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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)**

### **SUPPLEMENTAL ANNOUNCEMENT**

#### **MAJOR AND CONNECTED TRANSACTION**

#### **MEMORANDUM OF UNDERSTANDING IN RELATION TO**

#### **THE ACQUISITION OF**

#### **THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY INVOLVING**

#### **ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

Reference is made to the announcement (the “**Announcement**”) of GTI Holdings Limited (the “**Company**”) dated 21 October 2019 in respect of the MOU in relation to the acquisition of the entire equity interest in the Target Company. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide further information regarding the MOU in relation to the Acquisition of the entire equity interest in the Target Company involving issuing of Convertible Bonds under Specific Mandate.

#### **DETAILS OF THE COMPANY’S PLAN ON THE NEW BUSINESS**

As disclosed in the 2018 Annual Report of the Company dated 29 April 2019, the Company had acquired a licensed launched corporation, which is authorized to carry out Type 9 regulated activities (asset management) under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) in 2017. The Group commenced asset management services in Mainland China through the fund management company held by the said licensed corporation.

As disclosed in the Announcement, the Target Assets comprise the accounts receivable with the security rights over relevant pledged assets and certain loans made by the Vendor and CITIC International Assets Management Limited to CITIC Merchant Co., Limited and CITIC Carbon Assets Management Limited.

The Board of the Directors considered that the Acquisition of the Target Assets through issuing the Convertible Bonds as an opportunity to further expand its asset management business and the Acquisition of the said Target Assets can provide stable cashflow to the Company for the growth of other business growth.

As disclosed in the Announcement, the Company shall pay an amount equivalent to 50% of the excess portion of the Target Assets if the accounts receivable actually received by the Company are higher than the Consideration of HK\$150 million (the “**Excess Payment**”). The Excess Payment was after arm’s length negotiations between the parties and the Excess Payment will be paid to the Vendor by way of cash after the collection of the accounts receivable.

### **RATIONALE OF THE ARRANGEMENT OF THE MOU**

The Purchaser and the Vendors 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). It was also agreed that the Vendors shall not within 90 days from the date of the MOU (or such later date as the Purchaser and the Vendors shall agree) negotiate with any party (other than the Group) for the Possible Acquisition (the “**Exclusivity Period**”).

It was the intention of the parties to the Acquisition to enter into a legally binding MOU instead of directly entering into a formal agreement as there were some outstanding terms which are still in negotiations by the parties. Even if a formal agreement could not be reached eventually, the parties of the MOU would try their best endeavour to enforce the MOU without a formal agreement and without material change on any terms and conditions of the Acquisition.

### **THE TARGET GROUP AND THE TARGET ASSETS**

The Directors had internally assessed the recoverability of the Target Assets and the underlying collaterals and are of the view that it is highly likely that the Company is able to receive most of the Target Assets due not only to the fact that CITIC has an excellent reputation on its brand name, but above all, to the fact that the Company is required to pay an amount equivalent to 50% of the excess portion of the Target Assets if the accounts receivable actually received by the Company are higher than the Consideration of HK\$150 million by the third (3<sup>rd</sup>) anniversary date of Completion Date.

Furthermore, Mr. Huang, had provided a personal undertaking in relation to the said Acquisition that as if the accounts receivable actually received by the Company are less than HK\$150 million by the third (3<sup>rd</sup>) anniversary date of Completion Date, Mr. Huang will indemnify the difference between HK\$150 million and the actual amounts of the accounts receivable received.

## DETAILS OF THE TARGET ASSETS

Assets				Approximate
No.	Lender	Borrower	Category	Outstanding Amount (HKD in million)
1.	CITIC International Assets Management Limited	CITIC Carbon Assets Management Limited	Project Finance	72.7
2.	CITIC International Assets Management Limited	CITIC Carbon Assets Management Limited	Loans for working capital	34.6
3.	CITIC International Assets Management Limited	CITIC Merchant Co., Limited	Shareholders' Loan	55.8
4.	CITIC International Assets Management Limited	CITIC Merchant Co., Limited	Loans for working capital	20.7
5.	Asian Capital Partners Group Company Limited	CITIC Merchant Co., Limited	Project Finance	50.0
6.	Asian Capital Partners Group Company Limited	CITIC Merchant Co., Limited	Shareholders' Loan	43.4
7.	Asian Capital Partners Group Company Limited	CITIC Merchant Co., Limited	Loans for working capital	22.7
8.	CITIC Guotong Enterprise Management Company Limited* 中信國通企業管理有限公司	Wuxi Ruinian Industrial Company Limited* 無錫瑞年實業有限公司	Convertible bond deposit payment agreement	200.0
			Total	499.9

\* English names are transliteration of the Chinese names adopted for reference only.

By Order of the Board  
**GTI Holdings Limited**  
**Ng Kwok Hung Perry**  
*Executive Director*

Hong Kong, 7 November 2019

*As at the date of this announcement, the Board comprises (i) Mr. Poon Sum (Chairman), Mr. Ng Kwok Hung Perry, Mr. Hao Xiangbin and Mr. Huang Bin as executive Directors; (ii) Mr. Sui Fu Xiang as non-executive Director; (iii) Mr. Chan Shu Kin, Dr. Tse Kwok Sang and Mr. Chiu Wai Piu as independent non-executive Directors.*