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# THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares and warrants in GT Steel Construction Group Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers.

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## MILLION TREASURE INTERNATIONAL HOLDINGS LIMITED

萬寶國際控股有限公司

*(Incorporated in the British Virgin Islands with limited liability)*

## GT STEEL CONSTRUCTION GROUP LIMITED

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

**(Stock code: 8402)**

**(Warrant code: 8209)**

### COMPOSITE DOCUMENT RELATING TO THE 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)**

**Joint financial advisers to Million Treasure International Holdings Limited**



**Independent Financial Adviser to the Independent Board Committee**



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Capitalised terms used on this cover shall have the same meanings as those defined in this Composite Document unless the content requires otherwise.

A "Letter from Kingston Securities", containing among other things, the details of the terms and conditions of the Offers, is set out on pages 6 to 16 of this Composite Document. A "Letter from the Board" is set out on pages 17 to 24 of this Composite Document. A "Letter from the Independent Board Committee" containing its recommendation in respect of the Offers to the Independent Shareholders and Independent Warrant Holders is set out on pages 25 to 26 of this Composite Document. A "Letter from Ample Capital" containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 27 to 56 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Offers must be received by the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than 4:00 p.m. on Thursday, 4 May 2023, 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.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the paragraphs headed "Overseas Shareholders and Overseas Warrant Holders" in the "Letter from Kingston Securities" and "7. Overseas Shareholders and Overseas Warrant Holders" in Appendix I to this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders and the Overseas Warrant Holders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from the Overseas Shareholders or Overseas Warrant Holders in respect of such jurisdictions. Overseas Shareholders and Overseas Warrant Holders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.gt-steel.com.sg> as long as the Offers remain open.

13 April 2023

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## CHARACTERISTICS OF GEM

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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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## EXPECTED TIMETABLE

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### Expected Timetable

**All references to date and time contained in this Composite Document and the Form(s) of Acceptance refer to Hong Kong date and time.**

*The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.*

Despatch date of this Composite Document and the accompanying Form(s) of Acceptance and commencement date of the Offers (*Note 1*) . . . . . Thursday, 13 April 2023

Latest time and date for acceptance of the Offers (*Notes 2 and 5*) . . . . . 4:00 p.m. on Thursday, 4 May 2023

Closing Date (*Notes 3 and 5*) . . . . . Thursday, 4 May 2023

Announcement of the results of the Offers (or its extension or revision, if any) as at the Closing Date, to be posted on the website of the Stock Exchange (*Notes 3 and 5*) . . . . . no later than 7:00 p.m. on Thursday, 4 May 2023

Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offers on or before 4:00 p.m. on the Closing Date (*Notes 4 and 5*) . . . . . Monday, 15 May 2023

*Notes:*

1. The Offers, which are unconditional, are open for acceptance on and from Thursday, 13 April 2023, being the date of posting of this Composite Document, and are capable of acceptance on and from that date 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. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “6. Right of Withdrawal” in Appendix I to this Composite Document.
2. Beneficial owners of Shares and Warrants who hold their Shares and Warrants in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

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## EXPECTED TIMETABLE

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3. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offers will initially remain open for acceptances until 4:00 p.m. on Thursday, 4 May 2023 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror and the Company will jointly issue an announcement in relation to any extension of the Offers, in which the announcement will state either the next closing date or, a statement that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offers are closed to those Independent Shareholders and Independent Warrant Holders who have not accepted the Offers.
4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offers) payable for the Offer Shares and the Offer Warrants tendered (as the case may be) under the Offers will be despatched to the accepting Independent Shareholder(s) and Independent Warrant Holder(s), respectively, (to the address specified on the relevant Form(s) of Acceptance) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offers complete and valid.
5. The latest time and date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning signal", or extreme condition caused by super typhoon in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances. In such cases, the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.
6. Save as mentioned above, if the latest time for acceptance of the Offers and the posting of the remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Independent Shareholders and Independent Warrant Holders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## IMPORTANT NOTICE

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### **NOTICE TO THE OVERSEAS SHAREHOLDERS AND THE OVERSEAS WARRANT HOLDERS**

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders and Overseas Warrant Holders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements.

It is the responsibility of any such person who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from the Overseas Shareholders or Overseas Warrant Holders in respect of such jurisdiction.

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, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraphs headed “Overseas Shareholders and Overseas Warrant Holders” in the “Letter from Kingston Securities” and “7. Overseas Shareholders and Overseas Warrant Holders” in Appendix I to this Composite Document for details.

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## DEFINITIONS

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*In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meaning:*

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Alpha Financial”	Alpha Financial Group Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror in relation to the Offers
“Articles”	the amended and restated articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“BLUE Form of Warrant Offer Acceptance”	the blue form of acceptance and transfer of the Offer Warrants in respect of the Warrant Offer
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Closing Date”	Thursday, 4 May 2023, being the closing date of the Offers, which is no less than 21 days following the date on which this Composite Document is posted, or if the Offers are extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“Company”	GT Steel Construction Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares and Warrants of which are listed on GEM (stock code: 8402 and warrant code: 8209)
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Warrants in accordance with the terms and conditions of the Sale and Purchase Agreement, which took place on 14 March 2023

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## DEFINITIONS

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“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company to the Shareholders and Warrant Holders in connection with the Offers in compliance with the Takeovers Code containing, among other things, details of the Offers (accompanied by the Form(s) of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“Consideration”	the consideration paid by the Offeror to the Vendor in respect of the Sale Shares and the Sale Warrants, being HK\$75,979,910 and HK\$66,358, respectively, and in aggregate HK\$76,046,268
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Form(s) of Acceptance”	the <b>WHITE</b> Form of Share Offer Acceptance and/or the <b>BLUE</b> Form of Warrant Offer Acceptance (as the context may require) in respect of the Offers which accompany(ies) this Composite Document
“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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company 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, established to advise the Independent Shareholders and the Independent Warrant Holders on the Offers
“Independent Financial Adviser” or “Ample Capital”	Ample Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee in respect of the Offers



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## DEFINITIONS

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“Independent Shareholder(s)”	holder(s) of the Share(s), other than the members of the Offeror Concert Party Group
“Independent Warrant Holder(s)”	holder(s) of the Warrant(s), other than the members of the Offeror Concert Party Group
“Joint Announcement”	the joint announcement dated 23 February 2023 issued by the Offeror and the Company in relation to, among other things, the Sale and Purchase Agreement and the Offers
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint financial advisers to the Offeror in relation to the Offers
“Kingston Securities”	Kingston Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offers for and on behalf of the Offeror
“Last Trading Day”	5 September 2022, being the last trading day of the Shares and the Warrants before the publication of the Joint Announcement
“Latest Practicable Date”	11 April 2023, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Loan Facility Agreement”	the loan facility agreement dated 20 January 2023 entered into between Kingston Securities as the lender and the Offeror as the borrower for financing the Offers and part of the consideration payable for the Sale Shares and the Sale Warrants
“Mr. Ong” or “Guarantor”	Mr. Ong Cheng Yew, the chairman of the Board, an executive Director, the sole legal and beneficial owner of the Vendor and the guarantor for the Vendor’s obligations and liabilities under the Sale and Purchase Agreement
“Offer Period”	the period commencing from 23 February 2023, being the date of the Joint Announcement, until the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offers in accordance with the Takeovers Code
“Offer Share(s)”	the issued Share(s) other than those already owned or agreed to be acquired by the Offeror Concert Party Group
“Offer Warrant(s)”	the issued Warrant(s) other than those already owned or agreed to be acquired by the Offeror Concert Party Group

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## DEFINITIONS

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“Offeror”	Million Treasure International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned by Mr. Zhang Zhang as to 80%, Ms. Li Heliang as to 10% and Mr. Wang Jiandong as to 10%
“Offeror Concert Party Group”	the Offeror and the parties acting in concert with it, including Mr. Zhang Zhang, Ms. Li Heliang and Mr. Wang Jiandong and their respective concert parties
“Offers”	the Share Offer and the Warrant Offer
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Overseas Warrant Holder(s)”	Independent Warrant Holder(s) whose address(es), as shown on the register of Warrant Holders of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China
“Registrar”	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Relevant Period”	the period from 23 August 2022, being the date falling six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date
“S\$”	Singapore dollars, the lawful currency of Singapore
“Sale and Purchase Agreement”	the sale and purchase agreement dated 5 September 2022 and entered into among the Vendor, the Offeror and Mr. Ong in relation to the sale and purchase of the Sale Shares and the Sale Warrants (as supplemented and amended by the supplemental agreements dated 6 October 2022, 6 January 2023 and 17 February 2023, respectively)
“Sale Share(s)”	331,790,000 Shares, legally and beneficially owned by the Vendor immediately before Completion, representing approximately 69.12% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement
“Sale Warrant(s)”	66,358,000 Warrants, conferring the rights to subscribe for a total of 66,358,000 new Shares, legally and beneficially owned by the Vendor immediately before Completion
“SFC”	the Securities and Futures Commission of Hong Kong

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Offer”	the unconditional mandatory cash offer to be made by Kingston Securities for and on behalf of the Offeror to acquire all the Offer Shares in accordance with the Takeovers Code
“Share Offer Price”	HK\$0.229 per Offer Share
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Broadbville Limited, a company incorporated in the British Virgin Islands with limited liability
“Warrant(s)”	the outstanding bonus warrants issued by the Company on 24 August 2021, 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)
“Warrant Holder(s)”	holder(s) of the Warrant(s)
“Warrant Offer”	the unconditional mandatory cash offer to be made by Kingston Securities for and on behalf of the Offeror to acquire all the Offer Warrants in accordance with the Takeovers Code
“Warrant Offer Price”	HK\$0.001 per Offer Warrant
“ <b>WHITE</b> Form of Share Offer Acceptance”	the white form of acceptance and transfer of the Offer Shares in respect of the Share Offer
“%”	per cent.

*For the purpose of this Composite Document, the exchange rate of S\$1 to HK\$5.67 have been used for currency translation, where applicable. Such exchange rate is for illustrative purposes only and does not constitute representations that any amount in HK\$ or S\$ has been, could have been or may be converted at such rate.*

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;

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## LETTER FROM KINGSTON SECURITIES

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- (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.

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## LETTER FROM KINGSTON SECURITIES

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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.



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## LETTER FROM KINGSTON SECURITIES

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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.



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## LETTER FROM KINGSTON SECURITIES

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### *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

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## LETTER FROM KINGSTON SECURITIES

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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

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## LETTER FROM KINGSTON SECURITIES

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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.

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## LETTER FROM KINGSTON SECURITIES

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### 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*

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LETTER FROM THE BOARD

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**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*

*Independent non-executive Directors:*

Mr. Tam Wai Tak Victor

Ms. Chooi Pey Nee

Mr. Tan Yeok Lim (Chen Yulin)

64 Woodlands Industrial Park E9

Singapore 757833

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



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## LETTER FROM THE BOARD

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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.**



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## LETTER FROM THE BOARD

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### 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;

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## LETTER FROM THE BOARD

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- (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;

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## LETTER FROM THE BOARD

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- (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.

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## LETTER FROM THE BOARD

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### 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%.

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## LETTER FROM THE BOARD

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### **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.

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## LETTER FROM THE BOARD

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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*

# GT STEEL CONSTRUCTION GROUP LIMITED

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

**(Stock code: 8402)**

**(Warrant code: 8209)**

13 April 2023

*To the Independent Shareholders and 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

We refer to this Composite Document dated 13 April 2023 jointly issued by the Company and the Offeror, of which this letter forms part. Terms used herein shall have the same meanings as defined in this Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offers and to advise you as to whether or not, in our opinion, the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Independent Warrant Holders are concerned and as to the acceptance of the Offers taking into account the advice from the Independent Financial Adviser.

Ample Capital has been appointed as the independent financial adviser with our approval to advise us in this respect of the terms of the Offers and as to the acceptance thereof. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from Ample Capital” on pages 27 to 56 of this Composite Document.

We also wish to draw your attention to the sections headed “Letter from Kingston Securities”, the “Letter from the Board” and the additional information set out in this Composite Document, including the appendices to the Composite Document and the accompanying Form(s) of Acceptance in respect of the terms of the Offers and the acceptance and settlement procedures for the Offers.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### RECOMMENDATION

Having taken into account the terms of the Offers, the advice and recommendation from Ample Capital together with the principal factors and reasons taken into account in arriving at its recommendation, we are of the opinion that the terms of the Share Offer are not fair and reasonable so far as the Independent Shareholders are concerned and therefore we recommend the Independent Shareholders not to accept the Share Offer. Further, having taken into account of the above, we are of the opinion that the terms of the Warrant Offer are fair and reasonable so far as the Independent Warrant Holders are concerned and therefore we recommend the Independent Warrant Holders to accept the Warrant Offer.

Nevertheless, for those Independent Shareholders and Independent Warrant Holders who are considering to realise all or part of their holdings in the Shares and/or the Warrants, they are reminded to closely monitor the market price and liquidity of the Shares and the Warrants during the Offer Period and carefully consider the relevant risks and uncertainties based on their individual preference and tolerance level. Should the net proceeds receivable under the Offers exceed the net sale proceeds, or if there is difficulty in disposing of a large volume of the Shares and the Warrants in the open market, in view of the thin historical trading volume of Shares and Warrants on GEM and the downward pressure it may create on the price of the Shares and the Warrants, the Independent Shareholders and the Independent Warrant Holders may wish to consider accepting the Offers.

