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## **GTI HOLDINGS LIMITED**

**共享集團有限公司**

*(a company incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3344)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY AND THE SALE LOAN**

#### **THE AGREEMENT**

The Board is pleased to announce that, on 13 November 2018 (after trading hours), Great Fortune, an indirect wholly-owned subsidiary of the Company, as purchaser, entered into the Agreement with the Vendor, pursuant to which Great Fortune conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Share, representing the entire equity interest of the Target Company and to assign or procure the assignment of the Sale Loan(s) as at the Completion Date, if any, to Great Fortune at an aggregate consideration of HK\$101 million.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial results of the Group.

#### **IMPLICATIONS OF THE LISTING RULES**

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Completion of the Acquisition is subject to fulfillment of the conditions precedent set out in the Agreement, and the Acquisition may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 6 October 2017, 4 January 2018, 4 April 2018 and 6 June 2018 respectively in relation to, among other things, the entering into of the MOU, the supplemental MOU, the Second Supplemental MOU and the Third Supplemental MOU in relation to the acquisition of 66% of equity interest in Zhongcheng Huiyu. The MOU, the Supplemental MOU, the Second Supplemental MOU and the Third Supplemental MOU did not create any legally binding commitment between the parties and was subject to the execution and completion of a formal agreement which may or may not be entered into in relation to the acquisition of 66% of equity interest in Zhongcheng Huiyu.

The Board is pleased to announce that, on 13 November 2018 (after trading hours), Great Fortune entered into the Agreement with the Vendor, pursuant to which Great Fortune conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Share, representing the entire equity interest of the Target Company and to assign or procure the assignment of the Sale Loan(s) as at the Completion Date, if any, to Great Fortune at an aggregate consideration of HK\$101 million.

The principal terms of the Agreement are summarised as follows:

## **THE AGREEMENT**

### **Date**

13 November 2018

### **Parties**

- (i) Purchaser: Great Fortune
- (ii) Vendor: Mr. Hao Zhao

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is an Independent Third Party.

### **Assets to be acquired**

Pursuant to the Agreement, Great Fortune conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Share, representing the entire equity interest of the Target Company and to assign or procure the assignment of the Sale Loan(s) as at the Completion Date, if any to Great Fortune.

## **Consideration**

The aggregate Consideration for the Acquisition is HK\$101 million, which shall be satisfied by the Company by way of allotment and issue of 261,658,031 Consideration Shares to the Vendor (or its nominees) upon Completion.

The Consideration was determined after arm's length negotiations between Great Fortune and the Vendor principally taking into account, among other things, (i) the historical financial performance of Zhongcheng Huiyu; (ii) the unaudited adjusted consolidated net asset value of Zhongcheng Huiyu as at 30 September 2018; (iii) the opportunity for the Group to diversify its business with the introduction of the RMB banknotes clearing up services; and (iv) the future prospect of the RMB banknotes clearing up services in the PRC.

## **Consideration Shares**

As at the date of this announcement, the Company has 5,396,730,909 Shares in issue. The Consideration Shares represent: (i) approximately 4.85% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares shall be allotted and issued pursuant to the General Mandate, and shall rank *pari passu* with the Shares in issue on the date of allotment and issuance including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such allotment and issuance.

The General Mandate has not been utilised since the date of its grant on 4 June 2018 up to the date of this announcement. Shareholders' approval will not be required for the allotment and issuance of the Consideration Shares as the Consideration Shares will be issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## **Issue Price**

The Consideration Shares will be issued at the issue price of HK\$0.386 per Consideration Share.

The issue price represents:

- (i) a discount of approximately 8% to the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on the date of signing of the Agreement; and

- (ii) a discount of approximately 10% to the average closing price of HK\$0.429 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Agreement.

The issue price was determined after arm's length negotiations between the Company and the Vendor, with reference to (i) the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Agreement; (ii) the then prevailing market performance of the Shares at the time of the signing of the Agreement; (iii) no cash element is involved in the Consideration and the settlement of the Consideration by the allotment and issue of the Consideration Shares helps to maintain the cash level and reduce the finance costs of the Group in relation to the Acquisition.

