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GT STEEL CONSTRUCTION GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8402)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 18 March 2019 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendors entered into the Agreement, pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the Sale Shares at a consideration of S\$3,500,000.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

BACKGROUND

The Board is pleased to announce that on 18 March 2019 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendors entered into the Agreement, pursuant to which the Purchaser agreed to purchase, and the Vendors agreed to sell, the Sale Shares at a consideration of S\$3,500,000.

THE AGREEMENT

Date

18 March 2019 (after trading hours of the Stock Exchange)

Parties

- (i) G-Tech Metal Pte. Ltd., as purchaser; and
- (ii) Estate of Gan Boon Siong, Tan Sioh Cher, Jason Gan Theng Chor, Gan Theng Liang Raymond and Jeffrey Gan Theng Yeong (Yan Tingyong) as vendors.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendors are Independent Third Parties.

The Purchaser is a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the design, supply, fabrication and erection of structural steelworks.

Asset to be acquired

Pursuant to the Agreement, the Purchaser agreed to purchase, and the Vendors agreed to sell, the Sale Shares, which represents the entire issued share capital of the Target Company.

Consideration

The Consideration is S\$3,500,000, which shall be payable in the following manner:

- (a) as to S\$175,000 has been paid by the Purchaser to the Vendors as the Deposit (which on Completion shall form part of the Consideration); and
- (b) as to the Remaining Balance in the amount of S\$3,325,000 shall be paid by the Purchaser to the Vendors' solicitors as stakeholder after the signing of the Agreement and shall be released by the Vendors' solicitors to the Third Vendor for subsequent payment and distribution to the Vendors in such proportion according to their respective shareholdings in the Target Company on Completion.

The Consideration was determined after arm's length negotiation between the parties by reference to, among others, (i) the prevailing market price of other comparable properties located in nearby location of the Leased Property; and (ii) the location and accessibility of the Leased Property. After considering the above factors, the Directors (including the independent non-executive Directors) consider that the entering into of the Agreement and the terms and conditions of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon and subject to:

- (a) the Purchaser having undertaken and completed its due diligence investigation in respect of the Target Company, and the results of such due diligence being reasonably satisfactory to the Purchaser;
- (b) there being no present, pending or threatened claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration against the Target Company;
- (c) all the warranties given by the Vendors under the Agreement being true, accurate and not misleading in all material aspects as at the Completion Date;
- (d) all covenants and undertakings of the Vendors under the Agreement having been complied with in all material aspects as at the Completion Date;
- (e) the purchase and transfer of the Sale Shares upon the terms and conditions of the Agreement not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or other authority of Singapore and any other relevant jurisdictions;
- (f) the title to the Leased Property is in order;
- (g) in respect of the Leased Property, satisfactory replies from the following government and local authorities to legal requisitions being received by the Purchaser's solicitors (including Road and Drainage Interpretation Plans) disclosing no notice served or issued under any statutory enactment adversely affecting the Leased Property:
 - i. Building and Construction Authority;
 - ii. National Environment Agency — Environment Health Department;
 - iii. Public Utilities Board — Catchment & Waterways Department;
 - iv. Inland Revenue Authority of Singapore;
 - v. Land Transport Authority (Survey & Lands Department) — Street Works;
 - vi. Public Utilities Board — Water Reclamation (Network); and
 - vii. Urban Redevelopment Authority,

provided always that:

- i. if any such notice is capable of being complied with or remedied by and at the expense of the Vendors and the Vendors elect so to comply with or remedy the same before the Completion Date;
- ii. if any reply to the said legal requisitions or the Road Interpretation Plan does not disclose that the Leased Property is affected by any road proposal or lines of road reserve or discloses that the Leased Property is affected by road proposals or lines of road reserve required by the Public Works Department or other competent authority to be set aside when redevelopment takes place on the Leased Property; or
- iii. if the replies to any of the said legal requisitions or the said Road or Drainage Interpretation Plans are not received by the Purchaser's solicitors two (2) weeks before the Completion Date;

then such replies shall be deemed to be satisfactory.

- (h) the application to strike off KH Arrow Star, KH Central Marble and KH Wize having been lodged;
- (i) the Company is no longer a shareholder of Kay Huat Logistics;
- (j) the King George's Properties not being registered in the name of the Company;
- (k) the Vendors having obtained all necessary consents, approvals and waivers from any persons and any relevant authorities in Singapore including but not limited to the Controller of Residential Properties (as applicable) in respect of the amendment of the Company's constitution to permit the transfer of shares in the Company to the Purchaser and such consents, approvals and waivers remaining in full force and effect; and
- (l) the Vendors having assigned all assets other than the Leased Property and novated all liabilities.

If (i) any of the above conditions are not satisfied (or waived by the Purchaser) on the Completion Date or the Extended Completion Date; or (ii) the above conditions are satisfied (or waived by the Purchaser) on the Completion Date or the Extended Completion Date but for any reason Completion cannot take place, the Vendors shall refund the Deposit to the Purchaser.

In the event that the Vendors refund the Deposit to the Purchaser under any circumstances whatsoever, the Vendors shall be entitled to set off against the Deposit and retain such amount calculated at the rate of S\$100,000 per month commencing from the date of the Agreement until and inclusive of the date that the Purchaser vacates the Leased Property, such amount being deemed as rental payable by the Purchaser for the Leased Property.

In the event that the Purchaser is in breach of any provision of the Agreement, the Purchaser shall forfeit the Deposit.

