	26,360	26,906	53,266
At 31 December 2016	39,539	137,180	176,719
Charge for the year	26,360	26,906	53,266
At 31 December 2017	65,899	164,086	229,985
Net carrying value:			
At 31 December 2016	1,542,036	1,249,438	2,791,474
At 31 December 2017	1,515,676	1,222,532	2,738,208

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 2017, included in the balances are freehold property with carrying value amounting to S$1,515,676 (2016: S$1,542,036). All of the Group's property interests which are freehold and leased out under operating leases for lease terms of 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 2 years. Subsequent renewal is negotiated with the lessees. The investment properties are mortgaged to the banks to secure for bank loans as at 31 December 2016 and 2017.

As at 31 December 2017, the fair value of the investment properties amounted to S$3,887,758 (2016: S$3,619,000) and is categorised within level 3 of the fair value hierarchy. The fair value determined 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 changes in 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$122,590 (2016: S$105,502). Direct operating expenses arising from the rental-generating investment properties amounted to S$53,266 (2016: 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:

	Fair value Level 3 *S$*
— As at 31 December 2016	
421 Tagore Ind. Avenue #02-14, Singapore	1,710,000
No. 18 Sin Ming Lane #07-40 Midview City, Singapore	634,000
No. 18 Sin Ming Lane #07-41 Midview City, Singapore	707,000
No. 21 Woodlands Park E1 #03-05, Singapore	568,000
Total	3,619,000
— As at 31 December 2017	
421 Tagore Ind. Avenue #02-14, Singapore	**2,274,874**
No. 18 Sin Ming Lane #07-40 Midview City, Singapore	**513,723**
No. 18 Sin Ming Lane #07-41 Midview City, Singapore	**574,161**
No. 21 Woodlands Park E1 #03-05, Singapore	**525,000**
Total	**3,887,758**

16. TRADE RECEIVABLES

	As at 31 December	
	2017	2016
	S$	*S$*
Trade receivables	**6,771,113**	3,218,079
Unbilled revenue *(Note a)*	**5,807,555**	3,011,326
Retention receivables *(Note b)*	**4,028,837**	2,926,406
	16,607,505	9,155,811

Notes:

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

b. Retention monies held by customers for construction work are classified as current as they are expected to be received within the Group's normal operating cycle.

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

	As at 31 December	
	2017	2016
	S$	*S$*
Within 30 days	**5,633,919**	2,269,424
31 days to 60 days	**1,091,465**	781,370
61 days to 90 days	**—**	3,090
Over 90 days	**45,729**	164,195
	6,771,113	3,218,079

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 once a year.

The carrying values of trade receivables approximate their fair values. Allowance for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts from rendering of services, determined by reference to individual customer's credit quality. In determining the recoverability of trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up and provide allowance on those doubtful debts timely.

Movements in the allowance for doubtful receivables:

	As at 31 December	
	2017	2016
	S$	*S$*
Balance at beginning of year	**—**	109,459
Impairment charged to profit or loss	**—**	14,890
Written off during the year	**—**	(124,349)
Balance at end of year	**—**	—

Included in the Group's trade receivables are carrying amounts of approximately S$45,729 (2016: S$691,662) which are past due at 31 December 2017 for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customer. The Group does not hold any collateral over these balances.

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

	As at 31 December	
	2017	2016
	S$	*S$*
31 days to 60 days	**685**	524,378
61 days to 90 days	**—**	3,090
Over 90 days	**45,044**	164,194
	45,729	691,662

During the year ended 31 December 2017, an amount of S$Nil (2016: S$14,890) was impaired and S$Nil (2016: S$124,349) was written off after conducting the impairment review by the management according to the Group's accounting policy.

In determining the recoverability of trade receivable, the management of the Group considers any change in the credit quality of the trade receivables from the initial recognition date to the end of each of the reporting period. In the opinion of the management of the Group, apart from those balances for which allowances have been provided, other trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of unsettled balances.