In any case, the Independent Shareholders and Independent Warrant Holders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders and the Independent Warrant Holders should consult their own professional advisers for professional advice.

Furthermore, the Independent Shareholders and the Independent Warrant Holders who wish to accept the Offers are recommended to read carefully the procedures for accepting the Offers as detailed in this Composite Document and the Form(s) of Acceptance.

Yours faithfully,  
For and on behalf of the  
*Independent Board Committee*  
**GT STEEL CONSTRUCTION GROUP LIMITED**

**Lin Xiaoqin**  
*Non-executive Director*

**Tam Wai Tak Victor**  
*Independent non-executive Director*

**Chooi Pey Nee**  
*Independent non-executive Director*

**Tan Yeok Lim (Chen Yulin)**  
*Independent non-executive Director*



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## LETTER FROM AMPLE CAPITAL

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*The following is the full text of the letter of advice from the Independent Financial Adviser, Ample Capital Limited, to the Independent Board Committee in respect of the Offers for the purpose of inclusion in this Composite Document.*

### **AmCap**

*Ample Capital Limited*

豐盛融資有限公司

**Ample Capital Limited**

Unit A, 14th Floor

Two Chinachem Plaza

135 Des Voeux Road Central

Hong Kong

13 April 2023

*To the Independent Board Committee*

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

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the Composite Document dated 13 April 2023 jointly issued by the Company and the Offeror to the Shareholders and Warrant Holders, of which this letter of advice forms part. Capitalised terms used in this letter of advice shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

An 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, who have no direct or indirect interest in the Offers, has been established in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders and the Independent Warrant Holders as to (i) whether the Offers are fair and reasonable, and (ii) the acceptance of the Offers.

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## LETTER FROM AMPLE CAPITAL

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We, Ample Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Ample Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

### OUR INDEPENDENCE

Aside from our engagement as the Independent Financial Adviser, we have not provided any other services to the Group or any member of the Offeror Concert Party Group in the last two years prior to the Latest Practicable Date and there is no relationships or interests between us and the Group, the Offeror, and their respective subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser. We are independent from, and are not associated with the Company, the Group, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of the above, or any company controlled by any of them. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee, no arrangement exists whereby we will receive any fees or benefits from the abovementioned parties or any party acting, or presumed to be acting, in concert with any of them, any of their respective associates, close associates or core connected persons or other parties that could be regarded as relevant to our independence. As such, we are considered eligible to give independent advice pursuant to Rule 2.6 of the Takeovers Code and Rule 17.96 of the GEM Listing Rules.

### BASIS OF ADVICE

In formulating our advice and recommendation, we have relied on the statements, information, opinions and representations contained in or referred to in the Composite Document and the information and representations as provided to us by the Directors and the management of the Company (the “**Management**”). Our review procedures include, among others, review of the annual report of the Group for the financial year ended 31 December 2022 (the “**2022 Annual Report**”); the interim report of the Group for the six months ended 30 June 2022 (the “**2022 Interim Report**”); the third quarterly report of the Group for the nine months ended 30 September 2022 (the “**2022 Q3 Report**”), the Composite Document, and relevant announcements published by the Company. We have assumed that all information and representations that have been provided by the Directors and the Management are true, complete and accurate in all material respects at the time when they were made and up to date throughout the Offer Period and should there be any material changes thereto, or any change to our opinion, Shareholders and Warrant Holders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after enquiries and careful consideration.

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## LETTER FROM AMPLE CAPITAL

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We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Independent Shareholders and the Independent Warrant Holders will be notified of any material changes to such information provided in the Composite Document or to our opinion as soon as possible. The Directors have confirmed that, to the best of their information and knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Composite Document, including this letter, misleading.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee in relation to the Offers, we have considered the following principal factors and reasons:

#### A. BACKGROUND INFORMATION

##### 1. *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.

##### a) *Historical financial information of the Group*

Set out below are extracts of financial information of the Group for each of the years ended 31 December 2021 (“FY2021”) and 31 December 2022 (“FY2022”) as extracted from the 2022 Annual Report, for each of the six months ended 30 June 2021 (“6M2021”) and 30 June 2022 (“6M2022”) as extracted from the 2022 Interim Report, and for each of the nine months ended 30 September 2021 (“9M2021”) and 30 September 2022 (“9M2022”) as extracted from the 2022 Q3 Report<sup>1</sup>.

	FY2022 (audited) S\$	FY2021 (audited) S\$	FY2022 (audited) HK\$	FY2021 (audited) HK\$
Revenue	9,386,895	12,749,956	53,223,695	72,292,251
Gross (loss)	(2,980,230)	(5,508,843)	(16,897,904)	(31,235,140)
Net loss for the year	(6,764,552)	(9,554,809)	(38,355,010)	(54,175,767)

<sup>1</sup> For illustrative purpose, the exchange rate of S\$ into HK\$ at S\$1 = HK\$5.67 has been used in this letter of advice, which represents the approximate average exchange rate for the twelve months ended 31 December 2022 as published by The Hong Kong Association of Banks.

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**LETTER FROM AMPLE CAPITAL**

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	<b>9M2022</b> (unaudited) <i>S\$</i>	<b>9M2021</b> (unaudited) <i>S\$</i>	<b>9M2022</b> (unaudited) <i>HK\$</i>	<b>9M2021</b> (unaudited) <i>HK\$</i>
Revenue	6,017,105	14,903,404	34,116,985	84,502,301
Gross (loss)	(2,391,900)	(1,516,011)	(13,562,073)	(8,595,782)
Net loss for the period	(5,005,422)	(4,327,388)	(28,380,743)	(24,536,290)

	<b>6M2022</b> (unaudited) <i>S\$</i>	<b>6M2021</b> (unaudited) <i>S\$</i>	<b>6M2022</b> (unaudited) <i>HK\$</i>	<b>6M2021</b> (unaudited) <i>HK\$</i>
Revenue	3,643,399	13,953,017	20,658,072	79,113,606
Gross (loss)	(2,204,466)	(34,064)	(12,499,322)	(193,143)
Net loss for the period	(3,942,858)	(2,099,535)	(22,356,005)	(11,904,363)

	<b>As at 31 December 2022</b> (audited) <i>S\$</i>	<b>As at 31 December 2021</b> (audited) <i>S\$</i>	<b>As at 31 December 2022</b> (audited) <i>HK\$</i>	<b>As at 31 December 2021</b> (audited) <i>HK\$</i>
Current assets	12,182,702	18,340,316	69,075,920	103,989,592
Non-current assets	5,829,714	6,831,079	33,054,478	38,732,218
Total asset	18,012,416	25,171,395	102,130,399	142,721,810
Current liabilities	6,350,646	3,849,137	36,008,163	21,824,607
Non-current liabilities	508,083	3,401,883	2,880,831	19,288,677
Total liability	6,858,729	7,251,020	38,888,993	41,113,283
Net current asset	5,832,056	14,491,179	33,067,758	82,164,985
Equity attributable to owners of the Company	11,153,687	17,920,375	63,241,405	101,608,526

	<b>As at 30 June 2022</b> (unaudited) <i>S\$</i>	<b>As at 30 June 2022</b> (unaudited) <i>HK\$</i>
Current assets	14,430,865	81,823,005
Non-current assets	6,141,004	34,819,493
Total asset	20,571,869	116,642,497
Current liabilities	3,548,245	20,118,549
Non-current liabilities	3,085,099	17,492,511
Total liability	6,633,344	37,611,060
Net current asset	10,882,620	61,704,455
Equity attributable to owners of the Company	13,938,525	79,031,437

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## LETTER FROM AMPLE CAPITAL

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FY2022 vs FY2021, and FY2022's financial position vs FY2021 and 6M2022

Based on the table above and the 2022 Annual Report, the Group's revenue decreased for approximately 26.4% from approximately S\$12.7 million (equivalent to approximately HK\$72.3 million) for FY2021 to approximately S\$9.4 million (equivalent to approximately HK\$53.2 million) for FY2022, mainly due to a decrease in provision of structural steel works resulted from new projects coming in at a slower pace.

The Group remained to be loss-making in FY2022 and recorded a decrease in gross loss of approximately S\$2.5 million (equivalent to approximately HK\$14.3 million) or representing decrease by approximately 45.9% from gross loss of S\$5.5 million (equivalent to approximately HK\$31.2 million) for FY2021 to a gross loss of approximately S\$3.0 million (equivalent to approximately HK\$16.9 million) for FY2022. The decrease in gross loss for FY2022 was mainly due to the decrease in the subcontractor costs by approximately 57.2% from approximately S\$9.6 million (equivalent to approximately HK\$54.2 million) for FY2021 to approximately S\$4.1 million (equivalent to approximately HK\$23.2 million) for FY2022.

The Group's net loss decreased by approximately 29.2% from approximately S\$9.6 million (equivalent to approximately HK\$54.2 million) for FY2021 to approximately S\$6.8 million (equivalent to approximately HK\$38.4 million) for FY2022. The decrease in net loss for FY2022 was in line with the decrease in gross loss for FY2022. The net loss for FY2022 was mainly contributed by (i) the decrease in revenue as discussed above; (ii) 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 (iii) higher subcontractor costs due to staggering start times and implementation of shift for the social distance safety purpose due to the Covid-19 pandemic.

As at 31 December 2022, the Group had net current assets of approximately S\$5.8 million (equivalent to approximately HK\$33.1 million) which mainly comprise contract assets of approximately S\$4.2 million (equivalent to approximately HK\$24.1 million) and bank balances and cash of approximately S\$4.7 million (equivalent to approximately HK\$26.6 million). The Group had total liabilities of approximately S\$6.9 million (equivalent to approximately HK\$38.9 million) and total assets of approximately S\$18.0 million (equivalent to approximately HK\$102.1 million) as at 31 December 2022.

When comparing the financial position between 31 December 2022 and 30 June 2022, the Group's financial position as at 31 December 2022 weakened, which was mainly contributed by (i) a decrease in current asset from approximately S\$14.4 million (equivalent to approximately HK\$81.8 million) as at 30 June 2022 to approximately S\$12.2 million (equivalent to approximately HK\$69.1 million) as at 31 December 2022, which was mainly due to the decrease in trade receivables and bank balances and cash resulted from the decrease in revenue; and (ii) an increase in current liabilities from approximately S\$3.5 million (equivalent to approximately HK\$20.1 million) as at 30 June 2022 to approximately S\$6.4 million (equivalent to approximately HK\$36.0 million) as at 31 December 2022, which was mainly due to the increase in borrowings.

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## LETTER FROM AMPLE CAPITAL

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When comparing the financial position between 31 December 2022 and 31 December 2021, the Group's financial position as at 31 December 2022 declined. The decline of the Group's financial position as at 31 December 2022 was mainly due to (i) decrease in contract assets by approximately S\$4.5 million (equivalent to approximately HK\$25.3 million) from approximately S\$8.7 million (equivalent to approximately HK\$49.4 million) as at 31 December 2021 to approximately S\$4.2 million (equivalent to approximately HK\$24.1 million) as at 31 December 2022; (ii) decrease in inventories from approximately S\$0.9 million (equivalent to approximately HK\$4.9 million) as at 31 December 2021 to nil as at 31 December 2022.

### 9M2022 vs 9M2021

According to the above table and the 2022 Q3 Report, the Group's unaudited revenue decreased by approximately 59.6% from approximately S\$14.9 million (equivalent to approximately HK\$84.5 million) for 9M2021 to approximately S\$6.0 million (equivalent to approximately HK\$34.1 million) for 9M2022. Such decrease in revenue was mainly due to the decrease in the provision of construction services, installation and auxiliary services provided by the Group to external customers for 9M2022.

The Group recorded an increase in gross loss of approximately 57.8% for 9M2022 from a gross loss of approximately S\$1.5 million (equivalent to approximately HK\$8.6 million) for 9M2021 to a gross loss of approximately S\$2.4 million (equivalent to approximately HK\$13.6 million) for 9M2022. Such increase was in line with the decrease in revenue for 9M2022.

As the Group recorded increase in gross loss for 9M2022, the Group recorded a net loss of approximately S\$5.0 million (equivalent to approximately HK\$28.4 million) for 9M2022. Such net loss for 9M2022 was mainly contributed by (i) new projects coming in at a slower pace; (ii) 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 (iii) higher subcontractor costs due to staggering start times and implementation of shift for the social distance safety purpose due to the Covid-19 pandemic, as quoted from the 2022 Q3 Report.

### 6M2022 vs 6M2021

Based on the table above and the 2022 Interim Report, the Group's revenue decreased by approximately 73.9% from approximately S\$14.0 million (equivalent to approximately HK\$79.1 million) for 6M2021 to approximately S\$3.6 million (equivalent to approximately HK\$20.7 million) for 6M2022, mainly due to a decrease in provision of structural steel works resulted from new projects coming in at a slower pace.