Completion

Completion shall take place at 3:00 p.m. on the Completion Date subject to the satisfaction or waiver of the conditions precedent of the Agreement or such other time as agreed by the parties to the Agreement. If the Completion cannot take place on the Completion Date, the Vendors may in their sole and absolute discretion collectively elect to complete the Acquisition on the Extended Completion Date.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated in the Group's financial statements.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in Singapore with limited liability. The Target Company is principally engaged in the provision of freight forwarding, packing and crating services.

As at the date of this announcement, the Target Company is owned as to 63.79%, 22.81%, 4.47%, 4.47% and 4.46% by the First Vendor, the Second Vendor, the Third Vendor, the Fourth Vendor and the Fifth Vendor respectively. The Target Company holds the entire issued share capital in Kay Huat Logistics, a company incorporated in Singapore with limited liability and principally engaged in the provision of general warehousing services. The Target Company also holds as to 80% of KH Central Marble, a company incorporated in Singapore and principally engaged in the provision of general contracting services. Kay Huat Logistics holds as to 60% of KH Wize, a company incorporated in Singapore with limited liability and principally engaged in the provision of logistics services and holds as to 55% of KH Arrow Star, a company incorporated in Singapore with limited liability and principally engaged in the provision of logistics services.

At Completion, the Target Company shall not have any assets and liabilities, save for the Leased Property.

The Leased Property

The Leased Property is located at 12 Sungei Kadut Loop, Singapore 729456.

The Leased Property is an industrial property with a lease entered into by the Target Company as the lessee and Jurong Town Corporation as the lessor ending on 15 March 2025.

As at the date of this announcement, the Purchaser has entered into and taken possession of the Leased Property.

Financial information of the Target Group

Set out below is the financial information of the Target Group for the two years ended 31 December 2018:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	(S\$)	(S\$)
	Unaudited	Audited
Revenue	776,000	1,320,000
Profit before taxation	39,000	159,000
Profit after taxation	25,000	150,000

The unaudited net assets of the Target Group as at 31 December 2018 was approximately S\$4,205,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. 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.

Upon Completion, the Target Company will not hold any assets and liabilities, save for the Leased Property.

The Leased Property will be used by the Group to expand its business and operations. The Acquisition will enhance the Group's capacity for production and fabrication and provide additional storage space for beam and steel material, such that it will enable the Group to accommodate the increasing demand in beam and steel fabrication.

The Acquisition will be financed by the proceeds from the share offer of the Company in connection with the Listing.

The Directors (including the independent non-executive Directors) consider that the entering into of the Acquisition and the terms and conditions of the Agreement (including the Consideration and payment terms) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the terms and conditions of the Agreement
“Agreement”	the share purchase agreement entered into between the Purchaser and the Vendors on 18 March 2019 (after trading hours of the Stock Exchange) in relation to the Acquisition
“Board”	the board of Directors
“Company”	GT Steel Construction Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	15 June 2019, or such other date as determined between the Purchaser and the Vendors in writing
“connected person(s)”	having the meaning ascribed to it under the GEM Listing Rules
“Deposit”	the refundable deposit in the sum of S\$175,000 paid by the Purchaser to the Vendors in accordance with the terms and conditions of the Agreement
“Directors”	the directors of the Company
“Extended Completion Date”	the extended date of Completion not exceeding one month of the Completion Date (being no later than 15 July 2019 (such date inclusive))
“Fifth Vendor”	Jeffrey Gan Theng Yeong (Yan Tingyong)

“First Vendor”	estate of Gan Boon Siong
“Fourth Vendor”	Gan Theng Liang Raymond
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	the independent third party who is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, independent of and not connected with the Company and its connected person(s)
“Kay Huat Logistics”	Kay Huat Logistics Services Pte. Ltd., a company incorporated in Singapore with limited liability
“KH Arrow Star”	KH Arrow Star Pte. Ltd., a company incorporated in Singapore with limited liability
“KH Central Marble”	KH Central Marble Pte. Ltd., a company incorporated in Singapore with limited liability
“KH Wize”	KH Wize Pte. Ltd., a company incorporated in Singapore with limited liability
“King George’s Properties”	the properties located at (i) 111 King George’s Avenue, Singapore 208559; (ii) 111E King George’s Avenue, Singapore 208559; and (iii) 111K King George’s Avenue, Singapore 208559
“Leased Property”	the property located at 12 Sungei Kadut Loop, Singapore 729456 with a lease entered into by the Target Company as the lessee and Jurong Town Corporation as the lessor ending on 15 March 2025
“Listing”	the listing of the Shares on GEM on 17 November 2017
“Purchaser”	G-Tech Metal Pte. Ltd., a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company

“Remaining Balance”	the remaining balance in the sum of S\$3,325,000 paid by the Purchaser to the Vendors in accordance with the terms and conditions of the Agreement
“Sale Shares”	6,000,000 ordinary shares of the Target Company, representing the entire issued share capital of the Target Company
“Second Vendor”	Tan Sioh Cher
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Kay Huat Trading Company Private Limited, a company incorporated in Singapore with limited liability
“Target Group”	the Target Company, Kay Huat Logistics, KH Arrow Star, KH Central Marble and KH Wize
“Third Vendor”	Jason Gan Theng Chor
“Vendors”	collectively the First Vendor, the Second Vendor, the Third Vendor, the Fourth Vendor and the Fifth Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

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

Hong Kong, 18 March 2019

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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