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GTI HOLDINGS LIMITED

共享集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3344)

(1) TERMINATION OF TRANSFER AGREEMENT AND (2) DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE SALE INTEREST

TERMINATION OF TRANSFER AGREEMENT

The Board hereby announces that on 28 August 2018 (after trading hours), the Vendor and Purchaser entered into a termination agreement to terminate the Transfer Agreement in all respects on amicable terms.

THE DISPOSAL

The Board is pleased to announce that, on 28 August 2018 (after trading hours), Addchance Limited and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which Addchance Limited conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Interest.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement dated 6 July 2018 (the “**Announcement**”) of GTI Holdings Limited (the “**Company**”) in relation to the disposal of the Properties. Unless otherwise expressly indicated, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

(1) TERMINATION OF TRANSFER AGREEMENT

The Board hereby announces that on 28 August 2018 (after trading hours), the Vendor and Purchaser entered into a termination agreement on to terminate the Transfer Agreement in all respects on amicable terms (the “**Termination Agreement**”).

Pursuant to the Termination Agreement, the Vendor and the Purchaser agreed that:

- (a) the Transfer Agreement is hereby terminated;
- (b) the deposit of RMB10,000,000 paid by the Purchaser to the Vendor pursuant to the Transfer Agreement is to be transferred to Addchance Limited, which shall be treated as the deposit of the Sale and Purchase Agreement (as defined below); and
- (c) the Purchaser shall return all the documents that it received pursuant to the Transfer Agreement to the Vendor.

Save as disclosed above, all obligations of the parties under or in respect of the Transfer Agreement shall be fully discharged.

The Directors expect that the termination of the Transfer Agreement would have no material adverse effect on the business operation and financial position of the Group.

The Vendor and the Purchaser entered into the Termination Agreement because the Vendor has determined to acquire the Target Company including the Properties as a whole instead of the Properties alone.

(2) DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF SALE INTEREST

The Board is pleased to announce that, on 28 August 2018 (after trading hours), Addchance Limited (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which Addchance Limited conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire registered capital (the “**Sale Interest**”) of 羅定互益染廠有限公司 (Luoding Addchance Dyeing Factory Company Limited) (the “**Target Company**”).

THE SALE AND PURCHASE AGREEMENT

The major terms of the Sale and Purchase Agreement are as follows:

Date: 28 August 2018

Parties:

Seller of Sale Interest: Addchance Limited

Purchaser: 羅定市大也貿易有限公司 (Luoding Daye Trading Company Limited), a company established in the PRC with limited liability)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is not a connected person of the Company and are Independent Third Parties.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, Addchance Limited conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Interest.

The Target Company is the owner of the Land Use Right.

All indebtedness before Completion (as defined below) shall be borne by Addchance Limited.

Consideration

The total consideration for the disposal of Sale Interest (the “**Disposal**”) is RMB32,000,000 (the “**Consideration**”) (subject to adjustment), which shall be satisfied by the Purchaser in the following matter:

- (a) RMB10,000,000 transferred from the Transfer Agreement pursuant to the Termination Agreement is treated as the deposit upon execution of the Sale and Purchase Agreement;
- (b) RMB6,000,000 payable within one day after execution of the Sale and Purchase Agreement; and
- (c) RMB16,000,000 payable upon submission of the application to the relevant governmental authority for registration of transfer of Sale Interest.

The Consideration was arrived at after arm's length negotiation between Addchance Limited and the Purchaser, taking into account (i) the reasons for the Disposal as disclosed in the section headed “Reasons for and Benefits of the Disposal” in this announcement, and (ii) the net assets value of the Target Company.

Conditions precedent

Completion of the Sale and Purchase Agreement is subject to and conditional upon:

- (a) both Addchance Limited and the Purchaser having obtained all necessary consents and approvals in relation to the transfer of the Sale Interest, including but not limited to the consent(s) and approval(s) from relevant PRC governmental authorities;
- (b) the Purchaser having completed the due diligence in the aspects of business continuity, assets and liabilities and operation of the Target Company, the result of which is satisfactory to the Purchaser;
- (c) the representations and warranties as set out in the Sale and Purchase Agreement remaining true and accurate;
- (d) the completion of registration of transfer of the Sale Interest; and
- (e) the compliance with all requirements under the Listing Rules.

Completion

The completion of the Sale and Purchase Agreement shall be within three days (or any other day as may be mutually agreed by Addchance Limited and the Purchaser) after completion of registration of transfer of Sale Interest by Addchance Limited (the “**Completion**”).

After Completion, the Target Company will cease to be a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is diversifying to other businesses and it is more important for the Group to allocate its resources on promising businesses. The Target Company was loss making during the last few years. On the other hand, the Disposal could generate immediate cash inflow so as to mitigate the severe cash flow situation faced by the Group. The Directors are of the view that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT ADDCHANCE LIMITED, THE PURCHASER AND THE TARGET COMPANY

The Company is a limited liability company incorporated in the Cayman Islands the Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding.

Addchance Limited is a company incorporated in Hong Kong and is principally engaged in the manufacture and trading of dyed yarn, provision of yarn-dyeing services, trading of cotton raw white yarn and fancy yarn.

The Purchaser is a limited liability company incorporated in the PRC and is principally engaged in the sales of textile products, construction materials and environmental protection equipment, and property development in the PRC.

The Target Company is principally engaged in the manufacture and trading of dyed yarn and provision of yarn-dyeing services.

Set out below is the financial information of the Target Company for the two years ended 31 December 2016 and 2017 based on the unaudited management accounts of the Target Company compiled in accordance with International Financial Reporting Standards:

	For the year ended 31 December 2016 <i>HK\$'000</i> (unaudited)	For the year ended 31 December 2017 <i>HK\$'000</i> (unaudited)
Revenue	86,319	13,484
Loss before and after tax	(31,436)	(23,533)

The unaudited net assets value of the Target Company attributable to the Group as at 30 June 2018 is approximately HK\$42,974,000.

FINANCIAL IMPACT OF THE DISPOSAL

Upon completion of the Disposal, it is estimated that the Group will record a loss before taxation of approximately HK\$6,290,000 which is calculated on the basis of the Consideration of approximately HK\$36,809,000 (equivalent to RMB32,000,000) after deduction of the estimated legal and professional fees.

Shareholders should note that the above figures are for illustrative purpose only. The actual gain or loss arising from the Disposal may be different from the above estimation and will be determined based on the valuation of the Properties and the relevant expenses incurred on the completion date and is subject to review by the Company's auditors.

USE OF PROCEEDS

The Company intends to apply the net proceeds from the Disposal as the working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Completion is subject to and conditional upon fulfilment or waiver (where applicable) of the conditions precedent set out in the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

By order of the Board
GTI Holdings Limited
Poon Sum
Chairman & Executive Director

Hong Kong, 28 August 2018

As at the date of this announcement, the Board comprises (i) Mr. Poon Sum (Chairman) and Mr. Cheung Tat Chung (Chief Executive Officer) as executive Directors; and (ii) Mr. Chan Shu Kin, Dr. Tse Kwok Sang and Mr. Chiu Wai Piu as independent non-executive Directors.