



GT STEEL Construction Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8402

ANNUAL REPORT
2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

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



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Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Ong Cheng Yew (*Chairman*)

Ms. Koh Siew Khing

Non-executive director

Ms. Chen Xiaoyu (appointed on 13 January 2021)

Independent non-executive directors

Mr. Tam Wai Tak Victor

Ms. Chooi Pey Nee

Mr. Tan Yeok Lim (Chen Yulin)

AUDIT COMMITTEE MEMBERS

Mr. Tam Wai Tak Victor

(*Chairman of the audit committee*)

Ms. Chooi Pey Nee

Mr. Tan Yeok Lim (Chen Yulin)

NOMINATION COMMITTEE MEMBERS

Mr. Tan Yeok Lim (Chen Yulin)

(*Chairman of the nomination committee*)

Mr. Tam Wai Tak Victor

Ms. Chooi Pey Nee

Ms. Koh Siew Khing

REMUNERATION COMMITTEE MEMBERS

Ms. Chooi Pey Nee

(*Chairwoman of the remuneration committee*)

Mr. Tam Wai Tak Victor

Mr. Tan Yeok Lim (Chen Yulin)

COMPLIANCE OFFICER

Mr. Ong Cheng Yew

COMPANY SECRETARY

Mr. Chan Hank Daniel

AUTHORISED REPRESENTATIVES

Mr. Ong Cheng Yew

Mr. Chan Hank Daniel

COMPLIANCE ADVISER

Vinco Capital Limited

Units 2610, 26/F, The Center

99 Queen's Road Central

Hong Kong

AUDITOR

Deloitte & Touche LLP

Public Accountants and Chartered Accountants

6 Shenton Way, OUE Downtown 2

#33-00

Singapore 068809

REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

64 Woodlands Industrial Park E9

Singapore 757833

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

19/F, Prosperity Tower

39 Queen's Road Central

Central

Hong Kong

Corporate Information (Continued)

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE IN CAYMAN
ISLANDS**

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

**HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER OFFICE**

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

PRINCIPAL BANKER

Maybank Singapore Limited
2 Venture Drive #18-01
Vision Exchange
Singapore 608526

CIMB Bank Berhad
50 Raffles Place
#09-01
Singapore Land Tower
Singapore 048623

COMPANY'S WEBSITE

www.gt-steel.com.sg

STOCK CODE

8402

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of GT Steel Construction Group Limited (the "Company"), I am pleased to present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020.

PERFORMANCE

For the year ended 31 December 2020, the Group recorded a 80.0% decrease in revenue from approximately S\$50,852,000 in 2019 to S\$10,154,000 in 2020. The loss after tax of the Group were approximately S\$3,240,000 (exclusive of expenses in relation to the proposed transfer (the "Proposed Transfer") of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange approximately S\$151,000) for the year ended 31 December 2020 and profit after tax were approximately S\$6,143,000 (exclusive of expenses in relation to the Proposed Transfer of approximately S\$815,000) for the year ended 31 December 2019.

The loss for the financial year ended 31 December 2020 is mainly contributed by the outbreak of COVID-19 since early 2020, the Circuit Breaker Measures (the "Circuit Breaker Measures") implemented by the Government of Singapore from 7 April 2020 to 1 June 2020, and quarantine requirements for the foreign workers which caused the delay and suspension of the projects.

OUTLOOK

For 2021, we expect a bounce back of up to 4% to 6% year-on-year growth, aided by the very low base in 2020, before normalising back to trend growth around of 3% in 2022. This seemingly V-shaped GDP growth recovery will be more broad-based, with the construction and services sectors likely to revert to positive on-year growth.

Singapore construction demand for 2021 is expected to rise up to \$28 billion. The growth of the construction industry in the medium term will be supported by public sector developments such as public housing, transport and healthcare infrastructure. Private sector demand is projected to improve steadily, in tandem with the recovery of the global economy.

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.

Chairman's Statement (Continued)

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to the management and staff of the Group for their hard work and dedication as well as to our shareholders and business partners for their continued support.

Ong Cheng Yew

Chairman and Executive Director

Singapore,

31 March 2021

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue and Results

For the year ended 31 December 2020, the Group recorded revenue of approximately S\$10,154,000 (2019: approximately S\$50,852,000).

The gross profit for the year ended 31 December 2020 was approximately S\$178,000 (2019: approximately S\$11,813,000). The low gross profit for the financial year ended 31 December 2020 is contributed by the extreme low revenue due to the delay of the projects caused by the outbreak of COVID-19 since early 2020, and higher subcontractor costs as foreign workers were quarantined under the Circuit Breaker Measures.

Selling and administrative expenses for the year ended 31 December 2020 was approximately S\$4,564,000 (2019: approximately S\$4,168,000) representing an increase of S\$396,000 mainly contributed by the depreciation of the leased property (the "Leased Property") located at 12 Sungei Kadut Loop Singapore 72945 which was acquired by the Company on 5 September 2019.

Other expenses for the years ended 31 December 2020 and 2019 mainly related to expenses in relation to the Proposed Transfer of approximately S\$151,000 and S\$815,000 respectively. On 13 July 2020, the Company has decided not to continue with the application for the Proposed Transfer.

The Group recorded a loss before tax for the year ended 31 December 2020 of approximately S\$3,619,000 exclusive of expenses in relation to the Proposed Transfer of approximately S\$151,000 and profit before tax for the year ended 31 December 2019 of approximately S\$7,681,000 exclusive of expenses in relation to the Proposed Transfer of approximately S\$815,000.

The loss after tax of the Group were approximately S\$3,240,000 (exclusive of expenses in relation to the Proposed Transfer of approximately S\$151,000) for the year ended 31 December 2020 and profit after tax were approximately S\$6,143,000 (exclusive of expenses in relation to the Proposed Transfer of approximately S\$815,000) for the year ended 31 December 2019.

The loss for the financial year ended 31 December 2020 is mainly contributed by the outbreak of COVID-19 since early 2020, the Circuit Breaker Measures implemented by the Government of Singapore from 7 April 2020 to 1 June 2020, and quarantine requirements for the foreign workers which caused the delay and suspension of the projects.

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.

Management Discussion and Analysis (Continued)

As at 31 December 2020, the Group's borrowings comprised 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) (2019: lease liabilities of approximately S\$231,000 exclusive of lease liabilities in relation to the addition of IFRS 16 of approximately S\$1,575,000) and bank borrowings of approximately S\$5,941,000 (2019: approximately S\$3,602,000).

The Group had cash and cash equivalents of approximately S\$7,555,000 (2019: approximately S\$1,870,000) 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 22.2% (2019: approximately 12.4%).

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 did not have other 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\$445,000 (2019: approximately S\$378,000).

Contingent Liabilities

As at 31 December 2019 and 2020, the Group did not have any contingent liabilities.

Capital Commitments

As at 31 December 2019 and 2020, the Group did not have any capital commitments.

Employee Information

As at 31 December 2020, the Group had an aggregate of 124 (2019: 141) employees.

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

Management Discussion and Analysis (Continued)

Total staff costs, including Directors' emoluments, amounted to approximately S\$3,309,000 and S\$4,658,000 for the years ended 31 December 2020 and 2019 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 2020 is set out below:

Business Strategies	Actual business progress up to 31 December 2020
— 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 downpayment for the purchase of machinery for the Leased Property. The remaining amount of approximately HK\$14.6 million is expected to be utilised by 2022 which is delayed due to the outbreak of COVID-19

Use of Proceeds 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 report, the net proceeds from the Listing have been utilised in the following manner:

	Use of proceeds as allocated in accordance with the Prospectus⁽¹⁾ HK\$ million	Use of proceeds from Listing up to 31 December 2020 HK\$ million	Outstanding proceeds as at 31 December 2020 HK\$ million
Purchase price of new fabrication facility	20.4	20.4 ⁽²⁾	—
Purchase of machineries for new fabrication facility	14.7	0.1 ⁽³⁾	14.6 ⁽³⁾
Expansion of workforce to support business expansion	0.8	0.8	—

Management Discussion and Analysis (Continued)

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 2020, 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 is expected to be utilised by 2022.

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

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

BUSINESS REVIEW

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\$10,154,000 and S\$50,852,000 for the years ended 31 December 2020 and 2019 respectively.

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

During the current financial year, the loss before tax for the year ended 31 December 2020 was approximately S\$3,619,000 exclusive of expenses in relation to the Proposed Transfer of approximately S\$151,000 and the profit before tax for the year ended 31 December 2019 was approximately S\$7,681,000 exclusive of expenses in relation to the Proposed Transfer of approximately S\$815,000.

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.

Management Discussion and Analysis (Continued)

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

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

Since late 2019, there has been an outbreak of a highly contagious form of novel coronavirus disease ("COVID-19") affecting a lot of countries across the world. Since then, the projects of the Group have been slowed down, delayed or suspended. In compliance with the Circuit Breaker Measures, the Group has stopped its business operations from 7 April 2020 to 1 June 2020, which significantly affected the Group's business and financial results. The operation of the Company was resumed in August 2020 after seeking approval from the Building and Construction Authority (BCA).

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.

Moreover, the formal application dated 15 May 2019 to the Stock Exchange for the Proposed Transfer had lapsed in June 2020. The Board believes that the lapse of the application has no material adverse effect to the business operation and/or finance of the Company. Since the outbreak of COVID-19, the Group has devoted most of its resources to deal with changes in daily operation which was affected by the outbreak of COVID-19. The Company has decided not to proceed with the application. However, the Company may re-consider the Proposed Transfer at a later stage.

PROSPECT**Economic outlook for 2021**

For 2021, we expect a bounce back of up to 4% to 6% year-on-year growth, aided by the very low base in 2020, before normalising back to trend growth around of 3% in 2022. This seemingly V-shaped GDP growth recovery will be more broad-based, with the construction and services sectors likely to revert to positive on-year growth.

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 Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Ong Cheng Yew, aged 52, founder of the Group, was appointed as a Director on 1 February 2017 and re-designated as our chairman and executive Director on 3 March 2017. Mr. Ong is also a founder and a director of G-Tech Metal Pte Ltd ("G-Tech Metal") since June 2003. He is the spouse of Ms. Koh Siew Khing, who is an executive Director. Mr. Ong is responsible for the Group's overall management, strategic planning and business development. He has over 20 years of experience in the structural steelwork industry in Singapore.

Prior to establishing G-Tech Metal in 2003, Mr. Ong established G-Technical Engineering and Trading as a partnership in October 1993, which was initially engaged in metal works and smaller structural steelworks. G-Technical Engineering and Trading had ceased registration on 14 December 2016. Mr. Ong also worked as an assistant project executive, involved in project management, in Everbesting Metal Works Pte. Ltd. in early 1990s. As Everbesting Metal Works Pte. Ltd. was in the business of undertaking metal works and minor construction works, Mr. Ong gained experience in the structural steelwork industry. He also worked as a technical assistant in Hitachi Chemical (S) Pte Ltd, a chemical manufacturer, in late 1980s.

Mr. Ong graduated with GCE "O" level in December 1986, and also obtained certificate in July 2009 from BCA for successful completion of essential knowledge in construction regulations and management for licensed builders. Mr. Ong also obtained certificate of attendance for WSH bizSAFE level 1 workshop for company CEO and top management in March 2008 from SC2 Pte. Ltd., and certificate of successful completion of structural steel supervisor course in October 2006 from Singapore Structural Steel Society.

As at 31 December 2020, Mr. Ong held the entire issued shares of Broadbville Limited and was deemed to be interested in 356,400,000 Shares held by Broadbville Limited, representing approximately 74.25% of the entire issued share capital of the Company. Save as disclosed herein, Mr. Ong does not have any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Ms. Koh Siew Khing, aged 50, joined the Group as an accountant since July 2003 and was appointed as a Director on 1 February 2017 and re-designated as an executive Director on 3 March 2017. She is a member of the nomination committee of the Company. Ms. Koh is mainly responsible for financial and accounting matters of the Group. Ms. Koh graduated as a Certified Accounting Technician of the Association of Chartered Certified Accountants in June 2008. Ms. Koh has approximately 10 years of experience in the structural steelworks industry. Ms. Koh is the spouse of Mr. Ong Cheng Yew, who is an executive Director.

As at 31 December 2020, Ms. Koh was deemed to be interested in 356,400,000 Shares, representing approximately 74.25% of the entire issued share capital of the Company. Save as disclosed herein, Ms. Koh does not have any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Directors and Senior Management Profile (Continued)**NON-EXECUTIVE DIRECTOR**

Ms. Chen Xiaoyu, aged 26, was appointed as a non-executive Director on 3 January 2021. Ms. Chen has more than 5 years of professional experience in energy industry, interior design and developing group. She has been enhanced with the engineering principles regarding infrastructure, geology, transport, environment and structure. Ms. Chen graduated from University of Melbourne, Australia with Master Degree of Civil Engineering in July 2018. Ms. Chen is currently the Operation Support Team Lead of an energy company in China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Wai Tak Victor, aged 43, was appointed as an independent non-executive Director on 21 June 2017. He is currently the chairman of the audit committee and a member of the remuneration and nomination committees of the Company. Mr. Tam graduated with a degree of Bachelor of Arts in Accounting & Finance (First Class Honours) from the University of Glamorgan (now known as the University of South Wales) in June 2001. He was admitted as a fellow member of the Association of Chartered Certified Accountants in February 2010 and a member of the Hong Kong Institute of Certified Public Accountants in July 2005.

Mr. Tam has more than 15 years of experience in the field of auditing, accounting and financial management. Other than his directorship in the Company, Mr. Tam is also currently an independent non-executive director of Shun Wo Group Holdings Limited (stock code: 1591) and Twintek Investment Holdings Limited (stock code: 6182), the shares of which are listed on the Main Board of the Stock Exchange.

Ms. Chooi Pey Nee, aged 53, was appointed as an independent non-executive Director on 21 June 2017. She is currently the chairwoman of the remuneration committee of the Company and a member of the audit and nomination committees of the Company. Ms. Chooi has more than 23 years of professional experience in audit, dealing in securities, operations of fund management companies and compliance. Ms. Chooi graduated from University of Malaya, Malaysia with a degree of Bachelor of Accounting in July 1993. Ms. Chooi is also currently a non-executive director of TBK & Sons Holdings Limited (stock code: 1960), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Tan Yeok Lim, aged 49, was appointed as an independent non-executive Director on 21 June 2017. He is currently the chairman of the nomination committee of the Company and a member of the audit and remuneration committee of the Company. Mr. Tan has more than 20 years of working experience in police intelligence, shipyard/vessel, marine logistics and petroleum products, and is currently the director of business development at NIPO International Pte. Ltd.

Mr. Tan graduated from Nanyang Technological University, Singapore with a degree of Bachelor of Engineering (Mechanical) (First Class Honours) in June 1996. Mr. Tan was previously a director of United Chartering Pte. Ltd., a private company incorporated in Singapore on 26 July 2010, prior to its dissolution.

Directors and Senior Management Profile (Continued)**SENIOR MANAGEMENT**

Mr. Chelliah Thennavan, aged 51, joined the Group as a senior project manager on 15 January 2010. Mr. Thennavan is currently the project director and is responsible for the overall management of the structural steelworks projects. Mr. Thennavan graduated from University of Madras, India with a Bachelor of Engineering (Mechanical Engineering) (First Class Honours) in December 1991.

