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**Mega Yield Enterprise  
Development Limited**

*(Incorporated in British Virgin Islands with limited liability)*



**GTI HOLDINGS LIMITED  
共享集團有限公司**

*(a company incorporated in the Cayman Islands with limited liability)  
(In Liquidation)  
(Stock Code: 3344)*

**JOINT ANNOUNCEMENT**

- (1) RESTRUCTURING FRAMEWORK AGREEMENT IN RELATION TO  
THE PROPOSED RESTRUCTURING INVOLVING**
- (i) CAPITAL REORGANISATION;**
  - (ii) SUBSCRIPTION;**
  - (iii) SCHEME;**
  - (iv) SPECIAL DEAL; AND**
  - (v) RESUMPTION;**
- (2) CONNECTED TRANSACTION – ISSUE OF NEW SHARES  
UNDER SPECIFIC MANDATE;**
- (3) APPLICATION FOR WHITEWASH WAIVER; AND**
- (4) CONTINUED SUSPENSION OF TRADING OF SHARES**

**Financial Adviser to the Company**



**Octal Capital Limited**

## **THE RESTRUCTURING FRAMEWORK AGREEMENT**

On 31 March 2023 (after trading hours), the Company, the JSLs, the Investor and Mr. Yang entered into the Restructuring Framework Agreement, pursuant to which the Company will implement the Proposed Restructuring which involves (i) the Capital Reorganisation; (ii) the Subscription; (iii) the Scheme (including the issuance of Scheme Shares and the Disposal); and (iv) the Resumption.

### **THE CAPITAL REORGANISATION**

As part of the Proposed Restructuring, the Company proposed to implement the Capital Reorganisation, which comprises of: (i) the Share Consolidation; (ii) the Capital Reduction; (iii) the Share Premium Reduction; and (iv) the Increase in Authorised Share Capital.

Immediately following the Share Consolidation and the Capital Reduction, the authorised share capital of the Company shall be increased to HK\$500,000,000 divided into 50,000,000,000 New Shares of HK\$0.01 each.

### **THE SUBSCRIPTION**

Subject to the terms and conditions of the Restructuring Framework Agreement and the Subscription Agreement, the Investor shall subscribe for a total of 5,435,827,950 Subscription Shares at the total subscription price of HK\$108,716,559 (representing a subscription price of HK\$0.02 per Subscription Share), which shall be satisfied (i) by way of set-off against the outstanding principal amount of approximately HK\$12.7 million due by the Company to Mr. Yang under the Promissory Note; and (ii) by way of set-off against the actual amounts paid under the Funding Agreements, whereas the total amount payable under the Funding Agreements is HK\$96.0 million (of which a sum of approximately HK\$64.8 million has been paid as at the date of this joint announcement and the remaining amount of approximately HK\$31.2 million will be payable on or before Completion) in whole or in part on a dollar-for-dollar basis which shall be subject to adjudication by the JSLs with reference to the supporting evidence as provided from time to time. In the event that there is any outstanding amount payable by the Investor to the Company under the Funding Agreements before Completion, the Investor will settle such outstanding amount by way of cash upon Completion.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the EGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **THE SCHEME**

Pursuant to the terms of the Restructuring Framework Agreement, the Company shall propose the Scheme, pursuant to which each Scheme Creditor with Admitted Scheme Claim(s) would be entitled to (a) the receipt of the Scheme Shares which will be allotted and issued by the Company, representing 28.35% of the Enlarged Issued Share Capital (assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares and Scheme Shares after the effective date of the Capital Reorganisation); and (b) the receipt of Realisation Proceeds, if any.

Upon the Scheme becoming effective, the Scheme Creditors shall accept the Scheme Consideration in full and final discharge of their Claim(s).

For the purposes of effecting the Scheme, the JSLs have applied to the Hong Kong Court for leave to convene the Scheme Meeting and a court hearing for such propose will be fixed in due course.

The Scheme also envisages that (i) all the Company's direct and indirect shareholdings in the Excluded Subsidiaries; (ii) all cash and cash equivalents held by the Excluded Subsidiaries; (iii) all inter-companies loans due by the Excluded Subsidiaries to the Company; and (iv) the Transferred Claims, will be transferred to the Scheme Company, a company to be formed and controlled by the Scheme Administrators for the benefit of the Scheme Creditors upon the Scheme becoming effective.

The consideration of the Disposal, which is estimated in nominal value, will be determined at the time of entering into the transfer agreement.

Upon completion of the Disposal, the Excluded Subsidiaries will cease to be subsidiaries of the Company.

## **THE RESUMPTION**

To facilitate the Resumption, each of the parties to the Restructuring Framework Agreement undertakes and agrees to use its best endeavors to procure the compliance with the fulfillment of the Resumption Guidance as soon as reasonably practicable.

## **IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE**

### **Listing Rules implications**

#### ***Connected Transactions – Issue of Scheme Shares to Directors***

Based on the records available to the Company, the Company has certain Director's remuneration owed to (i) Hao Xiangbin; (ii) Ng Kwok Hung Perry; (iii) Tan Teng Hong; (iv) Chung Lim Tung; (v) Ng Ka Lun; (vi) Zhou Weijia (alias Zhou Yi); and (vii) Chan Shu Kin respectively, who are the existing Directors. According to the Scheme, these Director Creditors are also the Scheme Creditors.

Accordingly, the issue of Scheme Shares to the Director Creditors under the Scheme constitutes connected transactions of the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders by way of poll. The Director Creditors and their respective associates shall abstain from voting in respect of the resolution(s) to approve the Scheme.

#### ***Specific Mandate***

The Subscription Shares and the Scheme Shares will be allotted and issued pursuant to the Specific Mandate to be obtained upon approval by the Shareholders at the EGM.

Moreover, the Investor is wholly-owned by Mr. Yang, who is interested in 34% of the equity interest in Titok, and hence is a connected person of the Company at subsidiary level. The Subscription therefore constitutes a connected transactions of the Company and is subject to the Independent Shareholders' approval.

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placings that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange is satisfied that there are exceptional circumstances. In view of the insolvent financial position and the liquidation status of the Company as well as the prolonged suspension of the trading in the Shares on the Stock Exchange, the closing price of the Shares on the Last Trading Day does not reasonably reflect the existing condition of the Company and the financial position of the Company could be considered as an exceptional circumstance under Rule 7.27B of the Listing Rules. Accordingly, the JSLs and the Directors consider that it is fair and reasonable for (i) the Subscription Price and the theoretical Issue Price to be set at a relatively deep discount to the historical trading prices of the Shares; and (ii) the allotment and issue of the Subscription Shares and the Scheme Shares in aggregate would result in a relatively significant theoretical dilution effect of approximately 79.1%.

## **Takeovers Code implications**

### ***Whitewash Waiver***

As at the date of this joint announcement, the Company has 6,298,816,169 issued Shares. The Company does not have any other issued securities other than such Shares.

As at the date of this joint announcement, the Investor Concert Group did not hold, own, control or have direction over any Shares, outstanding options, warrants or any securities that are convertible into Shares or any derivatives in respect of the securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Assuming that (i) the Capital Reorganisation has become effective; (ii) the allotment and issue of the Subscription Shares and the Scheme Shares at Completion has taken place; and (iii) there is no other change in the issued share capital of the Company from the date of this joint announcement and up to the Completion (other than as a result of the Capital Reorganisation and the allotment and issue of the Subscription Shares and the Scheme Shares), the Investors will be interested in 5,435,827,950 New Shares, representing 64.21% of the Enlarged Issued Share Capital.

As such, the Investor would be required to make a mandatory general offer for all the issued shares of the Company (not already owned or agreed to be acquired by the Investor Concert Group) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive. The Investor will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver and the approval by more than 50% of the votes cast by the Independent Shareholders at the EGM by way of poll in respect of the transactions contemplated under the Restructuring Framework Agreement. The Investor, Mr. Yang and parties acting in concert with any of them, the Director Creditors and their respective associates, and the Shareholders who are interested in or involved in any of the Proposed Restructuring, the Whitewash Waiver and the Special Deal (including the Scheme Creditors and the Scheme Administrators) will be required to abstain from voting on the relevant resolution(s).

The Proposed Restructuring will not proceed if the Whitewash Waiver is not obtained from the Executive or not approved by the Independent Shareholders. The Executive may or may not grant the Whitewash Waiver.

### ***Special Deal***

The (i) proposed settlement of Admitted Scheme Claims (which include debts held by four Scheme Creditors who are also Shareholders and aggregately held 26,630,000 Shares based on the information from the Company as at the date of this joint announcement) under the Scheme; and (ii) the proposed Disposal to the Scheme Company which may result in proceeds to be distributed to the Scheme Creditors under the Scheme, which are not extended to all the other Shareholders, constitute a special deal under Rule 25 of the Takeovers Code and therefore requires consent by the Executive. The Executive's consent, if granted, will be conditional on (i) the Independent Financial Adviser publicly states that in its opinion the terms thereunder are fair and reasonable; and (ii) approval by the Independent Shareholders at the EGM. The Investor, Mr. Yang and parties acting in concert with any of them, the Director Creditors and their respective associates, and the Shareholders who are interested in or involved in any of the Proposed Restructuring, the Whitewash Waiver and the Special Deal (including the Scheme Creditors and the Scheme Administrators) will be required to abstain from voting on the relevant resolution(s).

Based on the information from the Company, as at the date of this joint announcement, save for the four Scheme Creditors, namely Choi Piu Sze, Choi Yuk Chor, Tsoi Chiu Yuk and Zhang Jiajun who hold 3,150,000 Shares, 302,000 Shares, 12,078,000 Shares and 11,100,000 Shares respectively, representing approximately 0.05%, 0.005%, 0.19% and 0.18% of the issued share capital of the Company as at the date of this joint announcement respectively, who are also Shareholders, the other Scheme Creditors are not Shareholders.

None of the Directors and the former Directors in the past 12 months from the date of this joint announcement and the Scheme Creditors are acting in concert with the Investor, Mr. Yang and parties acting in concert with any of them.

The Company will apply to the Executive for its consent to the Special Deal under Rule 25 of the Takeovers Code.

### **THE APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

As at the date of this joint announcement, there is no non-executive Director and four independent non-executive Directors, namely, Mr. Chan Shu Kin, Mr. Chung Lim Tung, Mr. Ng Ka Lun and Mr. Zhou Weijia (alias Zhou Yi). As all these independent non-executive Directors are Scheme Creditors, all of the independent non-executive Directors are interested in the Proposed Restructuring and no independent board committee has been established to advise the Independent Shareholders.

The Company will appoint the Independent Financial Adviser to advise the Independent Shareholders in accordance with the requirements under the Listing Rules and the Takeovers Code on such matters. Further announcement(s) will be made by the Company upon the appointment of the Independent Financial Adviser.

## **GENERAL**

The EGM will be convened and held to consider and, if thought fit, approve, among others, the Restructuring Framework Agreement and the transactions contemplated thereunder, the Subscription, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deal.

The Company will appoint an Independent Financial Advisor to advise the Independent Shareholders in accordance with the requirements under the Takeovers Code and the Listing Rules. Further announcement(s) will be made by the Company upon the appointment of the Independent Financial Advisor.

The Company will submit an application to the Listing Committee for the listing of, and permission to deal in (a) the New Shares arising from the Capital Reorganisation; (b) the Subscription Shares; and (c) the Scheme Shares.

Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to the Shareholders a circular containing, among others, details of: (a) the Restructuring Framework Agreement and the transactions contemplated thereunder; (b) the Specific Mandate; (c) the Subscription; (d) the Whitewash Waiver; (e) the Special Deal; (f) a letter of advice from the Independent Financial Advisor to the Independent Shareholders in relation to the Restructuring Framework Agreement and the transactions contemplated thereunder, the Subscription, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deal; and (g) a notice of the EGM within 21 days from the date of this joint announcement, that is, on or before 13 June 2023, or such later date as the Executive may approve. Further announcement(s) will be made as and when appropriate.

## **CONTINUED SUSPENSION OF TRADING IN THE SHARES**

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 4 October 2021 and will remain suspended pending fulfillment of the Resumption Guidance. Further announcement(s) will be made to provide further updates to the Shareholders and potential investor of the Company as and when appropriate.

## **WARNINGS**

**The transactions contemplated under the Restructuring Framework Agreement are subject to fulfillment of various conditions and therefore may or may not materialise. The release of this joint announcement does not necessarily indicate that the Proposed Restructuring will be completed or trading in the Shares will be resumed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

**The Company is preparing its Resumption Proposal to the Stock Exchange and will keep the Shareholders and investors informed of the latest development by making further announcements as and when appropriate.**

## INTRODUCTION

References are made to (i) the announcements of the Company dated 8 January 2020, 13 January 2020, 5 March 2020, 19 March 2020, 23 March 2020, 26 April 2020, 21 May 2020, 5 June 2020, 26 June 2020, 13 July 2020, 15 July 2020, 18 August 2020, 2 September 2020, 23 September 2020, 29 September 2020, 17 November 2020, 21 December 2020, 1 February 2021, 3 March 2021, 22 March 2021, 21 April 2021, 30 June 2021, 7 July 2021, 19 July 2021 and 20 August 2021 in relation to, among other matters, the various winding-up petitions against the Company; (ii) the announcement of the Company dated 4 October 2021 relating to the suspension of trading of Shares on the Stock Exchange; (iii) the announcements of the Company dated 18 November 2021 and 30 November 2021 in relation to the Resumption Guidance received from the Stock Exchange; (iv) the announcements of the Company dated 26 May 2020, 28 May 2020, 27 August 2020, 5 November 2020, 30 June 2021, 23 November 2021 and 24 February 2023 in relation to, among other matters, appointment of liquidators; (v) the announcements of the Company dated 19 August 2020, 1 April 2021 and 30 March 2023 in relation to, among other things, the entering into the First Funding Agreement, the Supplemental Funding Agreement, the Cayman Funding Agreement and the HK Funding Agreement; and (vi) the announcement of the Company dated 2 May 2023 in relation to, among other matters, the Delisting Decision and the LRC Review.

At the request of the Company, the Shares were suspended from trading on the Stock Exchange with effect from 9:00 a.m. on 4 October 2021 owing to the failure of the publication of the Group's audited annual results for the eighteen months ended 30 June 2021.

On 17 November 2021 and 29 November 2021, the Company has received from the Stock Exchange the following Resumption Guidance as follows:

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) demonstrate its compliance with Rule 13.24 of the Listing Rules;
- (iii) announce all material information for the Company's shareholders and investors to appraise the Company's position; and
- (iv) have the winding up order against the Company withdrawn or dismissed and liquidators (provisional or not) discharged.



With respect to the suspension of trading in the Shares, the Stock Exchange required the Company to remedy the issue causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume and, for this purpose, the Company has the primary responsibility to devise its action plan for the Resumption.

To proceed with the Proposed Restructuring and achieve the Resumption, (i) the First Funding Agreement dated 19 August 2020 has been entered into among the Company as the borrower, the Cayman Liquidators, and the Investor as the lender in relation to the provision of a facility in the maximum amount of HK\$10,000,000 for the purposes of facilitating and/or supporting the Proposed Restructuring of the Company and other costs which have been or are to be incurred in respect of the Proposed Restructuring and (ii) the Supplemental Funding Agreement dated 1 April 2021 has been entered into among the Company as the borrower, the Cayman Liquidators, and the Investor as the lender to increase the credit facility under the First Funding Agreement to HK\$60 million (details of which can be referred to announcements of the Company dated 19 August 2020 and 1 April 2021).

At the material times of signing of the First Funding Agreement and Supplemental Funding Agreement, the Cayman Liquidators were acting in the capacity of the joint provisional liquidators of the Company pursuant to the order dated 28 May 2020 granted by the Cayman Court. By the order granted by the Cayman Court on 22 February 2022, the Cayman Liquidators were appointed as the joint official liquidators of the Company. Due to the change of the Cayman Liquidators' status upon the grant of the aforesaid order by the Cayman Court, the First Funding Agreement and Supplemental Funding Agreement were supplemented by the Cayman Funding Agreement, which was entered between the Company as borrower, the Cayman Liquidators, and the Investor as lender on 22 April 2022 for the purposes of facilitating and/or supporting the Proposed Restructuring and other costs which have been or are to be incurred in respect of the Proposed Restructuring by providing a credit facility for a total sum up to HK\$60 million. Subsequently, on 27 March 2023 (after trading hours), the Company as the borrower, the JSLs, and the Investor as the lender had entered into the HK Funding Agreement for the purposes of the provision of credit facility of up to HK\$26,000,000 for settling the costs and expenses (including legal fees) due and payable to and/or incurred by the JSLs in relation to performance of their duties for the preparation of implementing the Proposed Restructuring (details of which can be referred to the announcement of the Company dated 30 March 2023). The transactions relating to the Proposed Restructuring include (i) the Capital Reorganisation; (ii) the Subscription; (iii) the Scheme (including the issuance of Scheme Shares and the Disposal); and (iv) the Resumption, each of which is explained below.

## **THE RESTRUCTURING FRAMEWORK AGREEMENT**

The Board is pleased to announce that, on 31 March 2023 (after trading hours), the Company, the JSLs, the Investor and Mr. Yang entered into the Restructuring Framework Agreement, pursuant to which the Company will implement the Proposed Restructuring which involves (i) the Capital Reorganisation; (ii) the Subscription; (iii) the Scheme (including the issuance of Scheme Shares and the Disposal); and (iv) the Resumption.

Details of the Restructuring Framework Agreement, together with the detailed arrangements are summarised below.

### **Date**

31 March 2023 (after trading hours)

### **Parties**

- (i) the Company;
- (ii) the Investor;
- (iii) Mr. Yang; and
- (iv) the JSLs

The Investor is a company incorporated in the British Virgin Islands with limited liability, and is wholly and beneficially owned by Mr. Yang. Mr. Yang is also interested in 34% of the equity interest in Titok. As such Mr. Yang and the Investor are deemed to be connected persons of the Company at subsidiary level.

## Conditions precedent for Completion

Completion of the Proposed Restructuring shall be conditional upon the following conditions precedent being fulfilled or waived on or before the Long Stop Date:

- (1) the signing of the Subscription Agreement, the Disposal Agreement and all other documents necessary to document and implement the transactions contemplated in the Proposed Restructuring, the Restructuring Framework Agreement, the Scheme and the Resumption by all the parties thereunder as may be required to be entered into before Completion;
- (2) a sealed copy of an order of the Hong Kong Court sanctioning the Scheme pursuant to the Companies Ordinance having been delivered to the Registrar of Companies in Hong Kong for registration;
- (3) the orders of the Cayman Court and the Hong Kong Court sanctioning the dismissal of the winding-up petitions presented against the Company and the discharge of the JSLs in Hong Kong and the Cayman Liquidators in the Cayman Islands respectively;
- (4) the approval by the Shareholders by the passing of the necessary resolutions (or, if so required by the Listing Rules and the Takeovers Code, the Independent Shareholders) of the Capital Reorganisation, the Scheme, the Restructuring Framework Agreement, the Subscription Agreement, the Disposal Agreement, the Special Deal and the Whitewash Waiver, the Proposed Restructuring and the transactions contemplated thereby at the EGM, and such approval not having been revoked or vitiated;
- (5) the Company having obtained either conditional approval or approval-in-principle from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares, the Subscription Shares and the Scheme Shares on the Stock Exchange, and such permission not having been subsequently revoked or withdrawn;
- (6) the Whitewash Waiver having been granted by the Executive and such Whitewash Waiver not having been subsequently revoked or withdrawn;
- (7) the necessary consent of the Executive for the Special Deal having been obtained and such consent not having been subsequently revoked or withdrawn;
- (8) the Scheme becoming effective and the satisfaction of all the conditions precedent attached thereto; and
- (9) the Stock Exchange having approved in principle of the Resumption Proposal and grant of conditional or unconditional approval by the Stock Exchange to the resumption of trading in the Shares.

None of the above conditions is capable of being waived. In the event that the above conditions precedent have not been fulfilled on or before the Long Stop Date, the Restructuring Framework Agreement shall be automatically terminated in accordance with the terms of the Restructuring Framework Agreement.

As at the date of this joint announcement, none of the conditions above is fulfilled.

### **Termination of the Restructuring Framework Agreement**

Any party to the Restructuring Framework Agreement may give written notice to the other parties to terminate the Restructuring Framework Agreement upon occurrence of the following events:

- (i) materially breach or default in any of its/their obligations under the Restructuring Framework Agreement or fail to comply fully with such obligations; and
- (ii) fail to rectify such breach, default or non-compliance within ten (10) Business Days of the non-defaulting party notifying the defaulting party in writing of such breach, default or non-compliance.

Unless the JSLs and the Investor shall otherwise agree, and subject to any breach of or default in the obligations by the Investor, the Restructuring Framework Agreement shall be terminated automatically if:

- (i) the listing of the Shares has been cancelled by the Stock Exchange before the Completion Date and the Company has failed in an appeal to the Listing Review Committee of the Stock Exchange to reverse such decision;
- (ii) the conditions precedent under the Restructuring Framework Agreement have not taken place on or before the Long Stop Date; or
- (iii) the JSLs and the Investor agree in writing that the Restructuring Framework Agreement shall be terminated.

## **1. THE CAPITAL REORGANISATION**

As at the date of this joint announcement, the authorised ordinary share capital of the Company is HK\$100,000,000.00 comprising 10,000,000,000 ordinary Shares of par value HK\$0.01 each, of which 6,298,816,169 ordinary Shares have been issued and are fully paid or credited as fully paid, and the aggregate par value of the issued share capital of the Company is HK\$62,988,161.69.

As part of the Proposed Restructuring, the Company proposed to implement, subject to the approval by the Shareholders or the Independent Shareholders, the Capital Reorganisation, which comprises of (i) the Share Consolidation; (ii) the Capital Reduction; (iii) the Share Premium Reduction; and (iv) the Increase in Authorised Share Capital, in the following manner:

- (i) every ten (10) issued Existing Shares of par value of HK\$0.01 will be consolidated into one (1) Consolidated Share of par value of HK\$0.10 each;
- (ii) immediately after the Share Consolidation becoming effective, the par value of every Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 by the reduction of HK\$0.09, giving rise to a credit balance of approximately HK\$56.7 million on the basis of 629,881,616 Consolidated Shares then in issue. The credit arising therefrom will be applied to set off the accumulated loss of the Company (if any) to the extent permitted under the Companies Act, all relevant applicable laws and the Company's memorandum and articles of association, and the balance of the credit, if any, will be transferred to the contributed surplus account of the Company;
- (iii) the amount of approximately HK\$1,022.2 million standing to the credit of the Share Premium Account be reduced to nil and that the credit arising therefrom be transferred to the contributed surplus account of the Company within the meaning of the Companies Act;
- (iv) upon the Capital Reduction taking effect, all the authorised but unissued share capital of the Company will be cancelled in their entirety; and
- (v) following the Share Consolidation and the Capital Reduction, the authorised share capital of the Company shall be increased to HK\$500,000,000 divided into 50,000,000,000 New Shares of HK\$0.01 each.

