

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Touyun Tech Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

(Stock Code: 1332)

PROPOSALS FOR

- (1) GENERAL MANDATE TO ISSUE SHARES;**
- (2) REPURCHASE MANDATE TO REPURCHASE SHARES;**
- (3) REFRESHMENT OF SCHEME MANDATE LIMIT;**
- (4) RE-ELECTION OF DIRECTORS; AND**
- (5) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of China Touyun Tech Group Limited to be held on Wednesday, 5 June 2019 at 2:00 p.m. at Lower Lobby, Plaza 3 Novotel Century Hong Kong, 238 Jaffe Road, Wan Chai, Hong Kong is set out on pages 14 to 17 of this circular. A form of proxy for use at the annual general meeting is enclosed and can also be downloaded from the Company's website at (www.chinatouyun.com.hk) and the HKExnews website at (www.hkexnews.hk). Whether or not you intend to attend and vote at the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of China Touyun Tech Group Limited in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 48 hours before the time of the Meeting (i.e. at or before 2:00 p.m. on Monday, 3 June 2019 (Hong Kong time)), or any adjourned meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire.

18 April 2019

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be held on Wednesday, 5 June 2019 at 2:00 p.m.
“AGM Notice”	the notice convening the AGM set out on pages 13 to 16 of this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	China Touyun Tech Group Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot and issue Shares in the manner as set out herein
“Latest Practicable Date”	12 April, 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option Shares”	the new Share(s) to be issued pursuant to the exercise of share options to be granted under the refreshed Scheme Mandate Limit
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares in the manner as set out herein

DEFINITIONS

“Scheme Mandate Limit”	the maximum number of Shares that may be issued upon exercise of all the options which may be granted under the Share Option Scheme
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of HK\$0.01 each in the share capital of the Company
“Share Repurchase Code”	the Hong Kong Code on Share Repurchase
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution of the Company passed on 18 May 2012 and valid and effective for a period of ten years
“Share Option”	options to subscribe for Shares granted under the Share Option Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	percent

LETTER FROM THE BOARD



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)

(Stock Code: 1332)

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

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place
of business in Hong Kong:*

12/F, Kwan Chart Tower

6 Tonnochy Road

Wan Chai

Hong Kong

18 April 2019

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
(1) GENERAL MANDATE TO ISSUE SHARES;
(2) REPURCHASE MANDATE TO REPURCHASE SHARES;
(3) REFRESHMENT OF SCHEME MANDATE LIMIT;
(4) RE-ELECTION OF DIRECTORS; AND
(5) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM relating to, inter alia, (i) the granting to the Directors of the Issue Mandate to issue Shares up to a maximum of 20% of the number of issued Shares of the Company at the date of passing the resolution at the AGM; (ii) the granting to the Directors of the Repurchase Mandate to exercise all the powers of the Company to repurchase Shares up to a maximum of 10% of the number of issued Shares of the Company as at the date of passing the resolution at the AGM; (iii) the extension of the Issue Mandate by those Shares

LETTER FROM THE BOARD

repurchased by the Company pursuant to the Repurchase Mandate granted to the Directors; (iv) the refreshment of Scheme Mandate Limit of the Share Option Scheme; and (v) the re-election of Directors.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

The general mandates to issue and repurchase Shares, which were last granted by the Shareholders to the Directors at the annual general meeting of the Company held on 1 June 2018, will lapse at the conclusion of the AGM. Ordinary resolutions will therefore be proposed at the AGM to renew the general mandates so as to give the Directors general authority:

- (a) to grant the Issue Mandate to the Directors to exercise the powers of the Company to allot and issue Shares not exceeding 20% of the total number of issued Shares as at the date of passing the resolution. Based on the 9,797,311,301 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued prior to the AGM, subject to the passing of the relevant ordinary resolution to approve the Issue Mandate at the AGM, the Directors will be authorised to allot and issue up to a limit of 1,959,462,260 Shares under the Issue Mandate. The Issue Mandate will expire on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company;
- (b) to grant the Repurchase Mandate to the Directors to exercise all powers of the Company to repurchase issued Shares subject to the criteria set out in this circular. Under the Repurchase Mandate, the maximum number of Shares that the Company may repurchase shall not exceed 10% of the total number of issued Shares as at the date of passing the resolution. As at the Latest Practicable Date, the number of Shares in issue is 9,797,311,301 Shares. Subject to the passing of the proposed ordinary resolution approving the granting of the Repurchase Mandate and assuming no further Shares are issued prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 979,731,130 Shares, being 10% of the issued Shares of the Company as at the date of passing the resolution in relation thereof. The Repurchase Mandate will expire on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company; and
- (c) subject to the passing of the aforesaid ordinary resolutions of the Issue Mandate and the Repurchase Mandate, to extend the number of Shares to be issued and allotted under the Issue Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