Mr. Thennavan has over 20 years of experience in the structural steelwork industry. Mr. Thennavan has completed a course on construction project planning and scheduling using Microsoft project by Singapore Contractors Association Limited (SCAL) and Singapore Polytechnic in October 2007. He has also completed a construction safety course for project managers by SCAL and SC2 Pte Ltd in July 2007.

COMPANY SECRETARY

Mr. Chan Hank Daniel, aged 46, was appointed as the company secretary of the Company on 3 March 2017. Mr. Chan is currently a partner at Michael Li & Co., the legal advisor to the Company as to Hong Kong laws. Mr. Chan has been the company secretary of Kirin Group Holdings Limited (stock code: 8109) since 1 January 2020. He obtained his Bachelor of Laws and Bachelor of Commerce from Macquarie University, Sydney, Australia in April 2000. He is a practicing solicitor and was admitted as a solicitor in Hong Kong in December 2003.

In view of Mr. Chan's experience in legal and company secretarial functions and with the rules and regulations of the Stock Exchange, the Directors believe that Mr. Chan has the appropriate legal and company secretarial expertise for the purposes of Rule 5.14 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. Ong Cheng Yew is an executive Director and the compliance officer of the Company. His biographical details and professional qualifications are set out on page 12 of this report.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the year ended 31 December 2020. Details of the Group’s corporate governance practices adopted by the Board are set out in the Corporate Governance Report on pages 15 to 26 of this report.

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

CODE OF CONDUCT FOR 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, except as disclosed below, 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 2020.

On 5 August 2020, Broadville Limited, a company controlled by Mr. Ong Cheng Yew, disposed of 3,600,000 shares of the Company (the “Relevant Shares”) during the black-out period (i.e. from 14 July 2020 to 13 August 2020) (the “Black-out Period”) under GEM Listing Rule 5.56(a)(ii) in respect of the Company’s interim results for the six months ended 30 June 2020 (the “Disposal”). The Disposal constitutes a breach of Rule 5.56(a)(ii) of GEM Listing Rules by Mr. Ong, in that he had dealt in the Relevant Shares during the Black-out Period. Mr. Ong had also failed to give prior written notice to the designated director (the “Designated Director”) of the Company and failed to comply with the pre-dealing clearance procedure under Rule 5.61 of the GEM Listing Rules. As such, no written acknowledgement from the Designated Director was signed and given to Mr. Ong in this regard. Remedial steps taken by Mr. Ong include undergoing a training on GEM Listing Rules compliance, which includes provisions in Chapter 5 of the GEM Listing Rules, given by a professional law firm.

Corporate Governance Report (Continued)**BOARD OF DIRECTORS**

The Company is governed by the Board which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. As at the date of this report, the Board comprises six directors of which two are executive Directors, one is a non-executive Director and three are independent non-executive Directors.

The Board sets strategies and directions for the Group's activities with a view to develop its business and enhance shareholders' value. The Board also assumes the responsibilities for corporate governance duties as set out in Code Provision D.3.1 of the CG Code, including among others, reviewing the Company's policies and practices on corporate governance, and reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group.

All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, making decisions objectively and acting in the interests of the Company and its shareholders at all times.

The Group will continue to update the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

The Board's present composition is as follows:

Executive directors:

Mr. Ong Cheng Yew (*Chairman*)

Ms. Koh Siew Khing

Non-executive director

Ms. Chen Xiaoyu

Independent non-executive directors:

Mr. Tam Wai Tak Victor

Ms. Chooi Pey Nee

Mr. Tan Yeok Lim (Chen Yulin)

Mr. Ong Cheng Yew, an executive Director, is the spouse of Ms. Koh Siew Khing, who is also an executive Director.

Corporate Governance Report (Continued)

During the year ended 31 December 2020, the Board held four meetings. The attendance of each Director are set out as follows:

Directors	Number of attendance
Mr. Ong Cheng Yew	4/4
Ms. Koh Siew Khing	4/4
Ms. Chen Xiaoyu (appointed on 13 January 2021)	N/A
Mr. Tam Wai Tak Victor	4/4
Ms. Chooi Pey Nee	4/4
Mr. Tan Yeok Lim (Chen Yulin)	4/4

BOARD DIVERSITY POLICY

The Company has a board diversity policy whereby it recognizes and embraces the benefits of a diversity of Board members. It endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge.

During the year and as at the date of this annual report, the Board comprises five Directors. The following tables further illustrate the diversity of the Board members as of the date of this annual report:

Name of Director	Aged 26 to 49	Aged 50 or above
Mr. Ong Cheng Yew		√
Ms. Koh Siew Khing		√
Ms. Chen Xiaoyu (appointed on 13 January 2021)	√	
Mr. Tam Wai Tak Victor	√	
Ms. Chooi Pey Nee		√
Mr. Tan Yeok Lim	√	

Name of Director	Professional Experience			Audit Committee	Remuneration Committee	Nomination Committee
	Business Development	Accounting & Finance				
Mr. Ong Cheng Yew	√					
Ms. Koh Siew Khing		√				√
Ms. Chen Xiaoyu (appointed on 13 January 2021)	√					
Mr. Tam Wai Tak Victor				√	√	√
Ms. Chooi Pey Nee				√	√	√
Mr. Tan Yeok Lim				√	√	√

Corporate Governance Report (Continued)**APPOINTMENT AND RE-ELECTION OF THE DIRECTORS**

Each of the executive Directors and independent non-executive Directors has entered into a service contract with the Company with an initial term of three years subject to provisions contained therein. The non-executive Director has signed a letter of appointment with the Company with an initial term of three years commencing from 21 June 2017. In compliance with the code provision in A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. By virtue of the articles of association of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision in A.4.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible to re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

BOARD NOMINATION POLICY

The nomination committee of the Company (the "Nomination Committee") shall endeavor to find individuals of high integrity who have a solid record of accomplishment in their chosen fields and who possess the qualifications, qualities and skills to effectively represent the best interests of the Group and its shareholders. Candidates will be selected for their ability to exercise good judgment, and to provide practical insights and diverse perspectives. Candidates also will be assessed in the context of the then-current composition of the Board, the operating requirements of the Group. In conducting this assessment, the Nomination Committee will, in connection with its assessment and recommendation of candidates for director, consider diversity (including, but not limited to, gender, race, ethnicity, age, experience and skills) and such other factors as it deems appropriate given the then current and anticipated future needs of the Board and the Company, and to maintain a balance of perspectives, qualifications, qualities and skills on the Board.

Corporate Governance Report (Continued)

The Nomination Committee considers the following qualifications at a minimum to be required of any Board members in recommending to the Board potential new board members, or the continued service of existing members:

- the highest professional and personal ethics;
- broad experience in business;
- ability to provide insights and practical wisdom based on their experience and expertise;
- commitment to enhancing shareholder value;
- sufficient time to effectively carry out their duties; their service on other boards of public companies should be limited to a reasonable number;
- compliance with legal and regulatory requirements; and
- ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with senior management of the Group.

Ms. Chen Xiaoyu has been appointed as a non-executive Director for a term of one year commencing from 13 January 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are persons with relevant academic and professional qualifications. They advise the Company on strategic development, which enables the Board to maintain high standards of compliance with financial and other regulatory requirements. In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

Corporate Governance Report (Continued)**DIRECTORS' PARTICIPATION IN CONTINUOUS PROFESSIONAL TRAININGS**

During the year, the Directors received from the Company from time to time the updates on laws, rules and regulations which might be relevant to their roles, duties and functions as director of a listed company. All Directors have been updated with the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. In addition, the Directors had participated in continuous briefings and professional development during the year. The Company is of the view that all Directors had complied with Code Provision A.6.5 of the CG Code and the details are as follows.

	Note
Mr. Ong Cheng Yew	1
Ms. Koh Siew Khing	1
Mr. Tam Wai Tak Victor	1
Ms. Chooi Pey Nee	1
Mr. Tan Yeok Lim	1

Note:

1. Reading related journals and/or learning materials

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 Code Provision C.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee consists of three independent non-executive Directors namely Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim (Chen Yulin). Mr. Tam Wai Tak Victor, a Director with the appropriate professional qualifications, serves as the chairman of the Audit Committee.

Among other things, the primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee serves and fulfills its duties as the corporate governance function of the Company in accordance with the updated terms of reference dated on 1 January 2019.

During the year ended 31 December 2020, the Audit Committee held four meetings to consider and approve the following:

- (i) to review the quarterly, half-year and annual financial statements before submission to the Board, with a focus on compliance with accounting standards, the GEM Listing Rules and other requirements in relation to financial reporting;

Corporate Governance Report (Continued)

- (ii) to discuss the effectiveness of the internal control systems throughout the Group, including financial, operational and compliance controls, and risk management; and
- (iii) to review the accounting principles and practices adopted by the Group and other financial reporting matters.

The attendance of each committee member is set out as follows:

Audit committee members	Number of meetings attended/held
Mr. Tam Wai Tak Victor	4/4
Ms. Chooi Pey Nee	4/4
Mr. Tan Yeok Lim (Chen Yulin)	4/4

REMUNERATION COMMITTEE

The Company established a Remuneration Committee (the "Remuneration Committee") on 21 June 2017 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and Code Provision B.1.2 of the CG Code. The Remuneration Committee consists of three independent non-executive Directors namely Mr. Tam Wai Tak Victor, Mr. Tan Yeok Lim (Chen Yulin) and Ms. Chooi Pey Nee. Ms. Chooi Pey Nee serves as the chairwoman of the Remuneration Committee.

The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of the Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

For the year ended 31 December 2020, the Remuneration Committee held one meeting to consider and approve the remuneration of the Directors and senior management.

The attendance of each committee member is set out as follows:

Remuneration committee members	Number of meetings attended/held
Mr. Tam Wai Tak Victor	1/1
Ms. Chooi Pey Nee	1/1
Mr. Tan Yeok Lim	1/1

Corporate Governance Report (Continued)**NOMINATION COMMITTEE**

The Company also established the Nomination Committee on 21 June 2017 with written terms of reference in compliance with Code Provision A.5 of the CG Code.

The Nomination Committee consists of one executive Director, Ms. Koh Siew Khing and three independent non-executive Directors namely Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim (Chen Yulin). Mr. Tan Yeok Lim (Chen Yulin) serves as the chairman of the Nomination Committee.

The primary function of the Nomination Committee is to make recommendations to the Board to fill vacancies on the same.

During the year ended 31 December 2020, the Nomination Committee held one meeting to consider and approve the following:

- (i) to review the structure, size and composition of the Board;
- (ii) to assess the independence of independent non-executive Directors; and
- (iii) to re-appoint all directors at the 2020 annual general meeting of the Company.

The attendance of each committee member is set out as follows:

Nomination committee members	Number of meetings attended/held
Mr. Tam Wai Tak Victor	1/1
Ms. Chooi Pey Nee	1/1
Mr. Tan Yeok Lim	1/1
Ms. Koh Siew Khing	1/1

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 December 2020, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

The responsibilities of the external auditors regarding their financial reporting are set out in the independent auditor's report contained in this annual report for the year ended 31 December 2020.

Corporate Governance Report (Continued)**AUDITOR'S REMUNERATION**

The remuneration paid/payable to the Company's external auditor, Deloitte & Touche LLP, for the year ended 31 December 2020, is set out as follows:

	Fees paid/payable (\$\$)
Annual audit services	165,000

The amount of fees charged by the auditor generally depends on the scope and volume of the auditor's work.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board conducts regular review and evaluation of the ongoing effectiveness and adequacy of the Group's internal control system covering all controls matters, including financial, operational, compliance and risk management controls. The Board is committed to implementing an effective and sound internal control system to safeguard the interest of the shareholders of the Company (the "Shareholders") and the Group's assets.

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness. The Group's system of internal controls includes a defined management structure with limits of authority and is designed to help achieve business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established. The head of each core department is accountable for the conduct and performance of such department within the agreed strategies, which are set by themselves and the Board together. The relevant executive Directors and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments.

The Group has engaged an internal control consultant firm ("internal control consultant") to perform an independent review of the risk management and internal control system of the Group for the financial year ended 31 December 2020.

The review, being conducted on an on-going basis, covers financial reporting, operational and compliance aspects, including key corporate governance policies, listing rules compliance readiness and key internal control of major business cycles. The internal control consultant has made a number of recommendations for control improvement, to which the management has taken relevant and necessary follow-up actions.

Corporate Governance Report (Continued)

The Board, including the Audit Committee members, has reviewed the internal control report and received confirmation from management, accordingly, is of the view that the Company has an effective and adequate risk management and internal control system.

Accordingly, the Board is of the view that the systems of internal control and risk management are effective, adequate and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control and risk management system.

COMPANY SECRETARY

Mr. Chan Hank Daniel, aged 46, was appointed as the company secretary of the Company on 3 March 2017. Mr. Chan is currently a partner at Michael Li & Co., the legal advisers to the Company as to Hong Kong laws. Mr. Chan has also been the company secretary of Kirin Group Holdings Limited (stock code: 8109) since 1 January 2020. He obtained his Bachelor of Laws and Bachelor of Commerce from Macquarie University, Sydney, Australia in April 2000. He is a practicing solicitor and was admitted as a solicitor in Hong Kong in December 2003. Mr. Chan has confirmed that he has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

The general meetings of the Group provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

Any one or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionist(s).

Corporate Governance Report (Continued)

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified not in order, the Shareholders will be advised of this outcome accordingly, and an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s) may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Group to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

- (a) At least 14 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes an ordinary resolution; or
- (b) At least 21 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes a special resolution.

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Company's articles of association for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 85 of the Company's articles of association, no person other than a director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

Corporate Governance Report (Continued)**CONSTITUTIONAL DOCUMENTS**

During the financial year ended 31 December 2020, there had been no significant change in the Company's constitutional documents. The articles of association of the Company are available on the websites of the Stock Exchange and the Company.

INVESTOR RELATIONS

The Company believes that maintaining effective communication with the investment industry is crucial to having a deeper understanding of the Company's business and its development among investors. To achieve this goal and increase transparency, the Company will continue to adopt proactive measures to foster better investor relations and communications. As such, the purpose for the Company to formulate investor relations policies is to let investors have access to the information of the Group in a fair and timely manner, so that they can make an informed decision.

We welcome investors to write to the Company or send their inquiries to the Company's website www.gt-steel.com.sg to share their opinions with the Board. The Company's website also discloses the latest business information of the Group to investors and the public.

INSIDE INFORMATION DISCLOSURE

The Company has established an inside information disclosure policy.

The Board is responsible for timely, accurate and complete dissemination of inside information about the Group to the market by making proper and timely disclosure of inside information announcements.

The policy strictly requires the Directors, management and employees of the Company to keep unpublished inside information confidential and refrain from dealing in the Company's securities if they are in possession of such inside information.

ACCOUNTABILITY AND AUDIT FINANCIAL REPORTING

The management provides such explanation and information to the Board and reports to the Board on the financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. As at the date of this report, the Board was not aware of any material uncertainties relating to any events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the external auditor about their reporting responsibility is set out in the section headed "Independent Auditor's Report" of this report.

Environmental, Social and Governance Report

OUR VISION FOR SUSTAINABILITY

GT Steel Construction Group Limited (hereinafter referred as “We”, “GT Steel”, the “Company”) and its subsidiaries (collectively referred to the “Group”) are keen on adhering to high standards of corporate governance, environmental and social responsibilities.

