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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)

(in provisional liquidation for the purpose of restructuring)

(Stock Code: 3344)

UPDATE ON

(I) ACQUISITION AGREEMENT, FUNDING AGREEMENT AND RESTRUCTURING PROGRESS;

AND

(II) LAPSE OF MAJOR AND CONNECTED TRANSACTION

Reference is made to the announcements of the Company dated 7 July 2020 and 20 August 2020 (the “**Announcements**”) in relation to, among other things, (i) the Acquisition Agreement for the acquisition of Titok Investment Limited, and (ii) the entering into of the Funding Agreement. Unless otherwise stated, capitalised terms used herein shall have the meanings as defined in the Announcements.

(I) UPDATE ON ACQUISITION AGREEMENT, FUNDING AGREEMENT AND RESTRUCTURING PROGRESS

As disclosed in the Announcement dated 20 August 2020, 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, and such Funding Agreement is conditional upon obtaining the sanction of the Grand Court of the Cayman Islands for the Funding provided thereunder and its terms.

The Board wishes to update the Shareholders that, on 17 September 2020, an order has been granted by the Grand Court of the Cayman Islands (the “**Cayman September Order**”) to approve, among other things, the entering into by the JPLs of the Funding Agreement and to issue new Shares pursuant to the terms thereunder, as well as to issue new Shares under the Acquisition Agreement.

The funding to facilitate the proposed restructuring of the Company is therefore expected to be made available to the Company shortly and as at the date of this announcement, the JPLs and the Company are working together to formulate the possible restructuring plan, and commence formal liaison with any potential investors and the existing creditors of the Company in due course.

Further information on possible issue of new Shares under the Acquisition Agreement and the Funding Agreement

The Board wishes to further clarify that, it is the intention of the parties that Mr. Yang will request the Company to settle the Funding by issue of new Shares upon the restructuring plan of the Company being approved and implemented.

The Company is in the course of formulating a restructuring plan, which may involve other corporate exercise to raise additional funds for the operation of the Group, as well as to capitalise the debts due to various creditors of the Company. The restructuring will at least be subject to the sanctions of the courts in the Cayman Islands and Hong Kong, and require the approval and consent of the creditors and/or Shareholders in accordance with the applicable laws (and also subject to the approvals which may be required under the Listing Rules and the Takeovers Code, depending on the final details of the restructuring plan).

The Issue Price

As disclosed in the announcements dated 7 July 2020 and 18 August 2020, pursuant to the terms of the Promissory Note and the terms of the Funding Agreement, new Shares may be issued to the Vendor and the Lender at the price of HK\$0.01 per Share. The Board wishes to explain further on the reasons for fixing the Issue Price at HK\$0.01 per Share at the date of the Acquisition Agreement:

The Acquisition will form part of the restructuring plan which serves for corporate rescue purpose. The payment arrangement and relevant terms of the Acquisition were therefore arrived at after taking into account of the prevailing financial condition of the Company, the practicability of settling the Consideration by other means such as cash or issue of consideration shares, and the risk assumed by the respective parties under the Acquisition in light of the legal proceedings facing the Company at the relevant time.

It was therefore agreed between the parties that the Consideration will be settled by the Promissory Note, and to further ease the financial pressure of the Company, it was agreed that the Company would have the right, at its discretion, to settle the Promissory Note with the Settlement arrangement (i.e. to settle the Promissory Note by the issue of new Shares), so as to provide more flexibility to the Company. On the other hand, to secure the Acquisition, as well as to compensate the Vendor’s

risk in agreeing to the disposal of the Target Group to the Company in light of its prevailing financial condition (in particular, the accounts of the Target Group will be consolidated into the account of the Company and the Purchaser will be entitled to share the proportional profit upon Completion, even if the Promissory Note remained outstanding prior to its maturity), the Company considers that it is fair and reasonable to agree to the Vendor's request that the issue price be fixed with reference to the prevailing price of the Shares.

Given the cashflow situation of the Company and the need to implement a full restructuring plan to turn around the financial position of the Company as soon as possible, the Company is intended to issue new Shares to settle the Promissory Notes as soon as possible once all necessary approvals have been obtained), which could be at a point of time prior to the maturity of the Promissory Note. By then, the Company will make further announcement and apply for listing approval to deal in such new Shares. The Company is also prepared to seek for Shareholders' approval to allot and issue the Shares. As such, although the issue price has been fixed as at the date of the Acquisition Agreement with reference to the then prevailing market price of the Shares, the Company considers that the Settlement arrangement is genuine, is fair and reasonable, particularly taking into account of the financial risk assumed by the Vendor and the uncertainty of the financial condition of the Company.

For the issue price under the Funding Agreement, since it is also provided by the Lender which is wholly owned by the Vendor, and is also an arrangement to facilitate the corporate rescue, it is also part of the restructuring plan, and taken into account similar factors concerning the determination of the Issue Price under the Settlement as mentioned above, the Company considered that such proposed issue price for the repayment of the Funding is also fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Compliance by the Company for possible issue of new Shares

The Company is minded to seek for Shareholders' approval for the granting of a specific mandate for the issue of the new Shares under the Funding Agreement and the Acquisition Agreement. The Company would convene an extraordinary general meeting for the Company for the Shareholders to consider and approve the issue, and apply to the Stock Exchange for the listing of and permission to deal in the new Shares.

As at the date of this announcement, the Company has not made any application to the Stock Exchange for dealing in and listing of the new Shares to be allotted and issued. Since there are winding up petitions filed against the Company, any issue of new Shares may also be subject to further approval by the Court. The order appointing the JPLs granted by the Grand Court of Cayman Islands has included the powers of the JPLs to approve the allotment and issue, as well as the transfer of the issued Shares. The Company is seeking to apply for recognition order of such order by the High Court of Hong Kong, and upon the success of the application, the said power of the JPLs would also be recognised by the High Court of Hong Kong. Further update will be made by the Company in relation to the results of such application to the High Court of Hong Kong.

The Board wishes to emphasize that despite the sanction of possible issue of new Shares by the Cayman September Order, any allotment and issuance of new Shares under the Acquisition Agreement and the Funding Agreement may or may not materialise since such allotment and issue are subject to other conditions, in particular, the granting of the listing approval by the Stock Exchange and the approval by the Shareholders. Further allotment and issue of new Shares may also be proposed under the possible restructuring plan. The Company shall publish further announcement(s) and/or circular to provide further information on the Acquisition Agreement, the Funding Agreement, the restructuring proposal as well as further proposed issue of new Shares, if any, as and when appropriate. Since the restructuring of the Group, and any issue of new Shares, 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.

(II) LAPSE OF MAJOR AND CONNECTED TRANSACTION

Reference is also made to the announcement of the Company dated 21 October 2019 and 7 November 2019 in relation to the legally binding memorandum of understanding dated 18 October 2019 entered into with Asian Capital Partners Group Company Limited setting out preliminary understanding in relation to the proposed acquisition of the entire equity interest in Gold Bricks Holdings Limited.

The Company wishes to update that the Company has no intention to proceed with such acquisition and thus it would not proceed.

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

Hong Kong, 28 September 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.