Immediately following the Share Consolidation, the Capital Reduction and the Increase in Authorised Capital, the Company's authorised share capital will become HK\$500,000,000 divided into 50,000,000,000 New Shares of HK\$0.01 each, and the issued share capital will be HK\$6,298,816.16 divided into 629,881,616 New Shares of HK\$0.01 each.

### **Effects of the Capital Reorganisation**

Other than the relevant expenses to be incurred, the implementation of the Capital Reorganisation will not, by itself, alter the underlying assets, liabilities, businesses, operations, management or financial position of the Company and the Group or the rights of the Shareholders.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, before and after completion of the Capital Reorganisation (assuming no Existing Shares are issued or repurchased, and there are no other changes in the issued share capital of the Company from the date of this joint announcement until the effective date of the Capital Reorganisation):

|                                     | <b>Immediately before<br/>the Capital<br/>Reorganisation<br/>becoming effective</b> | <b>Immediately<br/>after the Capital<br/>Reorganisation<br/>becoming effective</b> |
|-------------------------------------|---|--|
| Par value                           | HK\$0.01 per Share  | HK\$0.01 per New Share   |
| Number of authorised shares         | 10,000,000,000 Shares   | 50,000,000,000 New Shares  |
| Authorised share capital            | HK\$100,000,000   | HK\$500,000,000  |
| Number of issued and paid-up shares | 6,298,816,169 Existing Shares   | 629,881,616 New Shares   |
| Paid-up capital                     | HK\$62,988,161  | HK\$6,298,816  |

Fractional Consolidated Shares will be disregarded and not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the shares of the Company regardless of the number of share certificates held by such holder.

The New Shares will rank pari passu in all respects with each other in accordance with the Company's memorandum and articles of association.

### **Arrangement of odd lot trading**

In order to facilitate the trading of odd lots of the New Shares arising from the Capital Reorganisation, the Company will appoint a securities firm as an agent to provide a matching service, on a best-efforts basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the circular, in respect of, among others, the Restructuring Framework Agreement and the transactions contemplated thereunder, the Subscription, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deal.

**Shareholders should note that successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed.**

### **Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon the following conditions being fulfilled:

- (i) the passing of a special resolution by the Independent Shareholders by way of poll at the EGM to approve the Capital Reorganisation;

- (ii) the Cayman Court granting an order confirming the Capital Reduction;
- (iii) the registration by the Registrar of Companies in the Cayman Islands of a copy of the Cayman Court order approving the Capital Reduction and the minute containing the particulars required under the Companies Act;
- (iv) compliance with any conditions imposed by the Cayman Court;
- (v) the Listing Committee granting the listing of, and permission to deal in, the New Shares in issue upon the Capital Reorganisation becoming effective, and such permission has not been subsequently revoked or cancelled; and
- (vi) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation, if any.

The Capital Reorganisation will become effective when the conditions above have been fulfilled. None of the conditions above can be waived by the Company. As at the date of this joint announcement, none of the conditions contemplated above has been fulfilled.

### **Expected effective date of the Capital Reorganisation**

The Capital Reorganisation shall become effective when the conditions mentioned above are fulfilled. Upon the approval of the Capital Reorganisation by the Shareholders at the EGM, the legal advisers to the Company (as to Cayman Islands law) will apply to the Cayman Court for hearing date(s) to approve the Capital Reorganisation as soon as practicable. Further announcement(s) will be made to inform the Shareholders of the progress of the matter, including the proposed timetable, and the arrangements of the free exchange of the New Share certificates for the existing Share certificates, as and when appropriate.

## **2. THE SUBSCRIPTION**

Subject to the terms and conditions of the Restructuring Framework Agreement and the Subscription Agreement, the Investor shall subscribe for a total of 5,435,827,950 Subscription Shares at the total subscription price of HK\$108,716,559 (representing a subscription price of HK\$0.02 per Subscription Share), which shall be satisfied (i) by way of set-off against the outstanding principal amount of approximately HK\$12.7 million due by the Company to Mr. Yang under the Promissory Note; and (ii) by way of set-off against the actual amounts paid under the Funding Agreements, whereas the total amount payable under the Funding Agreements is HK\$96.0 million (of which a sum of approximately HK\$64.8 million has been paid as at the date of this joint announcement and the remaining amount of approximately HK\$31.2 million will be payable on or before Completion) in whole or in part on a dollar-for-dollar basis which shall be subject to adjudication by the JSLs with reference to the supporting evidence as provided from time to time. In the event that there is any outstanding amount payable by the Investor to the Company under the Funding Agreements before Completion, the Investor will settle such outstanding amount by way of cash upon Completion.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the EGM.

The total number of New Shares to be issued by the Company in settling the Promissory Note and under the Funding Agreements would be 5,435,827,950 New Shares. The Subscription Shares represent (i) approximately 862.99% of the total number of Shares in issue as at the date immediately upon the Capital Reorganisation becoming effective but prior to the allotment and issue of the Subscription Shares and Scheme Shares; and (ii) approximately 64.21% of the Enlarged Issued Share Capital (assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares and Scheme Shares immediately after the effective date of the Capital Reorganisation).

As agreed under the Restructuring Framework Agreement, the New Shares to settle the Promissory Note and the outstanding principal under the Funding Agreements will be allotted and issued to the Investor.

### **Ranking of the Subscription Shares**

The Subscription Shares shall, when fully paid, rank pari passu in all respects with the New Shares in issue on the date of allotment of the Subscription Shares.

### **Subscription Price**

The Subscription Price of HK\$0.02 per New Share represents:

- (i) a discount of approximately 88.2% to the theoretical closing price of HK\$0.170 per New Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK\$0.017 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 88.2% to the average theoretical closing price of HK\$0.170 per New Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK\$0.017 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 88.4% to the average theoretical closing price of HK\$0.172 per New Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK\$0.0172 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately HK\$1.75 over the Group's audited consolidated net liabilities per New Share of approximately HK\$1.73 as at 30 June 2021, based on the audited consolidated net liabilities attributable to Shareholders of approximately HK\$1,090.6 million as at 30 June 2021 and 629,881,616 New Shares in issue upon the Capital Reorganisation becoming effective but before the Completion.



The Subscription Price is determined after arm's length negotiation between the Company, the JSLs and the Investor with reference to (i) the financial position of the Company and the fact that the Company is insolvent and in liquidation; (ii) the financial position and prospects of the business operations of the Retained Group; (iii) the prevailing market conditions; and (iv) the fact that trading in the Shares on the Stock Exchange has been suspended since 4 October 2021 and the Proposed Restructuring is the only viable resumption proposal to rescue the Company to avert a delisting of the Shares on the Stock Exchange.

The difference in the theoretical Issue Price and the Subscription Price is due to the vastly different nature and background leading up to the issue of the Scheme Shares and the Subscription Shares. The Scheme Shares are issued as part of the compromised arrangement between the Company and the Scheme Creditors for indebtedness of the Company which involved the allotment and issue of Scheme Shares to the Scheme Creditors. On the other hand, the Subscription Shares are issued to the Investor to settle the outstanding amounts under the Promissory Note and for provision of working capital to the Company for the Proposed Restructuring and future operations of the Retained Group which the Investor has to bear significant risks on the success of the Proposed Restructuring and the resumption of trading in the Shares on the Stock Exchange.

Taking into account that the Investor is willing to inject capital into the Company during its hard time to maintain its operation and pursue the Proposed Restructuring, and to support its future operation despite the uncertainty surrounding the future performance of the Group and the rescue plan may or may not succeed, the Directors consider that a discounted Subscription Price is inevitable in this large-scale fundraising exercise and therefore are of the view that the Subscription Price is fair and reasonable and in the interest of the Company, its creditors, and the Shareholders as a whole.

The proceeds from the Funding Agreements in whole or in part on a dollar-for-dollar basis shall be subject to adjudication by the JSLs with reference to the supporting evidence as provided from time to time. It is proposed by the Investor that the proceeds of Subscription of approximately HK\$108.7 million have/shall (including those proceeds provided to the Company and remain outstanding under the First Funding Agreement, Supplemental Funding Agreement, the Cayman Funding Agreement, the HK Funding Agreement and the Working Capital Funding Agreement) been/be applied as to:

- (i) not less than HK\$41.5 million for costs and expenses for the implementation of the Proposed Restructuring and the Resumption Proposal (approximately HK\$20.5 million of which has fully been applied as at the date of this joint announcement);
- (ii) not less than HK\$0.1 million for settling the Preferential Claims and Operational Debts of the Company as may be determined in accordance with the terms of the Scheme;
- (iii) approximately HK\$12.7 million for the redemption of the Promissory Note;
- (iv) approximately HK\$1 million for the operation of the Scheme and the Scheme Company; and
- (v) not more than approximately HK\$53.4 million for the working capital of the Company (approximately HK\$44.3 million of which has fully been applied as at the date of this joint announcement).

The above proposed use of proceeds of the Subscription is for indicative purpose only and may be changed subject to the agreement among the Company, the JSLs and the Investor after taking into account the actual implementation of the Resumption Proposal.

### **Conditions precedent of the Subscription**

Completion of the Subscription shall be conditional upon:

- (i) a sealed copy of an order of the Hong Kong Court sanctioning the Scheme pursuant to the Companies Ordinance having been delivered to the Registrar of Companies in Hong Kong for registration;
- (ii) the Capital Reorganisation becoming effective;
- (iii) the approval by the Shareholders by the passing of the necessary resolutions (or, if so required by the Listing Rules and the Takeovers Code, the Independent Shareholders) of the Capital Reorganisation, the Scheme, the Restructuring Framework Agreement, the Subscription Agreement, the Disposal Agreement, the Special Deal and the Whitewash Waiver, the Proposed Restructuring and the transactions contemplated thereby at the EGM, and such approval not having been revoked or vitiated;
- (iv) the Company having obtained either conditional approval or approval-in-principle from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Scheme Shares on the Stock Exchange, and such permission not having been subsequently revoked or withdrawn;
- (v) the Executive having granted the Whitewash Waiver and the consent to the Special Deal, the satisfaction of all conditions (if any) attached to the Whitewash Waiver and the Special Deal, and such Whitewash Waiver and consent to the Special Deal not having been subsequently revoked or withdrawn;
- (vi) the Stock Exchange having conditionally or unconditionally approved or decided to allow the Company to proceed with the Resumption and all the conditions attached to such approval or decision (if any) having been fulfilled (other than those conditions relating to or in connection with the restoration of public float) or waived by the Stock Exchange;
- (vii) the Disposal having become unconditional (save for the condition of the Subscription Agreement having become unconditional);

- (viii) the Scheme Creditors having approved the Scheme at the Scheme Meeting and the Scheme having become unconditional (save for the condition that the Subscription having become unconditional); and
- (ix) all winding-up proceedings having been permanently stayed and the JSLs and Cayman Liquidators having been discharged.

