



GT STEEL Construction Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8402

THIRD QUARTERLY
REPORT 2022

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

Non-executive Director

Ms. Lin Xiaoqin

Independent non-executive Directors

Mr. Tam Wai Tak Victor
Ms. Chooi Pey Nee
Mr. Tan Yeok Lim (Chen Yulin)

AUDIT COMMITTEE MEMBERS

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

NOMINATION COMMITTEE MEMBERS

Mr. Tan Yeok Lim (Chen Yulin)
(Chairman of the nomination committee)
Mr. Tam Wai Tak Victor
Ms. Chooi Pey Nee
Ms. Koh Siew Khing

REMUNERATION COMMITTEE MEMBERS

Ms. Chooi Pey Nee
(Chairwoman of the remuneration committee)
Mr. Tam Wai Tak Victor
Mr. Tan Yeok Lim (Chen Yulin)

COMPLIANCE OFFICER

Mr. Ong Cheng Yew

COMPANY SECRETARY

Mr. Chan Hank Daniel

COMPLIANCE ADVISER

Vinco Financial Limited
Unit 2602, 26/F, The Center
99 Queen's Road Central
Hong Kong

AUDITOR

Yongtuo Fuson CPA Limited
Unit 1020, 10/F, Tower B
New Mandarin Plaza
14 Science Museum Road
Tsim Sha Tsui East
Kowloon

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 (the “Board”) of the Directors is pleased to present the unaudited consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30 September 2022, together with the unaudited comparative figures for the corresponding period in 2021, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2022

	Note	Three months ended 30 September		Nine months ended 30 September	
		2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Revenue	3	2,373,706	950,387	6,017,105	14,903,404
Cost of services		(2,561,140)	(2,432,334)	(8,409,005)	(16,419,415)
Gross loss		(187,434)	(1,481,947)	(2,391,900)	(1,516,011)
Other income	4A	62,152	130,585	256,193	391,441
Other gains	4B	1,888	399	1,888	399
Selling expenses		(44,957)	(43,493)	(130,569)	(131,482)
Administrative expenses		(853,548)	(764,438)	(2,610,804)	(2,874,128)
Other expenses		(2,836)	—	(2,836)	—
Finance costs	5	(37,829)	(60,674)	(127,394)	(189,322)
Loss before taxation	6	(1,062,564)	(2,219,568)	(5,005,422)	(4,319,103)
Income tax expense	7	—	(8,285)	—	(8,285)
Loss for the period		(1,062,564)	(2,227,853)	(5,005,422)	(4,327,388)
Other comprehensive income					
<i>Item that was subsequently reclassified to profit or loss</i>		—	—	(38,992)	(8,649)
Total comprehensive expense for the period		(1,062,564)	(2,227,853)	(5,044,414)	(4,336,037)
Basic loss per share					
<i>(S\$ cents)</i>	9	(0.22)	(0.46)	(1.04)	(0.90)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	Share Capital S\$	Share Premium S\$	Merger Reserves S\$	Accumulated Profits S\$	Translation Reserve S\$	Total S\$
At 1 January 2021 (audited)	827,586	8,613,061	2,999,983	14,995,562	8,649	27,444,841
Total comprehensive expense for the period	—	—	—	(4,327,388)	(8,649)	(4,336,037)
At 30 September 2021 (unaudited)	827,586	8,613,061	2,999,983	10,668,174	—	23,108,804
At 1 January 2022 (audited)	827,586	8,613,061	2,999,983	38,992	5,440,753	17,920,375
Total comprehensive expense for the period	—	—	—	(38,992)	(5,005,422)	(5,044,414)
At 30 September 2022 (unaudited)	827,586	8,613,061	2,999,983	—	435,331	12,875,961

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.

Broadbville Limited (“Broadbville”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability, is the Company’s ultimate holding company. Its ultimate controlling party is Mr. Ong Cheng Yew, 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 10 November 2022.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial results should be read in conjunction with the audited financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). For these unaudited consolidated financial results, the Group has applied the new and amendments to IFRSs and interpretations. The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group.

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 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from:				
Provision of structural steel-works services	2,373,706	950,387	6,017,105	14,903,404

Timing of recognition

Revenue based by timing of recognition are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Over time	2,373,706	950,387	6,017,105	14,903,404

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	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer I	—	N/A*	2,618,723	1,823,936
Customer II	N/A*	N/A*	N/A*	3,009,380
Customer III	N/A*	N/A*	N/A*	1,573,451

* 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	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Singapore	2,373,706	950,387	6,017,105	14,903,404

4. A. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Insurance claim receipt	—	—	—	1,453
Government grants	22,427	74,775	147,564	268,963
Rental income	39,725	32,296	108,005	96,889
Sundry income	—	23,514	624	24,136
	62,152	130,585	256,193	391,441

B. OTHER GAINS

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	1,888	399	1,888	399

5. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on:				
Bank borrowings				
— wholly repayable within five years	19,100	36,293	78,321	105,547
— not wholly repayable within five years	341	3,857	1,508	24,324
Lease liabilities	18,388	20,524	47,565	59,451
	37,829	60,674	127,394	189,322