17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2017	2016
	S$	*S$*
Deposits	**162,819**	108,360
Prepayments	**75,211**	65,600
Advances to staff	**—**	1,376
Goods and Service Tax ("GST") receivable	**3,721**	—
	241,751	175,336

18. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION WORKS

	As at 31 December	
	2017	2016
	S$	*S$*
Aggregate amount of contract cost incurred plus recognised profits less recognised losses	**14,792,869**	11,265,290
Less: Progress claims approved by customers	**(10,430,196)**	(10,096,766)
	4,362,673	1,168,524
Analysed for reporting purposes as:		
Amounts due from customers for construction work	**5,133,483**	1,306,662
Amounts due to customers for construction work	**(770,810)**	(138,138)
	4,362,673	1,168,524

19. AMOUNTS DUE FROM (TO) A DIRECTOR/ULTIMATE HOLDING COMPANY

a. Amount due from a director

	As at 31 December		As at 1 January
	2017	2016	2016
	S$	*S$*	*S$*
Mr. Ong Cheng Yew	**—**	135,653	1,428,997

The balance of amount due from a director as at 31 December 2016 is non-trade related, unsecured, non-interest bearing and without a fixed payment term. The maximum amount of the balances due from a director during the year ended 31 December 2016 is S$135,653 (2016: S$1,452,956). There were no amounts due from a director as at 31 December 2017.

b. Amount due to a director

The balance of amount due to a director as at 31 December 2017 of the Group is non-trade related, unsecured, non-interest bearing and without a fixed payment term. The maximum amount of the balances due to a director during the year ended 31 December 2017 is S$100,994. The amount due to a director has been settled in March 2018.

c. Amount due to ultimate holding company

The balance as at 31 December 2017 of the Group is non-trade related, unsecured, non-interest bearing and without a fixed repayment term. The maximum amount of the balances due to ultimate holding company during the year ended 31 December 2017 is S$80,526. The amount due to ultimate holding company has been settled in March 2018.

20. BANK BALANCES AND CASH

	As at 31 December	
	2017	2016
	S$	*S$*
Cash on hand	**2,178**	3,200
Cash at bank	**11,227,705**	783,137
	11,229,883	786,337

21. TRADE AND OTHER PAYABLES

	As at 31 December	
	2017	2016
	S$	*S$*
Trade payables	**3,864,170**	2,102,468
Trade accruals	**6,313,062**	—
	10,177,232	2,102,468
GST payables	**35,003**	266,128
Other payables	**1,307,347**	171,486
Deposit received	**299,534**	23,030
Provision for unutilised leave	**29,446**	29,108
Salaries and CPF payables	**463,030**	240,247
	12,311,592	2,832,467

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	
	2017	2016
	S$	*S$*
Within 30 days	**3,350,625**	309,267
31 to 60 days	**221,354**	477,100
61 days to 90 days	**205,903**	542,341
Over 90 days	**86,288**	773,760
	3,864,170	2,102,468

22. OBLIGATIONS UNDER FINANCE LEASES

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments As at 31 December		Present value of minimum lease payments As at 31 December	
	2017	2016	**2017**	2016
	S$	*S$*	***S$***	*S$*
Amounts payable under finance leases:				
Within 1 year	**156,004**	168,711	**137,141**	143,040
In more than 1 year but less than 2 years	**152,437**	159,108	**139,759**	139,866
In more than 2 years but less than 5 years	**191,069**	324,905	**181,511**	290,879
More than 5 years	**—**	25,499	**—**	24,958
	499,510	678,223	**458,411**	598,743
Less: Future finance charges	**(41,099)**	(79,480)	**—**	—
Present value of lease obligations	**458,411**	598,743	**458,411**	598,743
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(137,141)**	(143,040)
Amount due for settlement after 12 months			**321,270**	455,703

Interest rates underlying all obligations under finance leases are fixed at respective contract dates during the year. The weighted average interest rate during the year is as disclosed below:

	As at 31 December	
	2017	2016
Interest rates	**4.70%**	4.73%

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets (Note 14).

23. BORROWINGS

	As at 31 December	
	2017	2016
	S$	*S$*
Trade financing		
— secured and guaranteed *(Notes a and d)*	**2,180,882**	1,443,818
Revolving credit facility		
— secured and guaranteed *(Notes b and d)*	**750,000**	—
Bank loans — secured and guaranteed(Notes c and d)	**1,408,419**	1,746,294
	4,339,301	3,190,112
Analysed as:		
Carrying amount repayable within one year	**3,029,919**	1,749,147
Carrying amount repayable more than one year, but not exceeding two years	**100,289**	144,010
Carrying amount repayable more than two years, but not more than five years	**308,821**	279,201
Carrying amount repayable more than five years	**900,272**	1,017,754
	4,339,301	3,190,112
Less: Amount due within one year shown under current liabilities	**(3,029,919)**	(1,749,147)
Amount shown under non-current liabilities	**1,309,382**	1,440,965

a. As at 31 December 2017, trade financing bears a floating interest rate at 1.65% to 2.75% above the bank's cost of funds per annum (2016: the bank's prime lending rate or 2.75% above the bank's cost of funds per annum).

