



金利豐證券有限公司
KINGSTON SECURITIES LIMITED

13 April 2023

To the Independent Shareholders and the Independent Warrant Holders

Dear Sir/Madam,

UNCONDITIONAL MANDATORY CASH OFFERS BY



**FOR AND ON BEHALF OF
MILLION TREASURE INTERNATIONAL HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES AND OUTSTANDING WARRANTS OF
GT STEEL CONSTRUCTION GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
MILLION TREASURE INTERNATIONAL HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

References are made to (i) the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offers; and (ii) the joint announcement dated 14 March 2023, issued by the Offeror and the Company in relation to, among other things, the Completion and the Offers. As at the Latest Practicable Date, the Offeror Concert Party Group is interested in an aggregate of 331,790,000 Shares, representing approximately 69.12% of the entire issued share capital of the Company, and a total of 66,358,000 Warrants, conferring the rights to subscribe for 66,358,000 new Shares with an exercise price of HK\$4.00 per new Share (subject to adjustments).

This letter forms part of this Composite Document which sets out, among other things, principal terms of the Offers, information on the Offeror and the Offeror's intention regarding the Group. Further terms and procedures of acceptance of the Offers are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance. The Independent Shareholders and the Independent Warrant Holders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders and the Independent Warrant Holders and the "Letter from Ample Capital" to the Independent Board Committee contained in this Composite Document, the appendices as set out in this Composite Document and the Form(s) of Acceptance and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offers.

2. THE OFFERS

Kingston Securities is making the Offers for and on behalf of the Offeror and in compliance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$0.229 in cash

The Share Offer Price of HK\$0.229 per Offer Share is the same price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Share Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid, free from any encumbrances and together with all rights attached and accrued to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document. As at the Latest Practicable Date, no dividend has been paid or declared by the Company and it is advised by the Board that no dividend is expected to be declared during the Offer Period.

The Warrant Offer

In respect of the Warrants, each of which entitles the holder to subscribe for one new Share at the exercise price of HK\$4.00 per new Share (subject to adjustments):

For each Offer Warrant HK\$0.001 in cash

Pursuant to Rule 13.5 of the Takeovers Code and Practice Note 6 to the Takeovers Code, the Warrant Offer Price represents the difference between the Share Offer Price and the exercise price of the Warrants. The Warrant Offer Price is nominal taking into consideration the see-through value of the Warrants, which is also the price per Sale Warrant paid by the Offeror under the Sale and Purchase Agreement. The Warrant Offer is extended to all Independent Warrant Holders in accordance with the Takeovers Code.

The Offers are unconditional in all respects when made, and are not conditional upon acceptances being received or any other conditions.

Comparison of value

The Share Offer Price of HK\$0.229 per Offer Share represents:

- (i) a discount of approximately 87.8% to the closing price of HK\$1.88 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 89.4% to the closing price of HK\$2.17 per Share as quoted on the Stock Exchange on 5 September 2022, being the Last Trading Day;

- (iii) a discount of approximately 89.3% over the average closing price of approximately HK\$2.15 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 89.2% over the average closing price of approximately HK\$2.12 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 89.2% over the average closing price of approximately HK\$2.12 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 8.2% over the audited consolidated net asset value attributable to owners of the Company of approximately S\$17,920,000 (equivalent to approximately HK\$101,606,000), which represents approximately HK\$0.21 per Share (based on the total number of issued Shares as at the Latest Practicable Date) as at 31 December 2021 as set out in the annual report of the Company for the year ended 31 December 2021;
- (vii) a premium of approximately 39.1% over the unaudited consolidated net asset value attributable to owners of the Company of approximately S\$13,939,000 (equivalent to approximately HK\$79,034,000), which represents approximately HK\$0.16 per Share (based on the total number of issued Shares as at the Latest Practicable Date) as at 30 June 2022 as set out in the interim report of the Company for the six months ended 30 June 2022;
- (viii) a premium of approximately 50.6% over the unaudited consolidated net asset value attributable to owners of the Company of approximately S\$12,876,000 (equivalent to approximately HK\$73,007,000), which represents approximately HK\$0.15 per Share (based on the total number of issued Shares as at the Latest Practicable Date) as at 30 September 2022 as set out in the third quarterly report of the Company for the nine months ended 30 September 2022; and
- (ix) a premium of approximately 73.8% over the audited consolidated net asset value attributable to owners of the Company of approximately S\$11,154,000 (equivalent to approximately HK\$63,243,000), which represents approximately HK\$0.13 per Share (based on the total number of issued Shares as at the Latest Practicable Date) as at 31 December 2022 as set out in the annual report of the Company for the year ended 31 December 2022.

