

GT STEEL

Construction Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8402

THIRD QUARTERLY REPORT 2018

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 the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this report misleading.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ong Cheng Yew (*Chairman*)
Ms. Koh Siew Khing

Independent non-executive Directors

Mr. Tam Wai Tak Victor
Ms. Chooi Pey Nee
Mr. Tan Yeok Lim

AUDIT COMMITTEE MEMBERS

Mr. Tam Wai Tak Victor
(Chairman of the audit committee)
Ms. Chooi Pey Nee
Mr. Tan Yeok Lim

NOMINATION COMMITTEE MEMBERS

Mr. Tan Yeok Lim (*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

COMPLIANCE OFFICER

Mr. Ong Cheng Yew

COMPANY SECRETARY

Mr. Chan Hank Daniel

COMPLIANCE ADVISER

Vinco Capital Limited
Units 4909-4910, 49/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

UNAUDITED CONSOLIDATED FINANCIAL RESULTS

The board of Directors (the "Board") of the Company is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30 September 2018, together with the unaudited comparative figures for the corresponding periods in 2017, as follows:

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

For the three months and nine months ended 30 September 2018

	Note	Three months ended 30 September		Nine months ended 30 September	
		2018 S\$ (Unaudited)	2017 S\$ (Unaudited)	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)
Revenue	3	19,500,152	4,555,307	37,003,609	12,866,672
Cost of services		(14,179,336)	(3,338,348)	(26,656,502)	(9,389,648)
Gross profit		5,320,816	1,216,959	10,347,107	3,477,024
Other income	4A	46,871	60,318	180,479	185,954
Other (loss) gains	4B	(510)	—	(510)	2,121
Selling expenses		(175,008)	(35,094)	(317,130)	(102,006)
Administrative expenses		(2,311,315)	(931,760)	(3,564,101)	(2,088,978)
Other expenses	5	—	(208,231)	—	(2,926,729)
Finance costs	6	(57,618)	(23,093)	(114,705)	(104,871)
Profit (loss) before taxation	7	2,823,236	79,099	6,531,140	(1,557,485)
Income tax expense	8	(483,754)	(48,846)	(1,074,536)	(232,771)
Profit (loss) and total comprehensive income (expense) for the period		2,339,482	30,253	5,456,604	(1,790,256)
Basic earnings (loss) per share (S\$ cents)	10	0.49	0.01	1.14	(0.50)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Share Capital S\$	Share Premium S\$	Merger Reserves S\$	Accumulated Profits (loss) S\$	Total S\$
At 1 January 2017 (audited)	3,000,000	—	—	6,927,032	9,927,032
Loss and total comprehensive expense for the period	—	—	—	(1,790,256)	(1,790,256)
Issue of share	1	—	—	—	1
At 30 September 2017 (unaudited)	3,000,001	—	—	5,136,776	8,136,777
At 1 January 2018 (audited)	827,586	8,613,061	2,999,983	6,515,838	18,956,468
Profit and total comprehensive income for the period	—	—	—	5,456,604	5,456,604
At 30 September 2018 (unaudited)	827,586	8,613,061	2,999,983	11,972,442	24,413,072

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 1 February 2017. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is at 64 Woodlands Industrial Park E9, Singapore 757833. The shares of the Company are listed on GEM of the Stock Exchange with effect from 17 November 2017 (the "Listing Date").

Its parent company is Broadville Limited ("Broadville"), a company incorporated in the British Virgin Islands ("BVI") with limited liability, 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 Executive Director of the Company.

The Company is an investment holding company and its operating subsidiaries, are engaged in the designing, supplying, fabricating and erecting structural steel-works for the construction of buildings including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings and provision of pre-fabricated steel structures or on-site installation services.

The unaudited consolidated financial information is presented in Singapore Dollar ("S\$"), which is also the functional currency of the Company.

The unaudited consolidated financial information was approved by the Board on 13 November 2018.

2. GROUP REORGANISATION AND BASIS OF PREPARATION

To effect the group reorganisation (the "Group Reorganisation") for the purpose of the listing of the Company's shares on GEM of the Stock Exchange:

- (i) On 22 December 2016, Broadville was incorporated in the BVI with limited liability and is authorized to issue a maximum of 50,000 shares of a single class, each with a par value of US\$1, of which 1 fully paid share had been allotted and issued at par to Mr. Ong on 17 January 2017.
- (ii) On 28 November 2016, Chirton Investments Limited ("Chirton Investments") was incorporated in the BVI with limited liability and is authorized to issue a maximum of 50,000 shares of a single class each with a par value of US\$1, of which 1 fully paid share has been allotted and issued at par to Broadville on 17 January 2017.

