

GT STEEL Construction Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8402



2022
ANNUAL REPORT

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

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

AUTHORISED REPRESENTATIVES

Mr. Ong Cheng Yew

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

Registered Public Interest Entity Auditors

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

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 2022.

PERFORMANCE

For the year ended 31 December 2022, the Group recorded a 26.4% decrease in revenue from approximately S\$12,750,000 in 2021 to S\$9,387,000 in 2022. The loss after tax of the Group were approximately S\$6,765,000 for the year ended 31 December 2022 and loss after tax were approximately S\$9,555,000 for the year ended 31 December 2021.

The loss for the financial year ended 31 December 2022 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.

OUTLOOK

The Singapore economy grew by 4.4per cert in the third quarter of the year 2022 from the same period a year ago, supported by continued strong growth in the construction and services sectors, as estimated by the Singapore Ministry of Trade and Industry (MTI).

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

As an industry, collective action needs to be taken to build a more sustainable future.

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,

29 March 2023

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue and Results

For the year ended 31 December 2022, the Group recorded revenue of approximately S\$9,387,000 (2021: approximately S\$12,750,000).

The loss for the financial year ended 31 December 2022 is mainly contributed by (1) new projects coming in at a slower pace, (2) fluctuation of the price of steel due to changes in market supply and demand, which is driven by factors such as global economic conditions and the production capacities of steel mill, (3) higher subcontractor costs due to shortage of foreign workers.

Selling and administrative expenses for the year ended 31 December 2022 was approximately S\$3,944,000 (2021: approximately S\$4,333,000).

The Group recorded a loss before tax for the year ended 31 December 2022 of approximately S\$6,761,000 and loss before tax for the year ended 31 December 2021 of approximately S\$9,563,000.

The loss after tax of the Group were approximately S\$6,765,000 for the year ended 31 December 2022 and loss after tax were approximately S\$9,555,000 for the year ended 31 December 2021.

Liquidity and Financial Resources

The Group's exposure to liquidity risk arises in the general funding of the Group's operations, in particular, that the duration of the contracts spans from one month to one year and during which the amount of progress claim varies from month to month depending on the provision of construction works and installation and auxiliary services for the month. The supply and installation schedule is as directed by the customer, in accordance with the main contractor's schedule. As such, the Group actively manages our customers' credit limits, aging, and repayment of retention monies and monitors the operating cash flows to ensure adequate working capital funds and repayment schedule is met.

As at 31 December 2022, the Group's borrowings comprised lease liabilities of approximately S\$15,000 exclusive of lease liabilities in relation to the addition of IFRS 16 of approximately S\$969,000 (2021: lease liabilities of approximately S\$54,000 exclusive of lease liabilities in relation to the addition of IFRS 16 of approximately S\$1,141,000) and bank borrowings of approximately S\$2,739,000 (2021: approximately S\$3,710,000).

The Group had cash and cash equivalents of approximately S\$4,697,000 (2021: approximately S\$5,564,000) 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 24.7% (2021: approximately 21.0%).

Management Discussion and Analysis (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 listing of the Company on GEM of the Stock Exchange on 17 November 2017 (the "Listing Date") by way of share offer (the "Share Offer") in Hong Kong dollars, which exposed the Group to foreign exchange risk arising from the fluctuations of exchange rate for Hong Kong dollars against Singapore dollars. The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures if necessary.

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

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

Charges on Group's Assets

The Group has total present value of lease obligations under finance lease, which are secured by the relevant leased machinery and motor vehicles amounting to approximately S\$35,000 (2021: approximately S\$161,000).

Contingent Liabilities

As at 31 December 2021 and 2022, the Group did not have any contingent liabilities.

Capital Commitments

As at 31 December 2021 and 2022, the Group did not have any capital commitments.

Employee Information

As at 31 December 2022, the Group had an aggregate of 131 (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\$3,506,000 and S\$4,068,000 for the years ended 31 December 2022 and 2021 respectively.

Management Discussion and Analysis (Continued)**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 2022 is set out below:

Business Strategies	Actual business progress up to 31 December 2022
— 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\$1.7 million for the purchase of machinery for the leased property located at 12 Sungei Kadut Loop, Singapore 729456 (the "Leased Property"). The remaining amount of approximately HK\$13.0 million is expected to be utilised by 31 December 2023 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	Actual use of proceeds from the Listing up to 31 December 2021 HK\$ million	Proceeds utilised during the year ended 31 December 2021 HK\$ million	Proceeds utilised during the year ended 31 December 2022 HK\$ million	Outstanding proceeds as at 31 December 2022 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⁾	—	1.6	13.0 ⁽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 2019, the Group has utilised the net proceeds raised as deposit and payment of remaining purchase consideration after the execution of the share purchase agreement for the acquisition of the entire issued shares in Kay Huat Trading Company Private Limited in relation to the Leased Property.
- (3) Such amount was utilised as down payment for the purchase of machinery for the Leased Property. The remaining amount of the unutilised net proceeds is expected to be utilised by 31 December 2023.

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\$9,387,000 and S\$12,750,000 for the years ended 31 December 2022 and 2021 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 2022 was approximately S\$6,761,000 and the loss before tax for the year ended 31 December 2021 was approximately S\$9,563,000.

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 production 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.

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

PROSPECT

Economic outlook

Total construction demand in 2023 is projected to range between S\$27 billion and S\$32 billion, similar to last year's projection — Memorandums of Understanding signed to step up transformation efforts across the Built Environment value chain.

The Building and Construction Authority (BCA) projects the total construction demand in 2023 (i.e. the value of construction contracts to be awarded) to range between approximately S\$27 billion and S\$32 billion.

The public sector is expected to contribute about 60 per cent of the total construction demand, between approximately S\$16 billion and S\$19 billion. This is supported by a continued strong pipeline of public housing projects amid Housing Development Board's (HDB) ramping up of Build-To-Order (BTO) flats supply. Industrial and institutional building construction is expected to contribute strongly to public sector demand, with more projects for the construction of water treatment plants, educational buildings and community clubs. Civil engineering construction demand is anticipated to stay firm with continued support from MRT line construction and other infrastructure works.

Private sector construction demand is projected to be between approximately S\$11 billion and S\$13 billion in 2023, comparable with 2022 figures. Both residential and industrial building construction demand are expected to be similar to last year's level, underpinned by the development of new condominiums and high-specification industrial buildings. Due to the rescheduling of some major projects from 2022 to 2023 as well as the redevelopment of old commercial premises to enhance asset values, commercial building demand is anticipated to increase.

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 54, 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 2022, Mr. Ong held the entire issued shares of Broadville Limited and was deemed to be interested in 331,790,000 Shares and 66,358,000 underlying Shares held by Broadville Limited, representing approximately 82.95% 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 52, 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 more than 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 2022, Ms. Koh was deemed to be interested in 331,790,000 Shares and 66,358,000 underlying Shares, representing approximately 82.95% 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)

Ms. Chen Xiaoyu, aged 28, was appointed as a non-executive Director on 3 January 2021 and re-designated to an executive director on 30 July 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.

NON-EXECUTIVE DIRECTOR

Ms. Lin Xiaoqin, aged 47, was appointed as a non-executive Director on 30 July 2021. She is one of the core founders and currently the chairperson of Shenzhen Qianzhi Network Technology Co., Ltd., and the chairperson and president of Shenzhen Qianzhi Biotechnology Co., Ltd. Ms. Lin has more than 20 years of professional experience in beauty industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Wai Tak Victor, aged 45, 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 20 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) and served as an independent non-executive director of Cool Link (Holdings) Limited (Stock Code: 8491) from August 2017 to May 2019.

Ms. Chooi Pey Nee, aged 55, 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 51, 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.

Directors and Senior Management Profile (Continued)

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.

COMPANY SECRETARY

Mr. Chan Hank Daniel, aged 48, 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 acted as the company secretary of Kirin Group Holdings Limited (stock code: 8109) from 1 January 2020 to 1 January 2022. 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 CULTURE

The Board of Director values a healthy corporate culture and embeds it into our operation.

Our culture is a driver for us to strike to success lawfully, ethically, and responsibly. Our members of the Board consider a balance between long-term goals and short-term benefits. Our directors have an individual and collective responsibility for upholding our corporate culture by setting examples in the day-to-day operation, establishing relevant code of conduct and whistle blower system.

Our culture has the following characteristics.

- **Objectivity**
Our directors and management must make their best efforts in making business decisions objectively and in the best interests of the Company and its shareholders.
- **Transparency**
Our directors and management must make informed decisions where they should collect the best information available to them and to take proper due diligence work.
- **Ethical Acts**
Our directors and management must make business decisions within the realm of the law and take actions legally and ethical that our success must not be achieved by exploiting others.

We have properly preserved and promoted our corporate culture during 2022. The Board of Directors have assessed our culture against a set of qualitative and quantitative reference, such as number of material non-compliance or regulatory breaches, staff turnover rate caused by ethical issues, serious stakeholders' complaints or number of reported cases of fraud or corruption. In the absence of adverse signs, the Board of Director considers our culture effective.

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 2022. Details of the Group's corporate governance practices adopted by the Board are set out in the Corporate Governance Report on pages 15 to 27 of this report.

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.

Corporate Governance Report (Continued)**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 2022.

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 seven directors of which three 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 A.2.1 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
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*)

Corporate Governance Report (Continued)

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

During the year ended 31 December 2022, 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	2/4
Ms. Lin Xiaoqin	3/4
Mr. Tam Wai Tak Victor	4/4
Ms. Chooi Pey Nee	4/4
Mr. Tan Yeok Lim (Chen Yulin)	4/4

GENDER DIVERSITY AT WORKFORCE

As of 31 December 2022, the Group has maintained a gender diversity ratio of 8.3% female and 91.7% male.

The higher male proportion at our workforce is mainly due to the work nature of our operation. The Board of the Director sets a gender diversity goal of maintaining our current workforce gender with a 3% variance.