The Warrant Offer Price of HK\$0.001 per Offer Warrant represents:

- (i) a discount of approximately 90.0% to the closing price of HK\$0.01 per Warrant as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 98.0% to the closing price of HK\$0.051 per Warrant as quoted on the Stock Exchange on 5 September 2022, being the Last Trading Day;
- (iii) a discount of approximately 98.0% over the average closing price of approximately HK\$0.051 per Warrant based on the daily closing prices as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 98.0% over the average closing price of approximately HK\$0.051 per Warrant based on the daily closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day; and
- (v) a discount of approximately 98.0% over the average closing price of approximately HK\$0.051 per Warrant based on the daily closing prices as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$2.32 per Share (on 17 March 2023) and HK\$1.56 per Share (on 6 March 2023), respectively.

Highest and lowest Warrant prices

The highest and lowest closing prices of the Warrants as quoted on the Stock Exchange during the Relevant Period were HK\$0.051 per Warrant (for the period from 23 August 2022 to 24 February 2023) and HK\$0.01 per Warrant (on 11 April 2023), respectively.

Payment

Payment in cash in respect of acceptance of the Offers will be made as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the date on which the duly completed Form(s) of Acceptance and the relevant document of title of the Shares or the Warrants (as the case may be) in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance under the Offers complete and valid.

No fractions of a cent (HK\$) will be payable and the amount of the consideration payable to any person who accepts the Offers will be rounded up to the nearest cent (HK\$).

Value of the Offers

As at the Latest Practicable Date, the Company has a total of 480,000,000 Shares in issue and 96,000,000 outstanding Warrants, conferring the rights to subscribe for a total of 96,000,000 new Shares at an exercise price of HK\$4.00 per new Share (subject to adjustments).

Based on (i) the Share Offer Price of HK\$0.229 per Offer Share and 148,210,000 Offer Shares not already held or agreed to be acquired by the Offeror Concert Party Group; and (ii) the Warrant Offer Price of HK\$0.001 per Offer Warrant and 29,642,000 Offer Warrants not already held or agreed to be acquired by the Offeror Concert Party Group:

- (a) assuming no outstanding Offer Warrant is exercised, and the Offers are accepted in full, the total value of the Offers shall be HK\$33,969,732 which comprises the value of the Share Offer of HK\$33,940,090 and the value of the Warrant Offer of HK\$29,642; and
- (b) assuming all outstanding Offer Warrants are exercised, and the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Offer Warrants), the total value of the Offers shall be HK\$40,728,108, which comprises the value of the Share Offer of HK\$40,728,108 and no amount to be payable by the Offeror under the Warrant Offer.

Confirmation of financial resources available for the Offers

The Offeror intends to finance the Offers by a loan facility under the Loan Facility Agreement made available by Kingston Securities as the lender and the Offeror as the borrower.

Alpha Financial and Kingston Corporate Finance, being the joint financial advisers to the Offeror, are satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration payable by the Offeror upon full acceptance of the Offers.

The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Loan Facility Agreement will not depend to any significant extent on the business of the Group.

Effect of accepting the Offers

By accepting the Share Offer, the Independent Shareholders will sell their Shares to the Offeror free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document.

Acceptance of the Share Offer will be deemed to constitute a warranty given by the relevant Independent Shareholders that all Shares sold by such person under the Share Offer are free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document. As at the Latest Practicable Date, no dividend has been paid or declared by the Company and it is advised by the Board that no dividend is expected to be declared during the Offer Period.

Acceptance of the Warrant Offer will be deemed to constitute a warranty given by the relevant Independent Warrant Holders that all Warrants sold by such person under the Warrant Offer are free from all encumbrances whatsoever.