### **Conditions precedent**

Pursuant to the Agreement, Great Fortune shall, and shall procure its advisers and agents to conduct due diligence review on the assets, liabilities, operations and matters (including but not limited to legal and financial) of the Target Group. The Vendor shall, and shall procure the Target Group to, provide information required and reasonable assistance to Great Fortune and its advisers and agents in this respect.

Completion is conditional upon satisfaction (or waiver) of the following conditions precedent:

- (A) Great Fortune being satisfied with the results of the due diligence review in relation to the Target Group;
- (B) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- (C) the warranties given by the Vendor under the Agreement remaining true, accurate and complete in all material respect and not misleading, and there does not exist any matter, fact or circumstance which constitutes, or may constitute a breach thereof or affect the status of the Vendor or, the Target Group;
- (D) Great Fortune being satisfied that there is no material adverse change on the financial or trading position, business or property, results of the operations of any members of the Target Group from the date of the Agreement;
- (E) the Reorganisation having been completed and the Vendor having provided to Great Fortune such supporting documents or legal opinion to prove the completion and validity of the Reorganisation to the satisfaction of Great Fortune;
- (F) all necessary consents and approvals required to be obtained on the part of Great Fortune and the Vendor in respect of the transactions contemplated under the Agreement having been obtained;

- (G) all necessary consents and approvals required to be obtained on the part of the Vendor, Great Fortune and the Target Company in respect of the sale of the Sale Share and the Sale Loan(s) having been obtained; and
- (H) a valuation report (in form and substance satisfactory to Great Fortune) to be issued by an independent valuer appointed by Great Fortune indicating the fair value of the 100% equity interest of Zhongcheng Huiyu as at 30 September 2018 of not less than RMB140 million having been obtained.

Each party thereto shall use all its best endeavours to procure the fulfilment of condition precedent above. Great Fortune may at any time waive the conditions (A), (C), (D) and (H) set out above by notice in writing to the Vendor while the other conditions cannot be waived.

In the event that the conditions precedent to the Agreement are not fulfilled or waived by the Long Stop Date or such later date as agreed in writing between the parties to the Agreement, the Agreement shall be terminated and the parties shall cease to have any obligations thereunder save for any antecedent breaches.

### **Completion**

Completion shall take place on the third (3rd) Business Day (or such other date as the Vendor and Great Fortune may agree) after all conditions precedent to the Agreement have been satisfied or waived (as the case may be).

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group's financial statement.

### **INFORMATION OF THE TARGET GROUP**

The Target Company is a company established in the Cayman Islands with limited liability, which is wholly-owned by the Vendor. Upon completion of the Reorganisation, the Target Company shall hold the entire issued share capital of Jiu Zhou Financial, a company incorporated in Hong Kong with limited liability, which in turn, holds 66% of the equity interest in Zhongcheng Huiyu, a company established in the PRC and principally engaged in provision of RMB banknotes clearing up services to financial institutions in the PRC. The Target Company and Jiu Zhou Financial are principally engaged in investment holding and Zhongcheng Huiyu is the operating subsidiary of the Target Group. The remaining 34% of the equity interest in Zhongcheng Huiyu will remain held by an Independent Third Party upon completion of the Reorganisation.

Set out below are the unaudited consolidated financial information of Zhongcheng Huiyu for the financial years ended 31 December 2016 and 31 December 2017 and nine months ended 30 September 2018 as prepared in accordance with the general accepted accounting principles of the PRC:

	For the year ended 31 December		For the nine months ended 30 September
	2016	2017	2018
	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)
Revenue	19,331	28,784	22,452
Net profit before taxation	4,709	11,546	9,209
Net profit after taxation	3,669	8,461	6,907