b. As at 31 December 2017, revolving credit facility bears a floating interest rate at 1.8% above the bank's cost of funds per annum.

c. As at 31 December 2017, the bank loans of S$1,408,419 (2016: S$1,746,294) are secured by first legal charge and the pledge over the Group's investment properties and the bank loans bear floating interest rates with weighted average effective interest rate at 3.24% (2016: 3.26%) per annum. The amounts are repayable at the dates ranging from 2018 to 2037 and from 2017 to 2039 as at 31 December 2017 and 2016 respectively.

d. As at 31 December 2016, the Controlling Shareholder provided personal guarantees in respect of borrowings in favour of the Group. The personal guarantees were released on 17 November 2017 and replaced with the corporate guarantee issued by the Company.

24. DEFERRED TAX LIABILITIES

	As at 31 December	
	2017	2016
	S$	*S$*
As at 1 January	**66,415**	128,018
Recognised in profit or loss during the year:		
— Accelerated tax depreciation	**5,160**	25,601
— Over provision of deferred tax in prior years	**—**	(87,204)
As at 31 December	**71,575**	66,415

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.

25. SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the Reorganisation in the consolidated statement of financial position, the balances as at 1 January 2016 represented the share capital of G-Tech Metal Pte Ltd as the Company was incorporated in Cayman Islands on 1 February 2017. As at the date of incorporation, the Company had an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each.

The Company was successfully listed on the GEM of the Stock Exchange on 17 November 2017 by way of placing of 108,000,000 ordinary shares and public offer of 12,000,000 ordinary shares at the price of HK$0.54 per share ("Share Offer").

	Number of shares	**Par value**	**Share capital**
		HK$	*HK$*
Authorised share capital of GT Steel Construction Group Limited:			
At date of incorporation on 1 February 2017 *(Note a)*	38,000,000	0.01	380,000
Increase on 21 June 2017 *(Note c)*	4,962,000,000	0.01	49,620,000
At 31 December 2017	5,000,000,000	0.01	50,000,000

	Number of shares	Share capital
		S$
Issued and fully paid of G-Tech Metal		
At 1 January 2016 and 31 December 2016	3,000,000	3,000,000
Issued and fully paid of GT Steel Construction Group Limited:		
At date of incorporation on 1 February 2017 *(Note a)*	1	—
Issue of shares pursuant to the reorganisation *(Note b)*	9,999	17
Issue of shares under the capitalisation issue *(Note d)*	359,990,000	620,672
Issue of shares under the Share Offer *(Note e)*	120,000,000	206,897
At 31 December 2017	480,000,000	827,586

Notes:

a. On 1 February 2017, the Company was incorporated as an exempted company in the Cayman Islands with limited liability and the initial one nil-paid subscriber share was issued to the initial subscriber and transferred to Broadbville at nil-paid on the same day. The authorised share capital of the Company was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each at the time of incorporation.

b. On 22 December 2016, Broadbville Limited ("Broadbville", the Company's holding company which is not forming part of the Group) was incorporated in the British Virgin Islands ("BVI") with limited liability and is authorised to issue a maximum of 50,000 shares of a single class, each with a par value of US$1, of which 1 fully paid share had been allotted and issued at par to Mr. Ong Cheng Yew on 17 January 2017.

   On 28 November 2016, Chirton Investments was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1, of which 1 fully paid share had been allotted and issued at par to Broadbville on 17 January 2017.

   On 16 June 2017, Mr. Ong Cheng Yew transferred the entire issued share capital of G-Tech Metal to Chirton Investments for a consideration which was settled by allotting and issuing one share in Chirton Investments, credited as fully paid, to Broadbville at the direction of Mr. Ong Cheng Yew.

   On 21 June 2017, in consideration of Broadbville transferring the entire issued share capital of Chirton Investments to the Company, the Company allotted and issued 9,999 new shares at par value of HK$0.01 (equivalent to approximately S$17) credited as fully paid, to Broadbville. After completion of the above transaction, G-Tech Metal became an indirect wholly-owned subsidiary of the Company.

c. Pursuant to written resolutions passed on 21 June 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 share of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 shares of HK$0.01 each by the creation of an additional 4,962,000,000 shares.

d. Pursuant to written resolutions passed on 2 November 2017, conditional upon the share premium account of the Company being credited as a result of the Share Offer, an amount of HK$3,599,900 (equivalent to approximately S$620,672) which will then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par 359,990,000 shares for allotment and issue to the sole shareholder whose name appeared on the register of members of the Company at the close of business on 2 November 2017.

e. The Company successfully listed on the GEM of the Stock Exchange on 17 November 2017 by way of placing of 108,000,000 ordinary shares and public offer of 12,000,000 ordinary shares at the price of HK$0.54 per share, with a total gross proceeds of HK$64.8 million (equivalent to approximately S$11.17 million). The Company's share of net proceeds after deducting the underwriting commissions and estimated expenses paid or payable by the Company in relation to the Share Offer amounted to approximately HK$56.2 million (equivalent to approximately S$9.68 million).