While achieving the target, the Group may be encounter certain situations, such as the labour supply or specific needs of particular type of employees at relevant time where our gender diversity goal may be hindered. Our human resource function will monitor the changes and report to the Board for any adverse signals.

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.

Corporate Governance Report (Continued)

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

Name of Director	Aged 28 to 49	Aged 50 or above
Mr. Ong Cheng Yew		√
Ms. Koh Siew Khing		√
Ms. Chen Xiaoyu	√	
Ms. Lin Xiaoqin	√	
Mr. Tam Wai Tak Victor	√	
Ms. Chooi Pey Nee		√
Mr. Tan Yeok Lim		√

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

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 B.2.2 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.

Corporate Governance Report (Continued)

In compliance with the code provision in B.2.2 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.

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.

Corporate Governance Report (Continued)**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.

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 C.1.4 of the CG Code and the details are as follows.

	Note
Mr. Ong Cheng Yew	1
Ms. Koh Siew Khing	1
Ms. Chen Xiaoyu	1
Ms. Lin Xiaoqin	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

Corporate Governance Report (Continued)**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 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 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 2022, 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;
- (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

Corporate Governance Report (Continued)**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 E.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 2022, 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

NOMINATION COMMITTEE

The Company also established the Nomination Committee on 21 June 2017 with written terms of reference in compliance with Code Provision B.3.1 of the CG Code.

The Nomination Committee consists of one executive Director, namely 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 2022, 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 2021 annual general meeting of the Company.

Corporate Governance Report (Continued)

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 2022, 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 2022.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's external auditor, Yongtuo Fuson CPA Limited, for the year ended 31 December 2022, is set out as follows:

	Fees paid/payable (HK\$)
Annual audit services	700,000
Non-audit services	Nil

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.

Corporate Governance Report (Continued)

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 2022.

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.

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.

WHISTLE BLOWER POLICY AND SYSTEM

The Company has established a whistle blower policy. The policy has the following features:

- We accept whistle blower reporting from all stakeholders, including investors, customers, suppliers and employees.
- We accept whistle blower reporting in confidence and anonymity.
- Our whistle blower system is monitored by our Audit Committee.
- We will protect all good-will whistle blowers from act of discrimination or retaliation.

Corporate Governance Report (Continued)

Stakeholders are encouraged to file their reports to our registered office in Hong Kong or to email their reports to whistle@g-tech.com.sg

The Company has also establish a code of conduct setting out expected ethical acts and prohibited acts such as bribery and corruption.

COMPANY SECRETARY

Mr. Chan Hank Daniel, aged 48, 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 acted as the company secretary of Kirin Group Holdings Limited (stock code: 8109) from 1 January 2020 to 1 January 2022. 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).

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 of the failure of the Board shall be reimbursed by the Group to the requisitionist(s).

Corporate Governance Report (Continued)

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.

CONSTITUTIONAL DOCUMENTS

During the financial year ended 31 December 2022, 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.

Corporate Governance Report (Continued)

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.

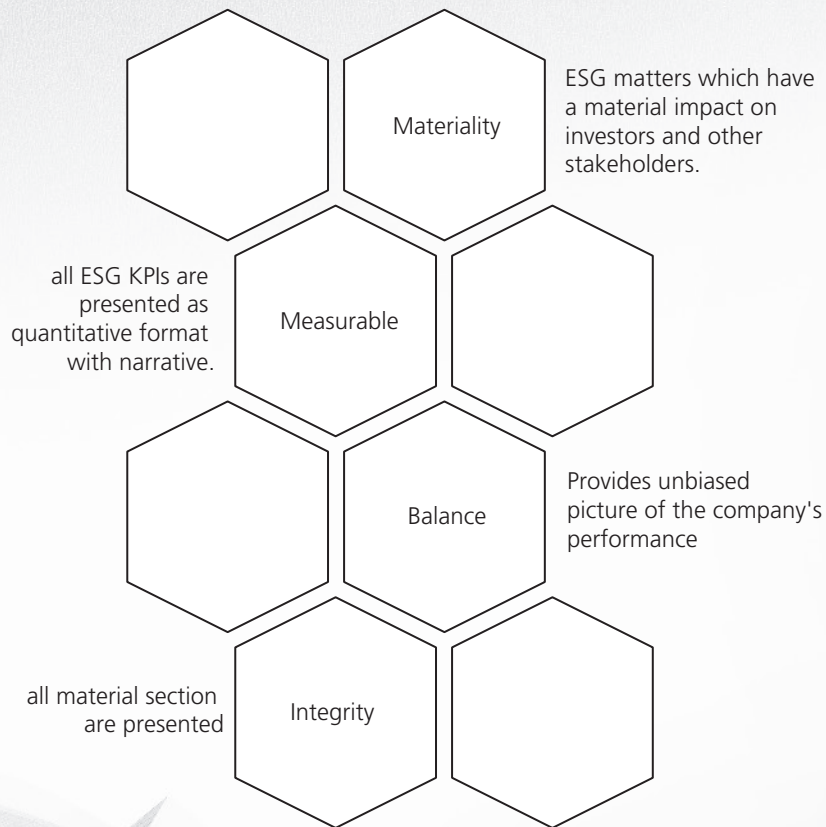
Environmental, Social and Governance Report

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 2022 (“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.

This report is prepared in accordance with the ESG Reporting Guide Published by SEHK. Reporting principles were focused on four aspects as follows:



Environmental, Social and Governance Report (Continued)**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.

GOVERNANCE STRUCTURE — THE BOARD AND ESG COMMITTEE

The Group conducts a top-down management approach regarding its ESG issues. The board of directors of the Company (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 Director 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.

Decision-Making	Board of directors	Discuss, review, assess overall ESG strategies and target setting
Communication	Senior management	Identify ESG related risks Coordinate ESG workplan
Execution	Departments	Collect, compile, report ESG data Provide timely feedback

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

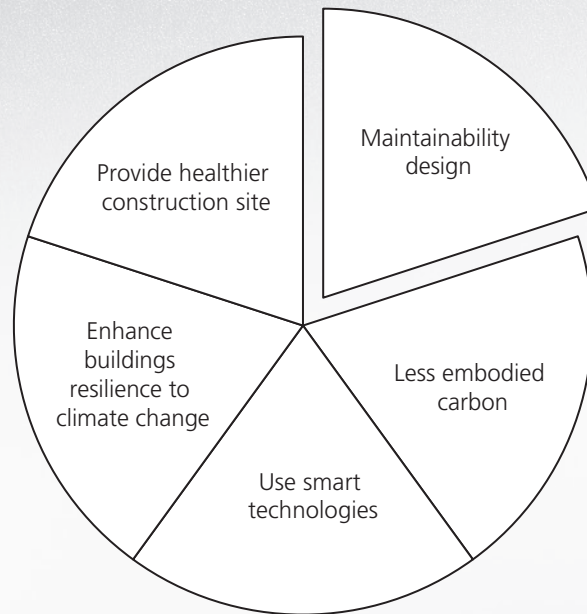
The Board has reviewed and approved the assessment of the ESG Committee and has integrated the concerned ESG issues into the overall risk management framework and incorporated into regular internal review or internal audit plan on a rotation basis.

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.

Environmental, Social and Governance Report (Continued)**THE ENVIRONMENT**

The Building and Construction Authority (“BCA”) of Singapore is pursuing the BCA Green Mark 2021 is an internationally recognized green building certification scheme tailored for the tropical climate. It encourages the industry and professionals to collaborate and develop green building solutions, raising Singapore’s built environment’s sustainability standards.



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”).

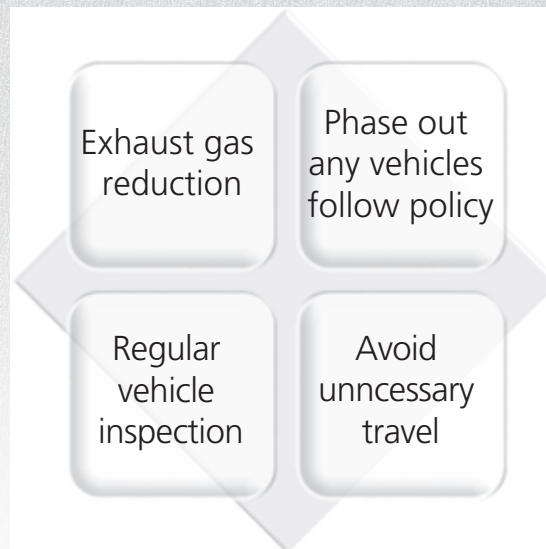
Our EMS, which is certified with ISO 14001:2015, ensures environmental policies are in place, and that any and all environmental risks we come across in our operations are well-identified and managed for continuous improvements. We also provide training in relevant environmental aspects of our activities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

Environmental, Social and Governance Report (Continued)

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.

Waste & Waste Management — 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.

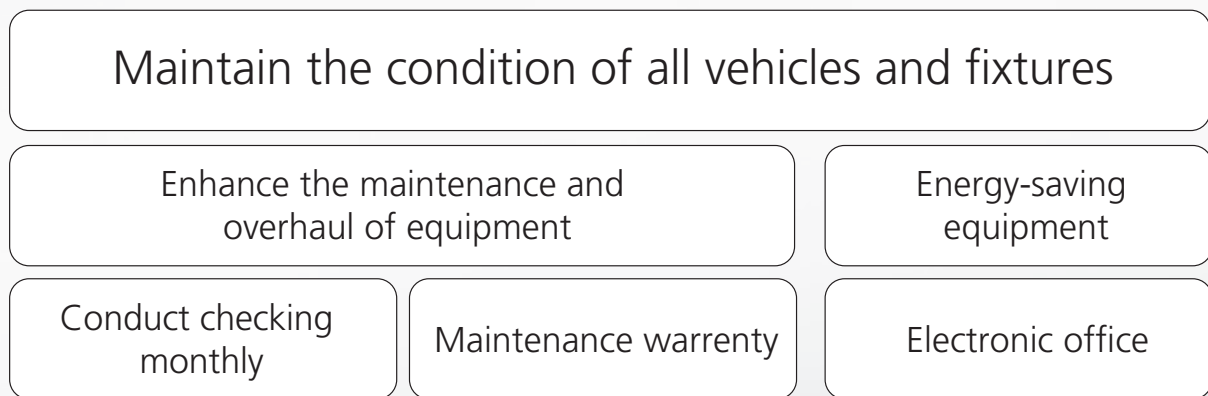
Environmental, Social and Governance Report (Continued)

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. We have several operational protocols to achieve our reduction target.