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## LETTER FROM AMPLE CAPITAL

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The Group remained to be loss-making in 6M2022 and recorded an increase in gross loss of approximately S\$2.2 million (equivalent to approximately HK\$12.5 million) or representing an increase of approximately 6,371.5% from gross loss of S\$34,064 (equivalent to approximately HK\$0.2 million) for 6M2021 to approximately S\$2.2 million (equivalent to approximately HK\$12.5 million) for 6M2022. The increase in gross loss for 6M2022 was mainly contributed by (i) new projects coming in at a slower pace, and the new projects start only in the 3rd quarter of 2022, (ii) 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, (iii) higher subcontractor costs due to staggering start times and implementation of shift for the social distance safety purpose due to the Covid-19 pandemic; and (iv) higher costs of recruiting migrant workers, owing to the continued risks posed by Covid-19 pandemic.

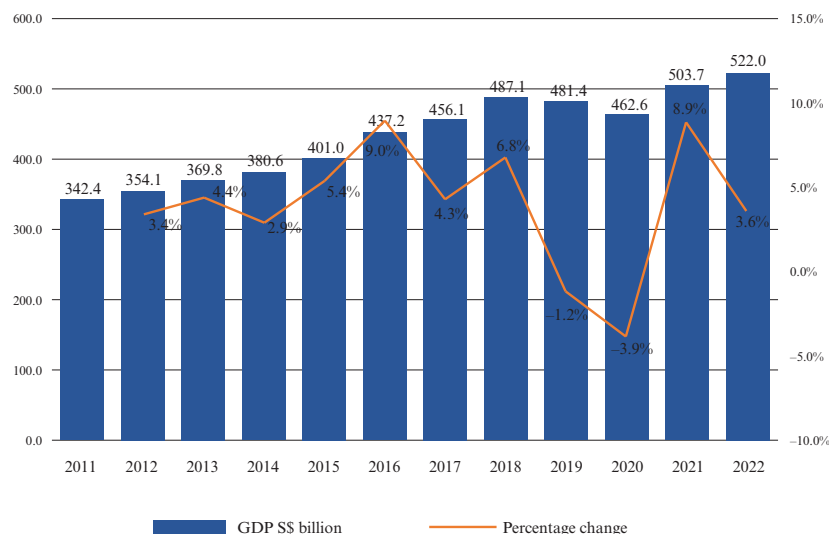
The Group also recorded an increase in net loss by approximately 87.8% from approximately S\$2.1 million (equivalent to approximately HK\$11.9 million) for 6M2021 to approximately S\$3.9 million (equivalent to approximately HK\$22.4 million) for 6M2022. Such increase in net loss for 6M2022 was mainly due to the increase in gross loss for 6M2022 as discussed above.

### b) *Future prospects and outlook of the Group*

The Group's revenue is derived from provision of structural steelworks services.

#### Overview on the GDP growth of Singapore

Set out below is a chart showing the movement of the value and percentage change of the gross domestic product (“GDP”) of Singapore between 2011 and 2022:



Source: the Singapore Department of Statistics website (<https://www.singstat.gov.sg/>)

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## LETTER FROM AMPLE CAPITAL

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According to the table illustrated above, the GDP of Singapore had been growing constantly from approximately S\$342.4 billion in 2011 to approximately S\$481.4 billion in 2019, but the said steady growth was deterred by the Covid-19 pandemic in 2020. On average, the annual percentage growth of Singapore's GDP during the period between 2011 and 2022 was approximately 4.0%. Based on the "Economic Survey of Singapore 2022"<sup>2</sup> published by the Ministry of Trade and Industry of the Singapore Government on 13 February 2023, taking into account (i) the projected slow growth in GDP of the United States of America, Eurozone and the PRC; (ii) the significant uncertainties and downside risks in the global economy; (iii) the growth of the outward-oriented sectors in Singapore is expected to weaken with the deterioration in external demand conditions; and offset by (iv) the growth prospects in several sectors, namely the continued recovery in air transport, accommodation and arts, entertainment and recreation industry, the Singapore economy is expected to grow by 0.5% to 2.5% in 2023, which is far less than its historical annual average percentage growth from 2011 to 2022.

### Overview on the Singapore construction sector

According to the Building and Construction Authority of Singapore ("BCA"), over the past six years from 2016 to 2021, the total contract awarded value of construction works performed by main contractors (i.e. the full contract awarded to main contractor by developer or owner and including the contract value of works which are further sub-contracted to other contractors of construction works, or in short, the "total construction demand") in Singapore had been fluctuating. After a temporary contraction in 2017, the total construction demand increased from 2018 until 2020 when the Covid-19 pandemic broke out. Despite a quick bounce back in 2021 from backlog projects, the total construction demand has not yet recovered to the pre-pandemic level. The table below demonstrates a full picture of the trend of fluctuation as aforementioned:

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>S\$ million</i>	<i>S\$ million</i>	<i>S\$ million</i>	<i>S\$ million</i>	<i>S\$ million</i>	<i>S\$ million</i>	<i>S\$ million</i>
Total	26,403.8	24,798.5	30,535.2	33,523.8	21,044.8	29,934.4	29,786.4
Public sector	15,393.3	15,835.0	18,296.2	19,026.4	12,171.6	17,841.4	17,303.8
Private sector	11,010.5	8,963.5	12,239.0	14,497.4	8,873.2	12,093.0	12,482.5

Source: the BCA website (<https://www1.bca.gov.sg/>)

<sup>2</sup> [https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2022/Economic-Survey-of-Singapore-2022/PR\\_AES2022.pdf](https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2022/Economic-Survey-of-Singapore-2022/PR_AES2022.pdf)



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## LETTER FROM AMPLE CAPITAL

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From the above table, it is further noted that the construction demand of both the public sector and private sector was severely affected by the Covid-19 pandemic in 2020. The revitalisation of the private sector was slower than the public sector. In comparison, the construction demand of the public sector was restored to approximately S\$17.3 billion in 2022, which represents an increase of approximately 42.2% when comparing the data for 2020 with the data for 2022; and the construction demand of the private sector was restored to approximately S\$12.5 billion in 2022, which represents an increase of approximately 40.7% from S\$8.9 billion for 2020 to S\$12.5 billion for 2022.

According to the article entitled “Singapore’s Construction Demand to Remain Strong in 2023”<sup>3</sup> published by BCA on 12 January 2023, the preliminary total construction demand for 2022 reached approximately S\$29.8 billion; while the BCA’s projected figure for 2023 is S\$27 billion to S\$32 billion. For the medium-term between 2024 and 2027, the total construction demand is forecasted to be S\$25 billion to S\$32 billion per year. The BCA’s forecasts suggest that the growth of the Singapore construction sector has seemingly leveled off. After the quick bounce back in 2021 from backlog projects, demand of the Singapore construction sector is anticipated to stay in the range of S\$25 billion to S\$32 billion per year from 2024 and 2027, failing to surpass the summit of approximately S\$33.5 billion in 2019.

The continuous trend of rising costs

According to the “Economic Survey of Singapore 2022”<sup>4</sup> published by the Ministry of Trade and Industry of the Singapore Government on 13 February 2023, in 2022, the domestic supply price and manufactured products price indices rose by approximately 18.6% and 14.9% respectively; whereas the import and export price indices rose by approximately 14.4% and 15.9% respectively. The year-on-year growth of the overall unit labour cost in 2022 was approximately 8.5%. In particular, the overall unit labour cost rose by approximately 9.3% year-on-year in the fourth quarter of 2022, with the construction sector registering the distinctive largest jump (approximately 11.1%). As anticipated by the Ministry of Trade and Industry of the Singapore Government, the overall unit labour cost is likely to continue to rise in 2023. At the same time, the costs of utilities, fuel and transportation are expected to ease but remain elevated with the ongoing Russia-Ukraine War.

For instance, based on the “Building Works Tender Price Index”<sup>5</sup> published by the BCA, as at 14 February 2023, tender prices in the construction sector rose by approximately 11.6% from 2021 to 2022 which was mainly possibly due to increases in the cost of manpower and construction materials.

<sup>3</sup> <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2023/01/12/singapore's-construction-demand-to-remain-strong-in-2023>

<sup>4</sup> [https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2022/Economic-Survey-of-Singapore-2022/PR\\_AES2022.pdf](https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2022/Economic-Survey-of-Singapore-2022/PR_AES2022.pdf)

<sup>5</sup> <https://www1.bca.gov.sg/docs/default-source/docs-corp-form/free-stats.pdf>

Our view

As depicted in the section headed “Financial information on the Group” of this letter of advice, as a result of the Covid-19 pandemic and the surging costs attributable to a number of factors, the Group’s financial performance has substantially worsened in the recent financial years, even though the Group recorded a decrease in net loss for FY2022. Having considered the uncertainties associated with the financial performance and prospects of the Group as elaborated above, including (i) the expected relatively stagnant GDP growth of Singapore in 2023; (ii) the Singapore construction sector may lack a strong driving force to achieve rapid growth in the medium-term; (iii) the continuous trend of rising costs; and (iv) the unexpected waves of the Covid-19 pandemic and the potential intensifying geopolitical tensions, the Group would continue to operate in a challenging environment in the short-term, we consider the Group’s recovery momentum may be uncertain.

## ***2. Information on the Offeror***

### *Information on the Offeror*

As disclosed in the Letter from Kingston Securities, 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.

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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.

\* *for identification purpose only*

### **3. Intentions of the Offeror regarding the Group**

To provide Independent Shareholders and the Independent Warrant Holders with information regarding the intentions of the Offeror, set out below is the Offeror's intentions on the Group's business and Board composition as extracted from the "Letter from Kingston Securities" in the 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 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.

### **4. Proposed change of the Board composition of the Company**

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).

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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.

### **B. THE OFFERS**

#### *1. Terms of the Offers*

As stated in the Letter from the Board, Kingston Securities is making the Offers, for and on behalf of the Offeror, in compliance with the Takeovers Code on the following basis:

##### *The Share Offer*

For every 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 the 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.

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## LETTER FROM AMPLE CAPITAL

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### 2. *Analysis of the Share Offer Price*

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 (“**NAV 1**”) 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 2022 Annual Report;
- 7) a premium of approximately 39.1% over the unaudited consolidated net asset value attributable to the owners of the Company (“**Unaudited NAV 1**”) 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 2022 Interim Report;
- 8) a premium of approximately 50.6% over the unaudited consolidated net asset value attributable to owners of the Company (“**Unaudited NAV 2**”) 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 2022 Q3 Report; and

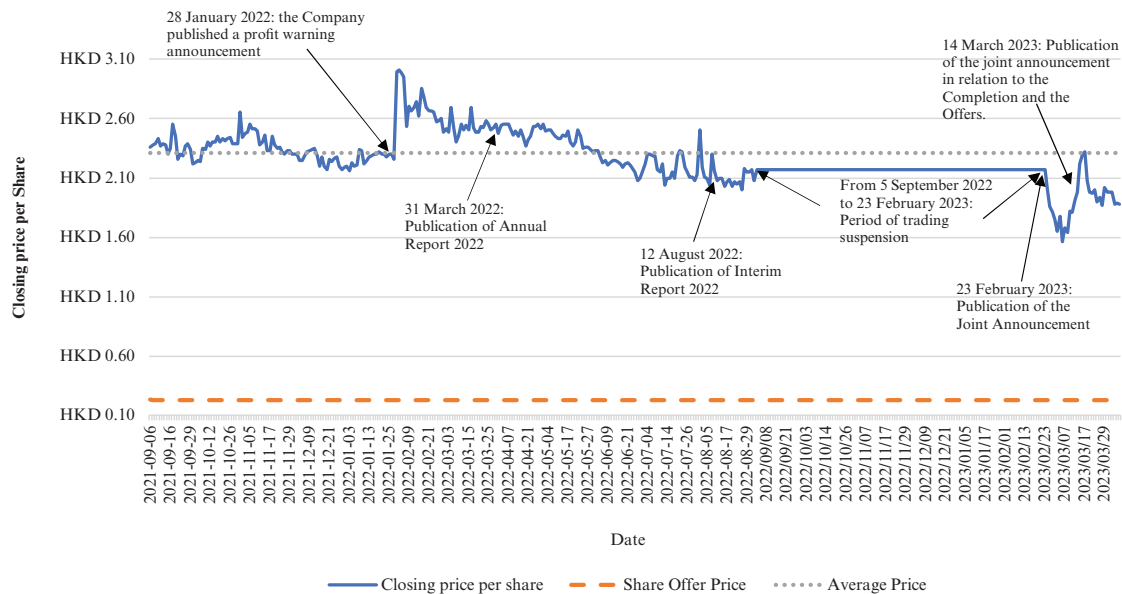
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- 9) a premium of approximately 73.8% over the audited consolidated net asset value attributable to the owners of the Company (“NAV 2”) of approximately S\$11,154,000 (equivalent to approximately HK\$63,243,000), which represents approximately HK\$0.13 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 2022 Annual Report.

a) *Historical Share price performance*

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 6 September 2021, being the twelve-month period prior the Last Trading Day and up to the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period, covering a full twelve-months period to the Last Trading Day, (i) appropriate for reviewing the recent financial position of the Group; (ii) represents a reasonable period to provide a general overview of the recent price performance and the recent trading volume of the Shares for conducting an analysis against the Share Offer Price; (iii) is long enough to avoid any short-term fluctuation which may distort our analysis; and (iv) is sufficient and a common market practice.