None of the above conditions is capable of being waived. The Subscription is inter-conditional with the Disposal and the Scheme; and the Subscription Shares and the Scheme Shares will be allotted and issued simultaneously at Completion.

Further announcement(s) will be made by the Company in relation to the Subscription as and when appropriate.

### **3. THE SCHEME**

#### **Issue of Scheme Shares**

Pursuant to the terms of the Restructuring Framework Agreement, it is proposed that the Scheme will be implemented upon approval by the Scheme Creditors and sanction by the Hong Kong Court. Based on the available books and records of the Company, the total estimated indebtedness, other than the Excluded Claims, owed by the Company to the Scheme Creditors amounted to approximately HK\$1,200 million as at the date of this joint announcement. The figure is indicative only and will be subject to the proof of debts in accordance with the terms of the Scheme and the final determination by the Scheme Administrators.

Subject to Sanction Order on the Scheme by the Hong Kong Court, the Scheme will become legally binding on the Company and the Scheme Creditors upon filing of the Sanction Order of the Hong Kong Court with the companies registry in Hong Kong.

Upon the Scheme having become effective, all the debts made by the Scheme Creditors will be discharged and released in full and in return, under the Scheme, the Scheme Creditors with the Admitted Scheme Claims under the Scheme would be entitled to receive (a) the Scheme Shares of 2,400,000,000 New Shares to be issued at a theoretical price of HK\$0.5 per Scheme Share under the Scheme pursuant to the terms thereof; and (b) the Realisation Proceeds, if any. Where the value of the Admitted Scheme Claims proved and admitted does not equal to HK\$1,200 million, the number of Scheme Shares to be received by each Scheme Creditor will be adjusted by dividing the amount of the Admitted Scheme Claim of each Scheme Creditor with the total amount of Admitted Scheme Claims under the Scheme, multiplied by the total of 2,400,000,000 New Shares, such that the Scheme Creditors will receive such number of New Shares proportional to their respective Admitted Scheme Claims, for settlement of the debt of the Scheme Creditors in accordance with the terms of the Scheme.

The 2,400,000,000 New Shares to be issued and allotted as the Scheme Shares represent (i) approximately 381.02% of the total number of Shares in issue as at the date immediately upon the Capital Reorganisation becoming effective but prior to the allotment and issue of the Subscription Shares and Scheme Shares; and (ii) approximately 28.35% of the Enlarged Issued Share Capital (assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares and Scheme Shares after adjusted for the effect of the Capital Reorganisation).

Upon the Scheme becoming effective, the Scheme Creditors shall accept the Scheme Consideration in full and final discharge of their Claim(s).

For the purposes of effecting the Scheme, the JSLs have applied to the Hong Kong Court for leave to convene the Scheme Meeting and a court hearing for such propose will be fixed in due course.

### **Ranking of the Scheme Shares**

The Scheme Shares shall, when fully paid, rank pari passu in all respects with the New Shares in issue on the date of allotment of the Scheme Shares.

### **Issue Price**

The theoretical Issue Price of HK\$0.5 per Scheme Share represents:

- (i) a premium of approximately 194.1% over the theoretical closing price of HK\$0.170 per New Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK\$0.017 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 194.1% over the average theoretical closing price of HK\$0.170 per New Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK\$0.017 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 190.7% over the average theoretical closing price of HK\$0.172 per New Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK\$0.0172 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately HK\$2.23 over the Group's audited consolidated net liabilities per New Share of approximately HK\$1.73 as at 30 June 2021, based on the audited consolidated net liabilities attributable to Shareholders of approximately HK\$1,090.6 million as at 30 June 2021 and 629,881,616 New Shares in issue upon the Capital Reorganisation becoming effective but before the Completion.

The theoretical Issue Price is determined after arm's length negotiation between the Company, the JSLs and the Investor with reference to (i) the financial position of the Company and the fact that the Company is insolvent and in liquidation; (ii) the financial position and prospects of the business operations of the Retained Group; (iii) the prevailing market conditions; and (iv) the recovery rate to be approved by the Scheme Creditors.

Based on the information from the Company, as at the date of this joint announcement, save for the four Scheme Creditors, namely Choi Piu Sze, Choi Yuk Chor, Tsoi Chiu Yuk and Zhang Jiajun (as elaborated further under the paragraph headed "Special Deal" in this joint announcement), none of the Scheme Creditors and their ultimate beneficial owners are Shareholders. Save for the four Scheme Creditors, the Scheme Creditors are Independent Third Parties. None of the Scheme Creditors are acting in concert with the Investor or Mr. Yang.

### **Conditions precedent of the Scheme**

The Scheme will be implemented in Hong Kong and shall become binding and effective on the Company and the Scheme Creditors if the following conditions precedent are satisfied:

- (i) over fifty per cent (50%) in number of the Scheme Creditors, representing at least seventy-five per cent (75%) in value of the Scheme Creditors, present and voting in person (or through electronic means if applicable) or by proxy at the Scheme Meeting, voting in favour of the Scheme;
- (ii) the Hong Kong Court sanctions the Scheme and sealed copy of the order of the Hong Kong Court sanctioning the Scheme is delivered to the Registrar of Companies in Hong Kong for registration;
- (iii) the Subscription Agreement having become unconditional (save for the condition that the Scheme having become unconditional);
- (iv) the Company having obtained either conditional approval or approval-in-principle from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scheme Shares on the Stock Exchange, and such permission not having been subsequently revoked or withdrawn;
- (v) the passing of the necessary resolutions by the Independent Shareholders at the EGM for the issue of the Scheme Shares under the Specific Mandate (excluding the issue of the Scheme Shares to the four Scheme Creditors, namely Choi Piu Sze, Choi Yuk Chor, Tsoi Chiu Yuk and Zhang Jiajun, based on the information from the Company, which constitutes the Special Deal) as required under the Listing Rules;
- (vi) the passing of the necessary resolutions by the Independent Shareholders at the EGM for the issue of the Scheme Shares to the four Scheme Creditors, namely Choi Piu Sze, Choi Yuk Chor, Tsoi Chiu Yuk and Zhang Jiajun, based on the information from the Company, which constitutes the Special Deal, as required under the Listing Rules and the Takeovers Code;

- (vii) the Company having obtained the necessary consent of the Executive for the Special Deal, and such necessary consent not having been revoked or vitiated; and
- (viii) all other conditions precedent to Completion (other than the condition precedent to the implementation of the Scheme) having been fulfilled.

None of the above conditions is capable of being waived. As at the date of this joint announcement, none of conditions above have been fulfilled.

The Company will provide an update on the Scheme as and when appropriate.

### **Preferential Claims and Operational Debts**

The claimants of the Preferential Claims and Operational Debts are mainly the former Directors and staff of the Company, and professional parties appointed by the Company for the Proposed Restructuring, all of them do not hold any Shares as at the date of this joint announcement.

### **Disposal of Excluded Subsidiaries and the Transferred Claims to the Scheme Administrators for the Scheme**

The Scheme envisages that (i) all the Company's direct and indirect shareholdings and interests in the Excluded Subsidiaries; (ii) all cash and cash equivalents held by the Excluded Subsidiaries; (iii) all inter-companies loans due by the Excluded Subsidiaries to the Company; and (iv) the Transferred Claims, will be transferred to the Scheme Company, a company to be formed and controlled by the Scheme Administrators for the benefit of the Scheme Creditors upon the Scheme becoming effective.

The consideration of the Disposal, which is estimated to be HK\$1, taking into account the latest net liabilities position of the Excluded Subsidiaries, will be determined at the time of entering into the Disposal Agreement. As a result of the Scheme and the disposal of the Excluded Subsidiaries and the Transferred Claims, all the assets, liabilities, account receivables and the debts of the Group at the Excluded Subsidiaries' level and the Transferred Claims will be handled by the Scheme Administrators who shall recover any claims or realise the assets of the Excluded Subsidiaries or to pursue any Transferred Claims for the benefit of the Scheme Creditors subject to their own liabilities, or disposal of the Excluded Subsidiaries for the benefit of the Scheme Creditors.

Subject to the availability of any proceeds from such realisation of the Excluded Subsidiaries or their assets, and of the Transferred Claims, the Scheme Creditors with an Admitted Scheme Claim concerned will be entitled to receive the distribution in cash on a pro-rata basis for its Admitted Scheme Claim, on the terms to be determined by the Scheme Administrators in accordance with the terms of the Scheme.

Upon completion of the Disposal, the Excluded Subsidiaries will cease to be subsidiaries of the Company.

Details of the Excluded Subsidiaries are as follow:

| <b>Company</b>                  | <b>Place of incorporation</b> | <b>Direct or indirect subsidiaries and interest of the Company</b> | <b>Principal business</b> |
|---------------------------------|-------------------------------|--|---------------------------|
| Chinakey (Hong Kong) Limited    | Hong Kong                     | Direct (100%)  | Investment holding        |
| Fortune Planet Holdings Limited | British Virgin Islands        | Indirect (100%)  | Investment holding        |
| Group Profit Holdings Limited   | Hong Kong                     | Indirect (51% held by Fortune Planet Holdings Limited)             | Trading of petroleum      |

Having considered that (i) the control over the subsidiaries of Chinakey (Hong Kong) Limited by the Group have been lost as a result of the court orders in Cambodia in 2020, whereas the manufacturing plants owned by those subsidiaries have been sealed off by the court in Cambodia; (ii) the business of trading of petroleum of Group Profit Holdings Limited overlaps with the other subsidiary of the Group namely 浙江自貿區金亨能源有限公司; (iii) Fortune Planet Holdings Limited is the holding company of Group Profit Holdings Limited; and (iv) the net liabilities position of the Excluded Subsidiaries, the Directors are of the view that the exclusion of the Excluded Subsidiaries could streamline the operation, improve the financial position of the Retained Group and consolidate its resources for more focused development of the businesses of the Retained Group, whilst the claims or cause of action against the Excluded Subsidiaries could be carved out and handled under the Scheme Company by the Scheme Administrators.

Upon the completion of the Disposal, the Retained Group intends not to continue the RMB banknotes clearing up services and will continue its operations through its subsidiaries with respect to the following businesses:

- (i) sales and trading of textile products (including surgical masks); and
- (ii) trading of petroleum and chemical products.

#### **4. THE SPECIAL DEAL**

As the Scheme involves (a)(i) the proposed settlement of Admitted Scheme Claims under the Scheme; and (ii) the proposed Disposal to the Scheme Company; and (b) as the Admitted Scheme Claims include debts held by four Scheme Creditors who are Shareholders holding in aggregate 26,630,000 Shares based on the information from the Company as at the date of this joint announcement, the issue of Scheme Shares to them and the proceeds which may be derived from the Disposal and to be distributed to the Scheme Creditors under the Scheme will result in distribution which are not extended to all the Shareholders, and correspondingly this constitutes a special deal under Rule 25 of the Takeovers Code which in turn requires consent by the Executive.