We recognize the importance of integrity, transparency, professionalism and accountability as the foundation of creating sustainable value for all our stakeholders. We acknowledge our responsibilities to the environment and society at large. As a steel fabricator in Singapore, we have established a Quality, Environmental and Occupational Health & Safety Management System (“QEHS” system) which has been certified with international standards, ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and OHSAS 18001:2007 for ensuring our quality, environmental and occupational health and safety performance. We also obtained bizSAFE Level Star which marked our excellence and commitment to safety.

Under the QEHS system, we are committed to the consistent delivery of quality products, service excellence and on-time delivery, while ensuring compliance with applicable legal and regulatory requirements on workplace health and safety and environmental protection. We endeavor to provide relevant training to our employees, and ensure effective communication to all employees and stakeholders, including proper control of documents in our system manuals, to enforce and reinforce our QEHS system.

REPORTING PERIOD, BOUNDARY AND PRINCIPLES

We prepared this Environmental, Social and Governance (“ESG”) report with reference to and in compliance with the provisions of The Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (‘SEHK’).

This ESG report covers the financial year ended 31 December 2020 (“Reporting Period”) and confines to the scope relating to our major business segment — design, supply, fabricate and erect structural steel-works for the construction of buildings, particularly covering our headquarter and three factories in Singapore (2019: two factories).

This report is prepared in accordance to the principles of Materiality, Quantitative and Consistency, by which the Company applies a consistent methodology in setting out relevant materiality level, quantitatively measurement and reporting scope and format, with consideration of relevancy and significance to the Group.

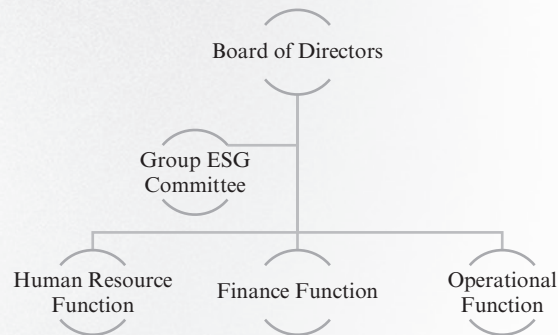
GOVERNANCE STRUCTURE — THE BOARD AND ESG COMMITTEE

The Group conducts a top-down management approach regarding its ESG issues. The Board of directors (‘the “Board”’) oversees and sets out ESG strategy and reporting, is dedicated in enhancing our ESG commitments and data collection systems, and has approved this ESG report. The Board is also responsible for ensuring the effectiveness of the Group’s risk management and internal control mechanisms.

To develop a systematic management approach for ESG issues, the Group has established an ESG Committee chaired by an Executive Directors and composed of various department heads from finance, human resources and operational functions to manage the Group’s ESG matters.

Environmental, Social and Governance Report (Continued)

The ESG Committee is empowered by the Board through a Terms of Reference under which it shall directly be instructed and reporting to the Board, is responsible for driving our ESG initiatives, collecting and calculating ESG data and Key Performance Index (“KPI”), overseeing and reporting ESG related matters across our major businesses and operations. It periodically holds meeting for identifying, assessing and monitoring the Group’s ESG risk, and evaluates the implementation and effectiveness of the Group’s internal control system. It also examines and reviews the Group’s ESG performance against the Group’s ESG-related goals and targets.



MANAGEMENT APPROACH

The Company has set out a systematic management approach to evaluate, prioritize and manage material ESG-related issues, including the following key steps.

1. Identifying significant entities and activities of the Group
2. Collecting and collaborating important ESG concerns from stakeholders
3. Performing a risk assessment that incorporates identified ESG matters and concerns
4. Setting out reporting scope and boundaries
5. Establishing relevant ESG policies to implement the Group’s important ESG initiatives
6. Monitoring the effectiveness of important ESG initiatives
7. Maintaining sufficient ESG data that can reflect the effectiveness of ESG initiatives
8. Setting out realistic and measurable ESG goals and targets and comparing them with actual performance
9. Launching remedial actions to meet with established goals and targets or to finetune them
10. Establishing effective communication and grievance mechanism for stakeholders to providing improvement suggestions and/or remedy when negative impacts occur

Environmental, Social and Governance Report (Continued)

STAKEHOLDERS' COMMUNICATION

We recognize the responsibility and accountability to all our stakeholders.

To understand and address the key concerns of different stakeholders, we have been maintaining close communication with them. We will continue to increase the involvement of stakeholders via constructive conversation to chart long term prosperity. Stakeholders' expectations have been taken into consideration by utilizing diversified engagement methods and communications channels as shown below:

Key Stakeholders	Communication Channels	Stakeholders' Main Concerns
Government Departments & Regulators	<input checked="" type="checkbox"/> Regulatory updates correspondence	◆ Legal compliance
	<input checked="" type="checkbox"/> Interaction and visits	◆ Prevention of tax evasion
	<input checked="" type="checkbox"/> Compliance advisor	◆ Work safety
	<input checked="" type="checkbox"/> Government inspections	◆ Environmental protection
Investors & Shareholders	<input checked="" type="checkbox"/> Corporate website and emails	◆ Social welfare
	<input checked="" type="checkbox"/> Annual general meeting	◆ Performance and Profitability
	<input checked="" type="checkbox"/> Announcements and disclosures	◆ Scale and capacity
	<input checked="" type="checkbox"/> Interim/Annual Reports	◆ Business strategies and performance
	<input checked="" type="checkbox"/> Public reports	◆ Investment returns
	<input checked="" type="checkbox"/> Operation reports	
Employees	<input checked="" type="checkbox"/> Regular management meetings	◆ Career development
	<input checked="" type="checkbox"/> Employee suggestion boxes	◆ Remuneration and benefits
	<input checked="" type="checkbox"/> Performance Evaluation	◆ Staff training
	<input checked="" type="checkbox"/> Union activities	◆ Work health and safety
	<input checked="" type="checkbox"/> Training	◆ Working environment
Customers	<input checked="" type="checkbox"/> Site visits	◆ Product quality
	<input checked="" type="checkbox"/> Interim/Annual Reports	◆ Delivery times
	<input checked="" type="checkbox"/> Customer hotline	◆ Reasonable pricing
	<input checked="" type="checkbox"/> Sales Representative visit	◆ Service value
	<input checked="" type="checkbox"/> After-sales services	◆ Labour protection
Suppliers & subconsultants	<input checked="" type="checkbox"/> Meeting and correspondence	◆ Work safety
	<input checked="" type="checkbox"/> On-site visits	◆ Payment schedule
	<input checked="" type="checkbox"/> Product quality inspection	◆ Stable demand
	<input checked="" type="checkbox"/> Regular performance assessment	◆ Fair and open tendering
Media, community and the public	<input checked="" type="checkbox"/> Community events	◆ Product quality
	<input checked="" type="checkbox"/> Employee voluntary activities	◆ Employment and community
	<input checked="" type="checkbox"/> Community welfare subsidies	◆ Environmental protection
	<input checked="" type="checkbox"/> Charitable donations	◆ Social welfare

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community continuously.

Environmental, Social and Governance Report (Continued)**MATERIALITY ASSESSMENT**

In the preparation of this report, our ESG Committee gathers important facts and information through continuous communications with our stakeholders, particularly those in relation to our operating practices, employment practices, and environmental Performance/Impact. The ESG Committee has further analyzed those facts and information, collated them with industry reference and evaluated them against materiality, quantitative measures, balance and consistency of this ESG report. The ESG Committee has considered every provision of the ESG Reporting Guide and identified the 10 most concerned ESG issues for this report as presented below.

Concerned ESG issues	Relevant ESG Provision
1. Emission control	A1-Emissions
2. Resource consumption	A2-Use of Resources
3. Employment practices & labour standards	B1-Employment
4. Staff occupational health and safety	B2-Health & Safety
5. Staff development & training	B3-Development and Training
6. Long-term sustainability and business performance	B5-Supply Chain Management
7. Quality assurance	B5-Supply Chain Management
8. Procurement practice	B5-Supply Chain Management
9. Product Safety	B6-Product Responsibility
10. Ethical practice & Integrity	B7-Anti-corruption

The Board has reviewed and approved the assessment of the ESG Committee and has integrated the concerned ESG issues into the overall risk management framework and incorporated into regular internal review or internal audit plan on a rotation basis.

STAKEHOLDER'S FEEDBACK

The Group welcomes stakeholders' feedback on our ESG approach and performance, based on which we will take relevant actions and continuously improve our sustainability performance. Our Stakeholder can contact us at enquiry@g-tech.com.sg.

THE ENVIRONMENT

The Building and Construction Authority of Singapore is pursuing a "Green Mark" scheme to promote environmental awareness in the construction and real estate sectors. It is to promote best practices in environmental design and construction, and the adoption of green building technologies (lower the use of concrete in constructions). GT Steel supports this target through our products and services in structural steelworks to aid the greening of Singapore. The Group values the environmental protection and has established and implemented operation protocol. We are committed to complying with regulatory authorities and with applicable environmental legislation and regulations and strive to reduce our own impact on the environment through the implementation of an Environmental Management System ("EMS").

Environmental, Social and Governance Report (Continued)

Our EMS, which is certified with ISO 14001:2015, ensures environmental policies are in place, and that any and all environmental risks we come across in our operations are well-identified and managed for continuous improvements. We also provide training in relevant environmental aspects of our activities and services to create a green culture among our employees.

The Group regularly follows the latest national environmental protection laws and regulations, thereby related to air and greenhouse gas emissions ('GHG'), discharges into water and land, and generation of hazardous and non-hazardous waste. In the reporting period, we have not encountered any cases of non-compliance with relevant laws and regulations.

Emissions generated by our operations primarily consists of oxides from vehicular exhaust, purchased electricity and water. To mitigate air pollution, we have electricity-driven mobile machineries to replace the traditional use of diesel fuel. Exhaust gas generated by the Group during the operation is mainly from the emissions of our vehicles. The National Environment Agency ("NEA") of Singapore has been requiring the supply of cleaner petrol for motor vehicles and the sale of new petrol since September 2017 and diesel vehicles to meet EURO VI emission standards since January 2018. In consideration of the abatement measures by NEA and the relatively miniscule impact of motor vehicle emissions to the overall air pollution in Singapore, we consider that our vehicles do not generate much emission from environmental protection perspective.

Nevertheless, in order to raise awareness of employees on reducing GHG emissions, the Group adopts implementation of numerous measures for exhaust gas reduction, including phases out any vehicles that fail to satisfy the standards of the national emission policy, purchases regular diesel and gasoline for vehicles, and conducts annual inspections to ensure the compliance with national emission standards. We also adopt modern telecommunication system to avoid unnecessary travel arrangements.

Waste & Waste Management the Group places high emphasis on proper waste disposal. Our operation does not generate any significant hazardous waste while the non-hazardous wastes generated were domestic waste and paper. Such wastes will eventually be collected and processed by general waste service providers.

The Group discharges domestic sewage during daily operation, which is discharged into the local sewage pipe network. In our production cycle, we apply energy efficient equipment such as computer numerical controlled ('CNC') steel cutting machines and CNC drilling machines for our fabrication processor, which is predominantly cutting and drilling of steel sections and plates, fitting and welding, generates steel off-cuts and trimmings that are recycled back into the production process. While for erection work on site, quality control processes, including rigorous checking, inspections and testing, are implemented at various stages before delivering the fabricated steel-works to the project site, the steel-works are pre-engineered to the correct dimensions and hence, no site waste is generated. Since steel is the major raw material in our operations and being one of the most recycled building materials, we do not general significant amount of waste.

Environmental, Social and Governance Report (Continued)

Overall Compliance — In the reporting period, the Group has complied with relevant laws and regulations, including but not limited to below listed, that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

- ✓ Environmental Protection and Management Act (EPMA) of Singapore.
- ✓ Environmental Public Health Act (EPA) of Singapore.
- ✓ Hazardous Waste (Control of Export, Import and Transit) Act (HWA) of Singapore.

USE OF RESOURCES

The Group is fully aware of the high values of natural resources and committed to reducing the waste of resources in its daily operation. Our operation protocol has set out several principles of saving resources in a bid to encourage employees to use the natural resources in an effective way.

RESOURCES	ACCUMULATED TARGET REDUCTION IN % ACHIEVING ON (BY AMOUNT PROPORTION TO REVENUE)				
	2021	2022	2023	2024	2025
DIESEL ¹	—	0.5%	1.0%	1.5%	1.5%
ELECTRICITY ²	0.5%	0.8%	1.1%	1.4%	1.5%
WATER ³	0.5%	0.8%	1.1%	1.4%	1.5%

Reduction plans

- 1 Enhance the maintenance and overhaul of equipment and maintain the condition of all vehicle regularly.
- 2 Promote and adopt energy-saving equipment. Turn off all unnecessary lights, air-conditioning and equipment.
- 3 Conduct checking and maintenance on water pipes to avoid any leakage of faucets and gaskets as well as other issues in the water supply system on a regular basis.
- 4 In overall, the Company does not consume paper significantly. Yet, we will promote electronic office practice and reduce the usage of paper, such as double-side printing practice

Environmental, Social and Governance Report (Continued)**CONSUMPTION MANAGEMENT**

The Group also carries out resources saving initiatives in every aspect of our operation. The Group constantly monitors the implementation of energy saving initiatives during the operation and establish proper objectives for improvement, so as to enhance employees' awareness in energy saving. In Singapore, water is supplied by the government and posts no sourcing risk to our operation. In our operation and business nature, insignificant packaging materials are used for our final steel products and post no environmental risks to our environment and resources consumption.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group is fully aware of the importance of the environment and natural resources.

The Group has integrated the concept of environmental protection and natural resources conservation into its internal management and daily operations with the aim of achieving environmental sustainability. In order to assist all employees in understanding the key environmental factors and related departments in controlling the potential impacts on environment and natural resources, the Group identifies key operational issues and provides employees with trainings to enhance their awareness.

CLIMATE CHANGES IMPACT

The Company takes reference to the recommendations and approach set out by The Task Force of Climate-related Financial Disclosure ("TCFD") in assessing the climate changes impacts on the Group. We have assessed a series of risks, including:

1. **Transition risks** that may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change in the course of Transitioning to a lower-carbon economy. There are four sub-risks, namely Policy and Legal Risks, Technology Risk, Market Risk and Reputation Risk.
2. **Physical risks** that may have financial implications for the Group, such as direct damage to assets and indirect impacts from supply chain disruption, which can be driven by acute events ("Acute Events") or longer-term chronic shifts ("Chronic Shift") in climate patterns.

Environmental, Social and Governance Report (Continued)

Based on the on-going assessment of the Company, the Company believes the Group is subject to lower physical risk, particularly those driven by acute events. The Group has identified a number of potential and observable concerns over climate-change impact as listed below, which shall be subjected to continuous monitoring, revised and updated by the Company.

Climate Change Impact	Particular Concerns	The Company's response/possible action plan
Technology risk (Medium-To-Long Term)	Shift to other materials, such as lightweight material, prompted by tighten fuel efficiency.	The Group is continuously monitoring the industry's technology innovations and changes.
Political and Legal risk (Medium-To-Long Term)	Adoption of carbon pricing could be one of the proposals globally.	The Group shall be able to negotiate a price-cost sharing plan with customers.
Political and Legal risk (Medium-To-Long Term)	Risk of logistic costs in situation where fuel is subject to higher tax rate.	The Group shall be able to negotiate a price-cost sharing plan with customers.
Reputation risk	Our customers may be high expectation on us from environmentally friendly perspective.	We have already put in place an ISO 14001:2015 certified Environmental Management System.

