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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)

DISCLOSABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 11.89% EQUITY INTEREST IN THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

ACQUISITION

The Board is pleased to announce that on 6 February 2020 (after trading hours of the Stock Exchange), the Purchaser entered into the Agreement with the Vendor in relation to the Acquisition, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Equity Interest.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Specific Mandate shall be subject to the approval of the Shareholders and an extraordinary general meeting will be held by the Company to consider and approve the same.

A circular containing, among other things, further information on the Agreement and the transactions contemplated thereunder together with a notice convening the extraordinary general meeting is expected to be despatched to the Shareholders by no later than 31 March 2020 as more time is required to incorporate the relevant information into the circular. Further announcement will be published if there is delay in the despatch of the circular.

INTRODUCTION

The Board is pleased to announce that on 6 February 2020 (after trading hours of the Stock Exchange), the Purchaser entered into the Agreement with the Vendor in relation to the Acquisition, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Equity Interest.

The principal terms of the Agreement are summarised below.

THE AGREEMENT

Date: 6 February 2020 (after trading hours of the Stock Exchange)

Parties: (1) Vendor
(2) Purchaser
(3) Dyson

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor, Dyson and their respective associates are third parties independent of the Company and their connected persons (as defined under the Listing Rules).

Subject of the Acquisition

Pursuant to the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Equity Interest, representing approximately 11.89% equity interest in the Target Company. Immediately before the Completion, the Vendor is the legal and beneficial owner of the Sale Equity Interest.

There is no restriction on the subsequent sale of the Sale Equity Interest.

Consideration

The Consideration shall be settled in either of the following manner:

- (a) subject to the applicable PRC laws, an allotment and issuance of the Consideration Shares to Dyson under the Specific Mandate; or
- (b) if option (a) above is not feasible and if the Purchaser agrees so, a sum of HK\$120,000,000 payable by the Purchaser in cash (whether from internal resources or third party financing, depending on availability).

The Consideration for the Acquisition was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, amongst others, the net asset value of the Target Company and the valuation of the entire Target Company of RMB910,000,000 as at 30 November 2019 prepared by an independent valuer and the prospect of the Target Company.

Consideration Shares

The Consideration Shares will be allotted and issued to Dyson pursuant to the Specific Mandate proposed to be approved by the Shareholders.

Assuming there is no change in the issued share capital of the Company, the Consideration Shares, when issued, in total, would represent approximately 23.52% of the issued share capital of the Company as at the date of this announcement and approximately 19.04% of the issued share capital of the Company as enlarged by the Consideration Shares.

The issue price of Consideration Shares shall be HK\$0.081 and was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the prevailing market price of the Shares. The Directors consider that the issue price of the Consideration Shares is fair and reasonable and on normal commercial terms.

The issue price represents:

- (a) a premium of approximately 1.25% over the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on the date of the Agreement;
- (b) equal to the average of the closing price of HK\$0.081 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to the date immediately before the date of the Agreement;
- (c) a premium of approximately 8,100% over the unaudited consolidated net assets value of approximately HK\$0.001 per Share as at 30 June 2019 as published in the interim report, based on the unaudited net assets value of approximately HK\$6.5 million and the 6,298,816,169 Shares in issue as at the date of the Agreement.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. The Consideration Shares shall at all times rank pari passu among themselves and with the Shares in issue as at the date of issue of the Consideration Shares.

Conditions Precedent

Completion of the Agreement is conditional upon fulfilment of the following Conditions:

- (i) the Shareholders having passed at the extraordinary general meeting the resolutions approving the entering into and performance of the Agreement and the transactions contemplated thereunder;
- (ii) the obtaining of all approvals, including but not limited to the approval(s) from the Listing Committee for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange; and
- (iii) all applicable legal and regulatory requirements having been complied with.

If the Conditions have not been fulfilled on or before the Long Stop Date, the Agreement will terminate immediately thereafter and be of no further effect, and all the obligations and liabilities of the Purchaser and the Vendor under the Agreement will cease and determine.

Completion

Completion shall take place within 30 business days that the Conditions have been fulfilled, or such later date the Vendor and Purchaser may agree.

INFORMATION OF THE TARGET COMPANY AND THE VENDOR

The Vendor is a company incorporated in the PRC with limited liability and is principally engaged in the business of investment.

The Target Company is a company incorporated in the PRC with limited liability and is principally engaged in the business of industrial hazardous waste disposal. The Target Company is based in Zhongwei, Ningxia, PRC.

