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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)

(Provisional Liquidators Appointed)

(For Restructuring Purposes)

(Stock Code: 3344)

RESTRUCTURING FUNDING AGREEMENT

Reference is made to the announcement of the Company dated 26 May 2020 and 29 May 2020 in relation to, among other things, the appointment of the JPLs by the Company.

The Board announces that on 19 August 2020 (after trading hours), the Company as borrower, the Lender, and the JPLs entered into the Funding Agreement in relation to the provision of loan by the Lender to facilitate the preparation and implementation of the restructuring plan of the Company.

Salient terms of the Funding Agreement are as follow:

Date: 19 August 2020

Parties: (1) The Company

(2) The Lender

(3) The JPLs

The Lender is a company incorporated in the British Virgin Islands with limited liability. Mr. Yang, who is the vendor under the Acquisition Agreement, is the sole shareholder and sole director of the Lender. In the event that the proposed acquisition under the Acquisition Agreement is completed, Mr. Yang will remain as a 34% shareholder of the target company under the Acquisition Agreement. As at the date hereof, since the Acquisition Agreement has not been completed, and since the Funding Agreement is separated from and independent of the Acquisition Agreement, Mr. Yang and the Lender are Independent Third Parties of the Company as at the date of the Funding Agreement.

Funding amount: a credit facility for a total sum of up to HKD10 million (the “**Funding**”)

The Funding shall only be used for the payment (or reimbursement) of the fees and expenses (including legal costs of the Company in respect of restructuring) of the JPLs and professional parties incurred or to be incurred in connection with, (i) the restructuring of the Group and the preparation of the Funding Agreement; (ii) the maintenance of the key personnel and intellectual property of the Company to ensure the Company will continue to be in satisfaction of the listing requirements; and (iii) any other purpose as may be agreed between the Company, the JPLs and the Lender from time to time.

Interest rate: 6% per annum

Prepayment date: All Funding actually drawn down shall be repaid by the Company by:

- (i) no later than 36 months from the date of the Funding Agreement;
 - (ii) within ten (10) Business Days from the effective date of any scheme for the restructuring of the debts of the Company;
 - (iii) immediately upon the making of a winding-up order; or
 - (iv) immediately upon termination of the appointment of the JPLs,
- whichever is the earlier.

Prepayment: The Company may prepay the whole or any part of the Funding together with any accrued but unpaid interest at any time without penalty. The Company shall not re-borrow any part of the Funding which is repaid or prepaid.

**Option for
settlement of the
Funding:**

Subject to the necessary approvals to be obtained from the Stock Exchange and the Shareholders, as well as subject to compliance with applicable laws and regulations including the Listing Rules and the Takeovers Code (where applicable), the Lender has the option to request the Company to issue Shares at a price of HK\$0.01 per Share (the “**Proposed Issue Price**”) as settlement of the Funding for up to HKD10 million (the “**Settlement**”).

The Proposed Issue Price represents:

- (i) a discount of approximately 47.37% to the closing price of HK\$0.019 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 47.92% to the average closing price of HK\$0.0192 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day.

The Proposed Issue Price was determined after arm’s length negotiations between the Company and the Lender, with reference to (i) the financial condition of the Company; (ii) the issue price of new Shares negotiated between Mr. Yang and the Company at the time of the Acquisition Agreement.

Since the appointment of the JPLs, the Company and the JPLs have been reviewing the financial condition of the Group, attempted to formulate a preliminary restructuring plan for the Group, and actively looked for white knight or financier to meet the funding needs of the Company in implementing the restructuring. After the entering into of the Acquisition Agreement, Mr. Yang and the Lender were being approached by the Company and the parties discussed the possibility of providing the Funding and to explore the possibility of formulating an advanced restructuring plan as corporate rescue action of the Company. Upon arm’s length negotiation, and taking into account the risk borne by the Lender in providing the Funding for restructuring, the Company considered that it is fair and reasonable to agree the Proposed Issue Price at HK\$0.01 per Share, which is the same as the proposed issue price for the settlement of the consideration payable by the Group to Mr. Yang under the Acquisition Agreement.

It is emphasized that the Funding Agreement and the terms thereof, including the Settlement, are subject to various sanctions and approvals by the relevant Courts, the Stock Exchange, the Shareholders, etc. For the avoidance of doubt, in the event that the Settlement is not sanctioned or approved and could not proceed, the Company shall repay the Funding and the interests accrued thereunder by cash or out of the assets of the Company.

Since the Company and the JPLs are formulating a detailed restructuring plan, which may involve further issuance of new Shares for fund raising purpose or for settlement of the debts due to the creditors of the Company, the Company shall make further announcement(s) to provide updates on the details of such restructuring plan (if materialised), and will then be at a position to provide an illustration of the impact on the shareholding of the Company with the issuance of new Shares under the Acquisition Agreement and the Funding Agreement.