The Executive's consent, if granted, will be conditional on (i) the Independent Financial Adviser publicly states that in its opinion the terms thereunder are fair and reasonable; and (ii) approval by the Independent Shareholders at the EGM. The Investor, Mr. Yang and parties acting in concert with any of them, the Director Creditors and their respective associates, and the Shareholders who are interested in or involved in any of the Proposed Restructuring, the Whitewash Waiver and the Special Deal (including the Scheme Creditors and the Scheme Administrators) will be required to abstain from voting on the relevant resolution(s).

Based on the information from the Company, as at the date of this joint announcement, save for the four Scheme Creditors, namely Choi Piu Sze, Choi Yuk Chor, Tsoi Chiu Yuk and Zhang Jiajun who hold 3,150,000 Shares, 302,000 Shares, 12,078,000 Shares and 11,100,000 Shares respectively, which represent approximately 0.05%, 0.005%, 0.19% and 0.18% of the issued share capital of the Company as at the date of this joint announcement respectively, who are also Shareholders, the other Scheme Creditors are not Shareholders.

None of the Directors and the former Directors in the past 12 months from the date of this joint announcement and the Scheme Creditors are acting in concert with the Investor, Mr. Yang and parties acting in concert with any of them.

The Company will apply to the Executive for its consent to the Special Deal under Rule 25 of the Takeovers Code.

#### **5. THE RESUMPTION**

References are made to the announcements of the Company dated 18 November 2021 and 30 November 2021, in relation to the Resumption Guidance, which the Stock Exchange imposed on the Company as follows:

- (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (b) demonstrate its compliance with Rule 13.24 of the Listing Rules;



- (c) announce all material information for the Shareholders and investors to appraise the Company's position; and
- (d) have the winding up order against the Company withdrawn or dismissed and liquidators (provisional or not) discharged.

The Stock Exchange further indicated that it may modify or supplement the Resumption Guidance if the Company's situation changes.

Since the Company failed to fulfill the above Resumption Guidance by 3 April 2023, the Listing Division of the Stock Exchange has recommended the Listing Committee to proceed with the cancellation of the Company's listing status. Up to the date of this joint announcement, (a) the JSLs submitted (i) the Extension Letter to the Stock Exchange on 31 March 2023 to request additional time to fulfill Resumption Guidance; and (ii) a letter supplemental to the Extension Letter to the Stock Exchange on 19 April 2023 to further elaborate the Company's conditions with respect to the extension of time for fulfilling the Resumption Guidance; (b) the Company, the JSLs, the Investor and Mr. Yang entered into the Restructuring Framework Agreement on 31 March 2023; (c) the Company published its annual results announcement for the eighteen months ended 30 June 2021 on 3 April 2023; (d) the Company received a letter from the Listing Committee dated 21 April 2023 stating that the Delisting Decision; (e) the Company submitted the application requesting the LRC Review on 2 May 2023; and (f) the Company received an instruction letter from the Listing Review Committee dated 3 May 2023 regarding the procedures and timetable of the LRC Review. Further updates regarding the progress of the fulfillment of the Resumption Guidance will be disclosed as and when appropriate in accordance with the Listing Rules.

To facilitate the Resumption, each of the Company, the Investor and the JSLs undertakes and agrees to use its best endeavors to procure the fulfillment of the Resumption Guidance imposed by the Stock Exchange as soon as practicable, including but not limited to:

- (a) informing the Investor of the status of the Resumption to the extent permitted by law, and providing documents and information reasonably requested by the Investor relating to the Resumption; and
- (b) cooperating fully and reasonably to do such further acts and things and executing any further document that may be necessary or desirable to give full effect to the Proposed Restructuring.

## **REASONS AND BENEFITS FOR THE ENTERING OF THE RESTRUCTURING FRAMEWORK AGREEMENT, THE SUBSCRIPTION AGREEMENT AND THE USE OF PROCEEDS FROM THE SUBSCRIPTION**

The Company is an investment holding company, and the Group is principally engaged in (i) production and sales of textile products (including surgical masks); (ii) trading of petroleum and chemical products; and (iii) RMB banknotes clearing up services.

References are made to the announcements of the Company dated 18 November 2021 and 30 November 2021 in relation to the Resumption Guidance imposed to the Company by the Stock Exchange. The Proposed Restructuring forms a vital part of the Resumption of the Company as it provides the Group with the necessary financing to restructure the debts of the Company by the implementation of the Scheme.

In view of the above and considering the liquidity shortage and adverse financial situation of the Group and the willingness of the Investor to finance the Group in order to relieve the indebtedness of the Company and to support the business operations and expansion of the Group, the JSLs and the Directors consider that the entering into the Restructuring Framework Agreement will facilitate the debt restructuring of the Group and to satisfy the Resumption Guidance set out by the Stock Exchange. In addition, the Group has been endeavoring on the process of formulating and implementation of the Proposed Restructuring, and in order to comply with the Resumption Guidance, one of which is to demonstrate its compliance with Rule 13.24 of the Listing Rules to warrant the continued listing of the Shares. With the introduction of the Investor, it is expected that the management team's experience and raw material sourcing and distribution network in surgical mask manufacturing business in the PRC, combining with Mr. Yang's personal network and financial resources, could help the Retained Group to expand and develop its business. Going forward, the Group intends to leverage on the network and business connection of Mr. Yang to solicit new customers for the textile and garment business and explore other business opportunities within the textile and garment supply chain industry in the PRC. For details of the Mr. Yang's background, please refer to the paragraph headed "INFORMATION OF THE INVESTOR" to this joint announcement.

Having considered the factors above, the JSLs and the Directors consider that the terms of the Restructuring Framework Agreement are on normal commercial terms that are fair and reasonable and the entering into of the Restructuring Framework Agreement will be in the interests of the Company and the Shareholders as a whole.

## EFFECT OF THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purposes only, set out below is the shareholding structure of the Company (i) as at the date of this joint announcement; (ii) immediately after the Capital Reorganisation becoming effective; and (iii) immediately after the Capital Reorganisation becoming effective and completion of the Subscription and the Scheme:

| Shareholder  | As at the date of this joint announcement |                     | Immediately after the Capital Reorganisation having become effective |                     | Immediately after the Capital Reorganisation having become effective and completion of the Subscription and the Scheme |                     |
|--|---|---------------------|--|---------------------|--|---------------------|
|  | <i>Number of Shares</i>                   | <i>Approx. %</i>    | <i>Number of New Shares</i>  | <i>Approx. %</i>    | <i>Number of New Shares</i>  | <i>Approx. %</i>    |
|  | The Investor                              | –                   | –  | –                   | –  | 5,435,827,950       |
| <b>The Investor and parties acting concert with it</b> | –   | –                   | –  | –                   | <b>5,435,827,950</b>   | <b>64.21</b>        |
| Gold Train Investments Limited ( <i>Note 1</i> )       | 3,097,476,000                             | 49.18               | 309,747,600  | 49.18               | 309,747,600  | 3.66                |
| Scheme Creditors ( <i>Note 2</i> )                     | –   | –                   | –  | –                   | 2,400,000,000  | 28.35               |
| Existing public Shareholders                           | <u>3,201,340,169</u>                      | <u>50.82</u>        | <u>320,134,016</u>   | <u>50.82</u>        | <u>320,134,016</u>   | <u>3.78</u>         |
| Total:   | <u><u>6,298,816,169</u></u>               | <u><u>100.0</u></u> | <u><u>629,881,616</u></u>  | <u><u>100.0</u></u> | <u><u>8,465,709,566</u></u>  | <u><u>100.0</u></u> |

*Note:*

- The entire issued capital of Gold Train Investments Limited was owned by Mr. Poon Sum, a former Director. Mr. Poon Sum was also the sole director of Gold Train Investments Limited. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Gold Train Investments Limited has been wound up by an order of the Hong Kong Court on 9 September 2020 with liquidators appointed for Gold Train and over its assets. Gold Train Investments Limited is holding an aggregate of 3,097,476,000 Shares, representing approximately 49.18% of the issued share capital of the Company, of which 2,752,332,765 Shares, representing approximately 43.7% of the issued share capital of the Company, have been received by the joint and several receivers and managers and the liquidators of Gold Train Investments Limited are entitled to control and exercise the voting rights over the remaining 345,143,235 Shares, representing approximately 5.5% of the issued share capital of the Company. Gold Train Investments Limited is neither one of the Scheme Creditors nor interested in nor involved in any of the Proposed Restructuring, the Whitewash Waiver and the Special Deal (including the Scheme Creditors and the Scheme Administrators), therefore it will not be required to abstain from voting on the relevant resolutions.
- Based on the information from the Company, save for Choi Piu Sze, Choi Yuk Chor, Tsoi Chiu Yuk and Zhang Jiajun, none of the Scheme Creditors are Shareholders.

3. Some of the Scheme Shares will be held by (i) Hao Xiangbin; (ii) Ng Kwok Hung Perry; (iii) Tan Teng Hong; (iv) Chung Lim Tung; (v) Ng Ka Lun; (vi) Zhou Weijia (alias Zhou Yi); and (vii) Chan Shu Kin, being the Director Creditors. Save for the Director Creditors, none of other Directors will be interested in the Scheme Shares.

Save as disclosed above, none of the Directors, or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as at date of this joint announcement.

## **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation, the Subscription Shares and the Scheme Shares on the Stock Exchange.

Subject to the granting of listing of, and permission to deal in, the New Shares, the Subscription Shares and the Scheme Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Capital Reorganisation, the Subscription and the Scheme becoming effective, the New Shares, the Subscription Shares and the Scheme Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares, the Subscription Shares and the Scheme Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

## **SPECIFIC MANDATE**

The Subscription Shares and the Scheme Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.

## **FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company had not conducted any equity fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this joint announcement.

## **FINANCIAL EFFECT OF THE PROPOSED RESTRUCTURING**

Since the Excluded Subsidiaries will cease to be subsidiaries of the Company upon the transfer of all their issued shares to the Scheme Company on or after the Completion Date, all the assets and liabilities of the Excluded Subsidiaries will no longer be consolidated into the consolidated financial statements of the Group. Upon the Scheme becoming effective, all the claims against, and liabilities of, the Company (excluding the normal operating liabilities incurred during the ordinary course of business operations of the Group) will be discharged and compromised in full.

## IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

### Listing Rules implications

#### *Connected Transactions – issue of Scheme Shares to Directors*

Based on the records available to the Company, the Company has certain Director's remuneration owed to (i) Hao Xiangbin; (ii) Ng Kwok Hung Perry; (iii) Tan Teng Hong; (iv) Chung Lim Tung; (v) Ng Ka Lun; (vi) Zhou Weijia (alias Zhou Yi); and (vii) Chan Shu Kin respectively, who are the existing Directors as at the date of this joint announcement. According to the Scheme, these Director Creditor are also the Scheme Creditors.