6. LOSS BEFORE TAXATION

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Depreciation of property, plant and equipment:				
— Recognised in cost of services	45,773	54,866	136,611	132,153
— Recognised in administrative expenses	219,777	209,363	578,745	546,250
Depreciation of right-of-use assets:				
— Recognised in cost of services	84,092	80,904	248,764	242,775
— Recognised in administrative expenses	53,931	74,608	177,791	223,823
Depreciation of investment properties	13,317	13,317	39,950	39,950
Directors' remuneration	173,530	172,676	425,770	424,916
Other staff costs				
— Salaries and wages	714,443	729,415	2,027,656	2,475,116
— Defined contribution plans	14,968	15,208	44,638	50,337
— Other staff benefits	10,426	30,184	43,586	100,633
Total staff costs (inclusive of directors' remuneration)	913,367	947,483	2,541,650	3,051,002
Cost of materials recognised as expenses	458,599	—	2,721,955	4,243,438
Subcontractor costs recognised as expenses	1,305,082	1,426,796	3,313,081	8,694,268

7. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Tax expense comprises:				
Current tax				
— Singapore corporate income tax ("CIT")	—	—	—	—
— under provision in prior years	—	8,285	—	8,285
Deferred tax expense				
— under provision in prior years	—	—	—	—
	—	8,285	—	8,285

Singapore CIT is calculated at 17% (2021: 17%) of the estimated assessable profit for the period.

8. DIVIDEND

The Directors do not recommend the payment of dividend for the nine months ended 30 September 2022 (2021: Nil).

9. LOSS PER SHARE

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

9. LOSS PER SHARE (continued)

No diluted loss 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	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company (S\$)	(1,062,564)	(2,227,853)	(5,005,422)	(4,327,388)
Weighted average number of ordinary shares in issue	480,000,000	480,000,000	480,000,000	480,000,000
Basic loss per share (S\$ cents)	(0.22)	(0.46)	(1.04)	(0.90)

The listing of warrants on GEM by way of bonus issue was announced on 23 August 2021. There was no impact on the retained earning as no subscription rights attaching to the warrants was exercised as at 30 September 2022.

10. RELATED PARTY TRANSACTIONS

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short term benefits	120,000	145,326	360,000	435,980
Post-employment benefits	6,120	7,799	18,360	23,397
	126,120	153,125	378,360	459,377

MANAGEMENT DISCUSSION AND ANALYSIS

General

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

FINANCIAL REVIEW

Revenue and Results

For the nine months ended 30 September 2022, the Group recorded an unaudited revenue of approximately S\$6,017,000 (2021: approximately S\$14,903,000) and loss of approximately S\$5,005,000 (2021: loss of approximately S\$4,327,000).

The gross loss for the nine months ended 30 September 2022 was approximately S\$2,392,000 (2021: gross loss of approximately S\$1,516,000).

The loss for the period is mainly contributed by (1) the lower revenue; (2) new projects coming in at a slower pace; (3) fluctuation of the price of steel due to changes in market supply and demand, which is driven by factors such as global economic conditions and the production capacities of steel mill; and (4) higher subcontractor costs due to shortage of foreign workers.

Other income for the nine months ended 30 September 2022 was approximately S\$256,000 (2021: approximately S\$391,000). The higher amount for 2021 is due to Job Support Scheme granted by the Government of Singapore in order to help employers to retain the local employees during the period of novel coronavirus disease ("COVID-19").

Selling and administrative expenses for the nine months ended 30 September 2022 was approximately S\$2,741,000 (2021: approximately S\$3,006,000).

The Group recorded a loss before taxation for the nine months ended 30 September 2022 of approximately S\$5,005,000 (2021: loss before taxation of approximately S\$4,319,000).

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 by way of share offer in Hong Kong dollar, which exposed the Group to foreign exchange risk arising from the fluctuations of exchange rate for Hong Kong dollar against Singapore dollars. The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures if necessary.

FINANCIAL REVIEW (continued)

Reserves

Movement in the reserves of the Group for the nine months ended 30 September 2022 are set out above in the unaudited consolidated statement of changes in equity.

Dividend

No dividend was paid, proposed or declared for the ordinary shareholders of the Company for the nine months ended 30 September 2022 (2021: Nil).

Contingent Liabilities

As at 30 September 2022, the Group did not have any contingent liabilities.

Capital Commitments

As at 30 September 2022, the Group did not have any capital commitments.

Employee Information

As at 30 September 2022, the Group had an aggregate of 125 (2021: 116) employees.

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

Total staff costs, including Directors' emoluments, amounted to approximately S\$2,452,000 and S\$3,051,000 for the nine months ended 30 September 2022 and 2021 respectively.

BUSINESS REVIEW

Revenue is 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\$6,017,000 and S\$14,903,000 for the nine months ended 30 September 2022 and 2021, respectively.

The loss for the nine months ended 30 September 2022 is approximately S\$5,005,000 (2021: loss of approximately S\$4,327,000).