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.

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.

Environmental, Social and Governance Report (Continued)

THE ENVIRONMENT AND NATURAL RESOURCES

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

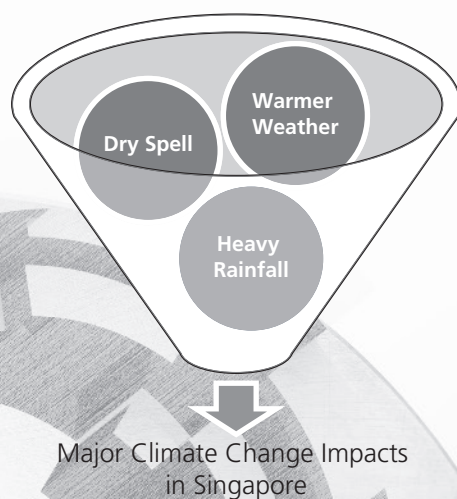
The Group has integrated the concept of environmental protection and natural resources conservation into its internal management and daily operations with the aim of achieving environmental sustainability. In order to assist all employees in understanding the key environmental factors and related departments 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.

The Company studies a series of climate-change policies and reports issued by international associations and Singapore governmental departments, such as the Ministry of Sustainability and the Environment. Based on our study, the most prominent climate-change impact of Singapore is:



Warmer Weather

Temperatures in Singapore have risen by 0.25°C per decade from 1948 to 2015, while 2016 and 2019 were the hottest years recorder thus far.

Dry Spell

Singapore is subject to prolonged dry period bringing the water levels at Linggiu Reservoir to a low level.

Heavy Rainfall

The contrast between the wet months (Nov to Jan) and dry months (Feb and Jun to Sep) will likely become more pronounced in the future.

Environmental, Social and Governance Report (Continued)

In context of the Group, the ESG Committee 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
Transition risk (Medium-To-Long Term)	In medium-to-long term, heavy rainfall may affect projects of our customers and hence may affect our work schedule.	The Company has in place an effective work schedule to arrange our works.
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.
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)	Singapore is the first Southeast Asian nation to introduce a carbon tax regime, and the Carbon Pricing Act came into effect in January 2019.	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	FY2022	FY2021
Greenhouse gas¹	Direct emissions — Scope 1 ³ (tonnes CO ₂)	177	160
	Indirect emissions — Scope 2 ⁴ (tonnes CO ₂)	161	253
	Indirect emissions — Scope 3 ⁵ (tonnes CO ₂)	5	10
Exhaust gas	Sulphur Dioxide (SO _x) — kg	1	1
	Nitrogen Oxides (NO _x) — kg	355	323
	Particulate Matter (PM) — kg	34	31

Environmental, Social and Governance Report (Continued)

Major resource	Unit	FY2022	FY2021	FY2022
				Intensity ²
Water	'000 Tonnes	10	10	1.10
Electricity	'000 kWh	397	361	42.29
Diesel	'000 liter	65	62	6.97
Paper	'000 Kg	1	1	0.12

Environmental	Accumulated Target Reduction in% Achieving on (By Intensity)				
	2022	2023	2024	2025	2026
	GREENHOUSE GAS	—	0.1%	0.3%	1%
EXHAUST GAS	—	0.1%	0.3%	1%	1%

In setting our realistic and achievable targets, we have considered both internal and external factors, including the 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 2023 and 2024 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 FY2022 (approximately S\$9.39 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 usage of paper, 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 with the merits and contributions they bring to the Group, which can be subjectively and fairly measured in accordance with 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 of 31 December 2022, the Group has a total full-time workforce of 109 employees (2021: 116) inclusive of the 5 Directors of the Board, with breakdowns presented below:

Full-Time (By Gender)	As of 31 December 2022	% to total (2022)	% to total (2021)
Male	100	92%	92%
Female	9	8%	8%
Total	109	100%	100%

Environmental, Social and Governance Report (Continued)

Full-Time (By age group)	As of 31 December 2022	% to total (2022)	% to total (2021)
Above 50	6	6%	5%
30–50	74	68%	66%
Under 30	29	27%	29%
Total	109	100%	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 13.8% (2021: 13.8%), 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:	None	Considered Stable
Male:	15%	Considered as a Healthy turnover
Under 30	45%	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 30–50	3%	Considered Stable
Above 50	None	Considered Stable
Senior Management	None	Considered Stable
General Staff	15%	Considered Stable

Environmental, Social and Governance Report (Continued)

Overall Compliance

In the Reporting Period, the Group has complied with relevant laws and regulations in Singapore, 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 (Children and Young Persons) Regulations
- ✓ The Children Development Co-Savings Act (Cap. 38A)
- ✓ The Central Provident Fund Act 1953
- ✓ The Immigration Act (Cap, 133)

HEALTH AND SAFETY

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

Over the years, we have received various occupational 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, 3) ensuring employees are wearing labor protection articles such as hardhat, overalls, and working shoes while accessing to the production areas, and 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.

Environmental, Social and Governance Report (Continued)

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

With the easing of restrictions, the government of Singapore has fully lifted Vaccination Differentiated Safe Management Measures in October 2022. Our Company has followed government measures accordingly such as not mandatory mask wearing in non-air-conditioned workplace. The Group will keep refreshing our protocols in line with government measures.

Overall Compliance

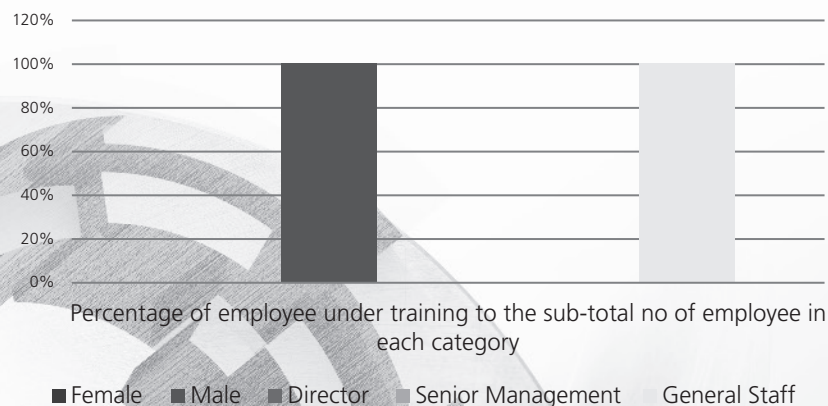
In the Reporting Period, the Group has complied with relevant laws and regulations in Singapore, including but not limited to the below listed, that has a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

- ✓ The Work Injury Compensation Act (Cap. 354)
- ✓ The Workplace Safety and Health Act (Cap. 354A)
- ✓ The Workplace Safety and Health (Incident Reporting) Regulations

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 27 (2021: 39) external courses amounted to approximately 100 (2021: 119) training hours were provided whereas average of 0.92 (2021: 1.03) 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.

Training Percentage (by category)



Since the employee composition are mainly male general staff, therefore the percentage coverage by category are mostly in male and general staff.

Environmental, Social and Governance Report (Continued)

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 5 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.

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

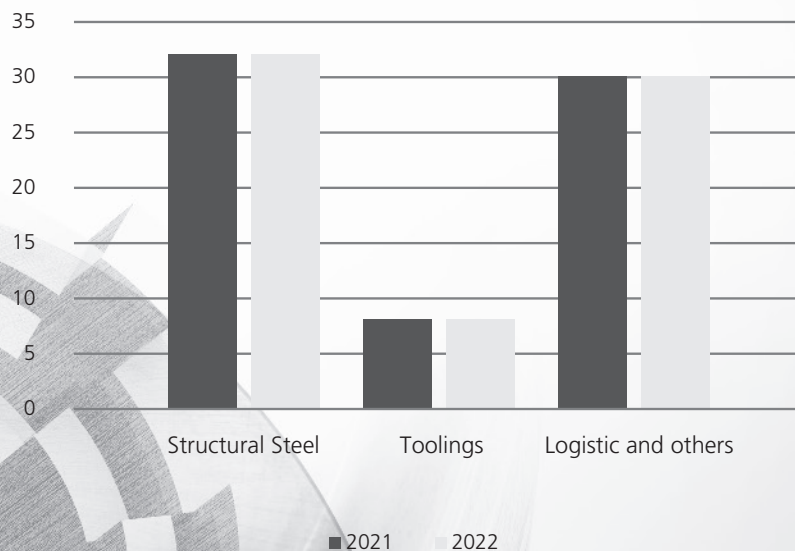
SUPPLY CHAIN MANAGEMENT

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 2022, the Group is engaged with 70 material suppliers (2021: 70). 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



Environmental, Social and Governance Report (Continued)**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 with 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.

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.

Environmental, Social and Governance Report (Continued)**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.

Stages**Our Key Practices**

Supply Chain

- ✓ 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.
- ✓ Regular meeting with critical suppliers in exchanging each other's idea and comment.

Production

- ✓ 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

- ✓ 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.

Environmental, Social and Governance Report (Continued)**Stages****Our Key Practices**

Customer Communication

- ✓ 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.

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.

Environmental, Social and Governance Report (Continued)**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 with 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.