Environmental Key Performance Indicators

Emission Type	Indicator	FY2020	FY2019
Greenhouse gas¹	Direct emissions — Scope 1 ³ (tonnes CO ₂)	92	173
	Indirect emissions — Scope 2 ⁴ (tonnes CO ₂)	160	177
	Indirect emissions — Scope 3 ⁵ (tonnes CO ₂)	9	15
Exhaust gas	Sulphur Dioxide (SO _x) — kg	1	1
	Nitrogen Oxides (NO _x) — kg	262	355
	Particulate Matter (PM) — kg	25	33

Major resource consumed	Unit	FY2020	FY2019	FY2020 Intensity²
Water — processing	tonnes	9,980	10,523	969
Electricity — processing	kWh	227,867	253,117	22,340
Diesel	liter	36,533	69,079	3,582
Paper	Kg	951	949	93

Environmental, Social and Governance Report (Continued)

ENVIRONMENTAL	ACCUMULATED TARGET REDUCTION IN % ACHIEVING ON (BY INTENSITY)				
	2021	2022	2023	2024	2025
GREENHOUSE GAS	—	—	0.5%	0.5%	1%
EXHAUST GAS	—	—	0.5%	0.5%	1%

In setting our realistic and achievable targets, we have considered both internal and external factors, including the COVID-19 and possible economic downturn on us and the time it may require for our ESG initiative to be fully effective and finetuned. Accordingly, the Company is dedicated in maintaining the current level while taking a relatively prudent approach in setting out 2021 and 2022 targets.

Notes to above table:

- 1 GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" 2010 Edition and Appendix II: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange.
- 2 Intensity is calculated by the emissions by the Group's revenue for FY2020 (approximately S\$ 10.3 million).
- 3 Major source of Scope 1 emission came from usage of Diesel.
- 4 Major source of Scope 2 emission came from usage of purchased electricity.
- 5 Major source of Scope 3 emission came from processing fresh water and sewage by government departments.
- 6 Our operation does not generate hazardous waste.
- 7 Domestic waste totals have been deemed immaterial to our operations. Thus, we do not maintain relevant record.
- 8 Packaging material usage is insignificant in our operation process. Thus, we do not maintain relevant record.

Environmental, Social and Governance Report (Continued)**EMPLOYMENT AND LABOUR STANDARDS**

The Company highly values our employees as the great asset of our Group and upholds the value of equal opportunities, diversity and human rights.

Our Human Resource Department is responsible for monitoring the employment matters of the Group. All our employees are subjected to proper evaluation and approval by management at appropriate level before they are hired, remunerated, promoted or terminated. All our employees are treated in the principle of equal opportunity in the ways that they are hired, compensated and promoted in accordance to the merits and contributions they bring to the Group, which can be subjectively and fairly measured in accordance to their educations, experience, qualification, loyalty, efficiency and achievements at works.

We have established standard contractual process, operational procedures and effective system (e.g. attendance-recording) to ensure our employee are remunerated fairly in accordance with our approved remuneration policy and working in a friendly environment where their working hours, entitled holidays and other benefits, such as pension contribution are protected in accordance with the relevant laws and regulations.

We do not tolerate any forms of harassments and discrimination at our workplace or among our employees. We take proactive steps to ensure we are not engaged in any forms of forced labour and child labour, including verification of their identifies at inception and on regular basis.

In daily operation, we encourage our employees to communicate with their department head or our Human Resources Department to express their views, needs and concerns. In addition, the Company has established a whistleblowing policy and related reporting mechanism through which our employees and any third parties can report their concerns over fraud, misconduct and/or non-compliance to our Executive Director who is responsible for reviewing the concerns and commence investigations when necessary.

WORKFORCE COMPOSITION

As at 31 December 2020, the Group has a total full-time workforce of 124 employees (2019: 141) inclusive of the 5 Directors of the Board, with breakdowns presented below:

Full-Time (By Gender)	As of 31 December 2020	% to total (2020)	% to total (2019)
		94.4%	
Male	117	(note 1)	97%
Female	7	5.6%	3%
Total	124	100%	

Environmental, Social and Governance Report (Continued)

Full-Time (By age group)	As of 31 December 2020	% to total (2020)	% to total (2019)
Above 50	6	4.8%	2%
30–49	76	61.3% (note 1)	55%
Below 30	42	33.9% (note 1)	43%
Total	124	100%	

Note to above tables:

1 Most of our male employee are factory labour aged between 18–49.

By geographical region, our full-time workforce is basically residing and operating in Singapore. During the year, the Group did not employ part-time or temporary staff, including the use of agents and outsourced staff. The overall employee turnover rate of the year is 16.1, with further breakdowns by different categories as presented below. The ESG Committee has made an assessment and come up with relevant action plan in relation to our turnover rate.

By category	Turnover rate:	Management assessment and actions
Female:	No turnover	Considered Stable
Male:	17.1%	Considered as a Healthy turnover
Under 30	45.2%	The Board considered this turnover rate is within the normal norm of the industry and the Company's risk appetite while it will continue paying additional attention to our younger aged staff's needs and expectations.
Between 31–50	1.3	Considered Stable
Over 50	No turnover	Considered Stable

Overall Compliance

During the reporting period, the Group has complied with relevant laws and regulations, including the below listed, that has a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and preventing child and forced labour.

- ✓ The Employment Act (Cap. 91)
- ✓ The Employment of Foreign Manpower Act (Cap. 91A)
- ✓ The Employment of Foreign Manpower (Work Passes) Regulations 2012
- ✓ The Employment of Children and Young Persons Regulations
- ✓ The Employees' Compensation Ordinance of Singapore
- ✓ Central Provident Fund Act (Chapter 36)

Environmental, Social and Governance Report (Continued)**HEALTH AND SAFETY**

We are committed to providing a safe and healthy workplace to all our employees.

Over the years, we have received various occupation health and safety related awards and certificates, such as bizSAFE level and currently the ISO 45001:2018 — Occupational Health and Safety Management system, which requires both management and worker participation in the planning, support and operation of Health and Safety procedures. Under ISO 45001:2018, we are also required to conduct performance evaluation and continuous improvement.

We are basically operating in an inherently safe construction material in consideration of the offsite factory fabrication under a controlled environment and efficient onsite erection by skilled workers. Our standard health and safety measures include 1) requiring employees to attend the safety education and technical training before performing their duties 2) providing employees with safety tools and equipment at workplace and 3) ensuring employees are wearing labor protection articles such as hardhat, overalls, and working shoes while accessing to the production areas, 4) only properly licensed workers are allowed to operate special devices.

The Group has also developed a set of operational control procedures outlining safety requirements and considerations for carrying hazardous works, such as hot work, workplace noise, working at heights and lifting. Our employees have been educated on potential risks and to carry out day-to-day operations in a safe manner under these procedures, to reduce the associated risks that may affect the safety of our employees.

The Company has developed and implemented systems for dealing with emergencies. All employees are also encouraged to report all accidents, no matter how minor they may seem, to prevent future recurrence and proper medical treatment if needed.

In the past 3 years, the Group has not encountered any work-related fatalities, which is defined with reference to circumstances in which the Group, as an employer, is liable for compensation under relevant employment-related laws in Singapore and Hong Kong.

Special note on measures against COVID-19

In relation to the COVID-19, our Company and operations have fulfilled all the lockdown and quarantine requirement imposed in Singapore. In addition, we have also established necessary precaution measures, including regularly sanitizing our workplace premises, allowing flexible working place and hours, minimizing socializing, requiring mask-wearing and setting up a reporting mechanism overseen by our ESG Committee to timely report suspected or confirmed inflection cases of our employees and their associates.

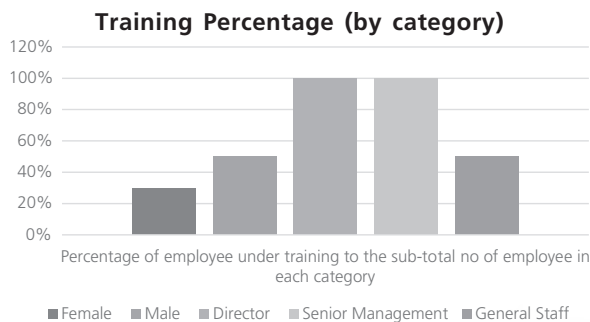
Overall Compliance — In the reporting period, the Group has complied with relevant laws and regulations, including but not limited to the below listed, that has a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

- ✓ Workplace Safety and Health Act (CHAPTER 354A) of Singapore
- ✓ The Workplace Safety and Health (Incident Reporting) Regulations of Singapore

Environmental, Social and Governance Report (Continued)

DEVELOPMENT AND TRAINING

It is our policy to provide sufficient and relevant training to our employees for the purpose of their development in aspect of professional knowledge, industry skill, physical health and safety and compliance awareness. In the review year, the Company has arranged 18 external courses amounted to approximately 200 training hours were provided to our 61 employees each of whom receive an average of 3.5 hours of training. Our external training courses are mainly provided by relevant professional associations and industry organizations and our internal courses are conducted through our experienced management at appropriate level, mainly covering the areas of health and work safety, occupational skills and knowledge, accounting and compliance, such as construction safety, scissor lift operation and Office of Foreign Assets Control.



For Anti-Corruption training, the Company has rolled out a continuous training plan under which we intend to arrange an introductory training session for our Directors and Senior Management and will roll out the training plan to our general office and frontline employees on a rotation basis with a target to achieve a 100% full training coverage in 4 years. Our anti-corruption training shall take reference to the relevant guidelines published by anti-corruption authorities in Singapore and Hong Kong.

ANTI-CORRUPTION

The Company adopts a zero-tolerance approach to all forms and types of corrupted acts, including but not limited to bribery, management collusion and money laundering. To fight anti-corruption, we have established and implemented a number of measures as presented below.

1. **Policy Requirement** Expected behaviors and Prohibited acts, such as bribery, management collusion and money laundering are set out in the respective sections of our compliance manual, anti-fraud policy and anti-money laundering policy, which are communicated to our directors, management and employees from time to time.
2. **Monitoring** Our Executive Director and Human Resources Manager are highly involved in the daily operations and are responsible for preventing and detecting corrupted acts. Our employees are encouraged to report to them of any concerned matters.
3. **Whistleblowing** We have established a whistleblowing policy and related reporting mechanism to detect concerns matters, including corruption. It is our policy that goodwill whistleblowers are protected from discrimination, retaliations and/or harassment of any kinds on the ground of their goodwill reports.
4. **Training** The Company has rolled out a continuous training plan on anti-corruption as to enhance the ethic awareness of our employees.

The Group has not encountered any corruption cases in the past 3 years, presented in breakdown as below.

Environmental, Social and Governance Report (Continued)

Overall Compliance

During the reporting period, the Group has complied with relevant laws and regulations, including but not limited to the below listed that has a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

- ✓ Prevention of Bribery Ordinance Cap. 201 of Hong Kong
- ✓ Prevention of Corruption Act of Singapore

SUPPLY CHAIN MANAGEMENT

The Company considers that the following business partners are most important and relevant to the principal operations of the Group. By properly managing these type and tier of suppliers and logistic service providers (collectively as "critical suppliers"), the Group believes it can effectively extend its ESG values and manage relevant environmental and social risks as to maintain and enhance the Group's competitive advantage.

1. Material suppliers who directly provides structural steel, toolings, plywoods & timber and other steel-production related materials to the Group
2. Logistic service providers which provide good delivery services
3. Sub-contractors which provide sub-contracting works to the Company

As of 31 December 2020, the Group is engaged with 71 material suppliers, 24 logistic service companies and 29 sub-contractors (collectively known as "Critical Suppliers"). Our Executive Directors, Procurement Department, Production Department and Quality Control Team work together to monitor the performance and quality of our cortical suppliers.

CRITICAL SUPPLIERS' SELECTION

We established a stringent and standardized procurement system and a supplier selection process which also take environmental and social risk control of suppliers into account. Our approved vendor list is reviewed annually by our Management in accordance to the overall performance and quality of our suppliers including cost, responsiveness, product/service quality as well as their environmental, health and safety record.

SUPPLIERS' CODE OF CONDUCT

The Group has also developed a suppliers' code of conduct which sets out the Group's expectation on our suppliers to comply with ten principles in the areas of human rights, labour, environment and anti-corruption.

By the suppliers' code of conduct, our critical suppliers shall understand our expectation on them, including compliance with all relevant laws and regulations in relation to environmental protection, labor protection and anti-corruption while the Group is driven to take appropriate remediation actions on suppliers whose operations go against these principles.

Environmental, Social and Governance Report (Continued)

In the course of selecting our critical suppliers, the Company has been keeping environmentally preferable products and services as an important indicator, among all key considerations such as costs, quality of service and requirements of customers. The Company has assessed our critical suppliers, including the following dimensions and form a view that they are providing products and service that meet the relevant environmental and social standards.

- The products supplied by our material suppliers meets with the quality standards of the Company and our customers.
- Our logistic service providers are subject to the use of government-regulated fuels and environmentally friendly trucks.
- Our sub-contractors are subject to their own licensing requirements, including the protection of their labors.

The Company understands that environmentally preferable products and services are highly tied to evolving technological innovation and regulatory requirements. The Board has instructed the ESG Committee to monitor such changes and report to the Board of any possible updates and applications of environmentally preferable products and services later introduced.

PRODUCT RESPONSIBILITIES

It is our mission is to deliver quality structural steel products and services for the construction industry on a timely and reliable basis to meet customer's safety and regulatory requirements.

We have put in place a Quality Management System ('QMS'), certified with ISO 9001:2015, to ensure we operate in compliance with all laws and regulations, and for continuous improvement. We also have a quality control process including rigorous checking, inspections and testing, are implemented throughout all of our business activities from design and material selection, to the delivery of our works to our customers. We have implemented a number of key measures in various stages of operation as to ensure our products are safe and meeting the requirements of customers and our product responsibility can be substantially discharged, as tabled below.

Environmental, Social and Governance Report (Continued)

Stages	Our Key Practices
Supply Chain	<ul style="list-style-type: none"> ✓ We use quality materials from our approved suppliers which is subject to the inspection by our quality control team. ✓ We only engage with subcontractors which has relevant licenses, sufficient capacity and good performance records as to ensure delegated works can be effectively completed.
Production	<ul style="list-style-type: none"> ✓ Our engineers are responsible to ensure the proper design of product before production while our quality control team is responsible for ensuring the products are produced in the intended design and quality. ✓ Finished products are properly stored in designated zones according to their manufacturing dates and product categories.
Product Delivery	<ul style="list-style-type: none"> ✓ Before final delivery, we must obtain a written quality inspection confirmation from the customers. In the course, we will adjust our products and service in accordance with customers' comments, if any. ✓ In case of any product sold but later identified as disqualified, we will recall the products in according with the established procedures, ensuring product quality and public safety.
Customer Communication	<ul style="list-style-type: none"> ✓ Our customer service department maintains an on-going dialogue with our consumers through which we can obtain our customer's views and needs and implement requisite precautions to prevent material issues from occurring or reoccurring. ✓ A customer complaint policy was set up to handle and resolve customer's inquiries in a timely manner. Our complaint channel enables our customers to submit complaints and suggestions regarding service or commodity quality. Upon receiving customer complaints, our manager will review such customer complaints before appointing our engineers to launch investigation into the said customer complaints. The engineers will analyze the causes and determine which department shall be held accountable before the follow-up procedures take place. The sales department will also respond to the customers in connection with the merits of the complaint and corrective actions to be taken or precautions to be implemented.