LETTER FROM THE BOARD

In accordance with the Listing Rules, an explanatory statement is set out in Appendix II to this circular to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolution in relation to the grant of the Repurchase Mandate at the AGM.

REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company pursuant to a resolution of the Shareholders on 18 May 2012. The purpose of the Share Option Scheme is to provide eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage eligible participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole.

The Board proposed to seek approval of the Shareholders to refresh the 10% Scheme Mandate Limit of the Share Option Scheme. Pursuant to Rule 17.03(3) of the Listing Rules, the Company may seek approval by its Shareholders in general meeting for “refreshing” the 10% limit under the Share Option Scheme. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company (or its subsidiaries) under the limit as “refreshed” must not exceed 10% of the Shares in issue as at the date of approving refreshment of the limit. Options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”. The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the shares of the Company (or its subsidiaries) in issue from time to time. No options may be granted under any schemes of the Company (or its subsidiaries) if this will result in the limit being exceeded.

As at Latest Practicable Date, Share Option carrying rights to subscribe for 119,700,000, 97,750,000 and 504,000,000 Shares had been granted on 25 January 2017, 12 December 2017 and 21 February 2019 respectively. The current Scheme Mandate Limit is 979,731,130 Shares, representing 10% of the total number of Shares in issue as at the date of the annual general meeting of the Company held on 1 June 2018 when the Scheme Mandate Limit was last refreshed. Based on 9,797,311,301 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are repurchased and issued and no share options are being granted prior to the AGM, upon the approval of the refreshment of the Scheme Mandate Limit, the Directors will be authorised to grant options entitling the holders of the options to subscribe for a total of 979,731,130 Shares, representing 10% of the total number of Shares in issue as at the Latest Practicable Date. No outstanding share options of the Company will lapse as a result of the refreshment of the Scheme Mandate Limit. The aggregate number of Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company has not exceeded 30% of the Shares in issue as at the Latest Practicable Date. Save for the Share Option Scheme, the Company had no other share option schemes as at the Latest Practicable Date.

LETTER FROM THE BOARD

The refreshment of the Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution at the AGM to approve the refreshment of the Scheme Mandate Limit by the Shareholders; and
- (ii) the Listing Committee of the Stock Exchange granting an approval for the listing of, and permission to deal in, the Option Shares.

An application will be made to the Listing Committee of the Stock Exchange for the approval mentioned in paragraph (ii) above.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with Bye-law 84 of the Company's Bye-laws, Mr. Wang Liang, Mr. Du Dong shall retire from office as Executive Director, and Mr. Chen Hui shall retire from office as Non-executive Director by rotation. All retiring Directors, being eligible, will offer themselves for re-election at the AGM. All the other Directors will continue to be in office.

As ordinary business at the AGM, resolutions will be proposed for the re-election of Mr. Wang Liang, Mr. Du Dong and Mr. Chen Hui as Directors. Particulars of the retiring Directors as required under the Listing Rules are set out in Appendix I to this circular. Your attention is drawn to the recommendation of the Board in relation to the re-election of Directors set out on page 7 below in the paragraph headed "Recommendation".

NOTICE OF AGM

Notice of the AGM is set out on pages 14 to 17 of this circular. A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the AGM in person, you should complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof, should you so wish.