26. 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. From 1 January 2016 the Group's contribution rates are adjusted up to 17% of the eligible employees' salaries, with each employee's qualifying salary capped at S$6,000 per month.

The total costs charged to profit or loss, amounting to S$111,641 (2016: S$121,657) for the year ended 31 December 2017, represent contributions paid to the retirement benefits plan by the Group.

As at 31 December 2017, the CPF contribution payables amounted to S$17,973 (2016: S$26,024) which were paid subsequent to the end of the respective years.

27. RELATED PARTY TRANSACTIONS

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

Management fee income

	Year ended 31 December	
	2017	2016
	S$	*S$*
Li Poh Construction Pte. Ltd.*		
Management fee income	**—**	70,000
Broadbville Limited		
Purchase of investment in subsidiary, G Tech Structures Sdn Bhd	**80,526**	—

* Li Poh Construction Pte Ltd is a company controlled and wholly owned by the Controlling Shareholder.

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

	Year ended 31 December	
	2017	2016
	S$	*S$*
Short term benefits	**421,509**	379,240
Post-employment benefits	**43,170**	47,198
	464,679	426,438

Guaranteed from Controlling Shareholder

As at 31 December 2016, the Controlling Shareholder provided personal guarantees in respect of bank borrowings in favour of the Group of which S$3,190,112 remained outstanding. The personal guarantees were released on 17 November 2017 and replaced with the corporate guarantee issued by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

The Group is principally engaged in the design, supply, fabricate and erect structural steelworks 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 2017, the Group recorded revenue of approximately S$27,890,000 (2016: approximately S$22,004,000) and loss of approximately $411,000 (2016: profit of approximately S$3,234,000).

Revenue had increased by 26.7% due to several high contracts recognised during the financial year.

The gross profit for the year ended 31 December 2017 was approximately S$7,053,000 (2016: approximately S$6,320,000). The gross profit margin was maintained at approximately 25% to 28% for the financial year ended 31 December 2017 and 2016.

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

Selling and administrative expenses for the year ended 31 December 2017 was approximately S$3,008,000 (2016: approximately S$3,106,000) representing a decrease of S$98,000 mainly due to lower expenses incurred for insurance and upkeep of equipment and vehicles.

Other expenses for the year ended 31 December 2017 included approximately S$3,879,000 listing expenses.

The Group recorded a profit before tax for the year ended 31 December 2017 of approximately S$344,000 (2016: approximately S$3,397,000) representing a decrease of S$3,053,000 as compared with the corresponding period of last year. This was mainly due to the listing expenses incurred of S$3,879,000. Excluding the one-off listing expenses, the profit before tax for the year ended 31 December 2017 would have been approximately S$4,223,000, representing an increase of S$826,000 or 24.3%.

Loss for the year ended 31 December 2017 was approximately S$411,000, representing a decrease of S$3,645,000 as compared with profit of approximately S$3,234,000 for the corresponding period in 2016.

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 1 month to 1 year and during which the amount of progress claim vary from month to month depending on the provision of construction works and installation and auxiliary services for the month. The supply and installation schedule is as directed by the customer, in accordance with the main contractor's schedule. As such, the Group actively manages our customers' credit limits, aging, and repayment of retention monies and monitor the operating cash flows to ensure adequate working capital funds and repayment schedule is met.

For the period under review, the Group raised net proceeds from issuance of share capital of approximately S$6,190,000. The net cash used in operating activities of approximately S$179,000.

As at 31 December 2017, the Group's borrowings comprised the obligations under finance lease of approximately S$458,000 (2016: approximately S$599,000) and bank borrowings of approximately S$4,339,000 (2016: approximately S$3,190,000).

The Group had cash and cash equivalents of approximately S$11,230,000 (2016: approximately S$786,000) which were placed with major banks in Singapore, Hong Kong and Malaysia.

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of the Group. However, the Group retains the proceeds from the Share Offer (as defined below) in Hong Kong Dollar, which exposed the Group to foreign exchange risk arising from the fluctuations of exchange rate for Hong Kong Dollar against Singapore Dollars. The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures if necessary.

