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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)

ISSUE OF SETTLEMENT SHARES UNDER A GENERAL MANDATE AND EXTENSION OF THE LOAN BALANCE

On 8 February 2019 (after trading hours), the Borrower, the Company and the Lender entered into the Supplemental Loan Agreement, pursuant to which (i) the parties agreed that part of the outstanding principal amount of the Loan in the amount of HK\$40,000,000 shall be settled by the Borrower procuring the Company to allot and issue the Settlement Shares to Hammer Capital Private Investments Limited, as designated by the Lender; and the balance of the outstanding principal amount of the Loan of HK\$160,000,000 shall be extended for a term of 18 months from the date of drawdown of the Loan, and to amend certain terms and conditions of the Original Loan Agreement to reflect the settlement and extension as aforesaid.

The allotment and issue of the Settlement Shares is conditional upon the Stock Exchange granting the approval for the listing of, and permission to deal in the Settlement Shares.

As the allotment and issue of the Settlement Shares and hence the part settlement of the Loan may or may not be materialised, Shareholder and potential investors are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) will be published by the Company to provide update on the development as and when necessary under the Listing Rules.

Background

On 28 December 2017, the Borrower, which is an indirectly wholly-owned subsidiary of the Company, as the borrower, the Company as the guarantor and the Lender as lender, entered into the Original Loan Agreement pursuant to which the Lender agreed to make available to the Borrower a loan in the maximum amount of HK\$200,000,000, at an interest rate of 20% per annum. The payment obligation of the Borrower under the Original Loan Agreement was guaranteed by the Company under the Original Loan Agreement, by Mr. Poon under a deed of personal guarantee and was secured by a deed of share mortgage over the entire issued share capital of the Borrower in favour of the Lender, and a charge over the rights and interest of the Borrower over the Debt Restructuring Deed.

The Loan has subsequently fallen due on 28 December 2018 pursuant to the terms and conditions of the Original Loan Agreement and as at the date hereof, the total amount of Loan due was HK\$200,000,000. In view of the cashflow situation of the Company, since the Loan has fallen due, the Borrower and the Lender had been actively negotiating for the settlement and/or extension of the Loan, and the Company is obliged to announce that the parties have reached a settlement and extension of the Loan.

The Supplemental Loan Agreement

On 8 February 2019 (after trading hours), the Borrower, the Company and the Lender entered into the Supplemental Loan Agreement, pursuant to which (i) the parties agreed that part of the outstanding principal amount of the Loan in the amount of HK\$40,000,000 shall be settled by the Borrower procuring the Company to allot and issue the Settlement Shares to Hammer Capital Private Investments Limited, as designated by the Lender; and the balance of the outstanding principal amount of the Loan of HK\$160,000,000 shall be extended for a term of 18 months from the date of drawdown of the Loan, and to amend certain terms and conditions of the Original Loan Agreement to reflect the settlement and extension as aforesaid. Salient terms of the Supplemental Loan Agreement are as follows:

Date:

8 February 2019

Parties:

The Borrower

The Company (as guarantor)

The Lender

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Lender and its associates are Independent Third Parties. As at the date of this announcement, the Lender and its associates held no Shares.

The Settlement Shares

As consideration for the Lender agreeing to enter into the Supplemental Loan Agreement and to amend the terms and conditions of the Original Loan Agreement (including but not limited to the extension of the term of the Loan), it is agreed the Company shall make prepayment of HK\$40,000,000 as part repayment of the outstanding principal amount of the Loan by way of allotment and issuance of the Settlement Shares at the issue price of HK\$0.18 per Settlement Share. The Settlement Shares comprise 222,222,000 new Shares, representing approximately 3.77% of the issued shares of the Company as at the date hereof and approximately 3.63% of the Company's issued shares capital as enlarged by the issue of Settlement Shares respectively.

Issue price of the Settlement Shares

The issue price of HK\$0.180 per Settlement Share represents:

1. a discount of 15.49% of the closing price of HK\$0.213 per Share as quoted on the Stock Exchange on the Last Trading Day; and
2. a discount of approximately 14.45% of the average closing price of approximately HK\$0.210 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The issue price of the Settlement Shares was arrived at after arm's length negotiations between the Borrower, the Company and the Lender with reference to the prevailing market price of the Shares. The Board considers that the issue price of the Settlement Shares is fair and reasonable and on normal commercial terms based on the current market conditions.

The net issue price of the Settlement Shares, after deduction of relevant expenses (including but not limited to professional expenses and disbursements), is estimated to be approximately HK\$0.179 per Settlement Share.