No Shareholder is required to abstain from voting on the resolutions regarding (i) the granting to the Directors of the Issue Mandate to issue Shares up to a maximum of 20% of the number of issued Shares of the Company at the date of passing the resolution at the AGM; (ii) the granting to the Directors of the Repurchase Mandate to exercise all the powers of the Company to repurchase Shares up to a maximum of 10% of the number of issued Shares of the Company as at the date of passing the resolution at the AGM; (iii) the extension of the Issue Mandate by those Shares repurchased by the Company pursuant to the Repurchase Mandate granted to the Directors; (iv) the refreshment of Scheme Mandate Limit of the Share Option Scheme; and (v) the re-election of Directors.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the AGM will be taken by poll and the Company will announce the results of the poll in the manner set out in Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

RESPONSIBILITY OF THE DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors are of the opinion that the proposals for the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate to include Shares repurchased pursuant to the Repurchase Mandate, the refreshment of Scheme Mandate Limit of the Share Option Scheme and the re-election of the Directors are in the best interests of the Company and the Shareholders as a whole, and so recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

Your attention is also drawn to the information set out in the Appendices to this circular and the AGM Notice.

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

Particulars of the retiring Directors who will offer themselves for re-election at the AGM are set out below:

Mr. Wang Liang — Executive Director

Mr. Wang Liang (“**Mr. Wang**”), aged 33, has been appointed as an Executive Director of the Company since 1 September 2016 and the Chairman of the Board since 23 January 2017. He is the Chairman of the Nomination Committee and a member of the Executive Committee and the Remuneration Committee. He also serves as a Director of several subsidiaries of the Company. As Chairman, Mr. Wang is mainly responsible for leading the Board and managing its work to ensure that the Board effectively operates and fully discharges its responsibilities. In addition, he is also in charge of the business of provision of QR codes on product packaging and related business intelligence IT solutions. Mr. Wang holds a bachelor’s degree in physics from Imperial College of Science, Technology and Medicine, University of London and a master’s degree in international finance from The University of Westminster. He has extensive experience in the international finance and project management. He had been working in international investment banks and responsible for clients’ project management, projects merger and acquisition and various initial public offerings. Mr. Wang was formerly an Executive Director (from January 2014 to February 2016), a Chairman (from August 2014 to February 2016), a Non-executive Director (from February 2016 to August 2016) and a Vice-chairman (from February 2016 to August 2016) of Life Healthcare Group Limited (formerly known as Tack Fiori International Group Limited) (stock code: 928). He was also an Executive Director of China Ever Grand Financial Leasing Group Co., Ltd. (formerly known as PME Group Limited) (stock code: 379) from December 2012 to December 2014. The shares of the above companies are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Mr. Wang entered into a service agreement with the Company on 1 September 2016 for an initial term of 3 years which is terminable on not less than one month’s notice in writing served by either party. He is subject to retirement by rotation and re-election pursuant to the Bye-laws. Mr. Wang is entitled to receive a monthly salary of HK\$100,000 and a discretionary year-end bonus, which was determined with reference to the Group’s operation results, his duties and level of responsibilities and the prevailing marketing conditions. His emoluments will be reviewed annually by the Remuneration Committee. As at the Latest Practicable Date, Mr. Wang is interested in 2,246,000,000 Shares including 6,000,000 share options granted by the Company on 12 December 2017, and the share options will be vested on 10 June 2019. Ms. Qiao Yanfeng (“Ms. Qiao”, a substantial shareholder of the Company and Mr. Wang Liang’s mother) is deemed to be interested in 600,000,000 shares through TY Technology Group Limited which is in turn owned as to 90% by Wise Tech Enterprises Incorporated (wholly-owned by Ms. Qiao) and 10% by Truthful Bright International Holding Limited (wholly-owned by Ms. Qiao). Mr. Wang Liang together with Ms. Qiao were interested in the aggregate of 2,846,000,000 Shares, representing approximately 29.05% of the issued shares of the Company. Save as disclosed, he does not have any interest in the Shares within the meaning of Part XV of the SFO. Save as disclosed, Mr. Wang does not have any relationships with any directors, senior management, substantial or controlling shareholders of the Company.

Save as disclosed above, Mr. Wang (i) has not held any other positions with any members of the Group; (ii) is not related to any director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group; (iii) is not interested in the Shares within the meaning of Part XV of the SFO; and (iv) has not held any other directorships in any other listed companies in the last three years.