Environmental, Social and Governance Report (Continued)

Generally, the Company is subject to lower product recall risk as substantial part of our product liabilities are technically and contractually discharged once we obtain the written quality inspection confirmation from our customers in the product delivery stage. In situations where there are unresolved matters, we will follow our standard recall procedures, including:

1. In-depth investigations of the situations directly managed by our Executive Directors and relevant specialists, such as our engineers and quality control team,
2. Involvement of legal adviser regarding the assessment of the Group's responsibilities,
3. mutual agreement with the customers regarding the methods of redress, such as re-work or monetary compensation.

During the reporting period, the Group did not encounter any of the following situations:

1. Recalls of products sold or delivered on the ground of safety and health reasons.
2. Material customer complaints that lead to or likely to lead to product recall or compensations.

ADVERTISING AND LABELING

In connection with advertising and labeling, the Group has appointed external legal advisor to provide legal opinions and perform their duty of oversight. In case that any advertisement or labeling is found false or exaggerating, the Group will immediately cease circulating such false advertisement and eliminate the negative effects by issuing a clarification announcement accordingly.

INTELLECTUAL PROPERTY RIGHTS, CONSUMER DATA AND PRIVACY POLICY

The Group highly respects Intellectual property rights protection and consumer data. In the course of operation, we might have access to the intellectual properties or confidential data of customers, such as patents, trademark, copyrights and trade secrets (e.g., design of products), personalized information or contractual documents.

It is our principle that we will only use and/or store these intellectual properties or customer data in accordance to the purpose they are originally provided to us or collected by us. We have procedures to ensure these intellectual properties and customer data shall be stored in a safe manner, physically and digitally, with restricted access by authorized persons only. We prohibit all kinds of unauthorized use or leakage of intellectual properties by our Company's employees. Our Company will take appropriate actions against breach of Intellectual property rights and consumer data, including termination of employment or legal proceeding.

Environmental, Social and Governance Report (Continued)

Overall Compliance

During the reporting period, the Group has complied with relevant laws and regulations, including but limited to the below listed, that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and method of redress.

- ✓ The Personal Data Protection (Amendment) Act 2020 of Singapore
- ✓ The Personal Data (Privacy) Ordinance of Hong Kong
- ✓ The Patent Act of Singapore
- ✓ The Patent Ordinance of Hong Kong
- ✓ The Trade Marks Act of Singapore
- ✓ The Trade Markets Ordinance of Hong Kong

COMMUNITY INVOLVEMENT

As a responsible corporation, the Group has been working towards to building a beautiful and healthy community and maintaining communication and interaction with the community to contribute to the development of the community. According to the Group's community engagement vision, the Company is driven to focus on contributing to the workplace equality. We have devoted sufficient time resources of no less than 30 hours, by our Executive Directors and Management to promote our gender and race equality vision and policy among our employee.

According to the Group's community engagement vision, the Company is driven to focus on contributing to the workplace equality. We have devoted sufficient time resources of no less than 30 hours, by our Executive Directors and Management to promote our gender and race equality vision and policy among our employee.

Environmental, Social and Governance Report (Continued)

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
A. Environment			
A1 Emission	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	The Environment	Complied
KPI A1.1	The types of emissions and respective emissions data.	Environmental Key Performance Indicators	Complied
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators	Complied
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable — total hazardous waste produced in operation were insignificant.	Explained
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators	Complied
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Use of Resources	Complied
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	The Environment	Complied
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials.	Consumption Management	Complied
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators	Complied

Environmental, Social and Governance Report (Continued)

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators	Complied
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Key Performance Indicators	Complied
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Not applicable — we do not have problem in sourcing water in our operation.	Explained
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	We don't have material packaging materials used for finished products	Explained
A3 The Environment and Natural Resources	Policies on minimizing the operation's significant impact on the environment and natural resources.	The Environment	Complied
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment	Complied
Aspect A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Climate Changes Impact	Complied
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Changes Impact	Complied

Environmental, Social and Governance Report (Continued)

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
B. Social			
B1 Employment	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment Practices	Complied
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Workforce Composition	Complied
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Workforce Composition	Complied
B2 Health and Safety	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety	Complied
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	No work-related fatalities occurred. For detail, please refer to Health and Safety	Complied
KPI B2.2	Lost days due to work injury	None noted. For detail, please refer to Health and Safety	Complied
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety	Complied
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	Complied

Environmental, Social and Governance Report (Continued)

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
KPI B3.1	The percentage of employees trained by gender and employee category	Development and Training	Complied
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	Complied
B4 Labour Standard	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour.	Employment and Labour Standards	Complied
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Standards	Complied
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labour Standards	Complied
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Supply Chain Management	Complied
KPI B5.1	Number of suppliers by geographical region.	We source locally and over 85% of our suppliers originate in Singapore	Explained
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	Complied
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	Complied
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Critical Suppliers' Selection	Complied

Environmental, Social and Governance Report (Continued)

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibilities	Complied
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There was no recall for safety and health reasons noted.	Explained
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	No products complaints received.	Explained
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Intellectual Property Rights, Consumer Data and Privacy Policy	Complied
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibilities	Complied
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Intellectual Property Rights, Consumer Data and Privacy Policy	Complied
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-Corruption	Complied
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	No legal cases regarding corrupt practices noted	Explained

Environmental, Social and Governance Report (Continued)

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption	Complied
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Development and Training	Complied
B8 Community Investment	Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.	Community Involvement	Complied
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community	Complied
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community	Complied

Report of the Directors

The Board is pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in Note 29 to the consolidated financial statements in this report. The business of 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.

BUSINESS REVIEW

A business review of the Group and an indication of likely future development in the Group's business are provided in the "Management Discussion and Analysis" of this annual report.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 December 2020 is set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 68 of this report and the financial position of the Group as at 31 December 2020 is set out in the Consolidated Statement of Financial Position on page 69 to 70 of this report. The Board does not recommend the payment of a final dividend for the year ended 31 December 2020.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the Shareholders to allow the Shareholders to share the Company's profits and for the Company to retain adequate reserves for further growth.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's financial results, the general financial condition of the Group, the Group's current and future operations, the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants, liquidity position and capital requirement of the Group and any other factors that the Board deem appropriate.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or no way obligate the Company to declare a dividend at any time or from time to time.

The Board does not recommend dividend for the year ended 31 December 2020 (2019: S\$Nil).

Report of the Directors (Continued)**SUMMARY OF FINANCIAL INFORMATION**

A summary of the results and of the assets and liabilities of the Group for the past five years ended 31 December 2020 is set out on page 132 of this report. This summary does not form part of the audited financial statements.

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 December 2020, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings.

KEY RISKS AND UNCERTAINTIES

The Board is ultimately responsible for ensuring that the risk management practices of the Group are sufficient to mitigate the risks present in our businesses and operations as efficiently and effectively as possible. The Board delegates some of this responsibility to various operational departments. The Group's financial position, operations, business and prospects may be affected by the following identified risks and uncertainties. The Group adopts risk management policies, measures and monitoring systems to pre-empt and contain exposures associated with the identified risks.

Liquidity Risk

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.

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of the Group. However, the Group retains the proceeds from the Share Offer in Hong Kong 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.

GOING CONCERN

Based on the current financial position and financing facilities available, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the consolidated financial statements were prepared on a "going concern" basis.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year ended 31 December 2020 are set out in Note 13 to the consolidated financial statements.

Report of the Directors (Continued)**BANK BORROWINGS**

Details of the Group's lease liabilities and bank borrowings as at 31 December 2020 are set out in Notes 21 and 22 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2020 are set out in Note 24 to the consolidated financial statements in this report.

USE OF PROCEEDS FROM THE SHARE OFFER

As at 31 December 2020, the Company has not yet fully utilised the net proceeds of approximately HK\$14.6 million (approximately S\$2.53 million) raised from the Listing in accordance with the intended use of proceeds set out in the Prospectus. Details of the intended uses and utilised amount are set out on page 9 of this report.

RESERVES

Details of change in reserves of the Group and the Company are set out on page 8 of the consolidated statement of changes in equity and page 71 of this report.

DISTRIBUTABLE RESERVES

The Company did not have distributable reserves as at 31 December 2020, calculated under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2020, the Group did not make charitable contributions.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place after the financial year ended 31 December 2020 to the date of this report.

PUBLIC FLOAT

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

Report of the Directors (Continued)**MAJOR CUSTOMERS AND SUPPLIERS**

During the year ended 31 December 2020, sales to the Group's five largest customers accounted for approximately 90.6% of total sales and sales to the largest customer included therein amounted to approximately 64.1% of total sales. The Group's five largest suppliers accounted for approximately 58.8% of total purchases during the year ended 31 December 2020 and purchases from the largest supplier included therein amounted to approximately 25.2% of total purchases.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules), or any of the shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its five largest suppliers during the year ended 31 December 2020.

ENVIRONMENTAL POLICY

Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. The Group encourages environmental protection and promote awareness towards environmental protection to the employees. The Group adheres to the principle of recycling and reducing. It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance.

The Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to move towards adhering the 3Rs — Reduce, Recycle and Reuse and enhance environmental sustainability.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, as far as the Company is aware, there was no material breach of non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are our valuable assets. Thus the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments conform to the market standard.

The Group also understands that it is important to maintain good relationship with our business partners, suppliers and customers to achieve its long-term goals. Accordingly, the senior management have kept good communication, promptly exchanged ideas and shares business update with them when appropriate. During the year, there was no material and significant dispute between the Group and its business partners, suppliers and customers.

Report of the Directors (Continued)**DIRECTORS**

The Directors during the year ended 31 December 2020 and up to the date of this report were:

Executive directors

Mr. Ong Cheng Yew (*Chairman*)

Ms. Koh Siew Khing

Non-executive director

Ms. Chen Xiaoyu (appointed on 13 January 2021)

Independent non-executive directors

Mr. Tam Wai Tak Victor

Ms. Chooi Pey Nee

Mr. Tan Yeok Lim

DIRECTORS' SERVICE CONTRACTS

During the year ended 31 December 2020, the executive Directors, Mr. Ong Cheng Yew and Ms. Koh Siew Khing have service contracts with the Company for a fixed term of 3 years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing sent by either party or the other.

The non-executive Director, Ms. Chen Xiaoyu, has entered into a letter of appointment with the Company for a term of one year commencing on 13 January 2021 and her employment may be terminated at any time on expiry of not less than one month's written notice given by either party.

Each of the independent non-executive Directors namely, Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim (Chen Yulin) has entered into a letter of appointment with the Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of the independent non-executive Directors is appointed with an initial term of three years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

No Directors proposed for re-election at the forthcoming annual general meeting of the Company have a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

REMUNERATION POLICY

The Directors' fees are subject to shareholders' approval at general meetings.

Other remunerations are determined by the Board with reference to the Directors' experience, responsibilities and performance of the Group.

The remuneration policy of the Group is on the basis of the qualifications and contributions of individuals to the Group.

Details of the remuneration of the Directors and five highest paid individuals pursuant to Rules 18.28 to 18.30 of the GEM Listing Rules are set out in Note 10 to the consolidated financial statements.

Report of the Directors (Continued)**SENIOR MANAGEMENT'S REMUNERATION**

The emoluments of senior management fell within the following bands presented in Hong Kong Dollars ("HK\$"):

	Number of senior management	
	Year ended 31 December	
	2020	2019
Emolument bands		
Nil to HK\$500,000	3	3
HK\$500,001 to HK\$1,000,000	3	3

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 14 of this report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

None of the Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at any time during or at the end of the year ended 31 December 2020.

As of 31 December 2020, no contract of significance had been entered into between the Company, or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except for the Share Option Scheme, neither the Company nor any of its subsidiary undertakings was a party to any arrangements to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year ended 31 December 2020.

COMPETING INTERESTS

The Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 December 2020.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors were independent during the period from their respective appointments and up to the date of this report.

Report of the Directors (Continued)

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during the year ended 31 December 2020.

PERMITTED INDEMNITY PROVISION

The articles and association of the Company provides that the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. In addition, the Company has arranged for appropriate and sufficient insurance coverage on directors' liabilities in respect of legal actions taken against the Directors arising out of corporate activities.

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

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

Name of Director	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Mr. Ong Cheng Yew	Interest of the controlled company ⁽¹⁾	356,400,000	74.25%
Ms. Koh Siew Khing ⁽²⁾	Interest of spouse	356,400,000	74.25%

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.

Report of the Directors (Continued)

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

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

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

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

Name of substantial shareholder	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Broadbville Limited	Beneficial owner	356,400,000	74.25%

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 2020.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

A full corporate governance report is set out on pages 15 to 26 of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders unless otherwise required by the Stock Exchange.

Report of the Directors (Continued)**EQUITY-LINKED AGREEMENT**

Save for the Share Option Scheme of the Company, there was no equity-linked agreement being entered into or remained subsisting during the year ended 31 December 2020 or as of the end of the year.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year ended 31 December 2020, details of significant transactions with the Company's related parties or transactions undertaken are set out in the note 28 to the consolidated financial statements. None of those transactions constitutes a disclosable connected transaction pursuant to Chapter 20 of the GEM Listing Rules.

INTEREST OF THE COMPLIANCE ADVISER

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

SHARE OPTION SCHEME

The company adopted a share option scheme (the "Share Option Scheme") on 2 November 2017. Its principal terms are summarised below:

(a) Purpose

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group.

(b) Eligible Participants

"Eligible Participant(s)" refer to the employee, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person whom in the absolute discretion of the Board, has contributed or may contribute to the Group as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group.

(c) Total number of Shares available for issue

A maximum of 48,000,000 Shares, being 10% of the total number of Shares in issue as at the Listing Date, may be issued upon exercise of all options to be granted under the Share Option Scheme.

Report of the Directors (Continued)**(d) Maximum entitlement of each Eligible Participant**

Unless approved by the Shareholders in general meeting and subject to the following paragraph, the maximum number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to any one person (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time.

Options granted to any of the Directors, chief executive or substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates (as defined in the GEM Listing Rules) in any 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the total number of Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, must be approved by the Shareholders in general meeting in advance.

(e) Option period

Subject to the rules of the Share Option Scheme, an option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten years commencing on the date of the offer letter and expiring on the last day of such ten-year period.

(f) Minimum vesting period

No minimum period for which an option must be held before the exercise of any option save as otherwise imposed by the Board in the relevant offer of options.

(g) Payment on acceptance of the option

Participants of the Share Option Scheme are required to submit to the Company a duly signed offer letter within 21 days from the offer date together with a payment in favour of the Company of HK\$1 as the consideration of the grant.

(h) Basis of determining the exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be not less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations 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 grant of a particular option; and
- (iii) the nominal value of a Share on the Offer Date.

Report of the Directors (Continued)**(i) Remaining life**

Subject to any prior termination by the Company in a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme, after which period no further options shall be granted. All options granted and accepted and remaining unexercised immediately prior to the expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the year ended 31 December 2020 and there was no outstanding option as at 31 December 2020.

AUDITOR

A resolution will be submitted to the annual general meeting to authorise the Board to appoint the auditors of the Company and fix their remuneration.