The aggregate nominal value of the 222,222,000 Settlement Shares is HK\$2,222,220. Based on the issue price of HK\$0.18, the aggregate value of the 222,222,000 Settlement Shares is approximately HK\$39,999,960.

Condition precedent

The allotment and issue of the Settlement Shares is conditional upon the Stock Exchange granting the approval for the listing of, and permission to deal in the Settlement Shares.

The conditions of the Loan Settlement Agreement cannot be waived by the parties thereto. In the event that the above-mentioned condition could not be fulfilled and the allotment and issuance of the Settlement Shares could not take place on or before 18 February 2019 (or such other date as may be agreed by the parties to the Supplemental Loan Agreement) (the "**Long Stop Date**"), the obligation of the Borrower and the Company to issue or procure the issuance of the Settlement Shares under the

Supplemental Loan Agreement and the Amended and Restated Loan Agreement shall cease absolutely and the Borrower shall prepay the principal amount of HK\$40,000,000 (together with interest accrued thereon in accordance with the terms of the Amended and Restated Loan Agreement up to and including the date of payment) within 10 Business Days from the Long Stop Day. In such event, the Company may need to seek alternative ways to raise fund for repayment or to negotiate further settlement arrangement to avoid breach.

For the avoidance of doubt, the Supplemental Loan Agreement and the Amended and Restated Loan Agreement are unconditional and had taken effect upon signing.

Completion

Completion of the allotment and issue of the Settlement Shares will take place within three (3) Business Days after the condition mentioned above are fulfilled.

Ranking of the Settlement Shares

The Settlement Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of the allot and issue of the Settlement Shares.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Settlement Shares.

AMENDMENT TO THE TERMS AND CONDITIONS OF THE ORIGINAL LOAN AGREEMENT

Pursuant to the Supplemental Loan Agreement, parties have also agreed to amend the terms and conditions, which mainly include (i) the extension of the term of the Loan to 18 months from the drawdown date of the Loan (i.e. the due date of the Loan should be extended to 28 June 2019); and (ii) the provision of additional securities by the Borrower and the Company in favour of the Lender for the Loan, which include the Coulman Share Mortgage and Coulman Loan Assignment. To formalize the amendments to the terms and conditions of the Original Loan Agreement, an Amended and Restated Loan Agreement has also been executed by the parties which contained all the amended terms of the Original Loan Agreement.

Save for the abovementioned changes, the material terms and the conditions of the Original Loan Agreement remained unchanged.

GENERAL MANDATE TO ISSUE THE SETTLEMENT SHARES

The Settlement Shares will be issued under the General Mandate and therefore the issue of the Settlement Shares is not subject to any Shareholders' approval. As at the date of this announcement, an aggregate of 502,655,260 Shares has been issued under the General Mandate, utilised approximately 46.57% of the General Mandate for the allotment and issue of consideration Shares in the acquisition by the Group of certain equity interest in relevant target Companies. For details thereof, please refer to the announcements of the Company dated 13 November 2018 and 27 November 2018 respectively. The 222,222,000 Settlement Shares to be allotted and issued will utilise approximately 20.59% of the General Mandate.

Effects on shareholding structure

The shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the issue of Settlement Shares are as follows:

	As at the date of this announcement		Immediately after the issue of the Settlement Shares	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Gold Train Investments Limited (“ Gold Train ”) (<i>Note 1</i>)	3,339,422,000	56.61	3,339,422,000	54.551
Wong Hiu Hung (“ Ms. Wong ”) (<i>Note 2</i>)	4,000,000	0.07	4,000,000	0.065
Hammer Capital Private Investments Limited (<i>Note 3</i>)	—	—	222,222,000	3.630
Other public Shareholders	2,555,964,169	43.32	2,555,964,169	41.754
Total	<u>5,899,386,169</u>	<u>100.00</u>	<u>6,121,608,169</u>	<u>100.000</u>

Notes:

1. Gold Train is a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Poon Sum, the executive Director and the chairman of the Board.
2. Ms. Wong is the spouse of Mr. Poon Sum.
3. Hammer Capital Private Investments Limited, being the nominee as designated by the Lender. To the best of the information, knowledge and belief, Hammer Capital Private Investments Limited and its ultimate beneficial owner are Independent Third Parties.
4. The percentages are subject to rounding effect.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL LOAN AGREEMENT

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.