Save as disclosed above, Mr. Wang has confirmed that there is no other information required to be brought to the attention of the Shareholders and the Company or to be disclosed pursuant to Rule 13.51(2) of the Listing Rules in relation to his re-election as a Director.

Mr. Du Dong — Executive Director

Mr. Du Dong (“**Mr. Du**”), aged 33, has been appointed as an Executive Director of the Company since 15 December 2016. He is a member of the Executive Committee, the Nomination Committee and the Remuneration Committee. He also serves as a Director of several subsidiaries of the Company. Mr. Du is responsible for the daily management of the Group, recommending strategies to the Board, and determining and implementing operational decision. He holds a bachelor’s degree of Science (Honors) in Computing Studies (Information Systems) from Hong Kong Baptist University. Mr. Du has extensive experience in investment, capital market, financing, merger and acquisitions of different projects with various investment banks and professional parties. He had been working in listed companies and responsible for investment, financing, projects merger and acquisition, covering coal mining, iron mining and gold mining, terminal and logistic services industry, education industry, financing lease industry and internet industry, etc. Mr. Du has a strong network in the capital market of Hong Kong and the PRC. He has been serving as a Vice President of China Ever Grand Financial Leasing Group Co., Ltd. (formerly known as PME Group Limited) (stock code: 379) since November 2013. He was an Assistant to CEO of Theme International Holdings Limited (stock code: 990) from July 2010 to November 2013. The shares of these companies are listed on the Stock Exchange.

Mr. Du has entered into a service agreement with the Company on 15 December 2016 for an initial term of 3 years which is terminable on not less than one month’s notice in writing served by either party. He is subject to retirement by rotation and re-election pursuant to the Company’s Bye-laws. Mr. Du is entitled to receive a monthly salary of HK\$80,000 and a discretionary year-end bonus, which was determined with reference to the Group’s operating results, his duties and level of responsibility and the prevailing market conditions. His emoluments will be reviewed annually by the Remuneration Committee. Mr. Du is interested in 5,000,000 share options (representing 0.05% of the issued Shares of the Company) granted by the Company on 12 December 2017, which will be vested on 10 June 2019.

Save as disclosed above, Mr. Du (i) has not held any other positions with any members of the Group; (ii) is not related to any director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group; (iii) is not interested in the Shares within the meaning of Part XV of the SFO; and (iv) has not held any other directorships in any other listed companies in the last three years.

Save as disclosed above, Mr. Du has confirmed that there is no other information required to be brought to the attention of the Shareholders and the Company or to be disclosed pursuant to Rule 13.51(2) of the Listing Rules in relation to his re-election as a Director.

Mr. Chen Hui — Non-executive Director

Mr. Chen Hui (“**Mr. Chen**”), aged 55, has been appointed as a Non-executive Director of the Company since 15 December 2016. He is also a member of the Nomination Committee. Mr. Chen has over 16 years solid experience in information technology. He is an expert in software and hardware engineering, automation and control, and possesses extensive knowledge in Internet of Thing and various sensors. He has been involved in development and application of nearly 40 patents. Mr. Chen has been appointed as a president of 上海透雲物聯網科技有限公司 (Shanghai TY Technology Co. Ltd.*) (formerly known as 上海質尊物聯網科技有限公司), an indirect wholly-owned subsidiary of the Company, since 2011. He was a General Manager of 質尊溯源電子科技有限公司 from 2009 to 2011, a General Manager of 上海質尊電子科技有限公司 from 2004 to 2009, and a Legal Representative of 上海華暉自控設備有限公司 from 2000 to 2004. Mr. Chen has entered into a service agreement with the Company on 15 December 2016 for an initial term of 3 years which is terminable on not less than one month’s notice in writing served by either party. He is subject to retirement by rotation and re-election pursuant to the Company’s Bye-laws. Mr. Chen is entitled to receive a director’s fee of HK\$50,000 per month and a discretionary year-end bonus, which was determined with reference to the Group’s operating results, his duties and level of responsibility and the prevailing market conditions. His emoluments will be reviewed annually by the Remuneration Committee. Mr. Chen is interested in 1,500,000 share options (representing 0.02% of the issued Shares of the Company) granted by the Company on 12 December 2017, which will be vested on 10 June 2019.