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 2021 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

Environmental, Social and Governance Report (Continued)

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 employees.

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

Environmental, Social and Governance Report (Continued)

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
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
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
A4 Climate Change	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

Environmental, Social and Governance Report (Continued)

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	Complied
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

Environmental, Social and Governance Report (Continued)

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
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
KPI B7.2	Description of preventive measures and whistleblowing 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 2022.

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 31 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 2022 is set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 72 of this report and the financial position of the Group as at 31 December 2022 is set out in the Consolidated Statement of Financial Position on page 73 to 74 of this report. The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

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 2022 (2021: 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 2022 is set out on page 142 of this report. This summary does not form part of the audited financial statements.

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 December 2022, 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 2022 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 2022 are set out in Notes 22 and 23 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2022 are set out in Note 25 to the consolidated financial statements in this report.

USE OF PROCEEDS FROM THE SHARE OFFER

As at 31 December 2022, the Company has not yet fully utilised the net proceeds of approximately HK\$13.0 million (approximately S\$2.24 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 the consolidated statement of changes in equity on page 75 of this report.

DISTRIBUTABLE RESERVES

The Company did not have distributable reserves as at 31 December 2022, 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 2022, the Group did not make charitable contributions.

EVENTS AFTER THE REPORTING PERIOD

On 5 September 2022, Broadville Limited, the controlling shareholder of the Company, as the vendor and Million Treasure International Holdings Limited ("**Million Treasure**") as the purchaser entered into a sale and purchase agreement for the sale and purchase of 331,790,000 shares and 66,358,000 warrants of the Company. The sale and purchase was completed on 14 March 2023. For details, please refer to the announcements jointly issued by the Company and Million Treasure dated 23 February 2023, 14 March 2023 and 16 March 2023.

Save as disclosed, no significant events have taken place after the financial year ended 31 December 2022 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 2022, sales to the Group's five largest customers accounted for approximately 82.0% of total sales and sales to the largest customer included therein amounted to approximately 24.3% of total sales. The Group's five largest suppliers accounted for approximately 62.3% of total purchases during the year ended 31 December 2022 and purchases from the largest supplier included therein amounted to approximately 32.5% 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 2022.

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 2022 and up to the date of this report were:

Executive directors

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

Non-executive director

Lin Xiaoqin

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 2022, 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 executive Director, Ms. Chen Xiaoyu, and non-executive director, Ms. Lin Xiaoqin, has entered into a letter of appointment with the Company and their 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.

Report of the Directors (Continued)

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.

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	
	2022	2021
Emolument bands		
Nil to HK\$500,000	5	5
HK\$500,001 to HK\$1,000,000	0	0
HK\$1,000,001 to HK\$2,000,000	2	2

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 or any entity connected with any 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 2022.

As of 31 December 2022, 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 2022.

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 2022.

Report of the Directors (Continued)**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.

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 2022.

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 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 required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Nature of interest	Number of shares held	Number of underlying shares held	Approximate percentage of the issued share capital
Mr. Ong Cheng Yew	Interest of the controlled company ⁽¹⁾	331,790,000	66,358,000	82.95%
Ms. Koh Siew Khing ⁽²⁾	Interest of spouse	331,790,000	66,358,000	82.95%

Report of the Directors (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 31 December 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 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 2022, the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 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
Broadville 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%
Mr. Zhang Zhang	Interest of the controlled corporation ⁽²⁾	331,790,000	66,358,000	82.95%

Notes:

- (1) On 5 September 2022, Million Treasure International Holdings Limited as the purchaser entered into a sale and purchase agreement with Broadville Limited as the vendor for the sale and purchase of 331,790,000 shares and 66,358,000 warrants of the Company and the sale and purchase was completed on 14 March 2023.

Report of the Directors (Continued)

- (2) Million Treasure International Holdings Limited is owned by Mr. Zhang Zhang as to 80%, Ms. Li Heliang as to 10% and Mr. Wang Jiandong as to 10%. 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 31 December 2022.

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

During the year ended 31 December 2022, 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 27 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.

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 2022 or as of the end of the year.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year ended 31 December 2022, details of significant transactions with the Company's related parties or transactions undertaken are set out in the note 30 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 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.

Report of the Directors (Continued)**BONUS WARRANTS ISSUE**

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

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

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

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.

(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.

Report of the Directors (Continued)

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.

(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.

Report of the Directors (Continued)

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 2022 and there was no outstanding option as at 31 December 2022.

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, 29 March 2023

Independent Auditor's Report

To the Shareholders of GT Steel Construction Group Limited

(Incorporated in the Cayman Islands with limited liability)

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 72 to 141, which comprise the consolidated statement of financial position as at 31 December 2022, 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 consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its 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 the 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)**CONTRACT REVENUE RECOGNITION AND ACCOUNTING FOR CONSTRUCTION CONTRACT****Key Audit Matter**

The Group is involved in construction projects for which it applies the input method in recognising the revenue from construction projects over time by reference to the Group's efforts or inputs (i.e. contract cost incurred for work performed to date) to the satisfaction of a performance obligation relative to the total expected inputs (i.e. estimated total budgeted contract cost committed for the construction projects) to the satisfactory of performance obligation in accordance with IFRS 15 Revenue from contracts with customers.

Recognition of profit on construction contracts is based on the estimation of total contract revenue and total contract costs as well as the expected recovery of costs arising from additional work performed throughout the construction contracts, for which significant management judgement and estimated are involved.

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.

How the matter was addressed in the audit

Our procedures in relation to the Group's contract revenue recognition and accounting for construction contract included:

- Obtained an understanding of the Group's construction projects and evaluated the design and operating effectiveness of the Group's internal control and assessment process to revenue recognition, including the estimation of the contract costs and budgeted gross profit of the construction 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 (i.e. contract cost incurred for work performed to date) to the satisfaction of a performance obligation relative to the total expected inputs (i.e. estimated total budgeted contract cost committed for the construction projects) to the construction projects.
- For selected significant construction projects, our audit procedures, included but not limited to the following:
 - i. inspected the Group's construction contracts and agreed contract amounts and variations to signed contracts, variation orders and related documents;
 - ii. reviewed for any specific or special performance obligations and conditions of the Group's construction project during the financial period;

Independent Auditor's Report (Continued)

- iii. reviewed the management's budget of the cost components, such as cost of materials, subcontracting fees, labours cost and other costs and also compared the cost components of the actual cost incurred up to year end to the estimated budget cost and obtained explanation from the management for any material variations;
 - iv. assessed the reasonableness of actual cost incurred, vouched the actual cost incurred during the year to supporting documents and performed cut-off testing to verify contract costs were taken up in the appropriate financial year; and
 - v. Reviewed and re-computed the percentage of the progress of the contract based on input method with the management to test the accuracy of the percentage of the progress to determine the revenue and checked the status of the construction contracts to the relevant evidence including the contracts, agreements, correspondence with customers, for corroboration of their explanations; and
- Assessed the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

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.

Independent Auditor's Report (Continued)**RESPONSIBILITIES OF DIRECTORS OF THE COMPANY 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 of the Company 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 of the Company 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 of the Company 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 HKSAAs 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.

As part of an audit in accordance with HKSAAs, 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.

Independent Auditor's Report (Continued)

- 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, actions taken to eliminate threats or safeguards applied.

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 Lee Yan Fai.

Yongtuo Fuson CPA Limited

Certified Public Accountants

Lee Yan Fai

Practicing Certificate Number P06078

Hong Kong, 29 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Note	2022 S\$	2021 S\$
Revenue	5	9,386,895	12,749,956
Cost of services		(12,367,125)	(18,258,799)
Gross loss		(2,980,230)	(5,508,843)
Other income	6a	311,467	481,054
Other gains	6b	1,888	398
Selling expenses		(186,185)	(170,305)
Administrative expenses		(3,757,458)	(4,162,882)
Finance costs	7	(150,554)	(202,914)
Loss before taxation		(6,761,072)	(9,563,492)
Income tax (expense) credit	8	(3,480)	8,683
Loss for the year	9	(6,764,552)	(9,554,809)
Other comprehensive (expense) income			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translating of foreign operation		(2,136)	30,343
Total comprehensive expense for the year		(6,766,688)	(9,524,466)
Basic loss per share (S\$ cents)	12	(1.41)	(1.99)

See accompanying notes to consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 December	
		2022 S\$	2021 S\$
Non-current assets			
Property, plant and equipment	13	2,080,296	2,735,547
Right-of-use assets	14	950,587	1,243,435
Investment properties	15	2,471,877	2,525,143
Deferred tax assets	24	326,954	326,954
		5,829,714	6,831,079
Current assets			
Inventories	16	—	872,289
Trade receivables	17	2,213,188	2,373,793
Contract assets	18	4,247,481	8,716,601
Deposits, prepayments and other receivables	19	435,544	220,738
Income tax recoverable		—	3,480
Pledged bank deposits	20b	589,500	589,500
Bank balances and cash	20a	4,696,989	5,563,915
		12,182,702	18,340,316
Current liabilities			
Trade and other payables	21	2,621,116	2,327,868
Contract liabilities	18	514,271	18,088
Lease liabilities	22	476,061	534,553
Borrowings	23	2,739,198	968,628
		6,350,646	3,849,137
Net current assets		5,832,056	14,491,179
Total assets less current liabilities		11,661,770	21,322,258

Consolidated Statement of Financial Position (Continued)*As at 31 December 2022*

	Note	31 December	
		2022 S\$	2021 S\$
Non-current liabilities			
Lease liabilities	22	508,083	660,086
Borrowings	23	—	2,741,797
		508,083	3,401,883
Net assets			
		11,153,687	17,920,375
Capital and reserves			
Share capital	25	827,586	827,586
Share premium		8,613,061	8,613,061
Merger reserves		2,999,983	2,999,983
Translation reserve		36,856	38,992
Accumulated (losses) profits		(1,323,799)	5,440,753
Equity attributable to owners of the Company			
		11,153,687	17,920,375