### Historical Share Price Performance during the Review Period



Source: The Stock Exchange website ([www.hkex.com.hk](http://www.hkex.com.hk))

As illustrated in the chart above, during the Review Period, the closing price of the Shares traded at an average of HK\$2.310 per Share, with the highest and lowest prices of the Shares, being HK\$3.01 per Share recorded on 31 January 2022 and HK\$1.56 per Share recorded on 6 March 2023. The Share Offer Price of HK\$0.229 per Share represents a discount of approximately 90.1% to the average closing price of approximately HK\$2.310 per Share during the Review Period. We also noted that the closing price of the Shares had been staying well above the Share Offer Price during the Review Period.



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As depicted from the above chart, the closing price of the Shares formed a stable trend since the beginning of the Review Period from 6 September 2021 to late January 2022.

On 28 January 2022, the Company published a profit warning announcement. One trading day before and one trading day after such abovementioned announcement, the Share price surged from HK\$2.26 to HK\$3.01 per Share between 27 January 2022 to 31 January 2022. After reaching the highest of HK\$3.01 per Share on 28 January 2022, on 8 February 2022, the Share price dropped approximately 14.2% from HK\$2.95 to HK\$2.53 per Share and the closing price of the Shares exhibited, in general, a downward trend since late January 2022 to the Last Trading Day.

On 6 September 2022, at the request of the Company, trading in the Shares and Warrants was halted from 9:00 a.m. pending the publication of the Joint Announcement. Following the resumption of trading, the closing price of the Shares decreased by of approximately 28.11%, from HK\$2.17 per Share on 24 February 2023 (being the first trading day after the publication of the Joint Announcement) to HK\$1.56 per Share on 6 March 2023. We consider that such drop in the closing price of the Shares was likely due to the market reaction to the Joint Announcement. Subsequently, from 6 March 2023 to 29 March 2023, the closing price of the Share rose by approximately 29.49% from HK\$1.56 per Share on 6 March 2023 to HK\$2.02 per Share on 29 March 2023. We have made enquiries and the Board confirmed that, aside from the Joint Announcement and the joint announcement in relation to the Completion and the Offers dated 14 March 2023 (the “**Completion and Offers Announcement**”), they are not aware of any information which might materially affect the trading prices or trading volume movements of the Shares. We consider, and the Board concurs, that such surge in the Share prices could have been driven by the publication of the Joint Announcement and the Completion and Offers Announcement.

Based on the above, we noted that (i) the closing prices of the Shares had been staying well above the Share Offer Price throughout the Review Period; and (ii) the Share Offer Price represented a significant discount to the average closing prices of the Shares of approximately 90.1% during the Review Period. Therefore, compared with the historical price performance of the Shares, albeit the premium represented by the Share Offer Price over the audited NAV 1 and NAV 2 per Share as at 31 December 2021 and 31 December 2022, respectively, and over Unaudited NAV 1 and Unaudited NAV 2 as at 30 June 2022 and 30 September 2022, respectively, we are of the view that the Share Offer Price is unattractive, not fair and not reasonable so far as the Independent Shareholders are concerned.

While the closing price of the Shares continued to stay well above the Share Offer Price throughout the Review Period, it is uncertain whether the current level of Share price will be sustainable in the absence of the Share Offer or after the close of the Share Offer. The Independent Shareholders should also be aware that the price trend may be affected by many different factors such as (i) the investors or Shareholders’ view on the Group’s industry prospects or future although the Offeror intends to continue the principal business of the Group and the employment of the existing directors, management and employees of the Group; or (ii) the market trend.



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**LETTER FROM AMPLE CAPITAL**

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*b) Historical Share liquidity*

The following table sets out the total trading volume per month and the average daily trading volume per month of the Shares during the Review Period:

	Total trading volume of the Shares for the month/ period	Number of trading days	Average daily trading volume	Total number of issued Shares at the end of the month/period	% of average daily trading volume to total number of Shares as at the end of the month/ period	% of average daily trading volume to total number of Shares held by public Shareholders as at the end of the month/ period (Note 2)
<b>2021</b>						
September	5,905,021	18	328,057	480,000,000	0.07%	0.22%
October	9,265,000	18	514,722	480,000,000	0.11%	0.35%
November	9,350,000	22	425,000	480,000,000	0.09%	0.29%
December	6,504,000	22	295,636	480,000,000	0.06%	0.20%
<b>2022</b>						
January	5,920,000	21	281,905	480,000,000	0.06%	0.19%
February	3,345,000	17	196,765	480,000,000	0.04%	0.13%
March	9,575,000	23	416,304	480,000,000	0.09%	0.28%
April	22,405,000	18	1,244,722	480,000,000	0.26%	0.84%
May	12,265,000	20	613,250	480,000,000	0.13%	0.41%
June	6,600,000	21	314,286	480,000,000	0.07%	0.21%
July	5,270,000	20	263,500	480,000,000	0.05%	0.18%
August	12,065,000	23	524,565	480,000,000	0.11%	0.35%
September (1 to 5 September) (Note 1)	330,000	3	110,000	480,000,000	0.02%	0.07%
October to December (Note 1)	Nil	—	—	480,000,000	—	—
<b>2023</b>						
January (Note 1)	Nil	—	—	480,000,000	—	—
February (24 to 28 February) (Note 1)	9,210,000	3	3,070,000	480,000,000	0.64%	2.07%
March	25,305,000	23	1,100,217	480,000,000	0.23%	0.74%
April (3 to the Latest Practicable Date)	1,755,000	4	438,750	480,000,000	0.09%	0.30%
<b>Minimum</b>					0.02%	0.07%
<b>Maximum</b>					0.64%	2.07%
<b>Average</b>					0.13%	0.43%

*Notes:*

1. The trading of the Shares and the Warrants of the Company was halted from 6 September 2022 to 23 February 2023.
2. The total number of Shares held by public Shareholders as at the end of the month/period is 148,210,000.

*Source: The Stock Exchange website (www.hkex.com.hk)*

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We note from the above table that the trading volume of the Shares is generally thin during the Review Period. The percentage of average daily trading volume of the Shares to the total issued Shares and average daily trading volume of the Shares to the total issued Shares held by public Shareholders during the Review Period is approximately 0.13% and 0.43% respectively.

Subsequent to the publication of the Joint Announcement, there was a surge in the average daily trading volume in February 2023, representing approximately 0.64% of the total number of the issued Shares and approximately 2.07% of the total issued Shares held by public Shareholders as at the end of the month/period. Such increase in the trading volume of the Shares was possibly a result of the market reaction to the publication of the Joint Announcement.

Given the inactive trading of the Shares, the Independent Shareholders (especially those with relatively sizeable shareholdings) may encounter difficulties in selling a significant number of Shares in the open market at a fixed cash price within a short period of time without disturbing the market price. While the Share Offer provides an exit alternative at the Share Offer Price for the Independent Shareholders who would like to realise their investments in the Shares at a fixed price and within a short period of time, those Shareholders are also advised to consider to sell their Shares in the open market instead of accepting the Share Offer given the closing prices of the Shares had been staying well above the Share Offer Price throughout the Review Period, after taking into account the possible pressure on the Share price when selling in bulk. Independent Shareholders should also be aware that they may have to sell their Shares in the market by batches if they do not accept the Share Offer.

### *c) Comparable transactions analysis*

#### Industry Comparable Analysis

The trading multiples analysis, including the price-to-earnings ratio (“**P/E Ratio**”), price-to-sales ratio (“**P/S Ratio**”), enterprise value-to sales ratio (“**EV/Sales Ratio**”) and price-to-book ratio (“**P/B Ratio**”), is a commonly adopted valuation method in the market. Given that the Group was loss-making for FY2022, the P/E Ratio analysis is therefore not applicable.

To further assess the fairness and reasonableness of the Share Offer Price, we have in the first place researched for Hong Kong listed companies which are engaged in similar line of business as the Group, being the provision of 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.

We have identified an exhaustive sample of Hong Kong listed company which provides structural engineering works for the public and private sectors in Hong Kong; and trading of building material products (the “**Hong Kong Comparable Company**”).

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Given the relatively limited sample size, we have further extended our research to include listed companies in Singapore which are principally engaged in the provision of designing, supplying, fabricating and erecting structural steel-works for the construction of buildings in Singapore, and found two Singapore listed companies, which are exhaustive based on our selection criteria (the “**Singapore Comparable Companies**”). While we understand that the Stock Exchange and the Singapore Stock Exchange differ in various aspects such as total market capitalisation and overall trading environment, general trading volume and stock performance, we are of the view that the Singapore Comparable Companies may provide Independent Shareholders with additional information for consideration purpose taking into account that those Singapore Comparable Companies are operating similar business in the same geographical location as the Group.

Although the Hong Kong Comparable Company and the Singapore Comparable Companies vary in financial performance, operation and prospects, capital structure and market capitalisation as compared to the Company, the comparable analysis is meant to cover a list of comparable companies and form a reasonable sample size to reflect the value of comparable companies in the same industry for fair and reasonable comparison. Considering the fact that (i) the Company and those comparable companies are all categorised as small cap companies (i.e. companies with market capitalisation of below HK\$10 billion) and their market capitalisation are all below HK\$1 billion; (ii) the principal businesses of the Group and those Singapore Comparable Companies are similar and during the selection process, we have ensured that over 50% of the revenue of the comparable companies was derived from structural engineering works services; and (iii) except for the Hong Kong Comparable Company, the geographical coverage of the Group and the Singapore Comparable Companies is the same, we are of the view that the Hong Kong Comparable Company and the Singapore Comparable Companies are fair, representative and sufficient for the purpose of this comparison.

Based on the abovementioned criteria, we have identified three comparable companies composed of the Hong Kong Comparable Company and the Singapore Comparable Companies (the “**Comparable Companies**”) as valuation benchmarks. Although the number of the comparable companies was limited, having considered that (i) we have further extended our scope of search to include companies listed on the Singapore Stock Exchange; (ii) the Comparable Companies are all engaged in similar businesses to the Group; and (iii) the Comparable Companies are able to fulfill our selection criteria, we are of the view that those comparable companies listed in Hong Kong or Singapore engaged in the same industry are comparable with that to the Company and, in our opinion, constitute the closest proxies to the Company and are therefore fair, adequate and representative samples to serve as a reference to the valuation of the Group’s business.

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The following tables set out (i) the P/S Ratio, P/B Ratio and EV/Sales Ratio of the Comparable Companies based on their closing share price as at the Latest Practicable Date and their latest published financial information; and (ii) the implied P/S Ratio, P/B Ratio and EV/Sales Ratio of the Company based on the Share Offer Price, the closing price of the Shares as at the Latest Practicable Date, and its latest published financial information:

Company name (Stock code)	Principal business	Closing price as at the Latest Practicable Date	P/S Ratio	P/B Ratio	EV/Sales Ratio <i>(Note 3)</i>	Market capitalisation (based on closing share price as at the Latest Practicable Date)
			<i>times</i>	<i>times</i>	<i>times</i>	<i>HK\$</i>
KPa-BM Holdings Limited (2663.HK)	A Hong Kong listed company, engaged in provision of structural engineering works for the public and private sectors in Hong Kong; and trading of building material products.	HK\$0.255	0.29	0.55	0.08	142.0 million
TTJ Holdings Limited (K1Q.SGX) <i>(Note 1)</i>	A Singapore-based investment holding company primarily engaging in the design, supply, fabrication and erection of various structural steel works. It offers structural steel works for use in the construction of buildings, factories, plants and infrastructures.	HK\$1.28 <i>(Note 4)</i>	1.04	0.61	0.62	445.9 million
SHS Holdings Limited (566.SGX)	A Singapore-based investment holding company primarily engaging in corrosion prevention, structural steel and façade engineering. The structural steel and façade engineering consists of designing, engineering, and construction of steel, aluminium, and glass structures.	HK\$0.79 <i>(Note 4)</i>	0.98	0.65	0.98	484.5 million
The Company (8402.HK)		HK\$0.229 (based on the Share Offer Price)	2.07	1.68 <i>(Note 2)</i>	1.85	101.0 million

*Source: The Stock Exchange website (www.hkex.com.hk) and the Singapore Stock Exchange website (www.sgx.com)*

*Notes:*

1. TTJ Holdings Limited delisted from Singapore Exchange on 30 August 2022 due to the compulsory acquisition by its offeror.
2. The Implied P/B Ratio is calculated based on the theoretical market capitalisation of the Company derived from the Share Offer Price.
3. The EV/Sales Ratio is calculated by dividing enterprise value (“EV”) by sales for their respective latest financial year. EV is calculated as market capitalisation as at the Latest Practicable Date plus debt minus cash from their respective latest financial statement.

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4. The closing price is calculated based on their respective closing price in Singapore Stock Exchange as at the Latest Practicable Date and times the exchange rate of S\$1 to HK\$5.67 for currency translation, where applicable.

As illustrated by the above table, the implied P/S Ratio of the Company (based on the Share Offer Price) is higher than the P/S Ratios of the Comparable Companies. This is considered to be indicating that the market is willing to pay more (in terms of multiple to the number of sales) to invest in the revenue generating ability of the Group than that of the Comparable Companies.

Further, the implied P/B Ratio of the Company (based on the Share Offer Price) is higher than the P/B Ratios of the Comparable Companies. This is considered to be indicating that the market is willing to pay more (in terms of multiple to the amount of net asset value) to invest in the revenue generating assets of the Group than that of the Comparable Companies.

Moreover, the implied EV/Sales Ratio of the Company (based on the Share Offer Price) is higher than the EV/Sales Ratios of the Comparable Companies. The high EV/Sales Ratio may indicate that the investors are positive about the level of future sales revenue of the Company.