As at the date of this joint announcement, based on the available books and records of the Company, (i) the approximate amount owed by the Company to the Director Creditors is set out hereinbelow, and (ii) for illustrative purpose and subject to adjudication by the Scheme Administrators, based on the total estimated indebtedness owed by the Company to the creditors as at the date of this joint announcement, which is approximately HK\$1,200 million, under the Scheme, each of these Director Creditors will receive:

| Director Creditors             | Amount owed by<br>the Company as at<br>the date of<br>this joint<br>announcement<br>(HK\$' million) | Settlement of indebtedness under the Scheme |   |
|--------------------------------|---|---|---|
|                                |   | Number of<br>Scheme Shares                  | % (as enlarged by the<br>allotment and issue of the<br>Subscription Shares and the<br>Scheme Shares, assuming no<br>other change in the issued<br>share capital of the Company) |
| Hao Xiangbin                   | 1.34  | 2,670,000                                   | 0.032   |
| Ng Kwok Hung Perry             | 0.85  | 1,698,000                                   | 0.020   |
| Tan Ten Hong                   | 0.62  | 1,234,000                                   | 0.015   |
| Chung Lim Tung                 | 0.25  | 506,000                                     | 0.006   |
| Ng Ka Lun                      | 0.25  | 506,000                                     | 0.006   |
| Zhou Weijia<br>(alias Zhou Yi) | 0.25  | 506,000                                     | 0.006   |
| Chan Shu Kin                   | 0.45  | 908,000                                     | 0.011   |
| <b>Total</b>                   | <b>4.01</b>   | <b>8,028,000</b>                            | <b>0.095</b>  |

Accordingly, the issue of Scheme Shares to the Director Creditors under the Scheme constitutes connected transactions of the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders by way of poll. The Director Creditors and their respective associates shall abstain from voting in respect of the resolution(s) to approve the Scheme.

### Specific Mandate

The Subscription Shares and the Scheme Shares will be allotted and issued under the Specific Mandate to be granted by the Independent Shareholders at the EGM, the allotment and issue of such Subscription Shares and Scheme Shares is subject to the Independent Shareholders' approval.

Moreover, the Investor is wholly-owned by Mr. Yang, who is interested in 34% of the equity interest in Titok, and hence is a connected person of the Company at subsidiary level. The Subscription therefore constitutes a connected transaction of the Company and is subject to the Independent Shareholders' approval.

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placing that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange is satisfied that there are exceptional circumstances.

In view of the insolvent financial position and the liquidation status of the Company as well as the prolonged suspension of the trading in the Shares on the Stock Exchange, the closing price of the Shares on the Last Trading Day does not reasonably reflect the existing condition of the Company and the financial position of the Company could be considered as an exceptional circumstance under Rule 7.27B of the Listing Rules. Accordingly, the JSLs and the Directors consider that it is fair and reasonable for (i) the Subscription Price to be set at a relatively deep discount to the historical trading prices of the Shares; and (ii) the allotment and issue of the Subscription Shares and the Scheme Shares in aggregate would result in a relatively significant theoretical dilution effect of approximately 79.1%.

## **Takeovers Code implications**

### ***Whitewash Waiver***

As at the date of this joint announcement, the Company has 6,298,816,169 issued Shares. The Company does not have any other issued securities other than such Shares.

As at the date of this joint announcement, the Investor Concert Group did not hold, own, control or have direction over any Shares, outstanding options, warrants or any securities that are convertible into Shares or any derivatives in respect of the securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Assuming that (i) the Capital Reorganisation has become effective; (ii) the allotment and issue of the Subscription Shares and the Scheme Shares at Completion has taken place; and (iii) there is no other change in the issued share capital of the Company from the date of this joint announcement and up to Completion (other than such change as a result of the Capital Reorganisation and the allotment and issue of the Subscription Shares and the Scheme Shares), the Investor Concert Group will be interested in 5,435,827,950 New Shares, representing approximately 64.21% of the Enlarged Issued Share Capital.

As such, the Investor would be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Investor Concert Group) pursuant to Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

The Investor will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval by at least 75% of the votes cast by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the votes cast by the Independent Shareholders at the EGM by way of poll in respect of the Subscription and the transactions contemplated under the Restructuring Framework Agreement. The Investor, Mr. Yang and parties acting in concert with any of them, the Director Creditors and their respective associates, and the Shareholders who are interested in or involved in any of the Proposed Restructuring, the Whitewash Waiver and the Special Deal (including the Scheme Creditors and the Scheme Administrators) will be required to abstain from voting on the relevant resolution(s).

The Proposed Restructuring will not proceed if the Whitewash Waiver is not obtained from the Executive or not approved by the Independent Shareholders. The Executive may or may not grant the Whitewash Waiver.

### ***Special Deal***

The (i) proposed settlement of Admitted Scheme Claims (which include debts held by four Scheme Creditors who are also Shareholders and aggregately held 26,630,000 Shares based on the information from the Company as at the date of this joint announcement) under the Scheme; and (ii) the proposed Disposal to the Scheme Company which may result in proceeds to be distributed to the Scheme Creditors under the Scheme, which are not extended to all the other Shareholders, constitute a special deal under Rule 25 of the Takeovers Code and therefore requires consent by the Executive. The Executive's consent, if granted, will be conditional on (i) the Independent Financial Adviser publicly states that in its opinion the terms thereunder are fair and reasonable; and (ii) approval by the Independent Shareholders at the EGM. The Investor, Mr. Yang and parties acting in concert with any of them, the Director Creditors and their respective associates, and the Shareholders who are interested in or involved in any of the Proposed Restructuring, the Whitewash Waiver and the Special Deal (including the Scheme Creditors and the Scheme Administrators) will be required to abstain from voting on the relevant resolution(s).

Based on the information from the Company, as at the date of this joint announcement, save for the four Scheme Creditors, namely Choi Piu Sze, Choi Yuk Chor, Tsoi Chiu Yuk and Zhang Jiajun who hold 3,150,000 Shares, 302,000 Shares, 12,078,000 Shares and 11,100,000 Shares respectively, representing approximately 0.05%, 0.005%, 0.19% and 0.18% of the issued share capital of the Company as at the date of this joint announcement respectively, who are also Shareholders, the other Scheme Creditors are not Shareholders.

None of the Directors, former Directors in the past 12 months from the date of this joint announcement and the Scheme Creditors are acting in concert with the Investor, Mr. Yang and parties acting in concert with any of them.

The Company will apply to the Executive for its consent to the Special Deal under Rule 25 of the Takeovers Code.

## **INFORMATION OF THE GROUP**

The Company is an investment holding company and the Group is principally engaged in (i) production and sales of textile products (including surgical masks); (ii) trading of petroleum and chemical products; and (iii) RMB banknotes clearing up services.

### **Production and sale of textile products (including surgical masks)**

The Group's core business is the production and sale of textile and garment products, including jeans and sweater, etc. Due to liquidity issues, the Group has been forced to deconsolidate the Group's production base in Cambodia in 2020, and the factory in the PRC was also subject to claims by creditors/banks for same reason. After the introduction of the Investor since August 2020, the Group has acquired the Investor's mask production factory in Zhongshan, the PRC (the "**Zhongshan Factory**"), and the Group commenced the production and sale of mask since mid-2021. In view of the diminishing demand of masks in long term, the Group will commence installation of garment production facilities in the Zhongshan Factory. The Investor intends to build up its own garment/textile products production capability in addition to the leasing of garment factories referred to as below.

The Group has focused on resuming the production, sale and trading of textile and garment products as well as exploring new customers and to fulfil their orders. The Group has leased the entire productivity (including plant and equipment and labour forces) of a factory in Hebei, the PRC in July 2021. The Group has expanded its sales team and orders from US market are expected to be concluded in the 2nd quarter of 2023. The Group leased two factories in JiangXi, the PRC and has continued to identify suitable factory in Guangzhou.

### **Trading of petroleum and chemical products**

The Group has maintained its trading of petroleum and chemical products at similar scale in 2021. However, since the resumption of production, sale and trading of textile and garment products, financial resources have been shifted to the textile segment. As a result, the revenue from trading of petroleum and chemical products segment decreased gradually since July 2022.

### **RMB banknotes clearing up services**

As per the annual results announcement for the eighteen months ended 30 June 2021 of the Company dated 3 April 2023, the revenue generated from the RMB banknotes clearing up services for the corresponding period was approximately HK\$34.7 million. However, the RMB banknotes clearing up services segment was seriously harmed by the winding up order of the Company and thus the operation of the RMB banknotes clearing up services were forced to suspend as at the date of this joint announcement.



Such RMB banknotes clearing up services business was acquired by the Group in 2018 through the acquisition of the entire equity interest and sale loan of Zhongcheng Huiyu Technology Services Company Limited\* (中晟匯裕科技服務有限公司) (“**Zhongcheng Huiyu**”), as announced by the Company on 13 November 2018. In light of the acquisition, Mr. Hao Zhao (“**Mr. Hao**”), being the son of an executive Director namely Mr. Hao Xiangbin, has provided profit guarantee to the Group for the financial years ended 31 December 2019, 2020 and 2021. However, due to the winding up petition filed against the Company in 2019 which has seriously damaged the Group’s image and stopped certain customers (mainly financial institutions in the PRC) to start new businesses with Zhongcheng Huiyu, Mr. Hao could not fulfill the guaranteed profit in 2019. Accordingly, after commercial negotiation between the Group and Mr. Hao, a supplemental deed was entered into on 29 January 2021 pursuant to which the time for the fulfillment of profit guarantee was extended. For details, please refer to the circular of the Company dated 7 June 2021. As the operation of the RMB banknotes clearing up services has been suspended, the Group is still in negotiation with Mr. Hao regarding the arrangement in relation to the fulfillment of profit guarantee.

## **INFORMATION OF THE INVESTOR**

The Investor is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the date of this joint announcement, the Investor is wholly-owned by Mr. Yang. Mr. Yang is the sole director and the sole beneficial owner of the Investor.

Mr. Yang, aged 56, is the chairman of Guangdong Water Conservancy and Hydropower Construction Co., Ltd.\* (廣東省水利水電建設有限公司) (“**Guangdong Water Construction**”) which was established in 1988 with a registered capital of RMB330 million. Guangdong Water Construction is principally engaged in construction of water conservancy and hydropower projects in the PRC. It possesses the necessary licenses including general contracting of water conservancy and hydropower project construction\* (水利水電工程施工總承包), general contracting of municipal public works construction\* (市政公用工程施工總承包), and general contracting of housing construction and engineering construction\* (房屋建築工程施工總承包). Mr. Yang is the founder of Titok which owns entire equity interest of Zhuhai Yuan Wang Tang Da Development Company Limited\* (珠海遠望騰達發展有限公司), whose principal business is operation of production and sales of surgical masks in the PRC. On 7 July 2020, Mr. Yang as the vendor of Titok entered into a sale and purchase agreement with the Group to sell his 66% equity interest in Titok to the Group. As at the date of this joint announcement, Mr. Yang holds 34% equity interest in Titok.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Investor is an Independent Third Party.

## INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

The Investor has confirmed to the Company and the JSLs that, as at the date of this joint announcement, save for entering into the Restructuring Framework Agreement and any other related transaction documents:

- (a) the Investor Concert Group does not hold, own, control or has direction over any Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) the Investor Concert Group does not have any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Investor (save as holding the shares of the Investor) or the Company, which might be material to the Whitewash Waiver, the Special Deal, the Scheme, the Subscription, the Restructuring Framework Agreement, or any transactions contemplated thereunder;
- (c) the Investor Concert Group has not dealt in the Shares, outstanding options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible or exchangeable into the Shares during the period commencing on the date falling six (6) months prior to 23 May 2023, being the date of this joint announcement, and up to and including the date of this joint announcement;
- (d) the Investor Concert Group has not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (e) there is no agreement or arrangement to which any Investor or other members of the Investor Concert Group is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Capital Reorganisation, the Whitewash Waiver, the Special Deal, the Subscription, the Scheme, the Disposal or any transactions contemplated under the Restructuring Framework Agreement, including any break fees being payable;
- (f) the Investor Concert Group has not received any irrevocable undertaking relating to voting for or against the resolutions in respect of (i) the Restructuring Framework Agreement and the transactions contemplated thereunder; (ii) the Subscription; (iii) the grant of the Specific Mandate; (iv) the Whitewash Waiver; (v) the Special Deal; (vi) the Capital Reorganisation; and (vii) any other matters as required under the law, the Listing Rules, the Takeovers Code, or by the Stock Exchange and/or the SFC, which are necessary to give effect to any transactions contemplated under the Restructuring Framework Agreement, at the EGM;
- (g) there is no understanding, arrangement, agreement or special deal between the Investor Concert Group, and any of the Directors, recent Directors or any Shareholder;

- (h) there is no understanding, arrangement, agreement or special deal between any (i) Shareholder; and (ii) the Company, its subsidiaries or associated companies;
- (i) it shall comply with the applicable rules and regulations of the Listing Rules and the Takeovers Code;
- (j) it shall not take any action (including the acquisition of the Shares or New Shares) to voluntarily withdraw the application for the Whitewash Waiver, or voluntarily revoke or request for the revocation of the Whitewash Waiver that has been granted; and
- (k) it shall provide all relevant information requested by the Stock Exchange and the SFC to the extent permissible under the applicable laws and regulations.

As at the date of this joint announcement, the issued share capital of the Company comprises 6,298,816,169 Shares and the Company does not have any options, warrants or convertible securities in issue.

As at the date of this joint announcement, the Company believes that the transactions contemplated under the Restructuring Framework Agreement, the Subscription, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deal would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this joint announcement, the Company will endeavor to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular, in respect of, among others, the Restructuring Framework Agreement and the transactions contemplated thereunder, the Subscription, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deal.

## **THE APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Based on the latest public record in the Cayman Islands and the previous announcement of the Company, there is no non-executive Director, and there are four independent non-executive Directors, namely, Mr. Chan Shu Kin, Mr. Chung Lim Tung, Mr. Ng Ka Lun and Mr. Zhou Weijia (alias Zhou Yi). As all these independent non-executive Directors are Scheme Creditors, all of the independent non-executive Directors are interested in the Proposed Restructuring. By reference to Rule 2.8 of the Takovers Code and Rules 14A.41 and 14A.42 of the Listing Rules, the principle for establishing the independent board committee is to consist of only non-executive directors who do not have a material interest in transactions, taking into account that the independent non-executive Directors' interests in the transactions contemplated under the Restructuring Framework Agreement, no independent board committee will be established to advise the Independent Shareholders.

The Company will appoint the Independent Financial Adviser to advise the Independent Shareholders in accordance with the requirements under the Listing Rules and the Takeovers Code on such matters. Further announcement(s) will be made by the Company upon the appointment of the Independent Financial Adviser.

## **GENERAL**

The EGM will be convened and held to consider and, if thought fit, approve, among others, the Restructuring Framework Agreement and the transactions contemplated thereunder, the Subscription, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deal.

The Company will submit an application to the Listing Committee for the listing of, and permission to deal in (a) the New Shares arising from the Capital Reorganisation; (b) the Subscription Shares; and (c) the Scheme Shares.

Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to the Shareholders a circular containing, among others, details of: (a) the Restructuring Framework Agreement and the transactions contemplated thereunder; (b) the Specific Mandate; (c) the Subscription; (d) the Whitewash Waiver; (e) the Special Deal; (f) a letter of advice from the Independent Financial Advisor to the Independent Shareholders in relation to the Restructuring Framework Agreement and the transactions contemplated thereunder, the Subscription, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deal; and (g) a notice of the EGM within 21 days from the date of this joint announcement, that is, on or before 13 June 2023, or such later date as the Executive may approve. Further announcement(s) will be made as and when appropriate.

## **CONTINUED SUSPENSION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 4 October 2021 and will remain suspended pending fulfillment of the Resumption Guidance. Further announcement(s) will be made to provide further updates to the Shareholders and potential investors of the Company as and when appropriate.

## **WARNINGS**

**The transactions contemplated under the Restructuring Framework Agreement are subject to fulfillment of various conditions and therefore may or may not materialise. The release of this joint announcement does not necessarily indicate that the Proposed Restructuring will be completed or trading in the Shares will be resumed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

**The Company is preparing its Resumption Proposal to the Stock Exchange and will keep the Shareholders and investors informed of the latest development by making further announcements as and when appropriate.**

## DEFINITIONS

Unless the context requires otherwise, capitalised terms used in this joint announcement shall have the following meanings:

|                            |  |
|----------------------------|--|
| “acting in concert”        | has the meaning ascribed to it under the Takeovers Code  |
| “Admitted Scheme Claim(s)” | all Claim(s) against the Company by the Scheme Creditors which have been admitted under the Scheme by the Scheme Administrators or the adjudicator (as the case may be)  |
| “associate(s)”             | has the meaning ascribed thereto under the Listing Rules   |
| “Board”                    | board of Directors   |
| “Business Day(s)”          | a day on which banks in Hong Kong are generally open for business throughout their normal business hours (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) |
| “Capital Reduction”        | the reduction of the issued share capital of the Company by reducing the par value of each issued Share from HK\$0.10 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.09 per issued Share   |
| “Capital Reorganisation”   | the reorganisation of the share capital of the Company by way of (i) the Share Consolidation; (ii) the Capital Reduction; (iii) the Share Premium Reduction; and (iv) the Increase in Authorised Share Capital   |
| “Cayman Court”             | the Grand Court of the Cayman Islands  |
| “Cayman Funding Agreement” | the funding agreement dated 22 April 2022 entered into among the Company as borrower, the Cayman Liquidators, and the Investor as lender for the purposes of facilitating and/or supporting the Proposed Restructuring of the Company and other costs which have been or are to be incurred in respect of the Proposed Restructuring by providing a credit facility for a total sum of up to HK\$60 million, details of which are set out in the announcement of the Company dated 30 March 2023   |

|                       |   |
|-----------------------|---|
| “Cayman Liquidators”  | Mr. Osman Mohammed Arab and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited and Ms. Claire Marie Loebell and later replaced by Mr. Owen Walker of R&H Restructuring (Cayman) Ltd., in their capacity as (i) the joint provisional liquidators of the Company appointed pursuant to an order granted by the Cayman Court on 28 May 2020; or (ii) the joint official liquidators of the Company appointed pursuant to an order granted by the Cayman Court on 22 February 2022 (where applicable)  |
| “CCASS”               | the Central Clearing and Settlement System established and operated by HKSCC  |
| “Claim(s)”            | any debt, liability or obligation of the Company as at the Scheme Effective Date, whether known or unknown, whether actual or contingent, whether present, future or prospective, whether liquidated or unliquidated, whether arising at common law, in equity or by statute, in Hong Kong or in any other jurisdiction or in any manner whatsoever and which includes without limitation a debt or liability to pay money or money’s worth, any liability for breach of trust, any liability in contract, tort or bailment, any liability arising out of an obligation to make restitution, and any liability arising out of any legal claims, whether actual or contingent together with all interest on such debt, obligation or liability |
| “Companies Act”       | Companies Act (2022 Revision) of the Cayman Islands, as consolidated and revised  |
| “Companies Ordinance” | Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or modified from time to time   |
| “Company”             | GTI Holdings Limited (In Liquidation), 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), and the trading of its issued Shares have been suspended since 4 October 2021   |
| “Completion”          | completion of the Proposed Restructuring  |
| “Completion Date”     | the date of Completion  |
| “connected persons”   | has the meaning ascribed thereto under the Listing Rules  |

|                                 |   |
|---------------------------------|---|
| “Consolidated Share(s)”         | ordinary share(s) of HK\$0.10 each in the share capital of the Company upon the Share Consolidation becoming effective  |
| “Delisting Decision”            | the decision made by the Listing Committee, to reject the Company’s request for extending the resumption deadline, and cancel the Company’s listing under Rule 6.01A of the Listing Rules   |
| “Director(s)”                   | director(s) of the Company  |
| “Director Creditor(s)”          | directors of the Group who are creditors of the Company, and subject to adjudication by the Scheme Administrators upon the Scheme taking effect, may be Scheme Creditors  |
| “Disposal”                      | the transfer of the Excluded Subsidiaries and the Transferred Claims to the Scheme Company  |
| “Disposal Agreement”            | the disposal agreement (in the approved form) to be entered into among the Company, the JSLs and the Scheme Company in relation to the Disposal   |
| “EGM”                           | an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among others, (i) the Restructuring Framework Agreement and the transactions contemplated thereunder; (ii) the Subscription; (iii) the grant of the Specific Mandate; (iv) the Whitewash Waiver; (v) the Special Deal; (vi) the Capital Reorganisation; and (vii) any other matters as required by law, the Listing Rules, the Takeovers Code, the Stock Exchange and/or the SFC, which are necessary to give effect to any transactions contemplated under the Restructuring Framework Agreement |
| “Enlarged Issued Share Capital” | the total number of issued Shares upon Completion as enlarged by the allotment and issue of the Subscription Shares and the Scheme Shares and after adjustment for the effect of the Capital Reorganisation   |
| “Excluded Claims”               | (i) Preferential Claims; (ii) Operational Debts; (iii) Petition Costs; and (iv) the liabilities due from the Company to Mr. Yang and the Investor under the Promissory Note, the Funding Agreements and the Restructuring Framework Agreement respectively  |
| “Excluded Subsidiaries”         | the subsidiaries of the Company to be transferred to the Scheme Company under the Disposal, namely (i) Chinakey (Hong Kong) Limited; (ii) Fortune Planet Holdings Limited; and (iii) Group Profit Holdings Limited  |

|                           |   |
|---------------------------|---|
| “Executive”               | the Executive Director of the Corporate Finance Division of the SFC or any of his delegate  |
| “Existing Shares”         | ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation becoming effective   |
| “Extension Letter”        | a letter issued by the JSLs to the Stock Exchange on 31 March 2023 to request additional time to fulfill the Resumption Guidance  |
| “First Funding Agreement” | the funding agreement dated 19 August 2020 entered into among the Company as the borrower, the Cayman Liquidators, and the Investor as the lender in relation to the provision of a facility in the maximum amount of HK\$10,000,000 for the purposes of facilitating and/or supporting the Proposed Restructuring of the Company and other costs which have been or are to be incurred in respect of the Proposed Restructuring (as amended by the Supplemental Funding Agreement), details of which are set out in the announcement of the Company dated 19 August 2020 |
| “Funding Agreements”      | collectively, the First Funding Agreement, the Supplemental Funding Agreement, the Cayman Funding Agreement, the HK Funding Agreement and the Working Capital Funding Agreement with an aggregate facility amount of HK\$96.0 million   |
| “Group”                   | the Company and its subsidiaries  |
| “HK\$”                    | Hong Kong dollars, the lawful currency of Hong Kong   |
| “HKSCC”                   | Hong Kong Securities Clearing Company Limited   |
| “HK Funding Agreement”    | the funding agreement dated 27 March 2023 entered into among the Company as the borrower, the JSLs, and the Investor as the lender in relation to the provision of credit facility of up to HK\$26,000,000 for settling the costs and expenses (including legal fees) due and payable to and/or incurred by the JSLs in relation to performance of their duties for the preparation of implementing the Proposed Restructuring  |
| “Hong Kong”               | Hong Kong Special Administrative Region of the PRC  |
| “Hong Kong Court”         | the High Court of Hong Kong   |