The consolidated financial statements on pages 72 to 141 were approved and authorised for issue by the Board of Directors on 29 March 2023 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 2022

	Share capital S\$	Share premium (Note 1 below) S\$	Merger reserves (Note 2 below) S\$	Translation reserve S\$	Accumulated profits (losses) S\$	Total S\$
As at 1 January 2021	827,586	8,613,061	2,999,983	8,649	14,995,562	27,444,841
Total comprehensive income/(expense) for the year:						
Loss for the year	—	—	—	—	(9,554,809)	(9,554,809)
Other comprehensive income for the year	—	—	—	30,343	—	30,343
Total comprehensive income (expense) for the year	—	—	—	30,343	(9,554,809)	(9,524,466)
As at 31 December 2021	827,586	8,613,061	2,999,983	38,992	5,440,753	17,920,375
Total comprehensive expense for the year:						
Loss for the year	—	—	—	—	(6,764,552)	(6,764,552)
Other comprehensive expense for the year	—	—	—	(2,136)	—	(2,136)
Total comprehensive expense for the year	—	—	—	(2,136)	(6,764,552)	(6,766,688)
As at 31 December 2022	827,586	8,613,061	2,999,983	36,856	(1,323,799)	11,153,687

Notes:

- Share premium represents the excess of share issue over the par value.
- 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 2022

	2022 S\$	2021 S\$
Operating activities		
Loss before taxation	(6,761,072)	(9,563,492)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	878,677	855,979
Depreciation of investment properties	53,266	53,266
Depreciation of right-of-use assets	574,046	593,129
Gain on disposal of property, plant and equipment	(1,888)	(398)
Interest income	(2,378)	(24,763)
Finance costs	150,554	202,914
Operating cash flows before movement in working capital	(5,108,795)	(7,883,365)
<i>Movement in working capital:</i>		
Decrease (Increase) in inventories	872,289	(872,289)
Decrease in trade receivables	160,605	2,781,695
Decrease in contract assets	4,469,120	7,939,046
(Increase) Decrease in deposits, prepayments and other receivables	(214,806)	392,031
Increase (Decrease) in trade and other payables	293,248	(2,704,025)
Increase in contract liabilities	496,183	811
Cash from (used in) operations	967,844	(346,096)
Income taxes paid	—	(731,621)
Income taxes refunded	—	17,000
Net cash from (used in) operating activities	967,844	(1,060,717)
Investing activities		
Purchase of property, plant and equipment	(120,583)	(310,989)
Proceeds from disposal of property, plant and equipment	1,888	398
Net cash used in investing activities	(118,695)	(310,591)

Consolidated Statement of Cash Flows (Continued)*For the Financial Year ended 31 December 2022*

	2022	2021
	S\$	S\$
Financing activities		
Repayments of borrowings	(1,371,452)	(3,781,112)
Repayment of lease liabilities	(594,536)	(626,209)
Fixed deposits released	—	2,384,981
Proceeds from borrowings	400,225	1,550,864
Interest received	2,378	24,763
Interest paid	(150,554)	(202,914)
Net cash used in financing activities	(1,713,939)	(649,627)
Net decrease in cash and cash equivalents	(864,790)	(2,020,935)
Cash and cash equivalents at beginning of the year	5,563,915	7,554,507
Effects of foreign exchange rate changes arising on translating of foreign operation	(2,136)	30,343
Cash and cash equivalents at end of the year, represented by		
— Bank balances and cash	4,696,989	5,563,915

See accompanying notes to consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Financial Year ended 31 December 2022

1 GENERAL INFORMATION

GT Steel Construction Group Limited (the “Company”) is a public limited company incorporated and registered as an exempted company in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent is Broadville Limited (“Broadville”), a private limited liability company 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 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 of the Company is at 64 Woodlands Industrial Park E9, Singapore 757833.

The Company is an investment holding company and its operating subsidiaries are mainly 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 and details of which are set out in Note 31.

The consolidated financial statements are presented in Singapore Dollars (“S\$”), which is also the functional currency of the Company.

The consolidated financial statements are approved by the Board of Directors on 29 March 2023.

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (the “Group”) has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to IFRS 16	<i>Covid-19 Related Rent Concessions beyond 30 June 2021</i>
Amendments to IAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2018–2020</i>

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

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***2 APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)****New and amendments to IFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	<i>Insurance Contracts</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> ²
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ³
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ³
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> ³
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 IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹

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

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2024

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

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation of consolidation financial statements**

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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.

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.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***Significant accounting policies*****Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Company and 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.

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.

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.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Significant accounting policies (Continued)****Revenue recognition (Continued)**

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.

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.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Significant accounting policies (Continued)****Revenue recognition (Continued)**

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. estimated total budgeted contract cost committed for the construction projects), that best depict the Group's performance in transferring control of goods or services.

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

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.

Leases*Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Significant accounting policies (Continued)****Leases (Continued)***The Group as a lessee*

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Significant accounting policies (Continued)****Leases (Continued)***The Group as a lessee (Continued)**Right-of-use assets (Continued)*

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

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

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Significant accounting policies (Continued)****Leases (Continued)***The Group as a lessee (Continued)**Lease liabilities (Continued)*

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review or expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

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

*The Group as a lessor**Classification and measurement of leases*

The Group enters into lease agreements as a lessor with respect to 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.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases, measured using the interest rate implicit in the respective 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.

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.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Significant accounting policies (Continued)****Leases (Continued)***The Group as a lessor (Continued)*

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

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, not with reference to the underlying asset.

The Group uses the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease if the interest rate implicit in the sublease cannot be readily determined.

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. 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.

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. Exchanges differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Significant accounting policies (Continued)*****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.

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.

Employee benefits***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.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Significant accounting policies (Continued)****Employee benefits (Continued)****Short-term and other long-term employee benefits (Continued)**

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/(loss) 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.

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.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Significant accounting policies (Continued)****Taxation (Continued)**

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.

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.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2. 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***Significant accounting policies** *(Continued)****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.

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.

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.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Significant accounting policies (Continued)*****Impairment of property, plant and equipment, right-of-use assets and investment properties (Continued)***

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.

Inventories

Inventories mainly comprise structural steelworks and direct costs and are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("FIFO") basis, comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Significant accounting policies (Continued)****Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

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 2022

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Significant accounting policies (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. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. 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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest which are derived from the Group's ordinary course of business are presented as revenue.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Significant accounting policies (Continued)****Financial instruments (Continued)***Financial assets*

Classification and subsequent measurement of financial assets

Financial assets 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.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, contract assets, deposits, prepayments, other receivables and bank deposits and balances), which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk 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, 12-month ECL ("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. Assessments are done 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 conditions at the reporting date as well as the forecast of future conditions.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Significant accounting policies (Continued)****Financial instruments (Continued)***Financial assets (Continued)*

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9
(Continued)

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets and measures the lifetime ECL on each debtor individually based on the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cashflows that the Group expects to receive, with the consideration of forward looking information.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless 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.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as 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.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- 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;
- 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.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Significant accounting policies (Continued)****Financial instruments (Continued)***Financial assets (Continued)**Significant increase in credit risk (Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk 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.

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.

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 receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; 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).

Also, the Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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 the financial assets have been occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer of 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 probably that the borrower will enter bankruptcy or other financial reorganisation.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Significant accounting policies (Continued)****Financial instruments (Continued)***Financial assets (Continued)*

Write-off policy

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

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 and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, 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 effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status; and
- Nature, size and industry of debtors.

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Significant accounting policies (Continued)****Financial instruments (Continued)***Financial assets (Continued)*

Measurement and recognition of ECL (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of trade receivables and contract assets where the correspondence adjustment is recognised 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.

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.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement 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 at amortised cost

The Group's financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

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 a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently 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.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Significant accounting policies (Continued)****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.

Related parties

- (i) A person, or a close member of that person's family, is related to the group if that person:
 - (1) has control or joint control over the group;
 - (2) has significant influence over the group;
 - (3) is a member of the key management personnel of the group or the group's parent.
- (ii) An entity is related to the group if any of the following conditions applies:
 - (1) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i) above.
 - (7) A person identified in (i)(1) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Significant accounting policies (Continued)****Related parties (Continued)**

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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, the 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.

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 financial year.

Revenue recognition of construction contracts

For the year ended 31 December 2022, the Group recognised revenue from construction contracting businesses amounting to S\$9,386,895 (2021: S\$12,749,956). The Group has recognised revenue from the provision of structural steelworks services over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Because of the nature of the activities undertaken for the construction contracts, the date at which the contracts are entered into and the date when the contracts are completed usually fall into different accounting periods. This involves the use of management judgements and estimation uncertainty, including estimating the progress towards completion of the services, scope of deliveries and services required, total contract costs incurred, forecasting the costs to complete a contract, valuing contract variations, claims and potential liquidated damages and estimating the provision for onerous contracts. When forecasting the costs to complete a contract, key assumptions are made based on past experience and quotation from subcontractors and suppliers, which may be changed if the future economic environment has changed.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)**Revenue recognition of construction contracts (Continued)**

The Group reviews and revised the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract.

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 17 and 18 to the consolidated financial statements, respectively.

Unbilled revenue

Unbilled revenue representing accrued revenue earned based on time-recorded on an assignment estimated to be recoverable in subsequent financial periods and it is probable that the economic benefits associated with the transaction will flow to the Group. Where the actual collection of receivables upon billing to customers are less than expected, a loss may arise.

The carrying amount of the unbilled revenue is disclosed in Note 17 to the consolidated financial statements.