Based on the Industry Comparable Analysis, the Company's implied P/S Ratio, implied P/B Ratio and implied EV/Sales Ratio are higher than the Comparable Companies indicating the Share Offer Price is fair and reasonable. However, Independent Shareholders should also consider alternative of realizing the Shares in the market, for our detailed analysis, please refer to the below paragraph headed "**e) Our view on the Share Offer and the Share Offer Price**".

*d) Share Offer Comparable Analysis*

In addition to the industry comparable analysis set out above, we have, based on our search on the website of the Stock Exchange, identified an exhaustive list of companies (the "**Share Offer Comparables**") listed on the Stock Exchange which have undergone mandatory general offer exercise by an offeror during the past six months from 4 March 2022 to the Last Trading Day, and up to the date of the Joint Announcement.

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We have adopted different review periods for the Share Offer Comparables and that for the historical Share price performance and historical Share liquidity (being a twelve-months period) due to the different purposes and natures in the analysis. The Share Offer Comparables analysis provides a general reference to the pricing trend of the most recent mandatory general offer transactions under the current market and economic atmosphere, which serves to determine whether the Share Offer Price is in line with recent mandatory general offer transactions in the market, while the review period for the analysis for historical Share price performance and Share liquidity provides a general trend that covers short-term fluctuations. For details, please refer to the paragraphs headed “Historical Share price performance” and “Historical Share liquidity” above.

We consider that the period of the Share Offer Comparables under review (i) is adequate to provide a fair and representative sample for analysis of recent mandatory general offer transactions in the market taking into account the effect of the recent Covid-19 pandemic which has significantly affected the economic sentiment; (ii) represents a reasonable period to provide a general reference of the recent pricing trend of mandatory general offer transactions under the current market and economic atmosphere; (iii) that includes 22 general offer transactions and represents, in our opinion, a reasonable number of Share Offer Comparables for analysis and sufficient to adequately capture the recent market conditions and sentiments; and (iv) is sufficient and a common market practice.

Although the Share Offer Comparables have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company, we consider that the premiums/discounts represented by the offer price over/to the closing share prices for various periods and the net asset value per share are essential factors for the offeror in determining the offer price. The Share Offer Comparables provides a general reference to the pricing trend of recent mandatory general offer transactions in the current market and economic atmosphere, which helps determine whether the Share Offer Price is in line with those of recent mandatory general offer transactions. We therefore consider them to be relevant in assessing the fairness and reasonableness of the Share Offer Price.

Date of joint announcement	Company name (Stock code)	Principal business	Share offer price (HK\$)	Premium over/ (discount to) its respective average closing price for the five consecutive trading days immediately prior to and including the last trading day	Premium over/ (discount to) its respective average closing price for the 10 consecutive trading days immediately prior to and including the last trading day	Premium over/ (discount to) its respective average closing price for the 30 consecutive trading days immediately prior to and including the last trading day	Premium over/ (discount to) its respective audited consolidated net asset value per share attributable to shareholders	
14 March 2022	In Technical Productions Holdings Limited (8446.HK)	provision of visual display solution services for concerts and events	0.167	(91.97%)	(91.01%)	(88.20%)	(84.64%)	88.91%
6 April 2022	Universe Printshop Holdings Limited (8448.HK)	provision of general printing services and trading of printing products	0.025	8.70%	7.76%	5.49%	3.16%	(7.41%)
28 April 2022	Beijing Enterprises Urban Resources Group Limited (3718.HK)	provision of environmental hygiene services, hazardous waste treatment services and waste electrical and electronic equipment treatment services	0.78	Equivalent (Note 1)	7.14%	8.33%	20.00%	(19.73%)
10 May 2022	Easy Repay Finance & Investment Limited (8079.HK)	money lending business, retail and wholesale business	0.08	(20.00%)	(18.37%)	(18.37%)	(17.53%)	(92.54%)

# LETTER FROM AMPLE CAPITAL

Date of joint announcement	Company name (Stock code)	Principal business	Share offer price (HK\$)	Premium over/ (discount to) its respective average closing price for the five consecutive trading days immediately prior to and including the last trading day	Premium over/ (discount to) its respective average closing price for the 10 consecutive trading days immediately prior to and including the last trading day	Premium over/ (discount to) its respective average closing price for the 30 consecutive trading days immediately prior to and including the last trading day	Premium over/ (discount to) its respective audited consolidated net asset value per share attributable to shareholders	
11 May 2022	Yield Go Holdings Ltd. (1796.HK)	fitting-out services and supply of fitting-out materials	0.7212	(57.82%)	(55.81%)	(53.50%)	(51.17%)	157.57%
26 May 2022	Shanghai Dongzheng Automotive Finance Co., Ltd. (2718.HK)	an automotive finance company	1.243	25.56%	26.84%	35.11%	57.34%	(29.84%)
1 June 2022	1957 & Co. (Hospitality) Limited (8495.HK)	(i) operation of restaurants in Hong Kong and (ii) catering management and consultancy services	0.5341	7.90%	20.29%	24.21%	29.64%	181.11%
9 June 2022	KNK Holdings Limited (8039.HK)	provision of comprehensive architectural and structural engineering consultancy service	0.2	(89.00%)	(88.90%)	(88.90%)	(89.20%)	1,058.70%
20 July 2022	Loto Interactive Limited (8198.HK)	(i) the provision of data analysis and storage services through the operation of a big data centre in Hong Kong; (ii) data processors leasing services in Kazakhstan; and (iii) money lending business in Hong Kong	0.28	(39.13%)	(17.65%)	(6.67%)	(3.45%)	12.00%
5 August 2022	Morris Home Holdings Limited (1575.HK)	(i) the provision of formwork works services to both the HK public and private sectors in the construction industry; and (ii) securities dealing and broking	0.063	(59.35%)	(50.00%)	(41.67%)	(37.62%)	N/A (Note 2)
19 August 2022	Silver Tide Holdings Limited (1943.HK)	provision of comprehensive architectural and structural engineering consultancy service	0.34	(67.92%)	(62.22%)	(61.80%)	(59.04%)	61.90%
23 August 2022	Qidian International Co., Ltd. (1280.HK)	retail of household appliance, mobile phones, computers, import and general merchandise and provision of maintenance and installation services	0.5	(12.28%)	(12.28%)	(11.97%)	(15.78%)	N/A (Note 2)
30 August 2022	Pine Care Group Limited (1989.HK)	provision of senior care services.	0.89	1.10%	4.20%	14.40%	40.40%	339.30%
13 September 2022	Future Date Group Limited (8229.HK)	provision of (i) integration of systems with network connectivity, cloud computing and security elements; (ii) maintenance services; and (iii) cyber security services	0.2875	63.35%	70.93%	71.64%	64.76%	(19.04%)
14 September 2022	LET Group Holdings Limited (1383.HK)	development and operation of casino in Philippines, hotel and gaming business and property development and management and operation of malls	0.069	23.21%	13.11%	61.50%	Equivalent (Note 1)	(86.63%)
15 September 2022	China Tonghai International Financial Limited (952.HK)	corporate finance, asset management, brokerage and interest income segment	0.2	16.30%	16.30%	17.00%	16.30%	(65.52%)
28 September 2022	Charmacy Pharmaceutical Co., Ltd (2289.HK)	pharmaceutical distribution business	7.29	(1.49%)	(1.75%)	(1.95%)	(2.67%)	37.03%
30 September 2022	Carry Wealth Holdings Limited (643.HK)	manufacturing and trading garment products for internationally renowned brand names	0.239	(0.42%)	(3.63%)	(5.53%)	(9.81%)	32.04%
4 November 2022	Global Dining Holdings Limited (8496.HK)	manufacturing and retailing of bakery products and operation of restaurants	0.3125	2.50%	0.20%	(5.20%)	(14.20%)	2,011.50%
30 November 2022	Golden Ponder Holdings Limited (1783.HK)	provision of superstructure building works and repair, maintenance, alternation and addition works service	0.28	(44.00%)	(43.89%)	(44.83%)	(45.26%)	72.33%



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Date of joint announcement	Company name (Stock code)	Principal business	Share offer price (HK\$)	Premium over/ (discount to) its respective average closing price for the five consecutive trading days immediately prior to and including the last trading day	Premium over/ (discount to) its respective average closing price for the 10 consecutive trading days immediately prior to and including the last trading day	Premium over/ (discount to) its respective average closing price for the 30 consecutive trading days immediately prior to and including the last trading day	Premium over/ (discount to) its respective audited consolidated net asset value per share attributable to shareholders	
19 December 2022	Khoon Group Limited (924.HK)	a mechanical and electrical engineering contractor in Singapore specialised in providing electrical engineering solutions	0.278	(43.84%)	(42.44%)	(42.32%)	(40.22%)	32.38%
12 January 2023	Honbridge Holdings Limited (8137.HK)	the business of research and development, production, sales of lithium-ion battery and battery system, provision of online car-hailing services and electric bicycle battery swapping services and research and exploration of iron ores	0.08	(77.50%)	(77.50%)	(77.50%)	(75.20%)	(83.10%)
			Average discount	(46.52%)	(43.50%)	(39.17%)	(38.99%)	357.02%
			Median discount	(44.00%)	(43.89%)	(42.00%)	(38.92%)	72.33%
			Min discount	(0.42%)	(1.75%)	(1.95%)	(2.67%)	12.0%
			Max discount	(91.97%)	(91.01%)	(88.90%)	(89.20%)	2,011.5%
			Average premium					
			Median premium					
			Min premium					
			Max premium					
23 February 2023	The Company (8402.HK)		0.229	(89.40%)	(89.30%)	(89.20%)	(89.20%)	73.8%

Source: The Stock Exchange website ([www.hkex.com.hk](http://www.hkex.com.hk))

*Notes:*

- Such offer price is equal to its respective average closing price of the shares for its respective consecutive trading days immediately prior to and including the last trading day.
- Those data are not available due to those comparables recorded net liabilities as at the end of the financial periods of their respective latest audited financial reports.

From the table above, we noted that the Share Offer represents deep discounts (i.e., close to approximately 90%) to the closing prices of the Shares on the Last Trading Day, the 5-day Average Price, the 10-day Average Price and the 30-day Average Price, which are similar to those of the maximum discounts of the Share Offer Comparables, while its premium to the net asset value per share attributable to shareholders is below the minimum premium of the Share Offer Comparables.

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## LETTER FROM AMPLE CAPITAL

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*e) Our view on the Share Offer and the Share Offer Price*

Having considered the principal factors and reasons as discussed above and summarised below:

Notwithstanding that (i) the Share Offer Price represents a premium over the audited consolidated NAV 1 and NAV 2 of the Group as at 31 December 2021 and 2022 or over the Unaudited NAV 1 and Unaudited NAV 2; (ii) the implied P/S Ratio, the implied P/B Ratio and EV/Sales Ratio of the Company as represented by the Share Offer Price are higher than the Comparable Companies; (iii) the Independent Shareholders may encounter difficulties in selling their Shares in the open market in bulk at a fixed cash price within a short period of time without disturbing the market price given the thin trading volume of the Shares during the Review Period; and (iv) the Group's recovery momentum may be uncertain in coming years as discussed in the paragraph headed "Future prospects and outlook of the Group", having considered that,

- (a) the Share Offer Price is unattractive, given (i) the closing prices of the Shares had been staying well above the Share Offer Price throughout the Review Period; (ii) it represents a deep discount to the closing price of the Shares on the Latest Practicable Date, the Last Trading Day, the average closing price of the Shares for the last five (5), ten (10) and thirty (30) consecutive trading days up to and including the Last Trading Day; and (iii) a discount of approximately 90.1% to the average closing prices of the Shares during the Review Period; and
- (b) despite the decrease in revenue and loss for FY2022 compared to FY2021, (i) the Group has no liquidity problem to continue its operation and business as indicated in the 2022 Annual Report; and (ii) the Offeror intends to continue the existing principal business of the Group without downsizing as mentioned above,

we are of the view that the Share Offer Price is not fair and reasonable so far as the Independent Shareholders are concerned.

### **3. Analysis of the Warrant Offer Price**

According to the Letter from the Board, 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;

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- (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.

As at the Latest Practicable Date, the Company has a total of 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).