The unaudited consolidated net assets of Zhongcheng Huiyu as at 30 September 2018 was approximately RMB50,525,000.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the allotment and issuance of the Consideration Shares (assuming there is no other change in the shareholding structure of the Company from the date of this announcement up to the date of Completion):

Name of Shareholders	As at the date of this announcement		Immediately after allotment and issue of the Consideration Shares (assuming there is no other change in the shareholding structure of the Company since the date of this announcement)	
	Number of Shares	Approximately %	Number of Shares	Approximately %
Poon Sum (“ <b>Mr. Poon</b> ”) <sup>(1)</sup>	4,052,000	0.08%	4,052,000	0.07%
Gold Train Investments Limited (“ <b>Gold Train</b> ”) <sup>(2)</sup>	3,459,788,000	64.11%	3,459,788,000	61.14%
Wong Hiu Hong (“ <b>Ms. Wong</b> ”) <sup>(3)</sup>	4,000,000	0.07%	4,000,000	0.07%
Vendor (or its nominees)	—	—	261,658,031	4.62%
Existing public Shareholders	1,928,890,909	35.74%	1,928,890,909	34.10%
<b>Total</b>	<b>5,396,730,909</b>	<b>100%</b>	<b>5,658,388,940</b>	<b>100%</b>

*Notes:*

1. Mr. Poon is an executive Director and the chairman of the Board.
2. Gold Train is a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Poon.
3. Ms. Wong is the spouse of Mr. Poon.

## **FUND RAISING DURING THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising exercise in the past 12 months immediately preceding the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in production, sales and trading of textile products, trading of petroleum, provision of financial service and provision of big data solutions.

Zhongcheng Huiyu, the operating subsidiary of the Target Company, was established in the PRC in September 2012 and officially started operation in Daqing City of Heilongjiang Province in October 2013 under the development of service outsourcing industry encouraged by the PRC and the vigorous development of social clearing up of banknotes promoted by the Head Office of the People's Bank of China (PBOC). It is one of the pioneers which enter into formal financial service outsourcing contracts with local branches of PBOC and dedicated to the provision of "One-stop" professional financial outsourcing services to both local branches of PBOC and the commercial banks at their locations. In providing services to PBOC and commercial banks, Zhongcheng Huiyu and its subsidiaries adopts the "On-site" and the "Off-site" outsourcing service modes, respectively. Pursuant to the relevant requirements and standards of RMB banknotes clearing up business of PBOC, Zhongcheng Huiyu and its subsidiaries uses the banknotes clearing up equipment recognised by the issuance department of PBOC and engages staff with relevant professional training to handle RMB banknotes by counting, screening, sorting, packing and wrapping up, and assists in the work such as banknotes vault storage as required by local branches of PBOC, or engaged by the commercial banks at its locations.

After five years of business development, RMB banknotes clearing up business of all financial institutions at each of the locations of the various subsidiaries of Zhongcheng Huiyu within Heilongjiang Province, Xiangyang City of Wubei Province, Jilin City of Jilin Province and Zunyi City of Guizhou Province have been entrusted to their Bank Notes Handling Centres.

In order to expand the sources of income and prospects of the Group, the Group has been actively seeking various investment opportunities. The Directors are of the view that the Acquisition provides a prime opportunity for the Group to expand its business to RMB banknotes clearing up services in the PRC, and the Group is expected to increase its shareholders' value and benefit the Company and its shareholders as a whole.

In view of the above, the Directors consider that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

None of the Directors has any material interest in the Agreement and the transactions contemplated thereunder and therefore, none of them has abstained from voting on the Board resolution(s) which approved the Agreement and the transactions contemplated thereunder.

## LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempted from the shareholder's approval requirement under Chapter 14 of the Listing Rules.