On behalf of the Board

GT Steel Construction Group Limited

Ong Cheng Yew

Chairman and Executive Director

Singapore, 31 March 2021

Independent Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of GT Steel Construction Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), set out on pages 68 to 131, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (Continued)

Key Audit Matter

How the matter was addressed in the audit

Contract Revenue Recognition (Note 5) and Accounting for Construction Contract (Note 17)

The Group is involved in construction projects for which it applies the input method to measure the Group's progress towards complete satisfaction of a performance obligation and recognises revenue over time in accordance with IFRS 15 *Revenue from contracts with customers*.

The revenue and profit recognised in a year on these projects is dependent, amongst others, on the assessment of the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the total expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects).

The uncertainty and subjectivity involved in determining the costs to complete and foreseeable losses may have a significant impact on the revenue and profit of the Group.

The Group's revenue recognition policy and key source of estimation uncertainty are set out in Notes 3 and 4 to the consolidated financial statements respectively.

We have performed the following procedures:

- Obtained an understanding of the projects, evaluated the design and implementation of relevant controls and tested the operating effectiveness of the controls relating to revenue recognition and partially completed projects.
- Assessed the Group's revenue recognition practice to determine that they are in compliance with IFRS 15 *Revenue from contracts with customers*, including the assessment of the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the total expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects).
- For selected projects, our audit procedures included the following:
 - i. agreed projects contract sum to signed contracts and variation orders;
 - ii. obtained construction contract from management and reviewed for any specific or special performance obligations and conditions during the financial period;
 - iii. assessed the reasonableness of cost incurred against our understanding of the projects;
 - iv. vouched the actual cost incurred during the year to details of supplier invoices and subcontractors invoices to check the validity and accuracy of the costs;
 - v. performed cut-off testing to verify contract costs were taken up in the appropriate financial year;

Independent Auditor's Report (Continued)

- vi. assessed and vouched to the estimated cost to complete by substantiating costs that have been committed to quotations and contracts entered;
 - vii. performed retrospective review by comparing the total actual contract costs incurred at completion against the total budgeted contract costs to assess the reasonableness of the estimates used by the management;
 - viii. for projects in progress, we further re-computed the percentage of the progress of the contract based on input method to test the accuracy of the percentage of the progress to determine the revenue;
 - ix. for projects completed during the year, we obtained the certificate of substantial completion and verified that the remaining revenue has been captured;
 - x. compared total contract revenue to actual cost incurred plus estimated cost to complete, and assessed for foreseeable losses;
 - xi. examined the project documentation (including contracts effective during the financial period, terms and conditions) and discussed with management on the progress of significant projects to determine if there are any changes such as delays, penalties, overruns which may result in liquidated damages.
- Assessed the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

Based on our audit procedures performed above, we found that the management's judgement in relation to the estimation of construction contracts to be reasonable.

Independent Auditor's Report (Continued)**Other Information**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatements whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ronny Chandra.

Deloitte & Touche LLP

Public Accountants and Chartered Accountants
Singapore

31 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year ended 31 December 2020

	Note	2020 S\$	2019 S\$
Revenue	5	10,153,652	50,851,802
Cost of services		(9,975,628)	(39,038,620)
Gross profit		178,024	11,813,182
Other income	6a	1,041,376	222,021
Other gains	6b	—	3,498
Selling expenses		(153,760)	(208,486)
Administrative expenses		(4,410,182)	(3,959,622)
Other expenses	6c	(150,573)	(814,858)
Impairment loss recognised on financial assets	16	(88,945)	—
Finance costs	7	(185,722)	(189,202)
(Loss) Profit before taxation		(3,769,782)	6,866,533
Income tax credit (expense)	8	378,910	(1,538,437)
(Loss) Profit for the year	9	(3,390,872)	5,328,096
Other comprehensive income (expense)			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operation		16,114	(5,024)
Total comprehensive (expense) income for the year		(3,374,758)	5,323,072
Basic (loss) earnings per share (S\$ cents)	12	(0.71)	1.11

See accompanying notes to consolidated financial statements.

Consolidated Statement of Financial Position

As At 31 December 2020

	Note	31 December 2020 S\$	31 December 2019 S\$
Non-current assets			
Property, plant and equipment	13	3,041,508	3,801,076
Right-of-use assets	14	2,075,593	1,956,215
Investment properties	15	2,578,409	2,631,675
Deferred tax assets	23	326,954	—
		8,022,464	8,388,966
Current assets			
Trade receivables	16	5,155,488	20,943,010
Contract assets	17	16,655,647	13,336,349
Deposits, prepayments and other receivables	18	612,769	358,428
Bank balances and cash	19a	7,554,507	1,870,336
Pledged bank deposits	19b	2,974,481	2,941,810
		32,952,892	39,449,933
Current liabilities			
Trade and other payables	20	5,031,893	9,786,014
Contract liabilities	17	17,277	—
Leases liabilities	21	626,189	547,116
Borrowings	22	1,049,677	2,487,524
Income tax payable		719,824	1,773,739
		7,444,860	14,594,393
Net current assets		25,508,032	24,855,540
Total assets less current liabilities		33,530,496	33,244,506

Consolidated Statement of Financial Position (Continued)*As At 31 December 2020*

	Note	31 December 2020 S\$	31 December 2019 S\$
Non-current liabilities			
Lease liabilities	21	1,194,659	1,258,616
Borrowings	22	4,890,996	1,114,222
Deferred tax liabilities	23	—	52,069
		6,085,655	2,424,907
Net assets			
		27,444,841	30,819,599
Capital and reserves			
Share capital	24	827,586	827,586
Share premium		8,613,061	8,613,061
Merger reserves		2,999,983	2,999,983
Accumulated profits		14,995,562	18,386,434
Translation reserve		8,649	(7,465)
Equity attributable to owners of the Company			
		27,444,841	30,819,599

The consolidated financial statements on pages 68 to 131 were approved and authorised for issue by the Board of Directors on 31 March 2021 and are signed on its behalf by:

Ong Cheng Yew
Chairman and Executive Director

Koh Siew Khing
Executive Director

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year ended 31 December 2020

	Share capital S\$	Share premium (Note A) S\$	Merger reserves (Note B) S\$	Accumulated profits S\$	Translation Reserve S\$	Total S\$
At 1 January 2019	827,586	8,613,061	2,999,983	13,058,338	(2,441)	25,496,527
Total comprehensive income (expense) for the year:						
Profit for the year	—	—	—	5,328,096	—	5,328,096
Other comprehensive expense for the year	—	—	—	—	(5,024)	(5,024)
Total	—	—	—	5,328,096	(5,024)	5,323,072
At 31 December 2019	827,586	8,613,061	2,999,983	18,386,434	(7,465)	30,819,599
Total comprehensive income (expense) for the year:						
Loss for the year	—	—	—	(3,390,872)	—	(3,390,872)
Other comprehensive expense for the year	—	—	—	—	16,114	16,114
Total	—	—	—	(3,390,872)	16,114	(3,374,758)
At 31 December 2020	827,586	8,613,061	2,999,983	14,995,562	8,649	27,444,841

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 group reorganisation in 2017 and the total par value and share premium amount of the shares issued.

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

For the Financial Year ended 31 December 2020

	2020 S\$	2019 S\$
Operating activities		
(Loss) Profit before taxation	(3,769,782)	6,866,533
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	949,455	751,695
Depreciation of investment properties	53,266	53,266
Depreciation of right-of-use assets	660,057	533,030
Gain on disposal of property, plant and equipment	—	(3,498)
Impairment loss on trade receivables	88,945	—
Interest income	(55,564)	(76,184)
Finance costs	185,722	189,202
Operating cash flows before movement in working capital	(1,887,901)	8,314,044
<i>Movement in working capital:</i>		
Decrease (Increase) in trade receivables	15,698,577	(14,491,274)
(Increase) Decrease in deposits, prepayments and other receivables	(254,341)	3,414,894
Increase in contract assets	(3,319,298)	(3,260,675)
(Decrease) Increase in trade and other payables	(4,754,121)	1,434,465
Increase in contract liabilities	17,277	—
Cash from (used in) operations	5,500,193	(4,588,546)
Income taxes paid	(1,053,915)	(1,267,619)
Net cash from (used in) operating activities	4,446,278	(5,856,165)
Investing activities		
Purchase of property, plant and equipment	(189,887)	(3,639,675)
Addition to right-of-use assets	(154,367)	(56,800)
Proceeds from disposal of property, plant and equipment	—	4,000
Net cash used in investing activities	(344,254)	(3,692,475)

Consolidated Statement of Cash Flows (Continued)*For the Financial Year ended 31 December 2020*

	2020 S\$	2019 S\$
Financing activities		
Repayment of lease liabilities	(610,065)	(485,906)
Proceeds from borrowings	6,329,666	7,532,892
Repayments of borrowings	(3,990,739)	(9,530,960)
Interest received	55,564	76,184
Interest paid	(185,722)	(189,202)
Fixed deposits pledged	(32,671)	1,043,279
Net cash from (used in) financing activities	1,566,033	(1,553,713)
Net increase (decrease) in cash and cash equivalents	5,668,057	(11,102,353)
Cash and cash equivalents at beginning of the year	1,870,336	12,977,713
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	16,114	(5,024)
Cash and cash equivalents at end of the year (Note 19a)	7,554,507	1,870,336

See accompanying notes to consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Financial Year ended 31 December 2020

1 GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 1 February 2017. The 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 Broadville Limited ("Broadville"), incorporated in the British Virgin Islands ("BVI"), which is also the Company's ultimate holding company. Its ultimate controlling party is Mr. Ong Cheng Yew ("Mr. Ong"), who is the Chairman and Managing Director of the Company.

The Company is an investment holding company and its operating subsidiaries are engaged in 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 as set out in Note 29.

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 31 March 2021.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amended IFRSs that are effective for the current year

On 1 January 2020, the Group adopted all the new and revised IFRSs and Interpretations of IFRS ("IFRIC") that are 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 disclosures or on the amounts reported for the current or prior periods.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In the current financial year, the Group has considered the application of the amendment to IFRS 16 (as issued by the International Accounting Standards Board ("IASB") in May 2020) in advance of its effective date.

As the Group is not a lessee of any assets to qualify for such rent concessions, the application of the amendment to IFRS 16 did not have any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)****New and revised IFRS Standards in issue but not yet effective**

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

IFRS 17	<i>Insurance Contract and the related Amendments</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i> ⁴
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ¹
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> ²
Amendments to IAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i> ²
Amendments to IAS 37	<i>Onerous contracts — Cost of Fulfilling a Contract</i> ²
Amendments to IFRSs	<i>Annual Improvements to IFRS Standards 2018–2020</i> ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2021

The directors of the Company do not expect that the adoption of the new and amendments to IFRSs listed above will have a material impact on the financial statements of the Group in future periods.

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***3 SIGNIFICANT ACCOUNTING POLICIES (Continued)****Basis of consolidation (Continued)**

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses 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; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, the Group 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 customers.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Revenue recognition (Continued)**

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs; or
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

Revenue from project works is described in the accounting policy on construction contracts below.

Construction contracts

Revenue from project works is recognised over time during the course of construction by reference to the progress towards complete satisfaction at the end of the reporting period. Progress towards complete satisfaction is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contract costs incurred for work performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost), that best depict the Group's performance in transferring control of goods or services.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***3 SIGNIFICANT ACCOUNTING POLICIES (Continued)****Construction contracts (Continued)**

The contract assets on construction contracts represent the Group's right to consideration for work completed and not billed as the rights are conditioned on the Group's future performance in satisfying the respective performance obligations.

The contract liabilities on construction contracts represent the Group's obligation to transfer project works to customers for which the Group has received consideration from the customers.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Provisions (Continued)****Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Leases**The Group as a lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***3 SIGNIFICANT ACCOUNTING POLICIES (Continued)****Leases (Continued)****The Group as a lessee (Continued)**

The lease liability is presented as a separate line in the consolidated statement of financial position.

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

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The Group did not make any such adjustments during the periods presented.

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

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Leases (Continued)*****The Group as a lessee (Continued)***

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of property, plant and equipment, investment properties, and right-of-use assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Administrative expenses' in profit or loss.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***3 SIGNIFICANT ACCOUNTING POLICIES (Continued)****Leases (Continued)****The Group as a lessor (Continued)**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates or joint ventures.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Singapore dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to Central Provident Fund ("CPF") are recognised as expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurement are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***3 SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***Taxation** *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Property, plant and equipment**

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold land for own use

When the Group makes payments for ownership interests of properties which include both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***3 SIGNIFICANT ACCOUNTING POLICIES (Continued)****Investment properties (Continued)**

Depreciation is recognised so as to write off the cost of investment properties less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributed to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the 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.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Financial instruments (Continued)*****Financial assets at amortised cost and effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of financial assets and contract assets

The Group recognises a loss allowance for ECL on financial assets (including trade receivables, deposits and other receivables, bank balances and pledged bank deposits) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***3 SIGNIFICANT ACCOUNTING POLICIES (Continued)****Financial instruments (Continued)****Impairment of financial assets and contract assets (Continued)**

The Group always recognises lifetime ECL for trade receivables and contract assets and measures the lifetime ECL for portfolios of trade receivables and contract assets that share similar economic risk characteristics. The ECL on these financial assets are estimated using an analysis of assets by risk level of customers and apply a probability-weighted estimate of the credit losses within the relevant risk type. The probability-weighted estimate of the credit losses is determined based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Financial instruments (Continued)****(i) Significant increase in credit risk (Continued)**

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default (i.e. no default history); ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***3 SIGNIFICANT ACCOUNTING POLICIES (Continued)****Financial instruments (Continued)****(ii) Definition of default**

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 day past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are past due over two years, whichever is earlier. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Financial instruments (Continued)****(v) Measurement and recognition of ECL**

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***3 SIGNIFICANT ACCOUNTING POLICIES (Continued)****Derecognition of financial assets (Continued)****Financial liabilities and equity***Classification of financial liabilities and equity instruments*

Financial liabilities and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not i) contingent consideration of an acquirer in a business combination; ii) held-for-trading; or iii) designated measured as at FVTPL, are subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the financial statements when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Impairment of property, plant and equipment, right-of-use assets and investment properties**

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and investment properties are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY** *(Continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Revenue recognition of construction contracts

The Group recognises contract revenue and profit of a construction contract during the course of construction by reference to the progress towards complete satisfaction at the end of the reporting period. Progress towards complete satisfaction is measured based on input method. Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major subcontractors or suppliers involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Management reviews the construction contracts for foreseeable losses whenever there is an indication that the estimated contract revenue is lower than the estimated total contract costs. The actual outcomes in terms of total contract costs or contract revenue may be higher or lower than estimated at the end of each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

The carrying amounts of contract assets and current liabilities arising from construction contracts are disclosed in Note 17 to the financial statements.

Estimated impairment of trade receivables and contract assets

The Group recognises lifetime ECL for trade receivables and contract assets, using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. The carrying amounts of trade receivables and contract assets are disclosed in Notes 16 and 17 to the financial statements respectively.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

5 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of construction services, installation and auxiliary services provided by the Group to external customers. The Group's operations are mainly derived from Singapore during the financial 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 the Group's accounting policies described in Note 3. 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	
	2020 S\$	2019 S\$
Revenue from:		
Provision of structural steelworks services	10,153,652	50,851,802

Timing of recognition

Revenue based by timing of recognition are as follows:

	Year ended 31 December	
	2020 S\$	2019 S\$
Over time	10,153,652	50,851,802

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

5 REVENUE AND SEGMENT INFORMATION (Continued)**Major customers**

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

	Year ended 31 December	
	2020 S\$	2019 S\$
Customer I	6,746,602	N/A*
Customer II	2,368,462	N/A*
Customer III	N/A*	28,230,666
Customer IV	N/A*	16,439,815

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

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	
	2020 S\$	2019 S\$
Provision of structural steelworks services	8,180,730	1,557,227

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 December 2020 will be recognised as revenue during the next reporting period.