*a) Historical liquidity analysis*

The following table sets out the total trading volume per month and the average daily trading volume per month of the outstanding Warrants during the Review Period:

	Total trading volume of the Warrants for the month/ period	Number of trading days	Average daily trading volume	Total number of outstanding Warrants as at the Latest Practicable Date	% of average daily trading volume to outstanding Warrants as at the Latest Practicable Date
<b>2021</b>					
September	442,000	18	24,556	96,000,000	0.03%
October	55,000	18	3,056	96,000,000	0.00%
November	167,000	22	7,591	96,000,000	0.01%
December	45,000	22	2,045	96,000,000	0.00%
<b>2022</b>				96,000,000	
January	58,000	21	2,762	96,000,000	0.00%
February	167,000	17	9,824	96,000,000	0.01%
March	41,000	23	1,783	96,000,000	0.00%
April	183,000	18	10,167	96,000,000	0.01%
May	20,000	20	1,000	96,000,000	0.00%
June	Nil	21	—	96,000,000	0.00%
July	76,000	20	3,800	96,000,000	0.00%
August	1,000	23	43	96,000,000	0.00%
September (1 to 5 September) <i>(Note 1)</i>	Nil	3	Nil	96,000,000	0.00%
October to December <i>(Note 1)</i>	Nil	—	—	96,000,000	—

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	Total trading volume of the Warrants for the month/ period	Number of trading days	Average daily trading volume	Total number of outstanding Warrants as at the Latest Practicable Date	% of average daily trading volume to outstanding Warrants as at the Latest Practicable Date
<b>2023</b>					
January ( <i>Note 1</i> )	Nil	—	—	96,000,000	—
February (23 to 28 February) ( <i>Note 1</i> )	5,155,000	3	1,718,333	96,000,000	1.79%
March	682,000	23	29,652	96,000,000	0.03%
April (3 to the Latest Practicable Date)	16,000	4	4,000	96,000,000	0.00%
Minimum					0.00%
Maximum					1.79%
Average					0.12%

*Source: The Stock Exchange website (www.hkex.com.hk)*

*Note:*

1. The trading of the Shares and the Warrants of the Company was halted from 6 September 2022 to 23 February 2023.

As depicted by the above table, trading in the outstanding Warrants had been extremely thin (around or below 0.10% of the total number of outstanding Warrants as at the Latest Practicable Date) during the Review Period. In this regard, we further noted that there was nearly 82.6% of the trading days (228 out of the total 276 trading days) on which the trading volume was nil. As such, it is uncertain as to whether there would be sufficient liquidity in the Warrants in the foreseeable future for all the Independent Warrant Holders to dispose of their Warrants in the open market. We therefore consider that the Warrant Offer provides the Independent Warrant Holders, particularly those with sizeable holding of Warrants, with a readily available exit opportunity to realise part or all of their investment opportunities, if they wish to do so.

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## LETTER FROM AMPLE CAPITAL

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*b) Our view on the Warrant Offer and Warrant Offer Price*

(i) The price of the Shares reaching the Warrant exercise price of HK\$4.00 per new Share

Those Independent Warrant Holders who, after considering the information contained in the 2022 Annual Report, other recent financial statements of the Group and the Composite Document, are optimistic about the future financial performance and the Share price of the Group after the Warrant Offer, may, having regard to their own circumstances, consider retaining part or all of their Warrants until the expiry date of the Warrants, being 23 August 2023 (the “**Expiration**”). However, given the Group’s future prospects, as highlighted in the paragraph headed “Future prospect and outlook of the Group”, with the Group’s declining revenue and net loss recorded in FY2022, combined with the uncertain in the economic recovery in Singapore and rising material and labour costs, we are of the view that there is a high level of uncertainty whether the Share price would be able to reach the exercise price of HK\$4.00 per new Share before the Expiration. Taking into account the likelihood of the price of the Shares reaching the exercise price of HK\$4.00 before the Expiration is not promising, should the Independent Warrant Holders surrender the current exit opportunity by not accepting the Warrant Offer, the Independent Warrant Holders can only dispose the Warrant at the open market, at a risk of thin trading volume and price uncertainty.

(ii) Value of the Warrant

With reference to time decay or theta decay phenomenon, the value of the Warrant declines gradually as the Expiration approaches. As time passes and the Expiration draws nearer, there is less time for the Shares to reach the Warrant exercise price of HK\$4.00 per new Share, which in turn reduces the potential value of the Warrants, all else being equal. The Warrant only has less than 90 available trading days before the Expiration from the Latest Practicable Date. As time passes, the Warrant price may drop to a price “out-of-money” or become worthless and as such, it may result in a total loss for the Independent Warrant Holders if they decided to hold the Warrants until the Expiration. Thus, we are of the view that accepting the Warrant Offer at the price of HK\$0.001 is a better option for the Independent Warrant Holders and in the interests of the Independent Warrant Holders as a whole.

(iii) Trading at the open market

Warrant price can be highly volatile and fluctuated with wide bid-ask price spread of trading. Given the extremely thin liquidity with minimal or even zero trading volume during the Review Period, the Independent Warrant Holders may encounter difficulties in realising their Warrants in the open market in bulk at a profitable price within a short period of time. Despite individual Independent Warrant Holders may dispose their Warrants at a price premium over the Warrant Offer Price, we are of the view that for the benefits of all Independent Warrant Holders, accepting the Warrant Offer is in their interests as a whole.

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(iv) The “see-through price”

Pursuant to Rule 13.5 of the Takeovers Code and Practice Note 6 to the Takeovers Code, the Warrant Offer will normally be considered appropriate if it is based on the offer price for the relevant equity share capital, and such “see-through” price, being the difference between the Share Offer Price and the exercise price of the Warrants, should be regarded as minimum offer price. This ensures transparency and fairness in the redemption process.

As the Warrants have an exercise price of HK\$4.00 per new Share, which is significantly higher than the Share Offer Price, the outstanding Warrants are deeply out of the money in nature. Thus, the “see-through” value would be considered as no value. Hence, we are of the view that the Warrant Offer Price at a nominal cash amount of HK\$0.001 is fair and reasonable.

Despite the Warrant Offer Price represents a deep discount to the closing price of the Warrant on the Latest Practicable Date, the Last Trading Day, the average closing price of the Warrant for the last five (5), ten (10) and thirty (30) consecutive trading days up to and including the Last Trading Day, having considered the factors mentioned above, we are of the view that the Warrant Offer and Warrant Offer Price is fair and reasonable and in the interests of the Independent Warrant Holders as a whole.

### C. RECOMMENDATIONS

#### *The Share Offer*

Notwithstanding that (i) the Share Offer Price represents a premium over the audited consolidated NAV 1 and NAV 2 of the Group as at 31 December 2021 and 2022 and over the Unaudited NAV 1 and Unaudited NAV 2; (ii) the implied P/S Ratio, P/B Ratio and the EV/Sales Ratio of the Company as represented by the Share Offer Price are higher than the P/S Ratios, P/B Ratios and EV/Sales Ratios of the Comparable Companies; (iii) the Independent Shareholders may encounter difficulties in selling their Shares in the open market in bulk at a fixed cash price within a short period of time without disturbing the market price given the thin trading volume of the Shares during the Review Period; and (iv) the Group’s recovery momentum may be uncertain in coming years as discussed in the paragraph headed “Future prospects and outlook of the Group”, having considered that,

- (i) the Share Offer Price is unattractive, given the closing prices of the Shares had been staying well above the Share Offer Price throughout the Review Period; and it represents a deep discount to the closing price of the Shares on the Latest Practicable Date, the Last Trading Day, the average closing price of the Shares for the last five (5), ten (10) and thirty (30) consecutive trading days up to and including the Last Trading Day; and a discount of approximately 90.1% to the average closing prices of the Shares during the Review Period; and

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- (ii) despite the decrease in revenue and loss for FY2022 compared to FY2021, (i) the Group has no liquidity problem to continue its operation and business as indicated in the accountants' report set out in the latest published annual report of the Company; and (ii) the Offeror intends to continue the existing principal business of the Group without downsizing as mentioned above,

we are of the view that the terms of the Share Offer are not fair and not reasonable so far as the Independent Shareholders are concerned and not in the interests of the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to recommend, and we recommend, the Independent Shareholders not to accept the Share Offer.

### *The Warrant Offer*

Having considered that

- (i) given a high level of uncertainty on the Group's recovery momentum as discussed in the paragraph headed "Future prospects and outlook of the Group", the likelihood of the Warrant reaching the exercise price of HK\$4.00 per new Share before the Expiration is uncertain and not promising;
- (ii) the outstanding Warrants are out-of- money and could result in a total loss for the Independent Warrant Holders if they decided to hold the Warrants until the Expiration;
- (iii) the Independent Warrant Holders may encounter difficulties in selling their outstanding Warrants in the open market in bulk at a profitable price within a short period of time given the extremely thin trading volume of the Warrants during the Review Period; and
- (iv) pursuant to Rule 13.5 of the Takeovers Code and Practice Note 6 to the Takeovers Code, "see-through" price should be considered as minimum offer price for the Warrants,

we are of the view that the Warrant Offer at the Warrant Offer Price is fair and reasonable so far as the Independent Warrant Holders are concerned and is in the interests of the Independent Warrant Holders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Warrant Holders to accept the Warrant Offer.

**Nonetheless, if any Independent Warrant Holders who would like to realise their investment in the open market and/or identify potential purchaser(s) to acquire their Warrants at a price higher than the Warrant Offer Price, those Independent Warrant Holders may consider not accepting the Warrant Offer but selling their Warrants in the open market and/or to such potential purchaser(s), if they wish to do so and as they think fit having regard to their individual circumstances and investment objectives, particularly in the case that the net proceeds from the sale of their Warrants would exceed the net amount receivable under the Warrant Offer.**



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**LETTER FROM AMPLE CAPITAL**

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In addition, the Independent Shareholders and Independent Warrant Holders should closely monitor the market price and liquidity of the Shares and Warrants during the Offer Period and carefully consider the relevant risks and uncertainties based on their individual risk preference and tolerance level. In any event, the Independent Shareholders and the Independent Warrant Holders should note that there is no guarantee that the prevailing level of the Share price and Warrant price will sustain during and after the Offer Period. Those Independent Shareholders or Independent Warrant Holders who decide to retain part or all of their investment in the Shares and/or Warrants should also carefully monitor the financial performance of the Group, the Share price and the Warrant price as well as the intentions of the Offeror in relation to the Company in the future, and the potential difficulties they may encounter in disposing of their investment in the Shares and/or Warrants after the close of the Offers in view of the historical low trading liquidity.

The Independent Shareholders and the Independent Warrant Holders are also reminded to read carefully the procedures for accepting the Offers, details of which are set out in Appendix I to the Composite Document and the accompanying Form(s) of Acceptance, if they wish to accept the Offers.

Yours faithfully,  
for and on behalf of  
**Ample Capital Limited**

**T.Y. Yeung**      **Jenny Law**  
*President*      *Vice President*

*Mr. T.Y. Yeung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Ample Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Mr. T.Y. Yeung has over 13 years' experience in the corporate finance industry.*

*Ms. Jenny Law is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Ample Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Ms. Jenny Law has over 10 years' experience in the corporate finance industry.*

## 1. PROCEDURES FOR ACCEPTANCE OF THE OFFERS

To accept any of the Offers, you should complete and sign the relevant accompanying Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the relevant Offers.

### 1.1 The Share Offer

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by post or by hand, marked "GT Steel Construction Group Limited — Share Offer" on the envelope, in any event not later than 4:00 p.m., on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer whether in full or in part of your Shares, you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver in an envelope marked "GT Steel Construction Group Limited — Share Offer" the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “GT Steel Construction Group Limited — Share Offer” the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your Shares have been lodged with your investor participant’s account maintained with CCASS, authorize your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked “GT Steel Construction Group Limited — Share Offer” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it in an envelope marked “GT Steel Construction Group Limited — Share Offer” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to Alpha Financial and Kingston Corporate Finance and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.
- (e) Acceptance of the Share Offer will be treated as valid only if the duly completed and signed **WHITE** Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the **WHITE** Form of Share Offer Acceptance and any relevant documents required have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraph of this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.

If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by relevant Independent Shareholders at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Share Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.
- (g) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

## 1.2 The Warrant Offer

- (a) If the warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Warrants is/are in your name, and you wish to accept the Warrant Offer in respect of your Warrants (whether in full or in part), you must send the **BLUE** Form of Warrant Offer Acceptance duly completed and signed together with the relevant warrant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by post or by hand, marked "GT Steel Construction Group Limited — Warrant Offer" on the envelope, in any event not later than 4:00 p.m., on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

- (b) If the warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Warrants is/are in the name of a nominee company or a name other than your own, and you wish to accept the Warrant Offer whether in full or in part of your Warrants, you must either:
- (i) lodge your warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Warrant Offer on your behalf and requesting it to deliver in an envelope marked “GT Steel Construction Group Limited — Warrant Offer” the duly completed and signed **BLUE** Form of Warrant Offer Acceptance together with the relevant warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (ii) arrange for the Warrants to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “GT Steel Construction Group Limited — Warrants Offer” the duly completed and signed **BLUE** Form of Warrant Offer Acceptance together with the relevant warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar.
- (c) If the warrant certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Warrants is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Warrant Offer in respect of your Warrants, the **BLUE** Form of Warrant Offer Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked “GT Steel Construction Group Limited — Warrant Offer” to the Registrar together with a letter stating that you have lost one or more of your warrant certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Warrants or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your warrant certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (d) If you have lodged transfer(s) of any of your Warrants for registration in your name and have not yet received your warrant certificate(s), and you wish to accept the Warrant Offer in respect of your Warrants, you should nevertheless complete and sign the **BLUE** Form of Warrant Offer Acceptance and deliver it in an envelope marked “GT Steel Construction Group Limited — Warrant Offer” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to Alpha Financial and Kingston Corporate Finance and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant warrant certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such warrant certificate(s), subject to the terms and conditions of the Warrant Offer, as if it was/they were delivered to the Registrar with the **BLUE** Form of Warrant Offer Acceptance.
- (e) Acceptance of the Warrant Offer will be treated as valid only if the duly completed and signed **BLUE** Form of Warrant Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the **BLUE** Form of Warrant Offer Acceptance and any relevant documents required have been so received, and is:
- (i) accompanied by the relevant warrant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those warrant certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Warrant(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Warrants; or
  - (ii) from a registered Warrant Holder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Warrants which are not taken into account under the other sub-paragraph of this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.