**Completion of the Acquisition is subject to fulfillment of the conditions precedent set out in the Agreement, and the Acquisition may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Acquisition”	the acquisition by Great Fortune of the Sale Share and the Sale Loan(s) from the Vendor pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 13 November 2018 and entered into between Great Fortune and the Vendor in respect of the Acquisition
“Board”	the board of Directors
“Business Day”	any day(s) except Saturday, Sunday or other day on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	GTI Holdings Limited, a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 3344)
“Completion”	Completion of the Acquisition pursuant to the terms and conditions of the Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration in the sum of HK\$101 million payable by Great Fortune to the Vendor for the Acquisition as described under the paragraphs headed “Consideration” in this announcement



“Director(s)”	the director(s) of the Company
“Great Fortune”	Great Fortune Development Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Heilongjiang Xingrun”	Heilongjiang Xingrun Investment Consulting Company Limited* (黑龍江興潤投資諮詢有限公司), a company established in the PRC with limited liability and is an Independent Third Party
“Heilongjiang Xinglang”	Heilongjiang Xinglang Trading Company Limited* (黑龍江鑫朗經貿有限公司), a company established in the PRC with limited liability and is an Independent Third Party
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (has the meaning ascribed to it in the Listing Rules)
“Jiu Zhou Financial”	Jiu Zhou Financial Group Limited (九洲金融集團有限公司), a company incorporated in Hong Kong with limited liability, which shall become a direct wholly-owned subsidiary of the Target Company and hold 66% of the equity interest of Zhongcheng Huiyu upon completion of the Reorganisation
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2018 or such later date as the parties hereto may agree in writing
“MOU”	the memorandum of understanding dated 6 October 2017 entered into between Great Fortune as purchaser and Heilongjiang Xingrun and Heilongjiang Xinglang as vendors setting out preliminary understanding in relation to, among others, the acquisition of an aggregate of 66% of the equity interest in Zhongcheng Huiyu
“PRC”	The People’s Republic of China

“Reorganisation”	a corporate reorganisation implemented or to be implemented by the Target Company such that upon completion of such reorganisation, the Target Company shall hold the entire share capital of Jiu Zhou Financial, which shall in turn, hold 66% of the equity interest of Zhongcheng Huiyu
“Sale Share”	one (1) ordinary share of the Target Company, representing its entire issued share capital
“Sale Loan(s)”	all obligations, liabilities and debts owing or incurred by the Target Group to the Vendor or its associates, on or at any time prior to the completion of the Acquisition, whether actual, contingent or deferred and irrespective of whether the same is due and payable on completion of the Acquisition
“Second Supplemental MOU”	the second supplemental memorandum of understanding dated 4 April 2018 entered into between Great Fortune, Heilongjiang Xingrun and Heilongjiang Xinglang in relation to, among others, further extension of the long stop date for entering into a formal agreement for the acquisition of an aggregate of 66% of the equity interest in Zhongcheng Huiyu
“Supplemental MOU”	the supplemental memorandum of understanding dated 4 January 2018 entered into between Great Fortune, Heilongjiang Xingrun and Heilongjiang Xinglang in relation to, among others, the extension of the long stop date for entering into a formal agreement for the acquisition of an aggregate of 66% of the equity interest in Zhongcheng Huiyu
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jiu Zhou Financial Group Co. Ltd., a company incorporated in the Cayman Islands with limited liability, which is wholly and beneficially owned by the Vendor
“Target Group”	the Target Company and its subsidiaries
“Third Supplemental MOU”	the third supplemental memorandum of understanding dated 6 June 2018 entered into between Great Fortune, Heilongjiang Xingrun and Heilongjiang Xinglang in relation to, among others, further extension of the long stop date for entering into a formal agreement for the acquisition of an aggregate of 66% of the equity interest in Zhongcheng Huiyu

“Vendor”	Mr. Hao Zhao, an Independent Third Party
“Zhongcheng Huiyu”	Zhongcheng Huiyu Technology Services Company Limited* (中晟匯裕科技服務有限公司), a company established in the PRC with limited liability, which was owned as to 51% by Heilongjiang Xingrun, 15% by Heilongjiang Xinglang and 34% by an Independent Third Party prior to the Reorganisation and shall be owned as to 66% by Jiu Zhou Financial and as to 34% by an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 13 November 2018

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