The Offers will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code. Acceptance of the Offers tendered by the Independent Shareholders and the Independent Warrant Holders shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code, details of which are set out in paragraph headed "6. Right of Withdrawal" in Appendix I to this Composite Document.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be payable by the relevant Independent Shareholders and deducted from the amounts payable to the Independent Shareholders who accept the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Warrant Offer at the rate of 0.13% of the consideration payable in respect of relevant acceptances by the Independent Warrant Holders, or (if higher) the market value of the Offer Warrants as determined by the Collector of Stamp Revenue

under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Independent Warrant Holders who accept the Warrant Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Warrant Holders accepting the Warrant Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Warrant Offer and the transfer of the Offer Warrants.

Overseas Shareholders and Overseas Warrant Holders

The making of the Offers to the Overseas Shareholders and Overseas Warrant Holders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders and Overseas Warrant Holders should obtain appropriate legal advice regarding the implications of the Offers in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders and Overseas Warrant Holders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offers (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due from the accepting Overseas Shareholders and Overseas Warrant Holders).

Acceptance of the Offers by any Overseas Shareholders and Overseas Warrant Holders will be deemed to constitute a representation and a warranty by such person to the Offeror that such person has observed and is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and that he/she/it has obtained any requisite governmental, exchange control or other consents, complied with all other necessary formalities or legal requirements and paid any issue, transfer or other taxes or other required payments due from him/her/it in connection with such acceptance in any territory, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offers.

Taxation advice

The Independent Shareholders and the Independent Warrant Holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror Concert Party Group, the Company, Kingston Securities, Alpha Financial, Kingston Corporate Finance, Ample Capital, and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

3. INFORMATION ON THE GROUP

Information on the Group is set out in the paragraph headed “Information on the Group” in the “Letter from the Board” in this Composite Document.

4. INFORMATION ON THE OFFEROR

Information on the Offeror

The Offeror was incorporated in the British Virgin Islands with limited liability as an investment holding company. As at the Latest Practicable Date, the Offeror is beneficially owned by Mr. Zhang Zhang as to 80%, Ms. Li Heliang as to 10% and Mr. Wang Jiandong as to 10%. Mr. Zhang Zhang is the sole director of the Offeror.

Information on Mr. Zhang Zhang, Ms. Li Heliang and Mr. Wang Jiandong

Mr. Zhang Zhang (張璋), aged 47, has over 22 years of management experience in the real estate industry in the PRC, including extensive experience in corporate management, marketing management, business operations expansion, and strategic planning. He was a director of marketing, head of commercial operations, head of strategic development and project general manager at Chongqing Xingmao Industrial Development (Group) Co., Ltd.* (重慶市興茂產業發展(集團)有限公司) from 2000 to 2008. Mr. Zhang Zhang was an executive vice president in charge of construction, merchandising and sales at Chongqing Yearning Real Estate Co., Ltd.* (重慶市嚮往置業有限公司) from 2009 to 2013. From 2014 to 2016, he was a general manager at Chongqing Runze Real Estate Co., Ltd.* (重慶潤澤房地產經紀有限公司). From 2017 to 2020, he was a project general manager at Chongqing Guokang Construction Engineering Co., Ltd.* (重慶市國康建築工程有限公司).

Mr. Wang Jiandong (王建東), aged 31, graduated from the Shandong University of Technology* (山東理工大學) in 2011 majoring in electromechanical technology (through correspondence study) and has more than 7 years of management experience in the PRC including managing and overseeing the operations of private enterprises since 2015.

Ms. Li Heliang (李荷良), aged 28, has over 7 years of experience in finance and management in the PRC. She was the head of finance of Henan Houyin Enterprise Management Consulting Co., Ltd.* (河南厚銀企業管理諮詢有限公司) from 2015 to 2018. She served as the chief financial officer of Chongqing Guokang Construction Engineering Co., Ltd.* (重慶市國康建築工程有限公司) from 2018 to 2020, and was responsible for overseeing financial planning and control, accounting operations and internal control of the company. She has been the head of finance of Henan Oriental Yingtong E-commerce Co. Ltd.* (河南東方盈通電子商務有限公司) since May 2020.