As at the date of this announcement, the Company has 6,298,816,169 Shares in issue, the maximum number of new Shares which might be issued to Mr. Yang, the Lender or their nominees under the Acquisition Agreement and the Funding Agreement shall be 2,271,655,900, representing approximately 26.51% of the share capital of the Company as enlarged by the issuance of those new Shares (i.e. 8,570,472,069 Shares in total).

Nature and priority of the Funding

Subject to the approval of the Grand Court of the Cayman Islands, the Funding together with the interest thereon shall be treated or regarded as the fees and expenses properly incurred by the Company in preserving, realizing or getting in the assets, which will be paid out of the assets of the Company in priority to all other existing and future unsecured liabilities and debts of the Company as well as the JPLs' fees and expenses and any costs set out in the Companies Law (2020 Revision) of the Cayman Islands and Order 20 of the Companies Winding Up Rules 2018 of the Cayman Islands. Nothing contained in the Agreement requires, obliges or obligates the JPLs to refund, repay, return or disgorge any part(s) of the JPLs' fees and expenses which has/have been settled and/or paid by the Funding under the Funding Agreement in any event.

Condition precedent

The Funding Agreement is conditional upon obtaining the sanction of the Grand Court of the Cayman Islands for the Funding provided thereunder and its terms before 30 September 2020 or any other later date as mutually agreed in writing by the Lender, the JPLs and the Company failing which, the Funding Agreement shall be terminated.

If the condition precedent has not been satisfied by the agreed date, either the JPLs or the Lender may notify the other parties in writing whereupon the Funding Agreement shall be terminated.

First Right for the Lender to participate in the proposed Restructuring

The Lender has indicated its intention to be the white knight in the Company's proposed restructuring and in consideration of the Lender's Funding, the Company will give an exclusive right to the Lender and/or its nominee to negotiate with the Company and/or the JPLs for a restructuring proposal within a 3-month period from the date that all the condition precedent of the Funding Agreement are fulfilled.

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.

REASON FOR THE FUNDING AGREEMENT

The Funding Agreement is entered for the sole purpose of securing the Funding to facilitate the preparation and implementation of the proposed restructuring plan of the Group, and to maintain key personnel and intellectual property of the Company to ensure the Company will continue to be in satisfaction of the listing requirements.

Taking into account of the financial difficulty facing the Company, the urgent need of the Company to implement a restructuring plan and to relieve the winding up petitions against the Company, as well as the willingness of the Lender to provide the Funding for corporate rescue attempt, the Directors consider that the terms of the Funding Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interest of the Company and the shareholders as a whole.

GENERAL

The Company and the JPLs are preparing for the applications in to the Grand Court of Cayman Islands or the High Court of Hong Kong for, among others, the approval of the Funding Agreement and the terms thereof, the recognition of the order appointing the JPLs, and is in the course of formulating a detailed restructuring plan. **Since the restructuring of the Group may be subject to various sanctions and approvals by the relevant Courts, the Shareholders, the Stock Exchange, the creditors of the Company, etc., there is no guarantee that the proposed restructuring of the Group will be materialised. Shareholders and investors are advised to exercise caution in dealing in the securities of the Company.**

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition Agreement” the conditional acquisition agreement dated 7 July 2020 and entered into between the Profit Earn Development Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, and Mr. Yang as the Vendor in relation to the acquisition of 66% of the issued shares in Titok Investment Limited (大拓投資有限公司), details of which are disclosed in the announcement of the Company dated 7 July 2020

“Company”	GTI Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Funding Agreement”	the funding agreement dated 19 August 2020 and entered into among the Company, the Lender and the JPLs
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owners (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“JPLs”	the joint provisional liquidators of the Company appointed pursuant to an order granted by the Grand Court of the Cayman Islands on 28 May 2020, namely Ms. Claire Marie Loebell of R&H and Mr. Osman Mohammed Arab and Mr. Lai Wing Lun of RSMHK
“Last Trading Day”	19 August 2020, being the day of the Funding Agreement
“Lender”	Mega Yield Enterprise Development Limited, a company incorporated in the British Virgin Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yang”	羊老四 (Yang, Laosi [#]), an Independent Third Party
“Shareholders”	holders of the issued Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

The English transliteration of the Chinese name(s) in this announcement, where indicated with “#”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese names.

By Order of the Board
GTI Holdings Limited
(Provisional Liquidators Appointed)
(For Restructuring Purposes)
Poon Sum
Chairman

Hong Kong, 19 August 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.