

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

GT STEEL CONSTRUCTION GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8402)

(Warrant code: 8209)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE ACQUISITION

This announcement is made by GT Steel Construction Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE ACQUISITION

The Board announces that on 27 July 2023, Legend Return Limited (“**Legend Return**”), a direct wholly-owned subsidiary of the Company, and Mr. JIANG Zhikai (江志凱) (the “**Vendor**”) entered into a memorandum of understanding (the “**MOU**”) concerning the possible acquisition of a controlling stake of Plateau Treasure (HK) Limited (高原之寶(香港)有限公司) (the “**Target Company**”) (the “**Possible Acquisition**”). The Possible Acquisition is subject to further negotiation and a formal sales and purchase agreement to be entered into by Legend Return and the Vendor (the “**Formal Agreement**”).

The major terms of the MOU are as follows:

Date: 27 July 2023

Parties: The Vendor, as the vendor;
The Target Company; and
Legend Return, as the purchaser.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor and the Target Company is an independent third party of the Company and its connected persons (has the meaning ascribed to it under the GEM Listing Rules).

Possible Acquisition

The MOU contemplates the Possible Acquisition by Legend Return of a controlling stake of the Target Company.

Exclusivity Period and Due Diligence Review

Pursuant to the MOU, the Vendor has agreed to grant Legend Return an exclusive right to discuss, negotiate and finalise the Formal Agreement for a period of six months starting from the date of signing of the MOU (the “**Exclusivity Period**”). During the Exclusivity Period, the Vendor shall not, and shall procure that its associates, and the subsidiaries and other affiliated companies of the Target Company, and their respective employees, agents and advisers not to, whether directly or indirectly enter into any agreement with or participate in any discussion, negotiation or arrangement similar to the Possible Acquisition and/or relating to the disposal of any of the Target Company and its subsidiaries and/or its assets or provide any information to any other party which would be inconsistent with or would hinder or impede the Possible Acquisition.

Within the Exclusivity Period, Legend Return shall be entitled to carry out due diligence review of the assets, liabilities, business, financial and other affairs of the Target Company and its subsidiaries. The Vendor shall, and shall procure the Target Company to, cooperate and provide all documents and information requested by Legend Return and/or its adviser(s) for conducting the due diligence review.

Consideration

The consideration of the Possible Acquisition and the manner of payment shall be further negotiated between the Vendor and the Purchaser and be determined in the Formal Agreement.

Deposit

Pursuant to the MOU, Legend Return shall pay to the Vendor a deposit of HK\$3,000,000 (the “**MOU Deposit**”) within 14 days upon entering the MOU, where HK\$2,000,000 among the MOU Deposit shall be deposited to the Target Company. The Vendor and the Target Company shall, and the Vendor shall procure the Target Company to, forthwith return to Legend Return the MOU Deposit interest-free upon Termination of this MOU.

Guarantee

Each of the Vendor and the Target Company (collectively, the “**Guarantors**”, and each a “**Guarantor**”) unconditionally and irrevocably agrees to enter into a separate guarantee (the “**Guarantee**”) to, amongst others, guarantee in favour of the Purchaser the due and punctual performance by the Vendor and the Target Company of all its obligations under the MOU (including, without limitation, the return of the MOU Deposit), and undertake to fully indemnify the Purchaser in respect of any liabilities, loss, damages, costs and expenses that it may have suffered or incurred by reason of or in consequences of any failure of or delay by the Vendor and/or the Target Company in performing any of their respective obligations under the MOU.

The Guarantee was executed by the Guarantors in favour of the Purchaser on the date of the MOU.

Termination

The MOU shall terminate upon (i) expiry of the Exclusivity Period; (ii) a termination letter given to the Vendor by Legend Return with a notice period no less than 10 days; or (iii) the Parties entering into the Formal Agreement, whichever is earlier (the “**Termination**”).

Costs

Each party shall bear its/his own costs in respect of the discussion, negotiation and entering into of the MOU and the Possible Acquisition.

Binding effect

Save for those provisions relating to due diligence, exclusivity, payment and refund of the MOU Deposit, guarantee, confidentiality, termination, costs, notice and governing law, the MOU does not have any legally binding effect on the parties to the MOU.

INFORMATION ON THE TARGET COMPANY

The Target Company and its subsidiaries are principally engaged in the distribution of yak dairy products in the Sichuan and Henan provinces, the PRC.

INFORMATION ON THE GROUP

The Group is principally engaged in the design, supply, fabricate and erect structural steelworks for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings in Singapore.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

With a view to diversifying its business, maximising the return to the Shareholders, and contributing to the Group's long term growth, the Group first entered into a strategic cooperation agreement with 西藏高原之寶犛牛乳業股份有限公司 (Tibet Plateau Treasures Yak Dairy Co., Ltd.*) (“**Tibet Dairy**”) in March 2021, pursuant to which the Group were authorised as the exclusive distributor of Tibet Dairy's yak dairy products in Hong Kong, Singapore, Malaysia, Vietnam and Thailand, for a period of two years. Despite the COVID-19 pandemic-related restrictions impeded the business development efforts during this period, the Group entered into a distribution agreement with Tibet Dairy on 21 July 2023, whereby the Group was authorised to be the sole distributor in Hong Kong, Macau, Taiwan, and other countries in the Asia Pacific region, as well as a non-exclusive distributor in the PRC in respect of Tibet Dairy's all yak dairy products, for a period of five years (the “**Distribution Arrangement**”). For details, please refer to the announcements of the Company dated 18 March 2021 and 21 July 2023.

The Board considers that the Possible Acquisition could enhance the Group's sales and marketing capabilities in yak dairy products, which is in line with the Group's long-term growth strategy, enabling the Group to quickly tap into the PRC's yak dairy products distribution network and capture the opportunities of fast-growing health-conscious consumption patterns of Chinese consumers, thereby maximising the return to the Shareholders. Accordingly, the Directors consider that it is in the interests of the Company and its Shareholders as a whole to enter into the MOU and the Guarantee.

GENERAL

The MOU contains certain legally binding obligations regarding, among other things, due diligence, exclusivity, the payment and refund of the MOU Deposit, guarantee, confidentiality, termination, costs, notice and governing law. If Legend Return proceeds with the Possible Acquisition, the parties will further negotiate and enter into the Formal Agreement.

The Company will make further announcement(s) in respect of the Possible Acquisition as and when appropriate in accordance with the GEM Listing Rules.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable transaction on the part of the Company under the GEM Listing Rules. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Possible Acquisition will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

By order of the Board
GT Steel Construction Group Limited
Chen Xiaoyu
Chairperson and Executive Director

Hong Kong, 27 July 2023

As at the date of this announcement, the Board comprises two executive Directors, namely, Ms. Chen Xiaoyu (Chairperson) and Mr. Ong Cheng Yew; four non-executive Directors, namely, Ms. Lin Xiaoqin, Mr. Chan Kwun Wah Derek, Ms. Yang Pu and Mr. Shi Shuyuan; and three independent non-executive Directors, namely, Mr. Wong Carson Ka Chun, Mr. Tong Kai Tak and Ms. Chen Li.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.gt-steel.com.sg.

** for identification purpose only*