The Loan has fallen due and after active negotiation between the Borrower and the Lender, a settlement plan with the issuance of the Settlement Shares for part repayment of the outstanding principal amount of the Loan, with an extension of the term of the balance of the Loan has reached. The Directors having considered (i) the allotment and issue of the Settlement Shares is a suitable means of settlement since it reduced the pressure on cashflow of the Company and could effectively secure the agreement of the Lender to extend the terms of the balance of the Loan; (ii) the allotment and issue of the Settlement Shares will enlarge the capital base of the Company and improve the gearing level of the Group; (iii) the existing liabilities of the Group will be reduced without affecting the working capital of the Group; and (iv) the Group could retain more internal resources for daily working capital and for future investment (if any).

Moreover, in the event that the issue of Settlement Shares is not completed, the Company may face pressure in obtaining sufficient cashflow for the part repayment of the Loan and the Company may have to seek for alternate fundraising opportunity or alternative settlement arrangement with the Lender, the success of which is uncertain at the moment. As such, the issuance of the Settlement Shares could avoid default of the Loan by the Borrower.

The Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Loan Agreement and the Amended and Restated Loan Agreement are fair and reasonable based on the current market conditions and are on normal commercial terms and the transactions contemplated thereunder in the interest of the Company and the Shareholders as a whole.

GENERAL

The Original Loan Agreement does not constitute a notifiable transaction of the Company and therefore was not subject to announcement and Shareholders' approval requirements under the Listing Rules.

As the allotment and issue of the Settlement Shares and hence the part settlement of the Loan may or may not be materialised, Shareholder and potential investors are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) will be published by the Company to provide update on the development as and when necessary under the Listing Rules.

DEFINITIONS

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

“Amended and Restated Loan Agreement”	the amended and restated loan agreement dated 8 February 2019 entered into among the Borrower, the Company and the Lender based on the Original Loan Agreement which documented the amendments to the terms and conditions of the Original Loan Agreement
“Borrower”	Champion Forever Group Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are open for general business in Hong Kong
“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 (stock code: 3344)
“Coulman”	Coulman International Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which is indirectly owned by the Company as to 27% of its issued share capital
“Coulman Share Mortgage”	a deed of share mortgage to be executed in favour of the Lender over the 27% issued share in the capital of Coulman indirectly held by the Company, to secure the obligations of the Group under the Loan
“Coulman Loan Assignment”	the deed of assignment to be executed by the Company, Eternity Fortune and Endless Rich as assignors and the Lender as assignee in respect of all present (if any) and future indebtedness owed and to be owed to the Company, Eternity Fortune and Endless Rich by Coulman
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Debt Restructuring Deed”	the debt restructuring deed dated 9 March 2017 between the Company, Addchance Limited, Chinakey (Hong Kong) Limited, Sky Emperor International Limited, the Borrower and certain banks in respect of the restructuring of the entire indebtedness under the loan agreements, credit agreements, facility letters and other instruments and agreements existing at the material time. For details thereof, please refer to the announcement of the Company dated 9 March 2017
“Directors”	the directors of the Company

“Endless Rich”	Endless Rich Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company
“Eternity Fortune”	Eternity Fortune Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to a resolution passed at the annual general meeting of the Company held on 4 June 2018 to allot, issue and deal with up to 1,079,346,181 new Shares, representing approximately 20% of the then existing issued share capital of the Company
“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
“Last Trading Day”	8 February 2019, being the last trading day for the Shares prior to this announcement
“Lender”	Champion Alliance Industries Limited, a company incorporated in the British Virgin Islands with limited liability, and is an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the amount of HK\$200,000,000 made available by the Lender to the Borrower
“Mr. Poon”	Mr. Poon Sum, the chairman of the Board and an executive Director, and the controlling Shareholder of the Company (as defined under the Listing Rules)
“Original Loan Agreement”	the loan agreement dated 28 December 2017 entered into among the Borrower, the Company and the Lender in relation to the granting of the Loan
“Settlement Share(s)”	222,222,000 new Shares to be allotted and issued to the Lender at an issue price of HK\$0.18 per Settlement Share for part prepayment of the Loan

“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
“Supplemental Loan Agreement”	the supplemental loan agreement dated 8 February 2019 entered into among the Borrower, the Company and the Lender in relation to the settlement and amendment of the Original Loan Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
GTI Holdings Limited
Poon Sum
Chairman

Hong Kong, 8 February 2019

As at the date of this announcement, the Board comprises (i) Mr. Poon Sum (Chairman), Mr. Cheung Tat Chung (Chief Executive Officer), Mr. Ng Kwok Hung Perry and Mr. Hao Xiangbin as executive Directors; and (ii) Mr. Chan Shu Kin, Dr. Tse Kwok Sang and Mr. Chiu Wai Piu as independent nonexecutive Directors.