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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)**

### **MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE SUBSCRIPTION OF NEW SHARES IN CONSTANT GAIN INTERNATIONAL LIMITED**

This announcement is made on a voluntary basis to update the Shareholders and potential investors on the business of the Company.

The Board wishes to announce that on 28 February 2019 (after trading hours), the Subscriber, an indirect wholly-owned subsidiary of the Company, entered into the non-legally binding MOU with the Target Company and the Existing Owners in relation to the Possible Subscription.

**The Board wishes to emphasise that no binding agreement in relation to the Possible Subscription has been entered into as at the date of this announcement. As such, the Possible Subscription may or may not proceed. If the Possible Subscription materialises, it will constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Subscription will be made by the Company in the event that any Formal Agreement has been signed.**

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## **THE MOU**

### **Date:**

28 February 2019

### **Parties**

- (i) The Subscriber;
- (ii) The Target Company; and
- (iii) The Existing Owners.

The Target Company is a company incorporated in Hong Kong with limited liability, and as at the date of this announcement, is owned by the four Existing Owners. To the best of the information, knowledge and belief of the Company, the Target Company and each of the Existing Owners (and their respective ultimate beneficial owners) is an Independent Third Party.

### **Subject matter of the Proposed Subscription**

Subject to the Subscriber and the Target Company entering into the Formal Agreement, the Target Company shall allot and issue, and the Subscriber shall subscribe such number of new shares in the Target Company (or by way of other structure which may be agreed among the parties) representing not less than 51% of the enlarged issued share capital of the Target Company.

The Company is principally engaged in the retail, wholesale and trading of garments, mainly selling and retailing its own brand COPA in Hong Kong, Macau, Mainland China and Southeast Asia and authorized brands in Hong Kong and Macau, including Disney, Universal Studios and Sanrio etc.

### **Consideration**

The consideration for the Possible Subscription will be subject to further negotiation between the parties to the MOU and may be satisfied by the Subscriber by way of cash.

### **Exclusivity and binding effect**

It is also agreed that the Target Company and the Existing Owners shall not within 90 days from the date of the MOU negotiate with any party (other than the Subscriber) for the Possible Subscription.

Save for the provisions relating to due diligence review, the exclusive negotiation right, confidentiality and governing laws and jurisdiction, the MOU does not have any legally binding effect and the MOU does not constitute any legally-binding commitment in respect of the Possible Subscription. The consummation of the Possible Subscription is subject to the execution and completion of the Formal Agreement.

### **Formal agreement**

The Subscriber and the Target Company shall proceed to the negotiation for a legally-binding Formal Agreement on or before the date falling 90 days from the date of the MOU (or such later date as the parties thereto shall agree), failing which the MOU shall lapse.

If the Formal Agreement is entered into, the Possible Subscription may constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or Shareholders' approval requirements under the Listing Rules as and when appropriate.

### **INFORMATION ON THE GROUP**

The principal activity of the Company is investment holding. The Group is principally engaged in production, sale and trading of textile products, trading of petroleum, provision of services for oil industry and provision of financial services.

As disclosed in the section headed "Subject matter of the Proposed Subscription" above, the Target Company is principally engaged in the child clothing manufacturing, sales and licensing business. Through the Possible Subscription, the Company is able to participate in garment branding and business of the Target Company which the Company considers to be stable and profitable, to strengthen the sales channels, to raise the brand awareness and is expected to contribute to the income stream of the Company as well as could create synergy effect with the garment business of the Company.

**The Board wishes to emphasise that no binding agreement in relation to the Possible Subscription has been entered into as at the date of this announcement. As such, the Possible Subscription may or may not proceed. If the Possible Subscription materialises, it will constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Subscription will be made by the Company in the event that any Formal Agreement has been signed.**

## DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	GTI Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 3344)
“Director(s)”	director(s) of the Company
“Existing Owners”	the four existing shareholders of the entire issued share capital of the Target Company
“Formal Agreement”	the formal shares subscription agreement which may or may not be entered in relation to the Possible Subscription
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 28 February 2019 entered into among the Subscriber, the Target Company and the Existing Owners setting out preliminary understanding in relation to the Possible Subscription
“Possible Subscription”	the Possible Subscription by the Subscriber of the new shares in the Target Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Subscriber”	Chinakey Chung Yick Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Constant Gain International Limited (廣健國際有限公司), a company established in Hong Kong with limited liability and is wholly-owned by the Existing Owners as at the date of the MOU
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

By Order of the Board  
**GTI Holdings Limited**  
**Cheung Tat Chung**  
*Executive Director*

Hong Kong, 28 February 2019

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