2. GROUP REORGANISATION AND BASIS OF PREPARATION (continued)

- (iii) On 1 February 2017, the Company was incorporated as an exempted company in the Cayman Islands with limited liability and the initial one nil-paid subscriber share was issued to the initial subscriber and transferred to Broadville at nil-paid on the same day. The authorized share capital of the Company was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each at the time of incorporation.
- (iv) On 16 June 2017, Mr. Ong transferred the entire issued share capital of G-Tech Metal Pte. Ltd. ("G-Tech Metal") to Chirton Investments for a consideration which was settled by allotting and issuing 1 share in Chirton Investments, credited as fully paid, to Broadville at the direction of Mr. Ong.
- (v) On 21 June 2017, the authorized share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 shares of HK\$0.01 each by the creation of an additional 4,962,000,000 shares.
- (vi) On 21 June 2017, in consideration of Broadville transferring the entire issued share capital of Chirton Investments to the Company, the Company allotted and issued 9,999 new shares, credited as fully paid, to Broadville. After completion of the above transaction, G-Tech Metal became an indirectly wholly-owned subsidiary of the Company.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation has been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

These unaudited consolidated financial statements for the nine months ended 30 September 2018 should be read in conjunction with the audited financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies and methods of computation used in the preparation of these unaudited consolidated financial results are consistent with those used in the annual financial statements for the year ended 31 December 2017 except for the adoption of the following new IFRSs that are effective for financial period beginning on 1 January 2018 and are relevant to its operations.

IFRS 15	Revenue from contracts with customers
IFRS 9	Financial Instruments

2. GROUP REORGANISATION AND BASIS OF PREPARATION (continued)

The adoption of these new IFRSs did not have any significant impact on the financial statements of the Group except for the adoption of IFRS 15.

IFRS 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of IFRS 1, the Group will adopt IFRS 15 retrospectively.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

As a result of the adoption of IFRS 15, any amounts due from customers have been reclassified as contract assets. And any amounts due to customers have been reclassified as contract liabilities.

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 yet 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.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of construction services, installation and auxiliary services provided by the Group to external customers. The Group's operations are mainly derived from Singapore during the financial period.

Information is reported to the Executive Directors, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by category, i.e. provision of services comprising design, supply, fabrication and erection of structural steel-works for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore and Malaysia and other installation and auxiliary services by the Group to external customers for the respective reporting period. No analysis of the Group's results, assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 Operating Segments.

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from:				
Provision of structural steelworks services	19,500,152	4,555,307	37,003,609	12,866,672
	19,500,152	4,555,307	37,003,609	12,866,672

3. REVENUE AND SEGMENT INFORMATION (continued)

Major customers

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer I	18,030,969	N/A*	26,968,589	N/A*
Customer II	N/A*	1,438,361	N/A*	1,438,361
Customer III	N/A*	1,538,431	N/A*	1,538,431

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

Geographical information

Revenue based on geographical location of customers are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Singapore	19,185,446	4,555,307	35,033,434	12,866,672
Malaysia	314,706	—	1,970,175	—
	19,500,152	4,555,307	37,003,609	12,866,672

4. A. OTHER INCOME

	Three months ended 30 September 2018		Nine months ended 30 September 2018	
	S\$ (Unaudited)	2017 S\$ (Unaudited)	S\$ (Unaudited)	2017 S\$ (Unaudited)
Insurance claim receipt	12,513	16,921	20,070	20,808
Government grants	2,060	2,052	51,901	27,183
Rental income	32,229	27,078	95,772	92,661
Sundry income	69	14,267	12,736	45,302
	46,871	60,318	180,479	185,954

B. OTHER (LOSS) GAINS

	Three months ended 30 September 2018		Nine months ended 30 September 2018	
	S\$ (Unaudited)	2017 S\$ (Unaudited)	S\$ (Unaudited)	2017 S\$ (Unaudited)
(Loss) gain on disposal of property, plant and equipment	(510)	—	(510)	2,121

5. OTHER EXPENSES

This included listing expenses of \$208,231 and \$2,926,729 for the three months and nine months ended 30 September 2017 respectively, all unaudited.