5 REVENUE AND SEGMENT INFORMATION

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

Information is reported to the Executive Directors, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The 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 structural steelworks services comprising design, supply, fabrication and erection of structural steelworks for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore and other installation and auxiliary services by the Group to external customers for the respective reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

5 REVENUE AND SEGMENT INFORMATION (Continued)

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	
	2022 S\$	2021 S\$
Revenue from:		
Provision of structural steelworks services	9,386,895	12,749,956

Timing of revenue recognition

Revenue based by timing of recognition are as follows:

	Year ended 31 December	
	2022 S\$	2021 S\$
Provision of structural steelworks services		
Over time	9,386,895	12,749,956

Information about major customers

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

	Year ended 31 December	
	2022 S\$	2021 S\$
Customer I	2,285,204	5,257,154
Customer II	2,040,752	N/A*
Customer III	1,784,238	6,878,027
Customer IV	945,263	—

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

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

5 REVENUE AND SEGMENT INFORMATION (Continued)**Performance obligation for contracts with customers**

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

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

	Year ended 31 December	
	2022 S\$	2021 S\$
Provision of structural steelworks services	9,301,747	1,749,915

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 December 2022 will be recognised as revenue during the next reporting period.

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

	Year ended 31 December	
	2022 S\$	2021 S\$
Revenue recognised that was included in the contract liability balance at the beginning of the year	18,088	3,312

The Group has no contracts that contain variable consideration.

Geographical information

The Group principally operates in Singapore, also the place of domicile. During the years ended 31 December 2022 and 2021, all revenue was derived from Singapore based on the location of services delivered and the Group's non-current assets are all located in Singapore.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***6 OTHER INCOME/OTHER GAINS****a Other income**

	Year ended 31 December	
	2022	2021
	S\$	S\$
Insurance claim receipt	—	4,301
Government grants (Note below)	151,764	322,714
Gross rental income from investment properties	150,530	129,185
Interest income	2,378	24,763
Sundry income	6,795	91
	311,467	481,054

Note: Government grants in 2021 and 2022 mainly include COVID-19-related support by the Singapore government to help companies tide through this period of economic uncertainty, such as the Foreign Worker Levy (“FWL”) rebates and the Jobs Support Scheme (“JSS”).

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

b Other gains

	Year ended 31 December	
	2022	2021
	S\$	S\$
Gain on disposal of property, plant and equipment	1,888	398

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***7 FINANCE COSTS**

	Year ended 31 December	
	2022 S\$	2021 S\$
Interest on:		
— Bank borrowings	81,518	119,478
— Lease liabilities	69,036	83,436
	150,554	202,914

8 INCOME TAX (EXPENSE) CREDIT

	Year ended 31 December	
	2022 S\$	2021 S\$
Income tax expense (credit) comprises:		
Current tax:		
— Singapore corporate income tax ("CIT")	—	—
— Underprovision (Overprovision) in prior years	3,480	(8,683)
Deferred tax (Note 24):		
— Current year	—	—
— Underprovision in prior years	—	—
	3,480	(8,683)

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

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***8 INCOME TAX (EXPENSE) CREDIT** *(Continued)*

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

	Year ended 31 December	
	2022 S\$	2021 S\$
Loss before taxation	(6,761,072)	(9,563,492)
Tax at applicable tax rate of 17%	(1,149,383)	(1,625,793)
Tax effect of expenses not deductible for tax purpose	410,132	197,077
Tax effect of income not taxable for tax purpose	(4,195)	(56,062)
Effect of different tax rates of subsidiary operating in other jurisdictions	4,032	28
Tax effect of tax losses not recognised	739,414	1,484,750
Underprovision (Overprovision) in prior years	3,480	(8,683)
Income tax expense (credit)	3,480	(8,683)

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

9 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended 31 December	
	2022 S\$	2021 S\$
Audit fees paid to auditors of the Company:		
— Annual audit fees	154,153	121,109
Depreciation of property, plant and equipment (Note 13)		
— Recognised in cost of services	181,959	175,402
— Recognised in administrative expenses	696,718	680,577
	878,677	855,979
Depreciation of right-of-use assets (Note 14)		
— Recognised in cost of services	332,856	329,344
— Recognised in administrative expenses	241,190	263,785
	574,046	593,129
Depreciation of investment properties (Note 15)	53,266	53,266
Directors' emoluments (Note 10)	631,141	615,661
Other staff costs:		
— Salaries and wages	2,741,630	3,264,149
— Defined contribution plans	69,734	64,557
— Other staff benefits	63,343	123,539
Total staff costs (exclusive of directors' emoluments)	2,874,707	3,452,245
Cost of services		
— Cost of materials recognised as expenses	4,938,358	4,432,239
— Subcontractor costs recognised as expenses	4,095,941	9,564,745
— Other costs	3,332,826	4,261,815

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***10 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS**

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

Year ended 31 December 2022

	Contributions to retirement benefit scheme				Total
	Fees	Discretionary bonus	Salaries and allowances		
	S\$	S\$	S\$	S\$	S\$
Executive Directors					
Mr. Ong Cheng Yew (chief executive)	—	—	240,000	12,240	252,240
Ms. Koh Siew Khing	—	—	240,000	12,240	252,240
Ms. Chen Xiaoyu	42,221	—	—	—	42,221
Non-Executive Director					
Ms. Lin Xiaoqin	21,110	—	—	—	21,110
Independent Non-Executive Directors					
Mr. Tam Wai Tak Victor	21,110	—	—	—	21,110
Ms. Chooi Pey Nee	21,110	—	—	—	21,110
Mr. Tan Yeok Lim (Chen Yulin)	21,110	—	—	—	21,110
	126,661	—	480,000	24,480	631,141

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

10 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

Year ended 31 December 2021

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

Note: No emoluments were paid to any directors of the Company in respect of their respective other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***10 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS** *(Continued)***Employees' remuneration**

The five highest paid employees of the Group during the year ended 31 December 2022 included three (2021: two) directors, details of whose remunerations are set out above. Details of the remuneration for the remaining two (2021: three) highest paid employees who are not directors of the Company are as follows:

	Year ended 31 December	
	2022	2021
	S\$	S\$
Salaries and allowances	126,420	187,996
Discretionary bonus	10,431	13,000
	136,851	200,996

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	
	2022	2021
Emolument bands		
Nil to HK\$500,000	3	2
HK\$500,001 to HK\$1,000,000	—	1
HK\$1,000,001 to HK\$2,000,000	2	2

11 DIVIDEND

No dividend was paid or proposed for the ordinary shareholders of the Company during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***12 LOSS PER SHARE**

	Year ended 31 December	
	2022	2021
Loss attributable to the owners of the Company (S\$)	(6,764,552)	(9,554,809)
Weighted average number of ordinary shares in issue	480,000,000	480,000,000
Basic loss per share (S\$ cents)	(1.41)	(1.99)

No diluted loss per share is presented for both years because the exercise price of the Company's warrants (Note 27) was higher than the average market price for shares for both 2022 and 2021.

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

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***13 PROPERTY, PLANT AND EQUIPMENT**

	Buildings	Motor Vehicles	Office equipment	Plant and machinery	Leasehold improvement	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Cost:						
As at 1 January 2021	5,000,000	78,501	486,484	1,571,606	743,728	7,880,319
Additions	—	—	4,089	306,900	—	310,989
Transferred from right-of-use assets	—	312,662	—	438,430	—	751,092
Disposal/Written off	—	(46,500)	(208,465)	(265,825)	(106,639)	(627,429)
As at 31 December 2021	5,000,000	344,663	282,108	2,051,111	637,089	8,314,971
Additions	—	—	33,553	87,030	—	120,583
Transferred from right-of-use assets	—	279,195	—	—	—	279,195
Disposal/Written off	—	—	(6,200)	—	—	(6,200)
As at 31 December 2022	5,000,000	623,858	309,461	2,138,141	637,089	8,708,549
Accumulated depreciation:						
As at 1 January 2021	2,336,968	47,567	451,053	1,267,265	735,958	4,838,811
Charge for the year	633,001	26,284	20,851	171,522	4,321	855,979
Transferred from right-of-use assets	—	164,813	—	347,250	—	512,063
Disposal/Written off	—	(46,500)	(208,465)	(265,825)	(106,639)	(627,429)
As at 31 December 2021	2,969,969	192,164	263,439	1,520,212	633,640	5,579,424
Charge for the year	633,002	44,996	16,420	181,959	2,300	878,677
Transferred from right-of-use assets	—	176,352	—	—	—	176,352
Disposal/Written off	—	—	(6,200)	—	—	(6,200)
As at 31 December 2022	3,602,971	413,512	273,659	1,702,171	635,940	6,628,253
Carrying amounts:						
As at 31 December 2021	2,030,031	152,499	18,669	530,899	3,449	2,735,547
As at 31 December 2022	1,397,029	210,346	35,802	435,970	1,149	2,080,296

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

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

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

14 RIGHT-OF-USE ASSETS

	Leasehold Land S\$	Office premises S\$	Plant and machinery S\$	Motor vehicle S\$	Total S\$
Cost:					
As at 1 January 2021	1,218,980	1,048,529	438,430	646,624	3,352,563
Transferred to property, plant and equipment	—	—	(438,430)	(312,662)	(751,092)
As at 31 December 2021	1,218,980	1,048,529	—	333,962	2,601,471
New lease entered	—	384,041	—	—	384,041
Expiry of lease	—	(423,461)	—	—	(423,461)
Transferred to property, plant and equipment	—	—	—	(279,195)	(279,195)
As at 31 December 2022	1,218,980	1,009,109	—	54,767	2,282,856
Accumulated depreciation:					
As at 1 January 2021	291,100	346,156	343,370	296,344	1,276,970
Charge for the year	218,325	329,345	3,880	41,579	593,129
Transferred to property, plant and equipment	—	—	(347,250)	(164,813)	(512,063)
As at 31 December 2021	509,425	675,501	—	173,110	1,358,036
Charge for the year	218,324	332,856	—	22,866	574,046
Eliminated on expiry of leases	—	(423,461)	—	—	(423,461)
Transferred to property, plant and equipment	—	—	—	(176,352)	(176,352)
As at 31 December 2022	727,749	584,896	—	19,624	1,332,269
Carrying amounts:					
As at 31 December 2021	709,555	373,028	—	160,852	1,243,435
As at 31 December 2022	491,231	424,213	—	35,143	950,587

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***14 RIGHT-OF-USE ASSETS** *(Continued)*

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

Amount recognised in profit and loss for the year ended 31 December 2022 and 2021:

	2022	2021
	S\$	S\$
Depreciation on right-of-use assets	574,046	593,129
Interest expense on lease liabilities	69,036	83,436

The total cash outflow for principal amount and interest of leases liabilities amount to S\$594,536 (2021: S\$626,209) and S\$69,036 (2021: S\$83,436), respectively.