If the **BLUE** Form of Warrant Offer Acceptance is executed by a person other than the registered Warrant Holder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.



- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances 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 cash amount payable by the Offeror to the relevant Independent Warrant Holders accepting the Warrant Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of 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.
- (g) No acknowledgement of receipt of any **BLUE** Form of Warrant Offer Acceptance, warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

## 2. SETTLEMENT

### 2.1 The Share Offer

Provided that valid **WHITE** Form of Share Offer Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Shareholder, less the seller's ad valorem stamp duty payable by him/her/it, will be despatched to such Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

No fraction of a cent will be payable and the amount of consideration payable to each accepting Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

### 2.2 The Warrant Offer

Provided that valid **BLUE** Form of Warrant Offer Acceptance and the relevant warrant certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Warrant Holder, less the seller's ad valorem stamp duty payable by him/her/it, will be despatched to such Warrant Holder by ordinary

post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Shareholders or Warrant Holders are entitled under the Share Offer or the Warrant Offer will be implemented in full in accordance with the terms of the Share Offer and Warrant Offer (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholders or Warrant Holders.

No fraction of a cent will be payable and the amount of consideration payable to each accepting Warrant Holder who accepts the Warrant Offer will be rounded up to the nearest cent.

### **3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) In order to be valid for the Offers, the Form(s) of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the Takeovers Code, or unless the Offers are extended or revised with the consent of the Executive.
- (b) The Offeror reserves the right to revise the terms of the Offers after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offers, all the Independent Shareholders or Independent Warrant Holders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.
- (c) If the Closing Date is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

### **4. NOMINEE REGISTRATION**

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

**5. ANNOUNCEMENTS**

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offers. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised or extended.

The announcement must state the total number of Shares and Warrants and rights over Shares and Warrants:

- (i) for which acceptances of the Offers have been received;
- (ii) held, controlled or directed by the Offeror Concert Party Group before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror Concert Party Group.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror Concert Party Group has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares and Warrants represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this Appendix I, and which have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, unless the Offers are extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the Offers must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules.

**6. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offers tendered by any Independent Shareholder or Independent Warrant Holder shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “5. Announcements” above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require that the Independent Shareholders and Independent Warrant Holders who have tendered acceptances to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.
- (c) In such case, if the Independent Shareholders or Independent Warrant Holders withdraw their acceptances, the Offeror and Registrar shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s), warrant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares and Warrants lodged with the Form(s) of Acceptance to the relevant Independent Shareholders and Independent Warrant Holders.

**7. 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 warranty by such person 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.

The Offeror reserves the right to notify any matter, including the making of the Offers to the Overseas Shareholders and the Overseas Warrant Holders having a registered address outside of Hong Kong by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdictions in which such persons are resident. The notice so given will be deemed to have been sufficiently given, despite any failure by such Overseas Shareholders and Overseas Warrant Holders to receive or see that notice.

**8. GENERAL**

- (a) All communications, notices, Form(s) of Acceptance, share certificates, warrants certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and the Independent Warrant Holders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror Concert Party Group, the Company, Alpha Financial, Kingston Corporate Finance, Kingston Securities, the Independent Financial Adviser, the Registrar, the company secretary of the Company, any of their respective ultimate beneficial owners, directors, officers, agents, professional advisers and other parties involved in the Offers do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offers.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an irrevocable authority to the Offeror, Kingston Securities or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares or Warrants in respect of which such person or persons has/have accepted the Offers.
- (f) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares and/or the Warrants under the Offers are free from all third party rights and encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offers are made.

- (g) References to the Offers in this Composite Document and the Form(s) of Acceptance shall include any revision and/or extension thereof.
- (h) Acceptances of the Offers by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.
- (i) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offers) to all or any Independent Shareholders or Independent Warrant Holders and with registered address(es) outside Hong Kong or whom the Offeror or Kingston Securities, knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders or Independent Warrant Holders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- (j) In making their decision, the Independent Shareholders and Independent Warrant Holders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form(s) of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror Concert Party Group, the Company or its ultimate beneficial owners, directors, officers, agents, professional advisers or any other persons involved in the Offers. The Independent Shareholders and Independent Warrant Holders should consult their own professional advisers for professional advices.
- (k) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders and Independent Warrant Holders in the Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (l) The English texts of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following table is a summary of consolidated financial information of the Group for the three financial years ended 31 December 2020, 2021 and 2022 as extracted from the annual reports of the Company for the three financial years ended 31 December 2020, 2021 and 2022.

The auditor's report issued by Yongtuo Fuson CPA Limited in respect of the Group's audited consolidated financial statements for the three financial years ended 31 December 2022 did not contain any qualifications.

	For the year ended 31 December		
	2022	2021	2020
	S\$	S\$	S\$
	(audited)	(audited)	(audited)
Revenue	9,386,895	12,749,956	10,153,652
Cost of sales	(12,367,125)	(18,258,799)	(9,975,628)
<b>Gross (loss) profit</b>	<b>(2,980,230)</b>	<b>(5,508,843)</b>	<b>178,024</b>
Other income	311,467	481,054	1,041,376
Other gains	1,888	398	—
Selling expenses	(186,185)	(170,305)	(153,760)
Administrative expenses	(3,757,458)	(4,162,882)	(4,410,182)
Other expenses	—	—	(150,573)
Impairment loss recognised on financial assets	—	—	(88,945)
Financial costs	(150,554)	(202,914)	(185,772)
<b>Profit (loss) before taxation</b>	<b>(6,761,072)</b>	<b>(9,563,492)</b>	<b>(3,769,782)</b>
Income tax credit (expense)	(3,480)	8,683	378,910
<b>Profit (loss) for the year/period attributable to owners of the Company</b>	<b>(6,764,552)</b>	<b>(9,554,809)</b>	<b>(3,390,872)</b>
<b>Other comprehensive income (expense)</b>	<b>(2,136)</b>	<b>30,343</b>	<b>16,114</b>
<b>Total comprehensive income (expense) for the year attributable to owners of the Company</b>	<b>(6,766,688)</b>	<b>(9,524,466)</b>	<b>(3,374,758)</b>
<b>Basic earnings (loss) per share (S\$ cent)</b>	<b>(1.41)</b>	<b>(1.99)</b>	<b>(0.71)</b>

For the year ended 31 December 2020, 2021 and 2022, no dividend had been declared by the Group. Save as disclosed, the Group did not have any item of any income or expense which were material during each of the years ended 31 December 2020, 2021 or 2022. As at the Latest Practicable Date, the Company has no intention to make, declare or pay any future dividend/distribution until the close of the Offers.

The Group did not record any (i) profit or loss attributable to non-controlling interests and (ii) comprehensive income attributable to non-controlling interests.



The auditor's reports issued by Yongtuo Fuson CPA Limited in respect of the Group's audited consolidated financial statements for each of the years ended 31 December 2020, 2021 and 2022 did not contain any qualified or modified opinion (including emphasis of matter, adverse opinion, disclaimer of opinion, and material uncertainty related to going concern).

## **2. AUDITED CONSOLIDATED FINANCIAL INFORMATION AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the "**2022 Financial Statements**"); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the "**2021 Financial Statements**"); (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the "**2020 Financial Statements**"), together with significant accounting policies and the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2022 Financial Statements are set out on pages 72 to 141 of the annual report of the Company for the year ended 31 December 2022, which was published on 29 March 2023. The annual report of the Company for the year ended 31 December 2022 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0329/2023032901945.pdf>

The 2021 Financial Statements are set out on pages 72 to 141 of the annual report of the Company for the year ended 31 December 2021, which was published on 31 March 2022. The annual report of the Company for the year ended 31 December 2021 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0331/2022033101232.pdf>

The 2020 Financial Statements are set out on pages 68 to 131 of the annual report of the Company for the year ended 31 December 2020, which was published on 31 March 2021. The annual report of the Company for the year ended 31 December 2020 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0331/2021033101426.pdf>

The 2022 Financial Statements, the 2021 Financial Statements and the 2020 Financial Statements (but not any other part of the annual report of the Company for the year ended 31 December 2022, the annual report of the Company for the year ended 31 December 2021 and the annual report of the Company for the year ended 31 December 2020, in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### 3. INDEBTEDNESS

#### **Borrowings**

As at the close of business on 28 February 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had total outstanding indebtedness of bank loans in the amount of approximately HK\$14,913,846.

#### **Guarantees**

As at the close of business on 28 February 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had provided corporate guarantee to secure bank loans of approximately HK\$9,875,102 and properties to secure bank loans of approximately HK\$5,038,744.

#### **Contingent liabilities**

As at the close of business on 28 February 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group did not have any contingent liabilities.

#### **Pledge of assets**

As at the close of business on 28 February 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had pledged deposits of approximately HK\$3,342,465 and pledged investment properties with carrying amount of approximately HK\$8,942,618 as collateral for the Group's bank borrowings.

Save as aforesaid or otherwise disclosed herein, as at the close of business on 28 February 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group did not have any loan capital issued and outstanding, or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or contingent liabilities.

The Directors confirm that there were no material changes in terms of indebtedness and contingent liabilities of the Group since 28 February 2023 and up to and including the Latest Practicable Date.

### 4. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up and up to the Latest Practicable Date.

## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror or any of its associates or parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any such statement contained in this Composite Document misleading.

## 2. SHARE CAPITAL

### (a) Share Capital

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised:</i>	<i>HK\$</i>
5,000,000,000 Shares	50,000,000
<i>Issued and fully paid:</i>	<i>HK\$</i>
480,000,000 Shares	4,800,000

All the existing issued Shares are fully paid up and rank *pari passu* in all respects including all rights as to capital, dividends and voting.

The Company has not issued any Shares since 31 December 2022, being the date to which the latest audited financial statements of the Company were made up.

The Shares are listed and traded on the Stock Exchange. No Shares are listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in the Shares being, or proposed to be sought, on any other stock exchange.

### (b) Warrants

As at the Latest Practicable Date, the Company has in issue 96,000,000 Warrants, conferring the rights to the holders thereof to subscribe for 96,000,000 new Shares with an exercise price of HK\$4.00 per new Share (subject to adjustments), which may be exercised at any time up to and inclusive of Wednesday, 23 August 2023.

Save as disclosed above, as at the Latest Practicable Date, there were no other convertible securities, warrants, options, derivatives or other securities issued by the Company that are convertible or exchangeable into Shares or other types of equity interest in issue.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests and short positions of the Directors' and chief executive in the Shares, the underlying shares and debentures of the Company or any associated corporation

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in any Shares, underlying shares and debentures of the Company or 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 or 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 the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange or which were required to be disclosed under the Takeovers Code.

#### (b) Interests and short positions of the substantial Shareholders in the Shares and underlying shares

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

##### *Long positions in the Shares*

Name of Shareholder	Capacity/ Nature of interest	Number of Shares interested	Number of underlying Shares interested	Approximate percentage of the issued Shares
Million Treasure International Holdings Limited ( <i>Note 1</i> )	Beneficial owner	331,790,000		69.12%
			66,358,000	11.52%
Mr. Zhang Zhang	Interest of a controlled corporation	331,790,000		69.12%
			66,358,000	11.52%

*Notes:*

- (1) 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%.

- (2) The total number of Shares in issue as at the Latest Practicable Date (i.e. 480,000,000 Shares) has been used for the calculation of the approximate percentage.
- (3) The total number of Shares in issue assuming that all Warrants have been exercised (i.e. 576,000,000 Shares) has been used for the calculation of the approximate percentage.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

**(c) Interests in the Offeror**

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

**4. DEALINGS AND INTERESTS IN THE COMPANY'S SECURITIES**

During the Relevant Period, (i) save for the Sale Shares and the Sale Warrants, none of the Directors had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company; and (ii) none of the Company and the Directors had owned or controlled, or had dealt for value in, any shares or any securities, convertible securities, warrants, options or derivatives in respect of the shares or securities of the Offeror.

As at the Latest Practicable Date:

- (a) save for the Loan Facility Agreement with facilities secured by a fixed charge over (a) the Sale Shares held by the Offeror, (b) the Sale Warrants held by the Offeror (including any new Shares to be subscribed by the Offeror upon the exercise of the Sale Warrants on or before 23 August 2023), (c) up to 148,210,000 Shares to be acquired by the Offeror in the Share Offer and (d) up to 29,642,000 Warrants to be acquired by the Offeror in the Warrant Offer, given by the Offeror in favour of Kingston Securities, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offers;
- (b) there are no conditions to which the Offers are subject;

- (c) save for the Loan Facility Agreement with facilities secured by a fixed charge over (a) the Sale Shares held by the Offeror, (b) the Sale Warrants held by the Offeror (including any new Shares to be subscribed by the Offeror upon the exercise of the Sale Warrants on or before 23 August 2023), (c) up to 148,210,000 Shares to be acquired by the Offeror in the Share Offer and (d) up to 29,642,000 Warrants to be acquired by the Offeror in the Warrant Offer, given by the Offeror in favour of Kingston Securities, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons;
- (d) save for the Sale and Purchase Agreement, there is no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Offeror Concert Party Group and any of the Directors, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offers;
- (e) save for the Sale and Purchase Agreement, there is no understanding, agreement or arrangement which constitutes a special deal under Rule 25 of the Takeovers Code between any member of the Offeror Concert Party Group on the one hand and the Vendor, Mr. Ong or parties acting in concert with any of them on the other hand;
- (f) save for the total Consideration for the Sale Shares and the Sale Warrants under the Sale and Purchase Agreement, no other consideration, compensation or benefit in whatever form is paid or to be paid by any member of the Offeror Concert Party Group to the Vendor, Mr. Ong or any parties acting in concert with any of them in connection with the sale and purchase of the Sale Shares and the Sale Warrants; and
- (g) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal under Rule 25 of the Takeovers Code between any Shareholders; and the Company, its subsidiaries or associated companies.