Set out below is the unaudited financial information of the Target Company for the two financial years ended 31 December 2017 and 2018 and the eleven months ended 30 November 2019 based on the generally accepted accounting principles of the PRC:

	For the year ended 31 December		Eleven months ended 30 November
	2017	2018	2019
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
(Loss)/Profit before taxation	(565)	2,213	(5,397)
(Loss)/Profit after taxation	(565)	2,213	(5,397)

The net assets value of the Target Company as at 30 November 2019 was approximately RMB74.6 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is principally engaged in the businesses of textile, petroleum trading, financial service and natural gas.

As disclosed in the annual report of the Company for the financial year ended 31 December 2018, the Company will continue exploring the possibilities of diversifying its business in order to broaden its income base and enhance its profitability for the Company and its Shareholders.

With that goal in mind, the Company has been actively exploring business opportunities to engage in new lines of business with growth potential and broaden its income stream in order to achieve diversified and sustainable development. The Target Company is engaged in the business of industrial hazardous waste disposal in the PRC. The Directors are of the view that the Acquisition could help further diversify the Company's business. The Directors further consider that the business of industrial hazardous waste disposal in the PRC has shown growth potential and expect that the diversification of the income stream will boost the Shareholders' value and benefit the Company and the Shareholders.

In view of the above, the Directors consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE ACQUISITION

As at the date of this announcement, the Company had 6,298,816,169 Shares in issue. For reference and illustration purposes only, assuming the Consideration Shares will be allotted and issued pursuant to the Agreement and the Specific Mandate and there is no other change in the shareholding structure of the Company, the following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares.

	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares	
	Number of Shares	Approximate % of Shareholding	Number of Shares	Approximate % of Shareholding
Poon Sum (<i>Note 1</i>)	3,115,314,000	49.46%	3,115,314,000	40.04%
Dyson	–	–	1,481,481,481	19.04%
Public	3,183,502,169	50.54%	3,183,502,169	40.92%
TOTAL	<u>6,298,816,169</u>	<u>100%</u>	<u>7,780,297,650</u>	<u>100%</u>

Note 1: These shares are held through Gold Train Investments Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Poon Sum, the sole director.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Specific Mandate shall be subject to the approval of the Shareholders and an extraordinary general meeting will be held by the Company to consider and approve the same.

A circular containing, among other things, further information on the Agreement and the transactions contemplated thereunder together with a notice convening the extraordinary general meeting is expected to be despatched to the Shareholders by no later than 31 March 2020 as more time is required to incorporate the relevant information into the circular. Further announcement will be published if there is delay in the despatch of the circular.

As none of the Directors has a material interest in the Acquisition, no Director is required to abstain from voting on the relevant resolution of the Board approving the Acquisition.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO A NUMBER OF CONDITIONS BEING SATISFIED, AND CONSEQUENTLY THE ACQUISITION MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANY.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Equity Interest by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the equity transfer agreement dated 6 February 2020 entered into among the Vendor, the Purchaser and Dyson in relation to the Acquisition
“Board”	the Board of Directors
“Company” or “Purchaser”	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)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Condition(s)”	the condition(s) precedent of the Agreement
“Consideration Shares”	1,481,481,481 new ordinary shares of the Company under the Specific Mandate at the price of HK\$0.081 per share
“Consideration”	an aggregate consideration payable by the Purchaser for the Sale Equity Interest, being HK\$120,000,000
“Director(s)”	the directors of the Company
“Dyson”	Dyson Sphere Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by the controlling shareholder of the Vendor
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who are independent of and not connected with or acting in concert (as defined under the Codes of Takeovers and Mergers and Share Buy-backs of Hong Kong) with, the Company, any of its connected persons (as defined under the Listing Rules) or any of their respective associates (as defined under the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2020 (or such other date as the Vendor and the Purchaser may agree)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity Interest”	11.89% equity interest in the Target Company
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of the Share(s)
“Specific Mandate”	the specific mandate for the allotment and issue of the Consideration Shares, which is subject to the approval by the Shareholders at an extraordinary general meeting to be held by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ningxia Chenyu Environmental Technology Co., Ltd.* (寧夏宸宇環保科技有限公司), a company incorporated in the PRC with limited liability
“Vendor”	Shengxin (Beijing) Investment Management Co., Ltd.* (晟鑫(北京)投資基金管理有限公司), a company established in the PRC with limited liability

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

Hong Kong, 6 February 2020

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 Fuxiang as non-executive Director; and (iii) Mr. Chan Shu Kin, Dr. Tse Kwok Sang and Mr. Chiu Wai Piu as independent non-executive Directors.

* *In this announcement, the English names of the PRC entities or individuals are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*