|  |   |
|--|---|
| “Increase in Authorised Share Capital” | the proposed increase of the authorised share capital of the Company to HK\$500,000,000 divided into 50,000,000,000 New Shares of nominal value of HK\$0.01 each after the Share Consolidation, the Capital Reduction and the Share Premium Reduction becoming effective  |
| “Independent Financial Adviser”        | an independent financial adviser to be appointed by the Company to advise the Independent Shareholders on whether the Restructuring Framework Agreement and the transactions contemplated thereunder, the grant of Specific Mandate, the Whitewash Waiver and the Special Deal are fair and reasonable and as to their voting   |
| “Independent Shareholder(s)”           | Shareholder(s), other than: (a) the Investor Concert Group (b) the Director Creditors and their respective associates; and (c) those Shareholders (other than in their capacity as a Shareholder of the Company) who are interested in or involved in, the Restructuring Framework Agreement and the transactions contemplated thereunder, the Subscription, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deal, (including the Scheme Creditors and the Scheme Administrators), Independent Shareholders are permitted to vote at the EGM under the Listing Rules and the Takeovers Code |
| “Independent Third Party(ies)”         | any person or company together and their respective ultimate beneficial owner(s), who, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of the Company and its connected persons  |
| “Investor”                             | Mega Yield Enterprise Development Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially wholly-owned by Mr. Yang  |
| “Investor Concert Group”               | the Investor, its ultimate beneficial owner(s) (being Mr. Yang) and parties acting in concert with any of them  |
| “Issue Price”                          | HK\$0.5 per Scheme Share, being the theoretical issue price of each Scheme Share  |
| “JSLs”                                 | the joint and several liquidators of the Company appointed pursuant to the Hong Kong Court on 20 January 2023, namely Ms. CHUA Suk Lin, Ivy and Mr. LAU Kwok Hung of Crowe (HK) CPA Limited   |
| “Last Trading Day”                     | 30 September 2021, the last full trading day before the suspension of trading in the Shares   |

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| “Listing Committee”        | has the meaning ascribed thereto under the Listing Rules  |
| “Listing Review Committee” | has the meaning ascribed thereto under the Listing Rules  |
| “Listing Rules”            | Rules Governing the Listing of Securities on the Stock Exchange   |
| “Long Stop Date”           | 30 September 2023 or such later date as the Investor and the JSLs may agree   |
| “LRC Review”               | the review of the Delisting Decision by the Listing Review Committee pursuant to Chapter 2B of the Listing Rules  |
| “Mr. Yang”                 | Mr. Yang Laosi, the sole director and sole beneficial owner of the Investor   |
| “New Share(s)”             | the new Share(s) following the Capital Reorganisation becoming effective with a par value of HK\$0.01 each  |
| “Operational Debts”        | certain debts of the Company to be set out in the scheme document for the Scheme which include, among others, the director’s fee, legal fee, professional and services fee and wages, etc   |
| “Petition Costs”           | the legal costs of the petitioners in relation to the winding-up petitions filed against the Company under HCCW4 of 2020; HCCW51 of 2020; HCCW57 of 2020 and HCCW65 of 2020   |
| “PRC”                      | The People’s Republic of China which, for the purpose of this joint announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan  |
| “Preferential Claim(s)”    | claim(s) of the Company which would be treated as a preferential claim pursuant to Section 265 of Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong or Section 141 of the Companies Act (2020 Revision) of the Cayman Islands (as amended from time to time) |
| “Promissory Note”          | the promissory note with the principal amount of HK\$12,716,559 bearing an interest of 2% per annum dated 25 September 2020 issued by the Company to Mr. Yang to settle the consideration of acquisition of the 66% equity interest in Titok  |

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| “Proposed Restructuring”            | restructuring of the Group which includes (i) the Capital Reorganisation; (ii) the Subscription; (iii) the Scheme (including the issue of the Scheme Shares and the Disposal); and (iv) the Resumption   |
| “Realisation Proceeds”              | the proceeds which may be available upon successful realisation of the Excluded Subsidiaries and/or the Transferred Claims   |
| “Restructuring Framework Agreement” | the restructuring framework agreement dated 31 March 2023 entered into amongst the Company, the JSLs, Mr. Yang and the Investor, in relation to the Proposed Restructuring (as amended and supplemented by the supplemental restructuring framework agreement dated 23 May 2023 and entered into the amongst the Company, the JSLs, Mr. Yang and the Investor) |
| “Restructuring Expenses”            | costs and expenses for the purpose of implementing the Proposed Restructuring, including the fees of the JSLs, as well as the legal advisors, auditors, financial advisors and internal control consultant of the Company, but excluding the professional fees of the Investor’s advisors  |
| “Resumption”                        | resumption of trading of the Shares (or the New Shares when the Capital Reorganisation has become effective) on the Stock Exchange   |
| “Resumption Guidance”               | the resumption guidance and the additional resumption guidance issued by the Stock Exchange to the Company on 17 November 2021 and 29 November 2021 respectively for the Resumption (as supplemented or amended by the Stock Exchange from time to time)   |
| “Resumption Proposal”               | the proposal in relation to the Resumption to be submitted by the Company to the Stock Exchange  |
| “Retained Group”                    | the Company and its subsidiaries upon the completion of the Disposal   |
| “RMB”                               | Renminbi, the lawful currency of the PRC   |
| “Scheme”                            | the proposed scheme of arrangement to be entered into between the Company and the Scheme Creditors under Part 13 of the Companies Ordinance and/or Section 99 of the Companies Act with, or subject to, any modification, addition or conditions approved or imposed by the Hong Kong Court and/or the Cayman Court (where applicable)                         |
| “Scheme Administrators”             | any persons acting jointly and severally or their successors to be elected and appointed pursuant to the Scheme  |

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| “Scheme Company”          | a company to be incorporated in Hong Kong with limited liability, being a special purpose vehicle to be formed and controlled by the Scheme Administrators for the benefit of the Scheme Creditors upon the Scheme becoming effective |
| “Scheme Creditors”        | collectively, all the creditors of the Company with Admitted Scheme Claims against the Company as at the date on which Scheme becomes effective   |
| “Scheme Consideration”    | collectively, the Scheme Shares and the Realisation Proceeds  |
| “Scheme Effective Date”   | the effective date of the Scheme  |
| “Scheme Meeting”          | the meeting(s) of the Scheme Creditors to be convened at the direction of the Hong Kong Court for the purpose of considering and, if thought fit, approving the Scheme  |
| “Scheme Shares”           | 2,400,000,000 New Shares, which represents 28.35% of the Enlarged Issued Share Capital, to be allotted and issued by the Company to the Scheme Creditors under the Scheme   |
| “SFC”                     | The Securities and Futures Commission of Hong Kong  |
| “SFO”                     | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time   |
| “Share Consolidation”     | the proposed consolidation of every ten (10) Shares into one (1) Consolidated Share of HK\$0.10   |
| “Share Premium Account”   | the share premium account of the Company  |
| “Share Premium Reduction” | the proposed reduction of the amount of approximately HK\$1,022.2 million standing to the credit to the Share Premium Account to nil  |
| “Share(s)”                | the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), as the case may be  |
| “Shareholder(s)”          | holder(s) of the Share(s) or the New Share(s)   |

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| “Special Deal”                   | the proposed settlement of the indebtedness to Scheme Creditors who are also Shareholders under the Scheme, which constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code   |
| “Specific Mandate”               | the specific mandate to be granted to the Directors by the required majority of the Independent Shareholders at the EGM for the allotment and issue of the Subscription Shares and the Scheme Shares   |
| “Stock Exchange”                 | The Stock Exchange of Hong Kong Limited  |
| “Subscription”                   | the subscription by the Investor of the Subscription Shares pursuant to the terms and conditions of the Restructuring Framework Agreement and the terms of the Subscription Agreement contemplated thereunder  |
| “Subscription Agreement”         | the share subscription agreement to be entered into by the Company, the JSLs and the Investor in relation to the Subscription  |
| “Subscription Amount”            | the total subscription amount of HK\$108,716,559 payable by the Investor to the Company for the Subscription   |
| “Subscription Price”             | the subscription price of HK\$0.02 per Subscription Share  |
| “Subscription Share(s)”          | 5,435,827,950 New Shares to be subscribed by the Investor under the Subscription   |
| “Supplemental Funding Agreement” | the supplemental funding agreement dated 1 April 2021 and entered into among the Company as the borrower, the Cayman Liquidators, and the Investor as the lender to increase the credit facility under the First Funding Agreement to HK\$60,000,000, details of which are set out in the announcement of the Company dated 1 April 2021 |
| “Takeovers Code”                 | Hong Kong Code on Takeovers and Mergers issued by the SFC  |
| “Titok”                          | Titok Investment Limited (大拓投資有限公司), a company incorporated in Hong Kong with limited liability on 10 June 2020, and is indirectly owned by the Company as to 66% and directly owned by Mr. Yang as to 34%, which is principally engaged in the production and sale of medical masks through its subsidiary                              |

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| “Transferred Claims”                | all causes of action, claims which the Company or the Excluded Subsidiaries has or may have against any person and the rights and obligations in respect of the litigations or any potential litigations involved under the name of the Company or the Excluded Subsidiaries whether known or not known as at the date of completion of the transfer of the Excluded Subsidiaries but excluding the claims for trade receivables and rights to intercompany loan of the Company |
| “Whitewash Waiver”                  | a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Investor to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Investor Concert Group as a result of the allotment and issue of the Subscription Shares   |
| “Working Capital Funding Agreement” | the funding agreement dated 23 May 2023 and entered into among the Company as the borrower, the JSLs, and the Investor as the lender in relation to the provision of funding of approximately HK\$10 million for maintaining the business and operation of the Group  |
| “%”                                 | per cent  |

\* *For identification purpose only*

By Order of the board of director of  
**Mega Yield Enterprise Development Limited**  
**YANG Laosi**  
*Sole Director*

For and on behalf of  
**GTI Holdings Limited (In Liquidation)**  
**CHUA Suk Lin, Ivy**  
**LAU Kwok Hung**  
*Joint and Several Liquidators*  
*acting as agents of the Company*  
*without personal liability*

Hong Kong, 23 May 2023

*According to the public information available in the Cayman Islands and from the previous announcement made by the Company, immediately before the making of winding up order against the Company by the Hong Kong Court and the displacement of the Directors under law, the Board comprises (i) Mr. Ng Kwok Hung Perry, Mr. Hao Xiangbin and Mr. Tan Teng Hong as executive Directors; and (ii) Mr. Chan Shu Kin, Mr. Chung Lim Tung, Mr. Ng Ka Lun and Mr. Zhou Weijia (alias Zhou Yi) as independent non-executive Directors.*

*The affairs, business and property of the Company are being managed by the JSLs who act as the agents of the Company only and are not subject to personal liability.*

*The Directors and the JSLs jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Investor Concert Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director and the sole beneficial owner of the Investor) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the sole director and the sole beneficial owner of the Investor is Mr. Yang.*

*Mr. Yang accepts full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.*

*Website: [www.gtiholdings.com.hk](http://www.gtiholdings.com.hk)*