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

On 28 December 2017, the ultimate holding company of the Company transferred its 100% effective shareholding of G Tech Structures Sdn Bhd ("GTS") to G-Tech Metal Pte Ltd for a consideration of approximately S$80,526 (MYR 250,000). This transaction has been accounted for by the merger accounting method. Included in the Group's profit for the year is S$26,988 attributable to the additional business generated by GTS. Revenue generated by GTS is S$202,569.

There were no other significant investments held, nor were there any plan authorised by the Board for any material investments or additions of capital assets as at the date of this announcement.

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 motor vehicles amounting to approximately S$585,000 (2016: S$736,000).

Contingent Liabilities

As at 31 December 2017, the Group did not have any contingent liabilities.

Capital Commitments

As at 31 December 2017, the Group did not have any capital commitments.

Employee Information

As at 31 December 2017, the Group had an aggregate of 110 (2016: 138) employees.

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

Total staff costs, including Directors' emoluments, amounted to approximately S$3,756,000 for the year ended 31 December 2017 (2016: approximately S$4,983,000).

Comparison of Business Objectives with Actual Business Progress

The business objectives as set out in the prospectus of the Company dated 30 October 2017 (the "Prospectus") for the period from 17 November 2017 (the "Listing Date") to 30 June 2019 is set out below:

Business Objectives	**By financial period ending**
Purchase of additional steel fabrication facility (including renovation) in Singapore	30 June 2018
Expansion of production capacity via purchase of machineries	30 June 2019
Expand workforce to support business expansion	31 December 2018

The Group will implement these business objectives and such planned business expenses in 2018.

Use of Proceeds from the Share Offer

The Company was successfully listed on GEM on the Listing Date by way of share offer of 120,000,000 new Shares at the price of HK$0.54 per share (the "Share Offer") and the net proceeds raised from the Share Offer were approximately HK$35.9 million (approximately S$6.19 million) after deducting the listing-related expenses.

In line with that disclosed in the Prospectus, the Company intends to apply the net proceeds raised from the Share Offer as to:

(i) approximately 56.7% of the net proceeds, or approximately HK$20.4 million, for the purchase of a new fabrication facility in Singapore to increase the production capacity;

(ii) approximately 41.0% of the net proceeds, or approximately HK$14.7 million, for the purchase of new machineries for new fabrication facility in Singapore to increase the production capacity;

(iii) approximately 2.3% of the net proceeds, or approximately HK$0.8 million, for the expansion of workforce to support business expansion.

As at 31 December 2017, the Company has yet to utilise the net proceeds of approximately HK$35.9 million raised from the Share Offer in accordance with the intended use of proceeds set out in the Prospectus.

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 AND OUTLOOK

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 of many of these projects.

Those large scale projects will increasingly demand greater design and consultancy skills from the steel fabricators, which will in turn enhance their skills and productivity making them more valuable for future projects. Our industry will be in a good position not just for Singapore projects but also for Malaysia Projects across the causeway in the Iskandar area.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 Company had any interests in any businesses which competed with or might compete with the business of the Group.

Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") on 2 November 2017. The principal terms of the Share Option Scheme is summarised in Appendix V to the Prospectus. The purpose of the Share Option Scheme is to enable the Company to grant options to the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Group whom the Board considers, in its absolute discretion, has contributed or may contribute to the Group as incentive or reward for their contribution to the Group and thereby linking their interest with that of the Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 2 November 2017, and there is no outstanding share option as at 31 December 2017.

Purchase, Sale or Redemption of Shares by the Company's Listed Securities

Except for the Listing of the Shares on GEM on the Listing Date, the Company did not redeem any of its Shares listed and traded on GEM nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the year.

Corporate Governance Practices

The Board considers good corporate governance is 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules").

In the opinion of the Board, the Company has complied with the CG Code during the year ended 31 December 2017.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding Director's securities transactions during the year ended 31 December 2017.

Event after the Financial Year

The Group had no material event subsequent to 31 December 2017, being the end of the reporting period and up to the date of this announcement.

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 all of the Independent Non-Executive Directors, namely Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim. 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.

For the financial year ended 31 December 2017, the Audit Committee held two meetings to review with external auditor and senior management the annual results of the Group as well as the accounting principles and practices being adopted and financial reporting matters.

DIVIDEND

The Board does not recommend the payment of any dividend for the financial year ended 31 December 2017.

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

Singapore, 20 March 2018

As at the date of this announcement, the Board comprised 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.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the Company's website at www.gt-steel.com.sg.