

GC Construction Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1489)

7 November 2025

To the Independent Shareholders,

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
QUAM SECURITIES LIMITED FOR AND ON BEHALF OF
JUMBO FLAGS CAPITAL LIMITED TO ACQUIRE ALL THE
ISSUED SHARES OF GC CONSTRUCTION HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY JUMBO FLAGS CAPITAL LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

As disclosed in the Joint Announcement, on 22 September 2025 (after trading hours), the Vendor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Offeror agreed to purchase and the Vendor agreed to sell the Sale Shares, being 728,880,000 Shares, representing approximately 72.89% of the total issued share capital of the Company as at the Latest Practicable Date, free from all encumbrances, for a total cash Consideration of HK\$122,455,200, equivalent to approximately HK\$0.1680 per Sale Share.

Completion took place on the Completion Date, being 23 September 2025. Pursuant to the Sale and Purchase Agreement, the Consideration was settled in the following manner:

- (a) a sum of HK\$62,455,200, being part payment of the Consideration, was satisfied by the Offeror in cash at Completion; and
- (b) the Remaining Balance of the Consideration in the amount of HK\$60,000,000 was settled upon Completion by the delivery of the Promissory Note issued by the Offeror in favour of the Vendor in the principal amount of the Remaining Balance. Under the Promissory Note, the Offeror shall repay the outstanding Remaining Consideration on the date falling twenty-four (24) months after the date of the Promissory Note (i.e. two (2) years after the Completion Date). The Promissory Note carries interest at the rate of 8% per annum.

The total consideration for the Sale Shares is HK\$132,055,200, after taking into the consideration of the interest accruing on the Remaining Consideration for a period of two years after the Completion Date. As the Vendor agreed to receive deferred payment by agreeing to the full settlement of the Consideration subsequent to Completion as abovementioned, the Vendor is treated as providing financing or financial assistance to the Offeror and is therefore presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code.

Immediately prior to Completion, none of the Offeror, Mr. Gan, nor any parties acting in concert with any of them (save for the Vendor) owned, controlled or had direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately after Completion and as at the Latest Practicable Date, the Offeror, Mr. Gan and parties acting in concert with any of them are interested in an aggregate of 728,880,000 Shares, representing approximately 72.89% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is therefore required to make a mandatory unconditional cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) the details of the Offer (including the expected timetable and the terms of the Offer); (ii) information relating to the Group, the Offeror, Mr. Gan and parties acting in concert with any of them, together with the Form of Acceptance; (iii) the letter from Quam Securities containing the details of the Offer; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer; and (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee on whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned and on acceptance of the Offer.

Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

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, which comprises all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Dr. Huang Hong, Mr. Yu Chi Wing, Dr. Lo Ki Chiu and Dr. Luk Che Chung, has been established for the purpose of making recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Merdeka has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

You are advised to read the “Letter from the Independent Board Committee” to the Independent Shareholders, the “Letter from the Independent Financial Adviser” and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offer.

THE OFFER

Quam Securities, for and on behalf of the Offeror, is making the Offer to acquire all of the Offer Shares on the terms in accordance with the Takeovers Code and on the terms set out in this Composite Document and in the Form of Acceptance on the following basis:

Offer Price for each Offer Share HK\$0.1812 in cash

The Offer Price of HK\$0.1812 per Offer Share is equivalent to the Consideration payable by the Offeror (i.e. HK\$122,455,200) together with the interest accruing on the Remaining Consideration for a period of two years after the Completion Date (i.e. $\text{HK\$}60,000,000 \times 8\% \times 2 = \text{HK\$}9,600,000$), divided by the number of the Sale Shares (i.e. 728,880,000 Shares).

The Offer is unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions. The Offer is extended to all Shares in issue other than those Shares held by the Offeror and parties acting in concert with it.

As at the Latest Practicable Date, 1,000,000,000 Shares were in issue and the Company does not have any outstanding options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares.

The Company confirms that, as at the Latest Practicable Date, it has not declared any dividend which is not yet paid and it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing of the Offer.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the “Letter from Quam Securities” and Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Quam Securities” in this Composite Document for information on the Offeror.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued shares are listed on the Main Board of the Stock Exchange. The Company is principally engaged in investment holding. The Group is a wet trades contractor in Hong Kong and construction subcontractor in Cambodia. The wet trades works performed by the Group mainly included plastering, tile laying, brick laying, floor screeding and marble works.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately upon Completion and as at the Latest Practicable Date:

	Immediately prior to Completion		Immediately upon Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
Offeror and parties acting in concert with it				
– the Offeror (<i>Note 1</i>)	–	–	728,880,000	72.89
– the Vendor (<i>Notes 2, 3</i>)	728,880,000	72.89	–	–
Independent Shareholders	271,120,000	27.11	271,120,000	27.11
Total	1,000,000,000	100.00	1,000,000,000	100.00

Notes:

1. The Offeror is wholly and ultimately owned by Mr. Gan. As such, Mr. Gan is deemed or taken to be interested in the 728,880,000 Shares held by the Offeror by virtue of the SFO.

2. As the Vendor agreed to receive deferred payment by agreement to the full settlement of the Consideration subsequent to Completion, the Vendor is treated as providing financing or financial assistance to the Offeror and is therefore presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code.
3. As at the Latest Practicable Date, the Vendor is beneficially owned as to 80% by Mr. KS Chan and 20% by Mr. WP Chan. On 5 November 2020, Mr. KS Chan and Mr. WP Chan entered into an acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert within the meaning of the Takeovers Code. By virtue of the SFO, Mr. KS Chan and Mr. WP Chan are deemed to be interested in the 728,880,000 Shares held by the Vendor immediately prior to Completion.

Your attention is drawn to Appendices II and IV to this Composite Document which contain financial and the general information of the Group respectively.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “Intention of the Offeror in relation to the Group” in the “Letter from Quam Securities” contained in this Composite Document for details regarding Offeror’s intention on the business of the Group.

In particular, as stated in the “Letter from Quam Securities”, the Offeror intends to continue the principal business of the Group and will maintain the listing status of the Company following the close of the Offer. The Offeror also intends to review the business activities and assets of the Group to formulate business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, no investment or business opportunity has been identified nor have the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

As at the Latest Practicable Date, the Board is comprised of three executive Directors and four independent non-executive Directors. The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate).

The Offeror intends to nominate new director(s) to the Board with effect from a date which is no earlier than such date as permitted under the Listing Rules and the Takeovers Code or such later date as the Offeror considers to be appropriate. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

As stated in the “Letter from Quam Securities” contained in this Composite Document, save for the Offeror’s intention regarding the Group as set out therein, the Offeror has no intention to (i) make material changes to the employment of the management and employees of the Group; and (ii) dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

As stated in the “Letter from Quam Securities” contained in this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board (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.

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

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages 24 to 25 of this Composite Document, which contains its recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to their acceptance of the Offer; and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 26 to 48 of this Composite Document which contains its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it in arriving at its advice.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. Further details on the terms and the procedures for acceptance of the Offer are set out in Appendix I “Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance.

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

By order of the Board of
GC Construction Holdings Limited



Chan Kiu Sum

Chairman, Chief Executive Officer and Executive Director