

# GT STEEL CONSTRUCTION GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8402)**

**(Warrant code: 8209)**

*Executive Directors:*

Mr. Ong Cheng Yew (*Chairman*)

Ms. Koh Siew Khing

Ms. Chen Xiaoyu

*Registered office in the Cayman Islands*

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Non-executive Director:*

Ms. Lin Xiaoqin

*Head office and principal place  
of business*

64 Woodlands Industrial Park E9

Singapore 757833

*Independent non-executive Directors:*

Mr. Tam Wai Tak Victor

Ms. Chooi Pey Nee

Mr. Tan Yeok Lim (Chen Yulin)

13 April 2023

*To the Independent Shareholders and the Independent Warrant Holders*

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY  
KINGSTON SECURITIES LIMITED  
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)**

## **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. Terms used herein shall have the same meanings as defined in this Composite Document unless the context requires otherwise.

As disclosed in the Joint Announcement, on 5 September 2022 (after trading hours), the Offeror as the purchaser, the Vendor as the vendor and Mr. Ong as the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Offeror has agreed to purchase, and the Vendor has agreed to sell, an aggregate of 331,790,000 Shares (i.e. the

Sale Shares), representing approximately 69.12% of the entire issued share capital of the Company as at the Latest Practicable Date and an aggregate 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), for a total cash Consideration of HK\$76,046,268, equivalent to HK\$0.229 per Sale Share and HK\$0.001 per Sale Warrant.

Immediately after Completion which took place on 14 March 2023 and as at the Latest Practicable Date, the Offeror Concert Party Group owned a total of 331,790,000 Shares, representing approximately 69.12% of the entire issued share capital of the Company, and 66,358,000 Warrants. Pursuant to Rule 26.1 of the Takeovers Code, Kingston Securities is making, on behalf of the Offeror, the Offers to the Independent Shareholders and the Independent Warrant Holders for all the issued Shares and outstanding Warrants other than those already owned by the Offeror and parties acting in concert with it. The terms of the Offers are set out in the “Letter from Kingston Securities” and Appendix I to this Composite Document and the Form(s) of Acceptance.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, information relating to the Group, the Offeror and the Offers, the recommendation of the Independent Board Committee to the Independent Shareholders and the Independent Warrant Holders and the “Letter from Ample Capital” to the Independent Board Committee in respect of the Offers.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Under Rule 2.1 and Rule 2.8 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to the acceptance.

The Independent Board Committee, comprising Ms. Lin Xiaoqin, being the non-executive Director and Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim (Chen Yulin), being all the independent non-executive Directors, has been established for the purpose of making recommendations to the Independent Shareholders and the Independent Warrant Holders as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Ample Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. Such appointment has been approved by the Independent Board Committee.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the Independent Warrant Holders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.**

## THE OFFERS

The following information about the Offers is extracted from the “Letter from Kingston Securities” contained in this Composite Document.

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. 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:

- (1) 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;
- (2) 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;
- (3) 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;

- (4) 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;
- (5) 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;
- (6) a premium of approximately 8.2% over the audited consolidated net asset value attributable to the 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;
- (7) a premium of approximately 39.1% over the unaudited consolidated net asset value attributable to the 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;
- (8) 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
- (9) a premium of approximately 73.8% over the audited consolidated net asset value attributable to the 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:

- (1) 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;
- (2) 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;

- (3) 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;
- (4) 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
- (5) 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.

#### **Confirmation of financial resources available for the Offers**

As set out in this Composite Document, 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. Under the Loan Facility Agreement, as security, the Offeror has executed a fixed charge over the Sale Shares, the Sale Warrants (including any new Shares to be subscribed by the Offeror upon the exercise of the Sale Warrants on or before 23 August 2023), up to 148,210,000 Shares to be acquired by the Offeror in the Share Offer and up to 29,642,000 Warrants to be acquired by the Offeror in the Warrant Offer, in favour of Kingston Securities.

Alpha Financial and Kingston Corporate Finance, the joint financial advisers to the Offeror, have confirmed in this Composite Document that they are satisfied that sufficient financial resources are, and will remain, 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.

## Further details of the Offers

Further details of the Offers, including, among other things, its extension to the Overseas Shareholders and Overseas Warrant Holders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period can be found in the “Letter from Kingston Securities” and Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

## INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares and Warrants have been listed on GEM (stock code: 8402 and warrant code: 8209). The Company is an investment holding company and its operating subsidiaries are engaged in the designing, supplying, fabricating and erecting structural steel-works for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings and provision of pre-fabricated steel structures or on-site installation services in Singapore.

Financial and general information in relation to the Group are set out in Appendices II and III to this Composite Document.

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company as at the Latest Practicable Date (i) assuming none of the Warrants have been exercised and (ii) assuming all of the Warrants have been exercised:

	Assuming none of the Warrants have been exercised		Assuming all of the Warrants have been exercised	
	<i>Number of Shares</i>	<i>Approximate % of the issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of the issued Shares</i>
Million Treasure International Holdings Limited (Note)	331,790,000	69.12	398,148,000	69.12
<b>Subtotal of the Offeror Concert Party Group</b>	<b>331,790,000</b>	<b>69.12</b>	<b>398,148,000</b>	<b>69.12</b>
Public Shareholders	<u>148,210,000</u>	<u>30.88</u>	<u>177,852,000</u>	<u>30.88</u>
<b>Total</b>	<b><u>480,000,000</u></b>	<b><u>100.00</u></b>	<b><u>576,000,000</u></b>	<b><u>100.00</u></b>

Note: Million Treasure International Holdings Limited, being the Offeror, is owned by Mr. Zhang Zhang as to 80%, Ms. Li Heliang as to 10% and Mr. Wang Jiandong as to 10%.



## **INTENTION OF THE OFFEROR REGARDING THE GROUP**

Your attention is drawn to the paragraph headed “Offeror’s Intention in relation to the Group” in the “Letter from Kingston Securities” in this Composite Document. 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 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. 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 results 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 source 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.

## **PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY**

Your attention is drawn to the paragraph headed “Proposed Change of the Board Composition” in the “Letter from Kingston Securities” in this Composite Document.

The Board is currently made up of seven Directors, comprising three executive Directors, being Mr. Ong, Ms. Koh Siew Khing and Ms. Chen Xiaoyu; one non-executive Director, being Ms. Lin Xiaoqin; and three independent non-executive Directors, being Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim (Chen Yulin).

The Board is aware that 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) and/or 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.

## **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.

As stated in the “Letter from Kingston Securities” in this Composite Document, the Offeror intends to maintain the listing of the Shares and the Warrants on GEM after the close of the Offers. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the Closing Date. 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.

## **RECOMMENDATION**

None of the members of the Independent Board Committee is interested in or involved in the Offers.

Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 25 to 26 of this Composite Document, and the “Letter from Ample Capital” set out on pages 27 to 56 of this Composite Document, which contains their advice in relation to the Offers and the principal factors considered by them in arriving at their recommendation. The Independent Shareholders and the Independent Warrant Holders are urged to read those letters carefully before taking any action in respect of the Offers.

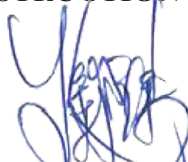
## **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully “Further Terms and Procedures of Acceptance of the Offers” set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance for further details in respect of the procedures for acceptance of the Offers.

In considering what action to take in connection with the Offers, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,

By the order of the Board of  
**GT STEEL CONSTRUCTION GROUP LIMITED**



**Ong Cheng Yew**

*Chairman and Executive Director*