Geographical information

Revenue based on geographical location of customers are as follows:

	Year ended 31 December	
	2020 S\$	2019 S\$
Singapore	10,153,652	50,846,767
Malaysia	—	5,035
	10,153,652	50,851,802

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***6 A. OTHER INCOME**

	2020 S\$	2019 S\$
Insurance claim receipt	29,245	179
Government grants (Note a)	808,163	11,178
Rental income	111,521	125,316
Interest income	55,564	76,184
Sundry income	36,883	9,164
	1,041,376	222,021

Note a:

Government grants in 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, the Jobs Support Scheme ("JSS"), COVID-Safe project-based and firm-based supports, property tax rebates, and additional cash grants.

Government grants received during the financial year ended 31 December 2019 mainly include the Wage Credit Scheme ("WCS") and Special Employment Credit ("SEC").

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	
	2020 S\$	2019 S\$
Gain on disposal of property, plant and equipment	—	3,498

C. OTHER EXPENSES

	Year ended 31 December	
	2020 S\$	2019 S\$
Listing expenses	150,573	814,858

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

7 FINANCE COSTS

	Year ended 31 December	
	2020 S\$	2019 S\$
Interest on:		
Bank borrowings	92,132	125,737
Lease liabilities	93,590	63,465
	185,722	189,202

8 INCOME TAX (CREDIT) EXPENSE

	Year ended 31 December	
	2020 S\$	2019 S\$
Tax expense comprises:		
Current tax		
— Singapore corporate income tax ("CIT")	—	1,497,640
— Under provision in prior years	—	60,359
Deferred tax (Note 23)		
— Current year	(388,388)	(19,562)
— Underprovision in prior years	9,478	—
	(378,910)	1,538,437

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

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

8 INCOME TAX (CREDIT) EXPENSE *(Continued)*

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

	Year ended 31 December	
	2020 S\$	2019 S\$
(Loss) Profit before taxation	(3,769,782)	6,866,533
Tax at applicable tax rate of 17%	(640,863)	1,167,311
Tax effect of expenses not deductible for tax purpose	289,883	320,006
Tax effect of income not taxable for tax purpose	(39,975)	(717)
Effect of tax concessions (Note a)	—	(17,425)
Effect of different tax rates of subsidiary operating in other jurisdictions	(186)	514
Underprovision of current tax in prior years	—	60,359
Underprovision of deferred tax in prior years	9,478	—
Others	2,753	8,389
Income tax (credit) expense for the year	(378,910)	1,538,437

Note:

- a. Tax concession pertains to incentive schemes given by the Singapore tax authority.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

9 (LOSS) PROFIT FOR THE YEAR

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

	Year ended 31 December	
	2020 S\$	2019 S\$
Audit fees paid to auditors of the Company:		
— Annual audit fees	165,000	180,000
Listing transfer expense (Note a)	150,573	814,858
Depreciation of property, plant and equipment (Note 13)		
— Recognised in cost of services	149,892	398,203
— Recognised in administrative expenses	799,563	353,492
Depreciation of right-of-use assets (Note 14)		
— Recognised in cost of services	251,246	337,350
— Recognised in administrative expenses	408,811	195,680
Depreciation of investment properties (Note 15)	53,266	53,266
Directors' emoluments (Note 10)	535,551	567,174
Other staff costs:		
— Salaries and wages	2,643,954	3,925,045
— Defined contribution plans	71,762	89,310
— Other staff benefits	57,724	76,452
Total staff costs	2,773,440	4,090,807
Cost of materials recognised as expenses	2,687,271	10,586,026
Subcontractor costs recognised as expenses	4,692,840	22,871,554

Note:

- a. 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.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

10 DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to the directors 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 2020

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

Year ended 31 December 2019

	Fees S\$	Discretionary bonus S\$	Salaries and allowances S\$	Contributions to retirement benefit scheme S\$	Total S\$
Executive Directors					
Mr. Ong Cheng Yew	—	—	240,000	12,240	252,240
Ms. Koh Siew Khing	—	—	240,000	12,240	252,240
Independent Non-Executive Directors					
Mr. Tam Wai Tak Victor	20,898	—	—	—	20,898
Ms. Chooi Pey Nee	20,898	—	—	—	20,898
Mr. Tan Yeok Lim	20,898	—	—	—	20,898
	62,694	—	480,000	24,480	567,174

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***10 DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS** *(Continued)*

Note:

- a. 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 Company and the Group.

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

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 2020 included two (2019: two) directors, details of whose remunerations are set out above. Details of the remuneration for the remaining three (2019: three) highest paid employees who are not directors of the Company are as follows:

	Year ended 31 December	
	2020 S\$	2019 S\$
Salaries and allowances	219,002	240,658
Contributions to retirement benefits scheme	18,447	20,393
	237,449	261,051

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

10 DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)**Employees' remuneration (Continued)**

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	
	2020	2019
Emolument bands		
Nil to HK\$500,000	2	2
HK\$500,001 to HK\$1,000,000	3	3

11 DIVIDEND

No dividend was paid or proposed for the ordinary shareholders of the Company during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: S\$Nil).

12 (LOSS)EARNINGS PER SHARE

	Year ended 31 December	
	2020	2019
(Loss) Profit attributable to the owners of the Company (S\$)	(3,390,872)	5,328,096
Weighted average number of ordinary shares in issue	480,000,000	480,000,000
Basic (loss) earnings per share (S\$ cents)	(0.71)	1.11

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 (loss) 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.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

13 PROPERTY, PLANT AND EQUIPMENT

	Building S\$	Motor vehicles S\$	Office equipment S\$	Plant and machinery S\$	Leasehold improvement S\$	Total S\$
Cost:						
At 1 January 2019	1,500,000	62,194	472,920	1,313,501	743,728	4,092,343
Additions ^(a)	3,500,000	—	13,423	126,252	—	3,639,675
Disposals	—	(15,693)	(25,893)	—	—	(41,586)
At 31 December 2019	5,000,000	46,501	460,450	1,439,753	743,728	7,690,432
Additions	—	32,000	26,034	131,853	—	189,887
At 31 December 2020	5,000,000	78,501	486,484	1,571,606	743,728	7,880,319
Accumulated depreciation:						
At 1 January 2019	1,125,000	52,670	433,740	984,412	582,923	3,178,745
Charge for the year	453,967	7,409	20,497	148,203	121,619	751,695
Elimination on disposals	—	(15,300)	(25,784)	—	—	(41,084)
At 31 December 2019	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
At 31 December 2020	2,336,968	47,567	451,053	1,267,265	735,958	4,838,811
Carrying amounts:						
At 31 December 2019	3,421,033	1,722	31,997	307,138	39,186	3,801,076
At 31 December 2020	2,663,032	30,934	35,431	304,341	7,770	3,041,508

(a) Included in this balance is the factory amounting to S\$3,500,000 which was acquired through the acquisition of Kay Huat Trading Company Private Limited (Note 29).

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:

Building	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

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***14 RIGHT-OF-USE ASSETS**

	Leasehold land S\$	Office premises S\$	Plant and machinery S\$	Motor vehicle S\$	Total S\$
Cost:					
At 1 January 2019	—	748,002	322,030	551,857	1,621,889
Additions	1,218,980	—	—	56,800	1,275,780
At 31 December 2019	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)
At 31 December 2020	1,218,980	1,048,529	438,430	646,624	3,352,563
Accumulated depreciation:					
At 1 January 2019	—	—	234,456	173,968	408,424
Charge for the year	72,775	337,350	64,406	58,499	533,030
At 31 December 2019	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)
At 31 December 2020	291,100	346,156	343,370	296,344	1,276,970
Carrying amount:					
At 31 December 2019	1,146,205	410,652	23,168	376,190	1,956,215
At 31 December 2020	927,880	702,373	95,060	350,280	2,075,593

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.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***14 RIGHT-OF-USE ASSETS** *(Continued)***Amount recognised in profit and loss**

	31 December	
	2020	2019
	S\$	S\$
Depreciation on right-of-use assets	660,057	533,030
Interest expense on lease liabilities	93,590	63,465

The total cash outflow for principal amount and interest of leases liabilities amount to S\$610,065 (2019: S\$485,906) and S\$93,590 (2019: S\$63,465) respectively.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***15 INVESTMENT PROPERTIES**

	Freehold property S\$	Leasehold properties S\$	Total S\$
Cost:			
At 1 January 2019,			
31 December 2019 and 2020	1,581,575	1,427,551	3,009,126
Accumulated depreciation:			
At 1 January 2019	92,259	231,926	324,185
Charge for the year	26,360	26,906	53,266
At 31 December 2019	118,619	258,832	377,451
Charge for the year	26,360	26,906	53,266
At 31 December 2020	144,979	285,738	430,717
Net carrying value:			
At 31 December 2019	1,462,956	1,168,719	2,631,675
At 31 December 2020	1,436,596	1,141,813	2,578,409

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 2020, included in the balances are freehold property with carrying value amounting to S\$1,436,596 (2019: S\$1,462,956). 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 (Note 22) as at 31 December 2020 and 2019.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***15 INVESTMENT PROPERTIES** *(Continued)*

At 31 December 2020, the fair values of the investment properties amounted to S\$3,160,000 (2019: S\$3,090,521) and is categorised within level 3 of the fair value hierarchy. The fair values were 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 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\$111,521 (2019: S\$125,316). Direct operating expenses arising from the rental-generating investment properties amounted to S\$53,266 (2019: 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\$
<hr/>	
— 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	430,000
	<hr/>
Total	3,160,000
<hr/>	
— As at 31 December 2019	
421 Tagore Ind. Avenue #02-14, Singapore	1,620,503
No. 18 Sin Ming Lane #07-40 Midview City, Singapore	483,616
No. 18 Sin Ming Lane #07-41 Midview City, Singapore	540,512
No. 21 Woodlands Park E1 #03-05, Singapore	445,890
	<hr/>
Total	3,090,521

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***16 TRADE RECEIVABLES**

	2020 S\$	2019 S\$
Trade receivables	982,579	6,117,832
Less: Loss allowance	(88,945)	—
Unbilled revenue (Note a)	4,261,854	14,825,178
	5,155,488	20,943,010

Note:

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

As at 1 January 2019, trade receivables from contracts with customers amounted to S\$6,451,736.

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	
	2020 S\$	2019 S\$
Within 30 days	313,900	5,449,680
31 days to 60 days	97,237	538,672
61 days to 90 days	75	—
Over 90 days	482,422	129,480
	893,634	6,117,832

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 applied simplified approach to provide the expected credit losses prescribed by IFRS 9. The impairment methodology is set out in Notes 3 and 33(c) respectively.

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. Details of the credit risk assessment are included in Note 33(c).

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

16 TRADE RECEIVABLES (Continued)

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

	As at 31 December	
	2020 S\$	2019 S\$
31 days to 60 days	97,237	538,672
61 days to 90 days	75	—
Over 90 days	482,422	129,480
	579,734	668,152

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 lifetime ECL (credit-impaired) that has been recognised for trade receivables in accordance to IFRS 9:

	Collectively assessed S\$	Individually assessed S\$
Balance as at 1 January 2019 and 31 December 2019	—	—
Net remeasurement of loss allowance	—	88,945
Balance as at 31 December 2020	—	88,945

17 CONTRACT ASSETS/(LIABILITIES)

	As at 31 December	
	2020 S\$	2019 S\$
Analysed for reporting purposes as:		
Contract assets	16,655,647	13,336,349
Contract liabilities	(17,277)	—
	16,638,370	13,336,349

As at 1 January 2019, contract assets amounted to S\$10,075,674 and there is no contracts liabilities.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

17 CONTRACT ASSETS/LIABILITIES (Continued)

As at 31 December 2020, included in contract assets are retention money held by customers for construction work amounted to S\$7,047,694 (2019: S\$8,816,387), which were expected to be recovered or settled in more than twelve months from the end of reporting period.

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.

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.

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

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 directors of the Company considered that the ECL for contract assets is insignificant as at 31 December 2020 and 2019.

18 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2020 S\$	2019 S\$
Deposits	310,957	156,752
Prepayments	98,554	201,676
Government grant receivables	183,743	—
Sundry debtors	19,515	—
	612,769	358,428

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***18 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES** *(Continued)*

For the purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at 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.

19a BANK BALANCES AND CASH

	As at 31 December	
	2020 S\$	2019 S\$
Cash on hand	425	1,100
Cash at bank	7,554,082	1,869,236
	7,554,507	1,870,336

The directors of the Company considered that the ECL on bank balances is insignificant as at 31 December 2020 and 2019.

19b PLEDGED BANK DEPOSITS

	As at 31 December	
	2020 S\$	2019 S\$
Fixed deposits	2,974,481	2,941,810

The fixed bank deposits are pledged to bank borrowings (Note 22), bear interests at effective interest rates ranging from 0.25% to 0.97% (2019: 1.5% to 2.06%) 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 2020 and 2019.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***20 TRADE AND OTHER PAYABLES**

	As at 31 December	
	2020	2019
	S\$	S\$
Trade payables	3,966,229	5,981,730
Trade accruals	—	2,226,314
	3,966,229	8,208,044
GST payables	55,829	88,065
Other payables	322,894	900,141
Deferred grants	163,438	—
Deposits received	21,057	22,886
Provision for unutilised leave	72,101	26,173
Salaries and CPF payables	430,345	540,705
	5,031,893	9,786,014

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	
	2020	2019
	S\$	S\$
Within 30 days	537,195	3,132,064
31 to 60 days	1,009,372	1,342,525
61 days to 90 days	345,956	136,735
Over 90 days	2,073,706	1,370,406
	3,966,229	5,981,730

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

21 LEASE LIABILITIES

	As at 31 December	
	2020 S\$	2019 S\$
Analysed as:		
Non-current	1,194,659	1,258,616
Current	626,189	547,116
	1,820,848	1,805,732
	As at 31 December	
	2020 S\$	2019 S\$
Lease liabilities payable:		
Within one year	626,189	547,116
In more than one year but no more than two years	534,550	391,253
In more than two years but no more than five years	660,109	804,917
In more than five years	—	62,446
	1,820,848	1,805,732
Less: Amount due within one year shown under current liabilities	(626,189)	(547,116)
Amount shown under non-current liabilities	1,194,659	1,258,616

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.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***22 BORROWINGS**

	As at 31 December	
	2020	2019
	S\$	S\$
Secured and guaranteed:		
Trade financing (Notes a and d)	—	1,888,897
Revolving credit facility (Notes b and d)	—	500,000
Bank loans (Notes c and d)	5,940,673	1,212,849
	5,940,673	3,601,746
<i>Analysed as:</i>		
Carrying amount repayable within one year	1,049,677	2,487,524
Carrying amount repayable more than one year, but not exceeding two years	1,079,145	100,226
Carrying amount repayable more than two years, but not more than five years	3,067,433	205,334
Carrying amount repayable more than five years	744,418	808,662
Less: Amount due within one year shown under current liabilities	5,940,673 (1,049,677)	3,601,746 (2,487,524)
Amount shown under non-current liabilities	4,890,996	1,114,222

- a. As at 31 December 2019, trade financing bore a floating interest rate at 1.65% above the bank's cost of funds per annum.
- b. As at 31 December 2019, revolving credit facility bore a floating interest rate at 1.65% above the bank's cost of funds per annum.
- c. As at 31 December 2020, the bank loans are secured by first legal charge and mortgaged over the Group's investment properties (Note 15), and the bank loans bear floating interest rates with weighted average effective interest rate at 3.12% (2019: 3.59%) per annum. The amounts are repayable at the dates ranging from 2021 to 2037 and from 2020 to 2037 as at 31 December 2020 and 2019 respectively.
- d. As at 31 December 2020 and 2019, the Group's borrowings are secured by corporate guarantee issued by the Company and personal guarantee issued by the Director.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

25 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 year ended 31 December 2020 and 2019, no share options has been granted nor exercised and there is no outstanding share options of the Company as at 31 December 2020 and 2019.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***26 OPERATING LEASE COMMITMENTS****The Group as lessor**

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of 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.