Save as disclosed above, Mr. Chen (i) has not held any other positions with any members of the Group; (ii) is not related to any director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group; (iii) is not interested in the Shares within the meaning of Part XV of the SFO; and (iv) has not held any other directorships in any other listed companies in the last three years.

Save as disclosed above, Mr. Chen has confirmed that there is no other information required to be brought to the attention of the Shareholders and the Company or to be disclosed pursuant to Rule 13.51(2) of the Listing Rules in relation to his re-election as a Director.

This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules.

1. EXERCISE OF THE REPURCHASE MANDATE

On the basis that (i) 9,797,311,301 Shares were in issue as at the Latest Practicable Date, and (ii) no further Shares were issued and/or repurchased between the Latest Practicable Date and the date of the resolution approving the Repurchase Mandate, exercise in full of the Repurchase Mandate would result in up to 979,731,130 Shares being repurchased by the Company during the period from the date of passing the resolution granting the Repurchase Mandate until the earlier to occur of (i) the conclusion of the next annual general meeting of the Company, (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-laws to be held, or (iii) the revocation or variation of the Repurchase Mandate by Shareholders in general meeting.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the interests of the Company and Shareholders to have a general authority from Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and the Bye-laws and the applicable laws of Bermuda.

Under Bermuda law, purchases of the Shares may only be effected out of the capital paid up on the Shares to be purchased or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for such purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account.

Based on the position disclosed in the Company's most recent published audited accounts for the year ended 31 December 2018, and taking into account the current working capital position of the Company, there might be an adverse effect on the working capital or gearing position of the Company if the Repurchase Mandate was exercised in full in the period before expiration of the Repurchase Mandate. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent that it would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. EFFECT OF TAKEOVERS CODE

If, as a result of a Share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code and Rule 6 of the Share Repurchase Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Wang Liang (an Executive Director and Chairman of the Company) is beneficially interested in 2,246,000,000 Shares and his mother Ms. Qiao Yanfeng ("Ms. Qiao", a substantial shareholder of the Company) is deemed to be interested in 600,000,000 Shares through TY Technology Group Limited which is in turn owned as to 90% by Wise Tech Enterprises Incorporated (wholly-owned by Ms. Qiao) and 10% by Truthful Bright International Holding Limited (wholly-owned by Ms. Qiao). Mr. Wang Liang together with Ms. Qiao were interested in the aggregate of 2,846,000,000 Shares, representing approximately 29.02% of the issued Shares of the Company. Based on such shareholdings and in the event that the Directors exercised in full the power to repurchase Shares under the Share Repurchase Mandate, the shareholdings of Mr. Wang Liang together with Ms. Qiao would be increased to approximately 32.28% of the issued Shares of the Company. Mr. Wang Liang and Ms. Qiao will then required under Rule 26 of the Takeovers Code to make a mandatory general offer to purchase or repurchase (as the case may be) all shares and securities of the Company by reason of such increase in the collective holding of voting rights of the Company by more than 2% from the lowest collective percentage holding of such persons in the 12-month period ending on and inclusive of the date of the relevant acquisition.

Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchases made under the Share Repurchase Mandate. The Directors will use their best endeavours to ensure that the Share Repurchase Mandate will not be exercised to the extent that the number of Shares held by the public would be reduced to less than 25% of the issued Shares of Company. The Directors have no intention to exercise the Share Repurchase Mandate which may result in possible mandatory offer being made under the Takeovers Code.

5. GENERAL

None of the Directors and, to the best of their knowledge and belief having made all reasonable enquiries, none of their close associates (as defined in the Listing Rules), have any present intention, in the event that the Repurchase Mandate is approved by the Shareholders to sell Shares to the Company.

No core connected person (as defined in the Listing Rules) has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

The Company has not repurchased any Shares, whether on the Stock Exchange or otherwise, during the six months preceding the Latest Practicable Date.

6. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2018		
April	0.240	0.149
May	0.300	0.168
June	0.201	0.168
July	0.197	0.171
August	0.171	0.130
September	0.120	0.090
October	0.098	0.056
November	0.128	0.056
December	0.152	0.120
2019		
January	0.130	0.107
February	0.125	0.099
March	0.187	0.097
April (up to and including the Latest Practicable Date)	0.168	0.145

NOTICE OF ANNUAL GENERAL MEETING



透云科技
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China Touyun Tech Group Limited

中國透雲科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1332)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of China Touyun Tech Group Limited (the “Company”) will be held at Lower Lobby, Plaza 3 Novotel Century Hong Kong, 238 Jaffe Road, Wan Chai, Hong Kong on Wednesday, 5 June 2019 at 2:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and the independent auditors for the year ended 31 December 2018.
2. To re-elect Mr. Wang Liang as Executive Director of the Company.
3. To re-elect Mr. Du Dong as Executive Director of the Company.
4. To re-elect Mr. Chen Hui as Non-executive Director of the Company.
5. To authorize the board of directors to fix the remuneration of the directors.
6. To re-appoint Moore Stephens CPA Limited as independent auditors and to authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, each of the following resolutions as an Ordinary Resolution:

7. **“THAT**

- (a) a general mandate be and is hereby unconditionally given to the directors of the Company (the “Directors”) to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and deal with unissued shares in the share capital of the Company or securities convertible into shares of the Company (“Shares”) or options, warrants or similar rights to subscribe for any Shares and to make or grant offers, agreements or options which would or might require the exercise of such powers either during or after the Relevant Period, in addition to any Shares which may be issued on a Rights Issue (as hereinafter defined) or under any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries or any other eligible person(s) of Shares or rights to acquire Shares, or upon the exercise of rights of subscription or conversion under the terms of any

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existing warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible into Shares or any scrip dividend pursuant to the bye-laws of the Company from time to time, not exceeding twenty percent of the aggregate number of issued Shares as at the date of this Resolution (such aggregate number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this Resolution); and

(b) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until the earlier to occur of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or of the requirements of any recognised regulatory body or any stock exchange applicable to the Company).”

8. **“THAT** there be granted to the Directors an unconditional general mandate to repurchase Shares, and that the exercise by the Directors of all the powers of the Company to purchase Shares subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved, subject to the following conditions:

- (a) such mandate shall not be extended beyond the Relevant Period;
- (b) such mandate shall authorise the Directors to procure the Company to repurchase Shares at such price as the Directors may at their discretion determine;
- (c) the aggregate number of Shares to be repurchased by the Company pursuant to this Resolution during the Relevant Period shall be no more than ten percent of the aggregate number of the issued Shares at the date of passing this Resolution (such aggregate number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this Resolution); and

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(d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until the earlier to occur of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

9. “**THAT** subject to the availability of unissued shares and conditional upon the passing of Ordinary Resolutions 7 and 8 as set out in the notice convening this meeting, the aggregate number of the Shares which are repurchased by the Company pursuant to and in accordance with Ordinary Resolution 8 set out in the notice convening this meeting shall be added to the aggregate number of the Shares that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with Ordinary Resolution 8 set out in the notice convening this meeting.”
10. “**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the shares in the share capital of the Company to be issued pursuant to the exercise of share options under the share option scheme adopted by the Company on 18 May 2012 (the “**Share Option Scheme**”), the existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Share Option Scheme be refreshed and renewed provided that the total number of shares which may be allotted and issued pursuant to the grant or exercise of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme) shall not exceed 10 per cent. of the shares of the Company in issue as at the date of passing this resolution (the “**Refreshed Limit**”) and that the Directors of the Company be and are hereby authorised, subject to compliance with the Rules Governing the Listing of Securities on the Stock Exchange, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.

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

Hong Kong, 18 April 2019

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Notes:

- (a) A member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies or a duly authorised corporate representative to attend and vote instead of him. A proxy need not be a member of the Company.
- (b) A form of proxy for use at the Annual General Meeting is enclosed. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending the Annual General Meeting and voting in person. In such event, this form of proxy will be deemed to have been revoked.
- (c) The Register of Members of the Company will be closed from Friday, 31 May 2019 to Wednesday, 5 June 2019, both days inclusive, for determining the eligibility of shareholders for attending and voting at the Annual General Meeting. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Thursday, 30 May 2019.
- (d) Further information on the proposals regarding (i) re-election of retiring Directors; and (ii) granting of general mandates to issue and repurchase Shares are contained in this circular.