6. FINANCE COSTS

	Three months ended 30 September 2018		Nine months ended 30 September 2018	
	S\$ (Unaudited)	2017 S\$ (Unaudited)	S\$ (Unaudited)	2017 S\$ (Unaudited)
Interest on:				
Bank borrowings				
— wholly repayable within five years	42,506	6,560	69,170	46,918
— not wholly repayable within five years	10,623	10,341	30,964	25,921
Finance lease	4,489	6,192	14,571	32,032
	57,618	23,093	114,705	104,871

7. PROFIT (LOSS) BEFORE TAXATION

	Three months ended 30 September		Nine months ended 30 September	
	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)
Profit (loss) for the period has been arrived at after charging:				
Listing expenses	—	208,231	—	2,926,729
Depreciation of property, plant and equipment:				
— Recognised in cost of services	116,509	115,146	346,063	345,569
— Recognised in administrative expenses	54,975	79,882	169,131	239,841
Depreciation of investment properties	13,317	13,317	39,950	39,950
Directors' remuneration	69,800	54,120	209,776	162,360
Other staff costs				
— Salaries and wages	1,342,843	1,063,962	2,767,591	2,605,018
— Defined contribution plans	28,998	19,638	94,316	60,505
— Other staff plans	24,280	4,839	60,393	20,527
Total staff costs	1,465,921	1,142,559	3,132,076	2,848,410
Cost of materials recognised as expenses	7,655,668	534,324	11,890,279	2,701,724
Subcontractor costs recognised as expenses	4,876,843	1,700,666	11,258,889	3,390,123

8. INCOME TAX EXPENSE

Three months ended 30 September		Nine months ended 30 September	
2018	2017	2018	2017
S\$	S\$	S\$	S\$
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Tax expense comprises:

Current tax

— Singapore corporate
income tax ("CIT")

483,754	48,846	1,074,536	232,771
483,754	48,846	1,074,536	232,771

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

9. DIVIDEND

The Directors do not recommend the payment of dividend for the nine months ended 30 September 2018 (2017: nil).

10. EARNINGS (LOSS) PER SHARE

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

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

Three months ended 30 September		Nine months ended 30 September	
2018	2017	2018	2017
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Profit (Loss) attributable to the owners of the Company (S\$)	2,339,482	30,253	5,456,604	(1,790,256)
Weighted average number of ordinary shares in issue	480,000,000	360,000,000	480,000,000	360,000,000
Basic earnings (loss) per share (S\$ cents)	0.49	0.01	1.14	(0.50)

10. EARNINGS (LOSS) PER SHARE (continued)

The calculation of the basic earnings or loss per share is based on the profit or loss for the period attributable to owners of the Company and the weighted average number of ordinary shares in issue throughout the three months and nine months ended 30 September 2018. The number of shares for the purpose of basic earnings per share for three months and nine months ended 30 September 2017 is based on the assumption that 360,000,000 ordinary shares of the Company are in issue and issuable, comprising an aggregate of 10,000 ordinary shares, 359,990,000 ordinary shares issuable upon capitalisation of share premium, as if the Group Reorganisation was effective on 1 January 2017.

No adjustment has been made to the basic earnings or loss per share presented for the nine months ended 30 September 2017 and 2018 as the Group had no potentially diluted ordinary shares in issue during those periods.

11. RELATED PARTY TRANSACTIONS

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short term benefits	113,929	88,950	345,137	265,943
Post-employment benefits	10,800	10,800	32,400	32,370
	124,729	99,750	377,537	298,313

12. RESERVES

During the period under review, there was no movement to and from any reserves other than profit for the nine months ended 30 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

For the financial period to date, the Group is principally engaged in the design, supply, fabrication and erect structural steel-works for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore.

FINANCIAL REVIEW

Revenue and Results

For the nine months ended 30 September 2018, the Group recorded an unaudited revenue of approximately S\$37,004,000 (2017: approximately S\$12,867,000) and profit of approximately S\$5,457,000 (2017: loss of approximately S\$1,790,000).

Revenue had increased by 187.6% mainly due to new projects awarded on 19 March 2018 and 29 June 2018, and recognized during the financial period.

The gross profit for the nine months ended 30 September 2018 was approximately S\$10,347,000 (2017: approximately S\$3,477,000). The gross profit margin was maintained at approximately 27% to 28% for the nine months ended 30 September 2017 and 2018.

Selling and administrative expenses for the nine months ended 30 September 2018 was approximately S\$3,881,000 (2017: approximately S\$2,191,000) representing an increase of S\$1,690,000 mainly due to an increase in staff salaries due to workforce expansion, consultation & professional fee, site/factory setup and upkeep cost, and machineries maintenance fee.

Other expenses for the nine months ended 30 September 2017 included approximately S\$2,927,000 listing expenses.

The Group recorded a profit before taxation for the nine months ended 30 September 2018 of approximately S\$6,531,000 (2017: approximately S\$1,369,000 exclusive of listing expenses of approximately S\$2,927,000) representing an increase of S\$5,162,000 as compared with the corresponding period of last year.