	As at 31 December	
	2020	2019
	S\$	S\$
Maturity analysis of operating lease payments:		
Year 1	105,527	74,543
Year 2	35,056	1,490
Total	140,583	76,033

The following table presents the amounts reported in profit or loss:

	As at 31 December	
	2020	2019
	S\$	S\$
Lease income on operating lease	111,521	125,316

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

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 2020, 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\$96,242 (2019: S\$112,029) for the year ended 31 December 2020, represent contributions paid to the retirement benefits plan by the Group.

As at 31 December 2020, the CPF contribution payables amounted to S\$20,033 (2019: S\$17,705) which were paid subsequent to the end of the respective years.

28 RELATED PARTY TRANSACTIONS

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

	Year ended 31 December	
	2020 S\$	2019 S\$
Short term benefits	618,737	647,822
Post-employment benefits	36,720	36,720
	655,457	684,542

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

29 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 31 December 2020 are set out below.

Name	Place of incorporation/ operations	Paid up issued capital	Proportion of ownership interest/voting power held		Principal activities
			2020	2019	
<i>Directly held:</i>					
Chirton Investments	British Virgin Islands	US\$1	100%	100%	Investment holding
<i>Indirectly held:</i>					
G-Tech Metal Pte Ltd	Singapore	S\$3,000,000	100%	100%	Provision of structural steelwork services
G Tech Structures Sdn Bhd	Malaysia	RM250,000	100%	100%	Provision of structural steelwork services
Kay Huat Trading Company Private Limited ^(a)	Singapore	S\$3,500,000	100%	100%	Inactive

- (a) On 5 September 2019, the Group acquired 100% equity interest in Kay Huat Trading Company Private Limited ("KHT"). This transaction has been accounted for as an asset acquisition.

KHT is an entity incorporated in the Republic of Singapore. Through the acquisition of 100% of the shares of KHT, the Group acquired the leasehold land located at Sungei Kadut, which will allow the construction business segment to expand. The acquisition is in line with the overall strategy of the Group to strengthen its core business activities.

Total consideration transferred at acquisition date comprise of cash consideration of S\$3,500,000. The fair values of net assets acquired on the date of acquisition is S\$3,500,000 for the property acquired.

There were no significant restrictions on the Company or its subsidiary's ability to assess or use the assets and settle the liabilities of the Group.

None of the subsidiaries had issued any debt securities at the end of the year.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

30 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	As at 31 December	
	2020 S\$	2019 S\$
ASSETS AND LIABILITIES		
Non-current asset		
Investment in a subsidiary ^{(a)(b)}	17	3,500,017
Current assets		
Bank balances and cash	3,320,716	3,731,172
Amount due from a subsidiary	542,729	550,742
Other receivables	10,765	103,414
	3,874,210	4,385,328
Current liabilities		
Other payables	86,000	96,000
Amount due to subsidiaries ^(b)	344,393	3,749,809
	430,393	3,845,809
Net current assets	3,443,817	539,519
Total assets less current liabilities, representing net assets	3,443,834	4,039,536
EQUITY		
Capital and reserves		
Share capital	827,586	827,586
Reserves	2,616,248	3,211,950
Equity attributable to owners of the Company	3,443,834	4,039,536

^(a) In 2019, this includes deemed investment of S\$3,500,000. The amount is stated at cost as it is deemed to be part of the Company's equity investment in the subsidiaries, as the amounts are interest-free, payable at discretion of the borrowers when they are able to do so.

^(b) During the year, the subsidiary returns the capital contributing of S\$3,500,000 to its holding company by way of offsetting the amount due by the holding company to the subsidiary.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

30 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY*(Continued)*

A summary of the Company's reserves is as follows:

	Share Premium S\$	Accumulated loss S\$	Total S\$
At 1 January 2019	8,613,061	(4,186,744)	4,426,317
Total comprehensive expense for the year:			
Loss for the year	—	(1,214,367)	(1,214,367)
At 31 December 2019	8,613,061	(5,401,111)	3,211,950
Total comprehensive expense for the year:			
Loss for the year	—	(595,702)	(595,702)
At 31 December 2020	8,613,061	(5,996,813)	2,616,248

31 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Borrowings S\$	Lease liabilities S\$	Total S\$
At 1 January 2019	5,599,814	—	5,599,814
Adoption of IFRS 16	—	1,213,465	1,213,465
New lease liabilities	—	1,275,780	1,275,780
Financing cash flows ⁽ⁱ⁾	(1,998,068)	(485,906)	(2,483,974)
Other changes ⁽ⁱⁱ⁾	—	(197,607)	(197,607)
At 31 December 2019	3,601,746	1,805,732	5,407,478
New lease liabilities	—	625,068	625,068
Financing cash flows ⁽ⁱ⁾	2,338,927	(610,065)	1,728,862
Other changes ⁽ⁱⁱ⁾	—	113	113
At 31 December 2020	5,940,673	1,820,848	7,761,521

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

31 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(Continued)

- ⁽ⁱ⁾ The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

- ⁽ⁱⁱ⁾ Other changes include interest accruals and payments.

32 CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes borrowings as disclosed in Note 22, net of bank balances and cash and equity attributable to owners of the Company, comprising share capital, share premium, merger reserve and accumulated profits.

The directors of the Company review the capital structure from time to time. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations by the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

Management regularly monitors compliance with the financial covenants imposed by financial institutions for the facilities granted to the Group. As at the end of the reporting period, the Group is in compliance with externally imposed financial covenants requirements.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

33 FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group	As at 31 December	
	2020 S\$	2019 S\$
Financial assets*		
— <i>Amortised cost</i>		
Trade receivables	5,155,488	20,943,010
Deposits and sundry debtors	330,472	156,752
Bank balances and cash	10,528,988	4,812,146
Total	16,014,948	25,911,908
Financial liabilities*		
— <i>Amortised cost</i>		
Trade and other payables	4,812,626	9,697,949
Borrowings	5,940,673	3,601,746
Total	10,753,299	13,299,695

* *Government grant receivables, Prepayments, Deferred Grant and GST payables are excluded*

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, bank balances and cash, pledged bank deposits, trade and other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

33 FINANCIAL INSTRUMENTS (Continued)**(a) Market risk*****Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on bank balances, and variable rate of interest incurred on borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate lease liabilities (Note 21). It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis represents management's assessment of the reasonably possible change in interest rates.

Variable-rate borrowings

If interest rates of the variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's (loss) profit for the years ended 31 December 2020 would increase/decrease by approximately S\$29,703 (2019: decrease/increase S\$18,009).

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

33 FINANCIAL INSTRUMENTS (Continued)

(b) Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk arises when transactions are denominated in currencies other than the respective functional currencies of group entities, namely Singapore dollar and Malaysia ringgit.

At the end of the reporting period, the Group is exposed to foreign currency movements in the Hong Kong dollar. At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currencies of each group entity are as follows:

	Liabilities		Assets	
	2020 S\$	2019 S\$	2020 S\$	2019 S\$
Hong Kong Dollar	—	—	3,331,481	4,406,816

Sensitivity analysis for foreign currency risk

A 5% strengthening/weakening of the Hong Kong dollar (HK\$) against the respective functional currencies of the Group entities as at 31 December 2020 would have increased (decreased) equity and profit before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

	(Loss) Profit before tax increase/(decrease)	
	2020 S\$	2019 S\$
HK\$ against S\$		
— strengthened	(166,574)	220,341
— weakened	166,574	(220,341)

In the management's opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

The Group monitors foreign currency exposure and will consider hedging significant currency exposure should the need arise.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***33 FINANCIAL INSTRUMENTS (Continued)****(c) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

As at 31 December 2020, there is a concentration of credit risk at 69% (2019: 96%) of the Group's trade receivables and contract assets at the end of the financial year related to 3 customers (2019: 2 customers).

In order to minimise credit risk, the directors of the Company have delegated its finance team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	Amount is less than 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL-not credit-impaired
In default	Amount is 90 days past due or there is evidence indicating the asset is credit impaired unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate	Lifetime ECL-credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***33 FINANCIAL INSTRUMENTS** *(Continued)***(c) Credit risk** *(Continued)*

For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items other than individually assessed credit-impaired receivables collectively, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Note 16 and 17 include further details on the loss allowance for trade receivables and contract assets.

For deposits and other receivables, the Group has assessed the credit profile and background of the counterparties and concluded that there is no significant increase in credit risk of the counterparties since initial recognition. The ECL for these financial assets is measured at 12-month ECL which is considered to be insignificant based on the Group's assessment on the risk of the default of that counterparty.

Other than concentration of credit risk on bank deposits and balances placed in five banks in which the counterparties are financially sound, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Non-derivative financial assets

At the end of reporting period, all financial assets of the Group are repayable on demand or due within their operating cycle, and are non-interest bearing except for bank balances and fixed deposits as set out in Note 19 to the financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2020

33 FINANCIAL INSTRUMENTS (Continued)**(d) Liquidity risk (Continued)****Non-derivative financial liabilities**

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

	Weighted average interest rate %	On demand or within 3 months S\$	3 to 6 months S\$	6 to 12 months S\$	1 to 5 years S\$	Over 5 years S\$	Total Undiscounted cash flow S\$	Carrying amount S\$
As at 31 December 2020								
<i>Non-interest bearing</i>								
Trade payables and other payables	—	4,812,626	—	—	—	—	4,812,626	4,812,626
<i>Interest bearing instruments</i>								
Lease liabilities (Fixed rate) (Note 21)	5.16	192,780	173,035	336,590	1,272,256	—	1,974,661	1,820,848
Bank loans — secured and guaranteed (Note 22)	3.12	303,265	303,250	606,211	4,556,993	801,838	6,571,557	5,940,673
Total		5,308,671	476,285	942,801	5,829,249	801,838	13,358,844	12,574,147
As at 31 December 2019								
<i>Non-interest bearing</i>								
Trade payables and other payables	—	9,697,949	—	—	—	—	9,697,949	9,697,949
<i>Interest bearing instruments</i>								
Lease liabilities (Fixed rate) (Note 21)	5.14	191,100	188,467	243,881	1,378,250	—	2,001,698	1,805,732
Trade financing — secured and guaranteed (Note 22)	3.09	1,894,244	—	—	—	—	1,894,244	1,888,897
Revolving credit (Note 22)	3.30	500,598	—	—	—	—	500,598	500,000
Bank loans — secured and guaranteed (Note 22)	3.59	35,072	34,974	69,654	520,844	925,956	1,586,500	1,212,849
Total		12,318,963	223,441	313,535	1,899,094	925,956	15,680,989	15,105,427

(e) Fair value**Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis**

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2020***34 IMPACT OF COVID-19 OUTBREAK ON THE GROUP'S OPERATIONS**

The outbreak of COVID-19 in early 2020 has caused disruptions to many industries globally. Despite the challenges, governments and internal organisations have implemented a series of measures to contain the pandemic. The Singapore government has implemented several phases of circuit breaker and post-circuit breaker recovery measures in order to contain the pandemic, and the Group's existing core business was significantly impacted by these measures, especially due to the halting of almost all its Building and Construction works since early April 2020. The economic uncertainties have also created questions about the uncertainties relating to the impairment or recoverability of certain assets (including impairment allowances for receivables). An assessment was made by management whether for the current reporting year there were any indications that these assets may be impacted adversely.

The Group however does not expect to incur hefty penalties for contract delays in the form of liquidated damages as most contracts have either been extended or include clauses for unforeseen events and circumstances. The Group has also received certain grants and assistance from the Singapore government to help offset some of its fixed costs during this time, primarily relating to its employee wages, foreign worker levies, and some project-based support. The Group has insofar adhered to all the requirements set out by the Singapore government, particularly relating to its business operations and in dealing with its foreign workers affected by the dormitory isolations and stay-home notices. The consolidated financial statements for the year ended 31 December 2020 has included the financial effects as a result of the COVID-19 outbreak up to 31 December 2020.

As of the date of authorisation of these consolidated financial statements, all of the Group's Building and Construction works have resumed, albeit at a reduced capacity as compared to pre-pandemic times due to additional safe distancing measures that will be applied at project sites to prevent a resurgence of the pandemic.

The Group will closely monitor the development of the pandemic and assess its impact on its operations continuously. Given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities, the actual financial impact of the COVID-19 outbreak on the Group's 2021 consolidated financial statements could be significantly different from estimates depending on how the situation evolves. Notwithstanding this and as disclosed in Note 33(d), the Group will have sufficient liquidity to enable the Company to continue as a going concern for at least the next 12 months from the date of the authorization of these financial statements.

Summary of Financial Information

	2020 S\$	2019 S\$	2018 S\$	2017 S\$	2016 S\$
RESULTS					
Revenue	10,153,652	50,851,802	50,117,397	27,890,048	22,003,922
Cost of services	(9,975,628)	(39,038,620)	(37,898,474)	(20,836,596)	(15,684,125)
Gross profit	178,024	11,813,182	12,218,923	7,053,452	6,319,797
Other income	1,041,376	222,021	216,862	281,903	298,202
Other gains (loss)	—	3,498	(510)	39,359	24,515
Selling expenses	(153,760)	(208,486)	(377,869)	(173,856)	(212,213)
Administrative expenses	(4,410,182)	(3,959,622)	(3,856,821)	(2,834,115)	(2,893,379)
Other expenses	(150,573)	(814,858)	—	(3,879,260)	(14,890)
Impairment loss recognised on financial assets	(88,945)	—	—	—	—
Finance costs	(185,722)	(189,202)	(175,149)	(143,006)	(124,691)
(Loss) Profit before taxation	(3,769,782)	6,866,533	8,025,436	344,477	3,397,341
Income tax income (expense)	378,910	(1,538,437)	(1,482,936)	(755,671)	(163,321)
(Loss) Profit for the year	(3,390,872)	5,328,096	6,542,500	(411,194)	3,234,020
Other comprehensive income (expense) for the year	16,114	(5,024)	(2,441)	—	—
	(3,374,758)	5,323,072	6,540,059	(411,194)	3,234,020
ASSETS AND LIABILITIES					
Non-current assets	8,022,464	8,388,966	4,064,002	4,629,900	5,409,018
Current assets	32,952,892	39,449,933	37,263,534	33,212,622	11,559,799
Current liabilities	7,444,860	14,594,393	14,363,264	17,183,827	5,078,702
Net current assets	25,508,032	24,855,540	22,900,270	16,028,795	6,481,097
Non-current liabilities	6,085,655	2,424,907	1,467,745	1,702,227	1,963,083
Net assets	27,444,841	30,819,599	25,496,527	18,956,468	9,927,032