The net book value of right-of-use assets included an amount of S\$35,143 (2021: S\$160,852) in respect of assets held under finance leases.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***15 INVESTMENT PROPERTIES**

	Freehold property S\$	Leasehold properties S\$	Total S\$
Cost:			
As at 1 January 2021,			
31 December 2021 and 2022	1,581,575	1,427,551	3,009,126
Accumulated depreciation:			
As at 1 January 2021	144,979	285,738	430,717
Charge for the year	26,359	26,907	53,266
As at 31 December 2021	171,338	312,645	483,983
Charge for the year	26,359	26,907	53,266
As at 31 December 2022	197,697	339,552	537,249
Net carrying value:			
As at 31 December 2021	1,410,237	1,114,906	2,525,143
As at 31 December 2022	1,383,878	1,087,999	2,471,877

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 2022, included in the balances are freehold property with carrying value amounting to S\$1,383,878 (2021: S\$1,410,237). All of the Group's property interests which are freehold, and leased out under operating leases for lease terms of 1 to 2 years to earn rentals or for capital appreciation purposes, are measured using the costs model and are classified and accounted for as investment properties.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***15 INVESTMENT PROPERTIES** *(Continued)*

The investment properties comprise industrial properties that are leased to external customers. The leases contain initial non-cancellable period of 1 to 2 years. Subsequent renewal is negotiated with the lessees. The investment properties are mortgaged to the banks to secure for bank borrowings (Note 23) as at 31 December 2022 and 2021.

As at 31 December 2022, the fair values of the investment properties amounted to S\$3,420,000 (2021: S\$3,420,000) and is categorised within level 3 of the fair value hierarchy. The fair values were determined by an independent valuer not connected to the Group last year, 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\$150,530 (2021: S\$129,185). Direct operating expenses arising from the rental-generating investment properties amounted to S\$53,266 (2021: S\$53,266).

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

15 INVESTMENT PROPERTIES (Continued)

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

	Fair value Level 3 S\$
— As at 31 December 2022	
421 Tagore Ind. Avenue #02-14, Singapore	1,600,000
No. 18 Sin Ming Lane #07-40 Midview City, Singapore	650,000
No. 18 Sin Ming Lane #07-41 Midview City, Singapore	720,000
No. 21 Woodlands Park E1 #03-05, Singapore	450,000
Total	<u>3,420,000</u>
— As at 31 December 2021	
421 Tagore Ind. Avenue #02-14, Singapore	1,600,000
No. 18 Sin Ming Lane #07-40 Midview City, Singapore	650,000
No. 18 Sin Ming Lane #07-41 Midview City, Singapore	720,000
No. 21 Woodlands Park E1 #03-05, Singapore	450,000
Total	<u>3,420,000</u>

16 INVENTORIES

	As at 31 December	
	2022 S\$	2021 S\$
Structural steelworks and direct costs	—	<u>872,289</u>

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***17 TRADE RECEIVABLES**

	As at 31 December	
	2022	2021
	S\$	S\$
Trade receivables	1,435,521	1,118,435
Less: Loss allowance	(88,945)	(88,945)
	1,346,576	1,029,490
Unbilled revenue (Note below)	866,612	1,344,303
	2,213,188	2,373,793

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

Before accepting any new customer, the Group assesses the potential customer's credit quality and defined credit limit to each customer on an individual basis. Limits attributed to customers are reviewed periodically.

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

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

	As at 31 December	
	2022	2021
	S\$	S\$
Within 30 days	1,235,777	654,066
Over 31 days	110,799	375,424
	1,346,576	1,029,490

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 35(c), respectively.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

17 TRADE RECEIVABLES (Continued)

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 35(c).

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

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

	Collectively assessed S\$	Individually assessed S\$	Total S\$
Balance as at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	—	88,945	88,945

18 CONTRACT ASSETS/(LIABILITIES)

	As at 31 December	
	2022 S\$	2021 S\$
Analysed for reporting purposes as:		
Contract assets	4,247,481	8,716,601
Contract liabilities	(514,271)	(18,088)
	3,733,210	8,698,513

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***18 CONTRACT ASSETS/(LIABILITIES) (Continued)**

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in satisfying the respective performance obligations at the reporting date on construction contracts in respect of project works.

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

As at 31 December 2022, included in contract assets are retention money held by customers for construction work which amounted to S\$1,393,930 (2021: S\$2,026,926), which were expected to be recovered or settled in more than twelve months from the end of reporting period.

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

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

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

The management makes periodic individual assessment on the recoverability of contract assets based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. The directors of the Company considered that the ECL for contract assets is insignificant as at 31 December 2022 and 2021.

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.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***19 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	As at 31 December	
	2022 S\$	2021 S\$
Deposits	92,186	78,892
Prepayments	341,570	98,639
Government grant receivables	—	42,954
Sundry debtors	1,788	253
	435,544	220,738

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

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

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

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***20 BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS****a Bank balances and cash**

	As at 31 December	
	2022	2021
	S\$	S\$
Cash on hand	872	1,000
Cash at bank	4,696,117	5,562,915
	4,696,989	5,563,915

The directors of the Company considered that the ECL on bank balance is insignificant as at 31 December 2022 and 2021.

b Pledged bank deposits

	As at 31 December	
	2022	2021
	S\$	S\$
Fixed deposits	589,500	589,500

The fixed bank deposits are pledged to bank borrowings (Note 23), bear interests at effective interest rate of 0.4% (2021: 0.21% to 1.98%) per annum and for a tenure of a year. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

The directors of the Company considered that the ECL on cash at bank and fixed bank deposits are insignificant as at 31 December 2022 and 2021.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***21 TRADE AND OTHER PAYABLES**

	As at 31 December	
	2022	2021
	S\$	S\$
Trade payables	1,698,922	1,320,747
GST payables	104,958	146,081
Other payables	387,421	275,266
Deferred grants	—	22,649
Deposits received	39,237	24,267
Provision for unutilised leave	27,476	57,141
Salaries and CPF payables	363,102	481,717
	2,621,116	2,327,868

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	
	2022	2021
	S\$	S\$
Within 30 days	1,107,418	465,996
31 to 60 days	338,115	429,698
61 days to 90 days	186,325	312,914
Over 90 days	67,064	112,139
	1,698,922	1,320,747

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***22 LEASE LIABILITIES**

	As at 31 December	
	2022 S\$	2021 S\$
Analysed as:		
Non-current	508,083	660,086
Current	476,061	534,553
	984,144	1,194,639
	As at 31 December	
	2022 S\$	2021 S\$
Lease liabilities payable:		
Within one year	476,061	534,553
In more than one year but no more than two years	377,547	351,398
In more than two years but no more than five years	130,536	308,688
	984,144	1,194,639
Less: Amount due within one year shown under current liabilities	(476,061)	(534,553)
Amount shown under non-current liabilities	508,083	660,086

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 2022***23 BORROWINGS**

	As at 31 December	
	2022 S\$	2021 S\$
Secured and guaranteed:		
Bank loans (Notes a and c below)	2,739,198	3,496,631
Trade financing (Notes b and c below)	—	213,794
	2,739,198	3,710,425
Analysed as:		
Carrying amount repayable within one year	2,739,198	968,628
Carrying amount repayable more than one year, but not exceeding two years	—	653,199
Carrying amount repayable more than two years, but not more than five years	—	1,400,145
Carrying amount repayable more than five years	—	688,453
	2,739,198	3,710,425
Less: Amount due within one year shown under current liabilities	(2,739,198)	(968,628)
	—	2,741,797
Amount shown under non-current liabilities	—	2,741,797

Note:

- a. As at 31 December 2022 and 2021, 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 2.50% (2021: 2.49%) per annum. The amounts are repayable at the dates ranging from 2023 to 2037 and from 2022 to 2037 as at 31 December 2022 and 2021, respectively.
- b. As at 31 December 2022 and 2021, the trade financing bore a floating interest rate at 1.65% (2021:1.65%) over the bank's cost of funds per annum.
- c. As at 31 December 2022 and 2021, the Group's bank loans and trade financing are secured by corporate guarantee issued by the Company and personal guarantee issued by a Director.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***24 DEFERRED TAX ASSETS**

	Tax losses	Accelerated tax depreciation	Total
	S\$	S\$	S\$
As at 1 January 2021, 31 December 2021, and 1 January 2022 and 31 December 2022	374,069	(47,115)	326,954

Subject to the agreement by the tax authorities, at the reporting date, the Group has unused tax losses of approximately S\$15,000,000 (2021: approximately S\$11,000,000) available for offset against future profits. A deferred tax assets has been recognised in respect of approximately S\$2,200,000 (2021: S\$2,200,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately S\$12,800,000 (2021: S\$8,800,000) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

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

25 SHARE CAPITAL

	Number of shares	Par value	Share capital
		HK\$	HK\$
Authorised share capital			
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	5,000,000,000	0.01	50,000,000
			Number of shares
			Share capital
			S\$
Issued and fully paid share capital			
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022		480,000,000	827,586

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

26 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 as at the Listing Date or any subsequent date of approval of refreshing of the limit. Unless further shareholders' approval has been obtained pursuant to the conditions set out in the Share Option Scheme, no person shall be granted an option which, if all the options granted to the person (including both exercised and outstanding options) in any 12 months period up to the date of grant are exercised in full, would result in such person's maximum entitlement exceeding 1% of the number of issued shares of Company.

