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透云科技
Ty. Technology

China Touyun Tech Group Limited

中國透雲科技集團有限公司

(Incorporated in Bermuda with limited liability)

Website: www.chinatouyun.com.hk

(Stock Code: 1332)

PARTIAL REDEMPTION OF 7.0% CONVERTIBLE BONDS DUE 2019

Reference is made to the announcements of China Touyun Tech Group Limited dated 3 October 2017, 20 October 2017 and 10 November 2017 (the “**Announcements**”) in relation to the issue of the 7% convertible bonds due 2019. Capitalised terms used herein have the same meanings as those defined in the Announcements.

THE PARTIAL REDEMPTION

On 31 August 2018, the Company redeemed US\$13.0 million in principal amount of the CB at the Redemption Amount of approximately US\$13.6 million together with the relevant interest up to 31 August 2018 of approximately US\$0.3 million in accordance with the terms of the CB (the “**Redemption**”). Upon completion of the Redemption, the outstanding principal amount of the CB is US\$27.0 million.

UPDATE ON THE USE OF PROCEEDS

As disclosed in the announcement of the Company dated 28 August 2018, of the US\$39.6 million (equivalent to HK\$309.4 million) net proceeds raised from the issue of the CB, (i) HK\$80.5 million was utilised for the expansion and development of QR code business; (ii) HK\$24.1 million was utilised for general working capital of corporate office; and (iii) HK\$204.8 million remained unutilised.

Taking into account the Redemption, the net proceeds from the issue of the CB will be approximately HK\$203.3 million. The updated intended use of the remaining proceeds of HK\$98.7 million will be as follows:

| Intended use of proceeds | Actual use of proceeds | Intended use of the remainder proceeds |
|-----------------------------------------------|-------------------------------|-----------------------------------------------|
| Expansion and development of QR code business | HK\$80.5 million | HK\$92.0 million on or before 2019 |
| General working capital of corporate office | HK\$24.1 million | HK\$6.7 million on or before 2019 |
| Total | <u>HK\$104.6 million</u> | <u>HK\$98.7 million</u> |

REASONS FOR THE EARLY REDEMPTION

The Redemption Amount was funded by the unutilised proceeds of the CB. In exercising its right under the CB for the early redemption, the Company considered that a substantial amount of the proceeds has yet to be utilized, it will benefit from the low interest rate environment more than the interest income from bank deposit out of the unutilised proceeds. There will be no material impact on the Group's financial position as a result of the Redemption. The Company will fund the expansion and development of the QR code business from the remaining proceeds from the issue of the CB as described in the table under the section headed "UPDATE ON THE USE OF PROCEEDS" above. In relation to the difference between the original and the actual net proceeds taking into account the redemption, taking into account market conditions, the Group will continue to determine the most suitable means of financing including through debt or equity fund raising. As at the date of this announcement, no definitive agreements have been entered into and the Company does not have intention to conduct any equity fund raising.

By order of the Board
China Touyun Tech Group Limited
Wang Liang
Chairman

Hong Kong, 31 August 2018

As at the date of this announcement, the Board comprised of the following directors:

Executive Directors

Mr. Wang Liang (*Chairman*)
 Mr. Du Dong
 Mr. Lo Yuen Wa Peter

Non-executive Director

Mr. Chen Hui

Independent Non-executive Directors

Mr. Cheung Wing Ping
 Mr. Ha Kee Choy Eugene
 Mr. To Shing Chuen