Ms. Li Heliang was acquainted with Mr. Ong through her cousin, Ms. Chen Xiaoyu, an executive Director, in or around 2020. Ms. Li Heliang then introduced Mr. Ong to Mr. Zhang Zhang and Mr. Wang Jiandong. Having common interests in

pursuing a business opportunity in the construction industry, Mr. Zhang Zhang, Ms. Li Heliang and Mr. Wang Jiandong procured the Offeror to enter into the Sale and Purchase Agreement with the Vendor.

Save for being business partners in the PRC, Mr. Zhang Zhang, Mr. Wang Jiandong and Ms. Li Heliang do not have any other relationship with each other.

5. OFFEROR'S INTENTION IN RELATION TO THE GROUP

The Offeror intends to continue the employment of the existing directors, management and employees of the Group. As at the Latest Practicable Date, the Offeror intends to continue the principal business of the Group and the employment of the employees of the Group. The Offeror will, following the completion of the Offers, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. However, as at the Latest Practicable Date, no such investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group.

As at the Latest Practicable Date, the Offeror intends to continue the principal business of the Group and has no intention to enter and had not entered into any agreement, arrangement, negotiation or understanding to downsize, cease or dispose of the existing business of the Group.

6. PROPOSED CHANGE OF THE BOARD COMPOSITION

The Board is currently made up of three executive Directors, one non-executive Director and three independent non-executive Directors.

The Offeror intends to nominate new Directors to the Board in accordance with relevant requirements of the Takeovers Code, the GEM Listing Rules or other applicable regulations. Any changes to the Board composition will be made in compliance with the Takeovers Code and the GEM Listing Rules. As at the Latest Practicable Date, the Offeror has not identified any candidates and has not reached any final decision as to who will be nominated as new Directors. Further announcement(s)/disclosure(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the GEM Listing Rules and the Takeovers Code as and when appropriate.

7. COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the Closing Date.

8. MAINTAINING THE LISTING STATUS AND SUFFICIENT PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

The Offeror intends to maintain the listing of the Shares and the Warrants on GEM after the close of the Offers. The sole director of the Offeror has undertaken, the Directors have jointly and severally undertaken and new Director(s) to be nominated by the Offeror and to be appointed (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offers. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

9. ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the paragraph headed "1. Procedures for Acceptance of the Offers" as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

10. GENERAL

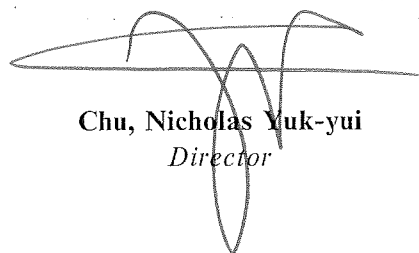
To ensure equality of treatment of all Independent Shareholders and Independent Warrant Holders, those registered Independent Shareholders and Independent Warrant Holders who hold the Shares and Warrants as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares and Warrants, whose investments are registered in the names of nominees, to accept the Offers, it is essential that they provide instructions to their nominees of their intentions with regard to the Offers.

All documents and remittances will be sent to the Independent Shareholders and Independent Warrant Holders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members and the register of Warrant Holders of the Company, or, in case of joint holders to the Independent Shareholders and the Independent Warrant Holders whose name appears first in the said registers, unless otherwise specified in the accompanying Form(s) of Acceptance completed, returned and received by the Registrar. None of the Offeror Concert Party Group, the Company, Kingston Securities, Alpha Financial, Kingston Corporate Finance, Ample Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

11. ADDITIONAL INFORMATION

Your attention is drawn to the information regarding the Offers set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance which form part of this Composite Document. You are reminded to review this Composite Document and the recommendations from the Independent Board Committee as set out in the "Letter from the Independent Board Committee", the advice of the Independent Financial Adviser as set out in the "Letter from Ample Capital" and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offers.

Yours faithfully,
For and on behalf of
Kingston Securities Limited



Chu, Nicholas Yuk-yui
Director

* *for identification purpose only*