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

During the years ended 31 December 2022 and 2021, no share options has been granted nor exercised and there is no outstanding share options of the Company as at 31 December 2022 and 2021.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***27 2023 WARRANTS**

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

27 2023 WARRANTS *(Continued)*

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

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

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

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

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

No shares were issued regarding the 2023 Warrants during the year (2021: Nil).

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

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***28 OPERATING LEASE ARRANGEMENTS****The Group as lessor**

Operating leases, in which the Group is the lessor, relate to investment property (Note 15) owned by the Group with lease terms of 1 to 2 years, with one year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

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

	As at 31 December	
	2022	2021
	S\$	S\$
Maturity analysis of operating lease payments:		
Year 1	137,050	81,285
Year 2	55,700	37,462
Total	192,750	118,747

29 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 2022, 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\$94,214 (2021: S\$89,037) for the year ended 31 December 2022, represent contributions paid to the retirement benefits plan by the Group.

As at 31 December 2022, the CPF contribution payables amounted to S\$14,462 (2021: S\$15,186) which were paid subsequent to the end of the respective years.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

30 RELATED PARTY TRANSACTIONS

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

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

	Year ended 31 December	
	2022 S\$	2021 S\$
Short term benefits	606,661	629,070
Post-employment benefits	24,480	28,560
	631,141	657,630

31 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 31 December 2022 are set out below.

Name	Place of incorporation/ operations	Paid up issued capital	Proportion of ownership interest/voting power held		Principal activities
			2022	2021	
<i>Directly held by the Company:</i>					
Chirton Investments	BVI	US\$1	100%	100%	Investment holding
<i>Indirectly held by the Company:</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	Singapore	S\$3,500,000	100%	100%	Inactive

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 2022***32 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

	2022	2021
	S\$	S\$
ASSETS AND LIABILITIES		
Non-current asset		
Investment in a subsidiary	17	17
Current assets		
Bank balances and cash	2,084,575	2,666,194
Amounts due from subsidiaries	542,729	542,729
Other receivables	16,358	23,693
	2,643,662	3,232,616
Current liabilities		
Other payables	239,803	182,450
Amounts due to subsidiaries	690,731	530,675
	930,534	713,125
Net current assets	1,713,128	2,519,491
Total assets less current liabilities and net assets	1,713,145	2,519,508
EQUITY		
Capital and reserves		
Share capital	827,586	827,586
Reserves	885,559	1,691,922
Equity attributable to owners of the Company	1,713,145	2,519,508

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

32 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 2021	8,613,061	(5,996,813)	2,616,248
Total comprehensive expense for the year:			
Loss for the year	—	(924,326)	(924,326)
At 31 December 2021	8,613,061	(6,921,139)	1,691,922
Total comprehensive expense for the year:			
Loss for the year	—	(806,363)	(806,363)
At 31 December 2022	8,613,061	(7,727,502)	885,559

33 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 2021	5,940,673	1,820,848	7,761,521
Financing cash flows, net ⁽ⁱ⁾	(2,230,248)	(626,209)	(2,856,457)
At 31 December 2021	3,710,425	1,194,639	4,905,064
Financing cash flows, net ⁽ⁱ⁾	(971,227)	(594,536)	(1,565,763)
New lease entered	—	384,041	384,041
At 31 December 2022	2,739,198	984,144	3,723,342

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

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***34 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 optimization 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 23, net of bank balances and cash and equity attributable to owners of the Company, comprising share capital, share premium and accumulated (losses) 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 except for its bank borrowings. Accordingly, the borrowings are presented under current liabilities on the statement of financial position. Notwithstanding the breach, the banks have not demanded immediate repayment of the borrowings. As at 31 December 2022, the Group has sufficient cash to repay the borrowings in full. The Company is in the progress of obtaining waiver from the banks on the breach.

Notes to the Consolidated Financial Statements (Continued)*For the Financial Year ended 31 December 2022***35 FINANCIAL INSTRUMENTS**
Categories of financial instruments**The Group**

	As at 31 December	
	2022 S\$	2021 S\$
Financial assets*		
— <i>Amortised cost</i>		
Trade receivables	2,213,188	2,373,793
Deposits and other receivables	93,974	79,145
Bank balances and cash	4,696,989	5,563,915
Pledged bank deposits	589,500	589,500
Total	7,593,651	8,606,353
Financial liabilities*		
— <i>Amortised cost</i>		
Trade and other payables	2,516,158	2,159,138
Lease liabilities	984,144	1,194,639
Borrowings	2,739,198	3,710,425
Total	6,239,500	7,064,202

* *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, lease liabilities 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 2022***35 FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives and policies (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 22). 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 for the year ended 31 December 2022 would increase/decrease by approximately S\$3,725 (2021: increase/decrease S\$15,398).

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

35 FINANCIAL INSTRUMENTS (Continued)**Financial risk management objectives and policies (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 HK\$. 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	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Hong Kong Dollar	239,803	77,501	2,084,575	2,689,887

Sensitivity analysis for foreign currency risk

A 5% strengthening/weakening of the HK\$ against the respective functional currencies of the Group entities as at 31 December 2022 would have increased/(decreased) equity and loss 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 before tax increase (decrease)	
	2022 S\$	2021 S\$
HK\$ against S\$:		
— strengthened	(92,239)	(130,619)
— weakened	92,239	130,619

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 2022***35 FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives and policies (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 2022, there is a concentration of credit risk at 74% (2021: 88%) of the Group's trade receivables and contract assets at the end of the financial year related to 3 customers (2021: 3 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 grading 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	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 2022***35 FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives and policies (Continued)****(c) Credit risk (Continued)**

For trade receivables, 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 17 includes further details on the loss allowance for trade receivables.

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. Note 19 includes further details on the loss allowance for these financial assets.

Other than concentration of credit risk on bank deposits and balances placed in five (2021: 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 20 to the financial statements.

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.

Notes to the Consolidated Financial Statements (Continued)

For the Financial Year ended 31 December 2022

35 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(d) Liquidity risk (Continued)

Non-derivative financial liabilities (Continued)

	Weighted	On demand	3 to	6 to	1 to	Over	Total	Carrying
	average							
	rate	3 months	6 months	12 months	5 years	5 years	cash flow	amount
	%	S\$	S\$	S\$	S\$	S\$	S\$	S\$
As at 31 December 2022								
<i>Non-interest bearing</i>								
Trade and other payables	—	2,516,158	—	—	—	—	2,516,158	2,516,158
<i>Interest bearing instruments:</i>								
Lease liabilities (Fixed rate) (Note 22)	6.34	519,215	393,109	131,534	—	—	1,043,858	984,144
Borrowings — secured and guaranteed (Note 23)	2.44	2,929,095	—	—	—	—	2,929,095	2,739,198
Total		5,964,468	393,109	131,534	—	—	6,489,111	6,239,500
As at 31 December 2021								
<i>Non-interest bearing</i>								
Trade and other payables	—	2,159,138	—	—	—	—	2,159,138	2,159,138
<i>Interest bearing instruments:</i>								
Lease liabilities (Fixed rate) (Note 22)	5.53	166,874	163,961	249,339	692,087	—	1,272,261	1,194,639
Borrowings — secured and guaranteed (Note 23)	2.44	507,179	180,393	359,729	2,216,447	798,637	4,062,385	3,710,425
Total		2,833,191	344,354	609,068	2,908,534	798,637	7,493,784	7,064,202

(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.

Summary of Financial Information

5 YEARS SUMMARY OF FINANCIAL INFORMATION

	2022	2021	2020	2019	2018
	S\$	S\$	S\$	S\$	S\$
RESULTS					
Revenue	9,386,895	12,749,956	10,153,652	50,851,802	50,117,397
Cost of services	(12,367,125)	(18,258,799)	(9,975,628)	(39,038,620)	(37,898,474)
Gross (loss) profit	(2,980,230)	(5,508,843)	178,024	11,813,182	12,218,923
Other income	311,467	481,054	1,041,376	222,021	216,862
Other gains (loss)	1,888	398	—	3,498	(510)
Selling expenses	(186,185)	(170,305)	(153,760)	(208,486)	(377,869)
Administrative expenses	(3,757,458)	(4,162,882)	(4,410,182)	(3,959,622)	(3,856,821)
Other expenses	—	—	(150,573)	(814,858)	—
Impairment loss recognised on financial assets	—	—	(88,945)	—	—
Finance costs	(150,554)	(202,914)	(185,722)	(189,202)	(175,149)
(Loss) Profit before taxation	(6,761,072)	(9,563,492)	(3,769,782)	6,866,533	8,025,436
Income tax (expense)/credit	(3,480)	8,683	378,910	(1,538,437)	(1,482,936)
(Loss) Profit for the year	(6,764,552)	(9,554,809)	(3,390,872)	5,328,096	6,542,500
Other comprehensive income (expense) for the year	(2,136)	30,343	16,114	(5,024)	(2,441)
	(6,766,688)	(9,524,466)	(3,374,758)	5,323,072	6,540,059
ASSETS AND LIABILITIES					
Non-current assets	5,829,714	6,831,079	8,022,464	8,388,966	4,064,002
Current assets	12,182,702	18,340,316	32,952,892	39,449,933	37,263,534
Current liabilities	6,350,646	3,849,137	7,444,860	14,594,393	14,363,264
Net current assets	5,832,056	14,491,179	25,508,032	24,855,540	22,900,270
Non-current liabilities	508,083	3,401,883	6,085,655	2,424,907	1,467,745
Net assets	11,153,687	17,920,375	27,444,841	30,819,599	25,496,527