The loss for the period is mainly contributed by (1) the lower revenue; (2) new projects coming in at a slower pace; (3) fluctuation of the price of steel due to changes in market supply and demand, which is driven by factors such as global economic conditions and the production capacities of steel mill; and (4) higher subcontractor costs due to shortage of foreign workers.

BUSINESS REVIEW (continued)

Due to the impact of COVID-19 pandemic, the Group experienced delays and disruption in its projects. The Group has been acting in a timely manner to identify, assess and mitigate completion risk especially for larger capital projects.

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

The Group's strategies are to expand and strengthen its market position in the structural steel work industry in Singapore through the expansion capacity to cater to higher demands.

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. Structural steel is a critical component in many of these projects.

The 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, operation, business and prospects may be affected by various risks and uncertainties such as the non-recurring nature of the Group's contracts, potential delays in projects and risks involved in engaging subcontractors. The Group adopts risk management policies, measures and monitoring systems to pre-empt and contain exposures associated with the identified risks.

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

BUSINESS REVIEW (continued)

Prospect

Economic outlook for 2022

The Singapore economy grew by 4.4 per cent in the third quarter of the year from the same period a year ago, supported by continued strong growth in the construction and services sectors, advance estimates from the Singapore Ministry of Trade and Industry (MTI) show.

Ongoing labour shortages and higher costs of construction materials are persistent challenges that the construction industry faces in 2022, according to a market report by Turner & Townsend, an international project management consultancy.

Based on data from the Singapore Building and Construction Authority, the overall construction demand for the whole of 2022 is forecast to reach between S\$27 billion and S\$32 billion. This amount reflects projects that are expected to be awarded this year rather than progressive payments towards ongoing projects.

Going forward, the Group will continue to expand and strengthen its market position in the structural steelwork industry in Singapore through the expansion of its production capacity and workforce.

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

As at 30 September 2022, 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	Number of underlying shares held	Approximate percentage of the issued share capital
<i>Executive Directors:</i>				
Mr. Ong Cheng Yew	Interest of the controlled company ⁽¹⁾	331,790,000	66,358,000	82.95%
Ms. Koh Siew Khing	Interest of spouse ⁽²⁾	331,790,000	66,358,000	82.95%

Notes:

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

Save as disclosed above, as at 30 September 2022, 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 2022, the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 September 2022, 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	Number of underlying shares held	Approximate percentage of the issued share capital
Broadbville Limited	Beneficial owner	331,790,000	66,358,000	82.95%
Million Treasure International Holdings Limited ⁽¹⁾	Beneficial owner	331,790,000	66,358,000	82.95%
Zhang Zhang	Interest of the controlled company ⁽²⁾	331,790,000	66,358,000	82.95%

Notes:

- (1) Million Treasure International Holdings Limited as the purchaser entered into a sale and purchase agreement with Broadbville Limited as the vendor on 5 September 2022 with respect of 331,790,000 shares of the Company and 66,358,000 warrants of the Company. Completion of the sale and purchase agreement is subject to fulfillment of certain conditions as stated therein.
- (2) Million Treasure International Holdings Limited is owned by Mr. Zhang Zhang as to 80%. Under the SFO, Mr. Zhang Zhang is deemed to be interested in all the shares of the Company held by Million Treasure International Holdings Limited.

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 2022.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2022.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS

During the nine months ended 30 September 2022, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the nine months ended 30 September 2022.

Code Provision C.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.

INTEREST OF THE COMPLIANCE ADVISER

As at 30 September 2022, neither Vinco Financial 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.

BONUS WARRANTS ISSUES

The Company has issued bonus warrants on the basis of one warrant for every five existing shares held on 6 August 2021. The subscription rights attached to the bonus warrants will be exercisable from 24 August 2021 to 23 August 2023 (both days inclusive). Any subscription rights which had not been exercised by 4:00 p.m. on 23 August 2023, would lapse and the certificates of the warrants would cease to be valid for any purpose. A total of 96,000,000 warrants (warrant code: 8209) were issued by the Company to the shareholders on 24 August 2021 pursuant to the general mandate granted to the Directors at the Company's annual general meeting held on 22 June 2021 with initial subscription price of HK\$4.00 per new share (subject to adjustment). None of the warrants were exercised and the Company did not receive any subscription monies during the nine months ended 30 September 2022.

SHARE OPTION SCHEME

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

As at 30 September 2022, no share option was outstanding under the Scheme. No share option has been granted, exercised, cancelled or lapsed under the Scheme since its adoption.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no significant investments, material acquisitions or disposals of subsidiaries, associates, and joint ventures during the nine months ended 30 September 2022.

EVENTS AFTER THE FINANCIAL PERIOD

No significant events have taken place after the nine months ended 30 September 2022 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 D.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim (Chen Yulin). Mr. Tam Wai Tak Victor, a Director with the appropriate professional qualifications, serves as the chairman of the Audit Committee. Among other things, the primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of 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 2022 and has provided advice and comments thereon.

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

Singapore, 10 November 2022

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

This report will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk 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.