The profit after taxation for the nine months ended 30 September 2018 was approximately S\$5,457,000 (2017: approximately S\$1,137,000 exclusive of listing expenses of approximately S\$2,927,000) representing an increase of S\$4,320,000 as compared with the corresponding period of last year.

FINANCIAL REVIEW (continued)

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of the Group. However, the Group retains the proceeds from the share offer of 120,000,000 new shares at the price of HK\$0.54 per share in Hong Kong Dollar, which exposed the Group to foreign exchange risk arising from the fluctuations of exchange rate for Hong Kong Dollar against Singapore Dollar. 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.

Dividend

The Directors do not recommend the payment of dividend for the nine months ended 30 September 2018 (2017: Nil).

BUSINESS REVIEW

Revenue comprised of revenue from the provision of construction services, installation and auxiliary services provided by the Group to external customers, which amounted to approximately S\$37,004,000 and S\$12,867,000 for nine months ended 30 September 2018 and 2017, respectively.

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

During the nine months ended 30 September 2018 and 2017, the net profit was approximately S\$5,457,000 and S\$1,137,000 exclusive of listing expense of approximately S\$2,927,000 respectively.

PROSPECT

The Group has been achieving the Group's revenue forecast in 2018. The Group will continue to manage its expenditure and to constantly review the business strategy of the Group for more business opportunities.

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

Contractors and developers in Singapore will need to work with suppliers that can help them score green points to ensure that the final structure is commercially viable. Hence, steel is still the material of choice for the construction of the buildings and temporary support for deep excavations. As public sector projects are expected to form up to 70% of Singapore's contracts awarded up to 2021, it is likely that the proportion of steel used will continue to grow in tandem and will at least keep track with the expected compound annual growth rate of 4.13% of the overall construction build from 2018–2021.

PROSPECT (continued)

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

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

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

As at 30 September 2018, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
<i>Executive Directors:</i>			
Mr. Ong Cheng Yew	Interest of the controlled company ⁽¹⁾	360,000,000	75%
Ms. Koh Siew Khing	Interest of spouse ⁽²⁾	360,000,000	75%

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

Aggregate long positions in the shares and underlying shares of the Company (continued)

Notes:

- (1) Broadville Limited is wholly-owned by Mr. Ong Cheng Yew. Under the SFO, Mr. Ong Cheng Yew is deemed to be interested in all the shares of the Company held by Broadville Limited.
- (2) Ms. Koh Siew Khing is the spouse of Mr. Ong Cheng Yew and is deemed to be interested in all the shares of the Company in which Mr. Ong is interested in under the SFO.

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2018, the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 September 2018, the Company had been notified of the following substantial shareholder's interest and short positions being 5% or more of the issued share capital of the Company.

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

Name of substantial shareholder	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Broadville Limited	Beneficial owner	360,000,000	75%

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

Aggregate long positions in the shares and underlying shares of the Company (continued)

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who had an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 30 September 2018.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period under review, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Group had any interests in any business which competed with or might compete with the business of the Group.

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

Since the Listing Date to 30 September 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS

During the period ended 30 September 2018, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code from the Listing Date up to the date of this report.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Vinco Capital Limited, as at 30 September 2018, save for the compliance adviser agreement dated 26 June 2017 entered into between the Company and Vinco Capital Limited, neither Vinco Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the “Scheme”) on 2 November 2017. The purpose of the Scheme is to advance the interests of the Company and its shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to prove the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons’ contribution to further advance the interests of the Group. The principal terms of the Scheme are summarized in the section headed “Share Option Scheme” in Appendix V to the prospectus of the Company dated 7 November 2017.

As at 30 September 2018, no share option was outstanding under the Scheme. No share option has been granted, exercised, cancelled or lapsed under the Scheme since its adoption.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the nine months ended 30 September 2018.

SIGNIFICANT INVESTMENTS

As at 30 September 2018, the Group did not hold any significant investments (31 December 2017: Nil).

EVENTS AFTER THE FINANCIAL PERIOD

No significant events have taken place subsequent to 30 September 2018 and up to the date of this report.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 21 June 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee consists of three independent non-executive Directors namely Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim (Chen Yulin). Mr. Tam Wai Tak Victor, the Director with the appropriate professional qualifications, serves as the chairman of the Audit Committee.

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

The Audit Committee has reviewed the unaudited results for the nine months ended 30 September 2018 and has provided advice and comments thereon.

By order of the Board

Ong Cheng Yew

Chairman and Executive Director

Singapore, 13 November 2018

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

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