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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 ACQUISITION

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 26 March 2020 (after trading hours), the Company as purchaser entered into the non-legally binding MOU with the Vendor in relation to the Possible Acquisition.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, it may 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 Acquisition will be made by the Company in the event that any Formal Agreement has been signed.

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THE MOU

Date:

26 March 2020

Parties

- (i) The Company as purchaser; and
- (ii) The Vendor.

The Vendor is a natural person in the PRC and is a shareholder of the Target Company holding 70% of the equity interest thereof as at the date of this Announcement. To the best of the information, knowledge and belief, the Vendor is an Independent Third Party.

Assets to be acquired

Subject to the parties entering into the Formal Agreement, it is intended that the Vendor will sell and the Company (or its designated subsidiary) will acquire all or part of the equity interest in the Target Company owned by the Vendor. The Target Company, a company incorporated in the PRC, is engaged in the operation of surgical masks production and sales. According to the Vendor, the Target Company is currently operating 12 production lines with annual production capacity of approximately 170 million pieces of surgical masks.

Consideration

The consideration for the Possible Acquisition will be subject to further negotiation between the parties to the MOU and may be satisfied by the Company (or its designated subsidiary as the purchaser) by way of, including but not limited to, cash and/or promissory notes.

Conditions to the Possible Acquisition

Subject to the Formal Agreement, it is intended that the Possible Acquisition will be subject to the following conditions, including but not limited to:

- (1) the Company being satisfied with the results of the due diligence review on the Target Company to be conducted by the Purchaser;
- (2) The obtaining by the Company of a legal opinion to be issued by a PRC legal adviser appointed by the Company on issues relating to the Target Company in the form and substance satisfactory to the Company;

- (3) The obtaining by the Company of a valuation report (in form and substance satisfactory to the Company) to be issued by an independent valuer appointed by the Company indicating the fair value of the Target Company; and
- (4) Completion of fund raising exercise(s) by the Company for funding the Possible Acquisition.

For the purpose of funding the Possible Acquisition, the Company may conduct such necessary fund raising exercises and/or negotiate with potential investors for the Shares. Further details will be announced by the Company as and when appropriate should any such fund raising exercises is materialised.

Exclusivity and binding effect

It is also agreed that the Vendor shall not within 90 days from the date of the MOU (or such later date as the Company and the Vendor shall agree) negotiate with any party (other than the Group) for the Possible Acquisition.

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 Acquisition. The consummation of the Possible Acquisition is subject to the execution and completion of the Formal Agreement.

Formal agreement

The Company and the Vendor 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 Acquisition may constitute notifiable transactions 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.

Whilst remaining focused on developing its existing businesses, the Group has been seeking business development and investment opportunities from time to time in order to diversify its business and enhance the long-term growth potential of the Group. The Possible Acquisition, if materialised, will extend the Group's textile industry into the surgical mask production business will enrich the Group's business profile. In light of the latest market development and surging demand for personal protective equipment against diseases outbreak, the Company considers such investment would have great prospect.

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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
“Equity Interest”	the equity interest in the Target Company
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered in relation to the Possible Acquisition
“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-binding memorandum of understanding dated 26 March 2020 entered into between the Purchaser and the Vendor setting out preliminary understanding in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition by the Purchaser of the Equity Interest
“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
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	珠海遠望騰達發展有限公司 (#Zhuhai Yuanwang Tangda Development Company Limited), a company established in the PRC with limited liability
“Vendor”	張文(#Zhang Wen), an Independent Third Party
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

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

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

Hong Kong, 26 March 2020

As at the date of this announcement, the Board comprises (i) Mr. Poon Sum (Chairman), Mr. Ng Kwok Hung Perry, Mr. Hao Xiangbin, Mr. Huang Bin, Ms. Tsai Wan-yu and Mr. Wong Ka Wai 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, Mr. Leung Wai Kei and Mr. Wong Yiu Kui as independent nonexecutive Directors