## 5. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (i) none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code owned or controlled any shares or convertible securities, options, warrants, or derivatives of the Company, or had dealt for value in any such securities of the Company during the Relevant Period;

- (ii) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (iii) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any such securities of the Company during the Relevant Period;
- (iv) none of the Directors has any beneficial shareholdings which is subject to the Offers;
- (v) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (vi) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (vii) save for the Sale and Purchase Agreement, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and
- (viii) save for the Sale and Purchase Agreement, no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

## 6. SERVICE CONTRACTS

The Company has entered into service agreements with Mr. Ong and Ms. Koh Siew Khing as its executive Directors. The Company entered into a service agreement dated 21 June 2017 with each of Mr. Ong and Ms. Koh Siew Khing, pursuant to which each of Mr. Ong and Ms. Koh Siew Khing was appointed as an executive Director for an initial term of three (3) years commencing from 17 November 2017 (the “**Listing Date**”), being the date of listing of the Company on GEM, and will continue thereafter until terminated by not less than three months’ notice in writing sent by either party to the other. Each of Mr. Ong and Ms. Koh Siew Khing is entitled to receive a salary of S\$120,000 (equivalent to approximately HK\$680,400) and S\$72,000 (equivalent to approximately HK\$408,240) per annum, respectively. Each of Mr. Ong and Ms. Koh Siew Khing may also be entitled to such additional management bonus as the Board in its absolute discretion deems appropriate. Each of their appointment as an executive Director will be subject to retirement by rotation and is eligible for re-election pursuant to the articles of association of the Company.



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 dated 21 June 2017 with the Company, pursuant to which each of the independent non-executive Directors is appointed with an initial term of three years commencing from the Listing Date until terminated by at least three months' notice in writing to the other or otherwise as provided in the respective appointment letter. Each of Mr. Tam Wai Tak Victor, Ms. Chooi Pey Nee and Mr. Tan Yeok Lim (Chen Yulin) is entitled to receive a remuneration of HK\$120,000 per annum.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the commencement of the Offer Period; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### **7. MATERIAL CONTRACTS**

There are no contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by members of the Group within the two years preceding 23 February 2023 (being the date of commencement of the Offer Period) and up to the Latest Practicable Date and was or might be material.

#### **8. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

**9. MARKET PRICES****(a) Shares**

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date.

<b>Date</b>	<b>Closing price per Share (HK\$)</b>
31 August 2022	2.17
5 September 2022 (being the Last Trading Day)	2.17
30 September 2022	2.17
31 October 2022	2.17
30 November 2022	2.17
30 December 2022	2.17
31 January 2023	2.17
28 February 2023	1.81
31 March 2023	1.98
11 April 2023 (being the Latest Practicable Date)	1.88

During the Relevant Period:

- a. the highest closing price of the Shares quoted on the Stock Exchange was HK\$2.32 per Share on 17 March 2023; and
- b. the lowest closing price of the Shares quoted on the Stock Exchange was HK\$1.56 per Share on 6 March 2023.

**(b) Warrants**

The table below shows the closing prices of the Warrants quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date.

Date	Closing price per Warrant (HK\$)
31 August 2022	0.051
5 September 2022 (being the Last Trading Day)	0.051
30 September 2022	0.051
31 October 2022	0.051
30 November 2022	0.051
30 December 2022	0.051
31 January 2023	0.051
28 February 2023	0.05
31 March 2023	0.025
11 April 2023 (being the Latest Practicable Date)	0.01

During the Relevant Period:

- a. the highest closing price of the Warrants quoted on the Stock Exchange was HK\$0.051 per Warrant for the period from 23 August 2022 to 24 February 2023; and
- b. the lowest closing price of the Warrants quoted on the Stock Exchange was HK\$0.01 per Warrant on 11 April 2023.

**10. QUALIFICATIONS AND CONSENT OF EXPERT**

The following are the qualifications of the expert who has given opinion or advice which is contained or referred to in this Composite Document:

Name	Qualification
Ample Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Ample Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, and/or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Ample Capital did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any direct or indirect interest in any assets which had been, since 31 December 2022, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## **11. GENERAL**

- (i) As at the Latest Practicable Date, the registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its head office and principal place of business is situated at 64 Woodlands Industrial Park E9 Singapore 757833.
- (ii) As at the Latest Practicable Date, the registered office of Ample Capital is situated at 14A Two Chinachem Plaza, 135 Des Voeux Road Central, Central, Hong Kong.
- (iii) In the case of inconsistency, the English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese text.

## **12. DOCUMENTS ON DISPLAY**

Copies of the following documents will be available on display on the websites of the SFC ([www.sfc.hk](http://www.sfc.hk)) and the Company ([www.gt-steel.com.sg](http://www.gt-steel.com.sg)) from the date of this Composite Document up to and including the Closing Date or the date on which the Offers lapse or are withdrawn, whichever is the earlier:

- (a) the memorandum and articles of association of the Company;
- (b) the annual report of the Company for each of the three years ended 31 December 2020, 2021 and 2022;
- (c) the letter from the Board, the text of which is set out on pages 17 to 24 of this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 25 to 26 of this Composite Document;
- (e) the letter from Ample Capital, the text of which is set out on pages 27 to 56 of this Composite Document;
- (f) the written consent referred to in the paragraphs headed “10. Qualifications and Consent of Expert” in this Appendix III;

- (g) the service contracts referred to under the paragraphs headed “6. Service Contracts” in this Appendix III; and
- (h) this Composite Document and the accompanying Form(s) of Acceptance.

## 1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group, the Vendor, the Guarantor, or any of their associates or any parties acting in concert with them) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. DISCLOSURE OF INTERESTS

### Interests of the Offeror Concert Party Group in the Company

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.

As at the Latest Practicable Date, the Offeror Concert Party Group owned or controlled an aggregate of 331,790,000 Shares, representing approximately 69.12% of the entire issued share capital of the Company, and 66,358,000 Warrants, conferring the rights to subscribe for 66,358,000 new Shares. Save for the above, the Offeror Concert Party Group did not have any other interest in any shares, warrants, options, derivatives or securities carrying conversion of subscription rights into Shares.

As at the Latest Practicable Date, save for 331,790,000 Shares and 66,358,000 Warrants, conferring the rights to subscribe for 66,358,000 new Shares, none of the members of the Offeror Concert Party Group had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

## 3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS OF THE OFFEROR IN THE COMPANY

Save for (i) the non-discretionary dealings in the Shares by Kingston Securities for and on behalf of its clients; and (ii) the 331,790,000 Sale Shares and 66,358,000 Sale Warrants, conferring the rights to subscribe for 66,358,000 new Shares, acquired by the Offeror under the Sale and Purchase Agreement completed on 14 March 2023 at HK\$0.229 per Sale Share and HK\$0.001 per Sale Warrant, none of the members of the Offeror Concert Party Group has dealt in nor owned any other Share or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

As at the Latest Practicable Date:

- (i) save for the Sale Shares and the Sale Warrants held by the Offeror, none of the members of the Offeror Concert Party Group holds, owns or has control or direction over any voting rights or rights over any Shares, convertible securities, warranties or options of the Company or any derivatives in respect of such securities;
- (ii) save for the Sale Warrants acquired by the Offeror from the Vendor, there is no outstanding derivative in respect of securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, its ultimate beneficial owners and/or any person acting in concert with any of them;
- (iii) save for the Sale Shares and the Sale Warrants acquired by the Offeror from the Vendor, none of the members of the Offeror Concert Party Group has dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities;
- (iv) none of the members of the Offeror Concert Party Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (v) save for the Loan Facility Agreement with facilities secured by a fixed charge over (a) the Sale Shares held by the Offeror, (b) the Sale Warrants held by the Offeror (including any new Shares to be subscribed by the Offeror upon the exercise of the Sale Warrants on or before 23 August 2023), (c) up to 148,210,000 Shares to be acquired by the Offeror in the Share Offer and (d) up to 29,642,000 Warrants to be acquired by the Offeror in the Warrant Offer, given by the Offeror in favour of Kingston Securities, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offers;
- (vi) save for the Loan Facility Agreement with facilities secured by a fixed charge over (a) the Sale Shares held by the Offeror, (b) the Sale Warrants held by the Offeror (including any new Shares to be subscribed by the Offeror upon the exercise of the Sale Warrants on or before 23 August 2023), (c) up to 148,210,000 Shares to be acquired by the Offeror in the Share Offer and (d) up to 29,642,000 Warrants to be acquired by the Offeror in the Warrant Offer, given by the Offeror in favour of Kingston Securities, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror and Kingston Securities, or between any member of the Offeror Concert Party Group and any other person;



- (vii) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which any member of the Offeror Concert Party Group is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (viii) none of the members of the Offeror Concert Party Group has received any irrevocable commitment(s) to accept or reject the Offers;
- (ix) there are no conditions to which the Offers are subject;
- (x) save for the Loan Facility Agreement with facilities secured by a fixed charge over (a) the Sale Shares held by the Offeror, (b) the Sale Warrants held by the Offeror (including any new Shares to be subscribed by the Offeror upon the exercise of the Sale Warrants on or before 23 August 2023), (c) up to 148,210,000 Shares to be acquired by the Offeror in the Share Offer and (d) up to 29,642,000 Warrants to be acquired by the Offeror in the Warrant Offer, given by the Offeror in favour of Kingston Securities, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons;
- (xi) save for the Loan Facility Agreement with facilities secured by a fixed charge over (a) the Sale Shares held by the Offeror, (b) the Sale Warrants held by the Offeror (including any new Shares to be subscribed by the Offeror upon the exercise of the Sale Warrants on or before 23 August 2023), (c) up to 148,210,000 Shares to be acquired by the Offeror in the Share Offer and (d) up to 29,642,000 Warrants to be acquired by the Offeror in the Warrant Offer, given by the Offeror in favour of Kingston Securities, Kingston Securities does not hold, own or has control or direction over any voting rights or rights over any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities;
- (xii) save for the Sale and Purchase Agreement, there is no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Offeror Concert Party Group and any of the Directors, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offers;
- (xiii) save for the Sale and Purchase Agreement, there is no understanding, agreement or arrangement which constitutes a special deal under Rule 25 of the Takeovers Code between any member of the Offeror Concert Party Group on the one hand and the Vendor, Mr. Ong or parties acting in concert with any of them on the other hand;

- (xiv) save for the total consideration for the Sale Shares and the Sale Warrants under the Sale and Purchase Agreement, no other consideration, compensation or benefit in whatever form is paid or to be paid by any member of the Offeror Concert Party Group to the Vendor, Mr. Ong or any parties acting in concert with any of them in connection with the sale and purchase of the Sale Shares and the Sale Warrants;
- (xv) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal under Rule 25 of the Takeovers Code between any Shareholder and any member of the Offeror Concert Party Group; and
- (xvi) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers.

#### 4. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given their opinion and advice which are contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Alpha Financial Group Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Kingston Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Kingston Securities Limited	a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO

Each of Alpha Financial, Kingston Corporate Finance and Kingston Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, advice and/or references to its name, in the form and context in which it appears herein.

#### 5. MISCELLANEOUS

As at the Latest Practicable Date;

- a. 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% and the sole director of the Offeror is Mr. Zhang Zhang. The principal members of the Offeror Concert Party Group are the Offeror, Mr. Zhang Zhang, Ms. Li Heliang, Mr. Wang Jiandong and Kingston Securities.

- b. the registered office of the Offeror is situated at Unit 8, 3/F., Qwomar Trading Complex, Blackburne Road, Port Purcell, Road Town, Tortola, British Virgin Islands VG1110.
- c. the correspondence address of the Offeror is situated at 39/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.
- d. the correspondence address of each of Mr. Zhang Zhang, Ms. Li Heliang and Mr. Wang Jiandong is 39/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.
- e. the registered address of each of Kingston Securities and Kingston Corporate Finance is situated at 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong.
- f. the registered address of Alpha Financial is situated at Room A, 17/F., Fortune House, 61 Connaught Road Central, Hong Kong.
- g. In case of inconsistency, the English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese text.

#### **6. DOCUMENTS ON DISPLAY**

Copies of the following documents will be available on display on the websites of the SFC ([www.sfc.hk](http://www.sfc.hk)) and the Company ([www.gt-steel.com.sg](http://www.gt-steel.com.sg)) from the date of this Composite Document up to and including the Closing Date or the date on which the Offers lapse or are withdrawn, whichever is the earlier:

- a. the memorandum and articles of association of the Offeror;
- b. the letter from Kingston Securities, the text of which is set out on pages 6 to 16 of this Composite Document;
- c. the written consents referred to in the paragraphs headed "4. Qualifications and Consents of Experts" in this Appendix IV; and
- d. the Sale and Purchase Agreement.