

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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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)

**PROPOSED SHARE CONSOLIDATION
AND
NOTICE OF SPECIAL GENERAL MEETING**

Unless otherwise defined herein, capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A notice convening the SGM to be held on Thursday, 8 August 2019 at 10:00 a.m. at Lower Lobby, Plaza 1–2 Novotel Century Hong Kong, 238 Jaffe Road, Wan Chai, Hong Kong is set out on pages 9 to 10 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend and vote at the SGM 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 the Company in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than 48 hours before the time of the SGM (i.e. at or before Tuesday, 6 August 2019), or any adjourned meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so desire.

19 July 2019

CONTENTS

	<i>Page</i>
Expected timetable	ii
Definitions	1
Letter from the Board	3
Notice of SGM	9

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is set out below, which is for indicative purpose only and is subject to the Share Consolidation becoming unconditional, and may be extended or varied by the Company. Any change to the expected timetable will be announced in separate announcement(s) by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

Event	Date 2019
Latest time for lodging transfers of Existing Shares in order to qualify for the attendance and voting at the SGM	4:30 p.m. on Friday, 2 August
Register of members closes to determine the qualification for attendance and voting at the SGM	Monday, 5 August to Thursday, 8 August (both dates inclusive)
Latest time for lodging form of proxy in respect of the SGM	10:00 a.m. on Tuesday, 6 August
Date and time of the SGM	10:00 a.m. on Thursday, 8 August
Announcement of the poll results of the SGM	Thursday, 8 August
The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation, which are set out in this circular.	
Effective date of the Share Consolidation	Monday, 12 August
Dealing in the Consolidated Shares commences	9:00 a.m. on Monday, 12 August
Original counter for trading in the Existing Shares in board lot of 10,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 12 August
Temporary counter for trading in the Consolidated Shares in board lot of 2,500 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 12 August
First day of free exchange of existing share certificates for the Existing Shares for new share certificates for the Consolidated Shares	Monday, 12 August

EXPECTED TIMETABLE

Event	Date 2019
Original counter for trading in the Consolidated Shares in board lot of 10,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens	9:00 a.m. on Monday, 26 August
Parallel trading in the Consolidated Shares in the form of new share certificates and existing share certificates commences	9:00 a.m. on Monday, 26 August
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares.....	9:00 a.m. on Monday, 26 August
Parallel trading in the Consolidated Shares in the form of new share certificates and existing share certificates ends	4:00 p.m. on Friday, 13 September
Temporary counter for trading in the Consolidated Shares in board lot of 2,500 Consolidated Shares (in the form of existing share certificates) closes.....	4:00 p.m. on Friday, 13 September
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares.....	4:00 p.m. on Friday, 13 September
Last day of free exchange of existing share certificates for the Existing Shares for new share certificates of the Consolidated Shares.....	Tuesday, 17 September

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day(s) (other than a Saturday, Sunday or a public holiday or a day on which a typhoon signal number 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong) on which licensed banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC
“Company”	China Touyun Tech Group Limited, a company incorporated in Bermuda with limited liability, and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1332)
“Consolidated Share(s)”	ordinary share(s) with par value of HK\$0.04 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Convertible Bonds”	the convertible bonds issued by the Company with an outstanding principal amount of approximately US\$27 million which are convertible into 425,579,268 Existing Shares upon exercise of the relevant conversion rights by the holders thereof at the prevailing conversion price of HK\$0.492 per Existing Share
“Director(s)”	director(s) of the Company
“Existing Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the existing share capital of the Company
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	17 July 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Share Consolidation
“Share Consolidation”	the proposed consolidation of every four (4) Existing Shares into one (1) Consolidated Share and to round down the total number of issued Consolidated Shares to a whole number by cancelling any fraction in the issued share capital of the Company arising therefrom
“Shareholder(s)”	holder(s) of the Existing Shares or the Consolidated Shares, as the case may be
“Share Option(s)”	the option(s) to subscribe for new shares of the Company granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 18 May 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

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

19 July 2019

*To the Shareholders and, for information only,
holders of the Share Options and Convertible Bonds*

Dear Sir or Madam,

PROPOSED SHARE CONSOLIDATION

INTRODUCTION

On 5 July 2019, the Board proposed to put forward to the Shareholders a proposal of the Share Consolidation on the basis that every four (4) issued and unissued Existing Shares of a par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of a par value of HK\$0.04 each in the share capital of the Company.

The purpose of this circular is to provide you with further information on the Share Consolidation and to give you the notice of SGM at which a resolution will be proposed to consider and, if thought fit, approve the Share Consolidation.

LETTER FROM THE BOARD

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward to the Shareholders a proposal of the Share Consolidation on the basis that every four (4) issued and unissued Existing Shares of a par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of a par value of HK\$0.04 each in the share capital of the Company and the total number of the Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$500,000,000 divided into 50,000,000,000 Existing Shares of a par value of HK\$0.01 each, of which 9,797,311,301 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no Existing Share is issued or repurchased from the Latest Practicable Date until the effective date of the Share Consolidation, the authorised share capital of the Company shall become HK\$500,000,000 divided into 12,500,000,000 Consolidated Shares of a par value of HK\$0.04 each, of which 2,449,327,825 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the memorandum of association and bye-laws of the Company.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled (details of which are set out in the paragraph headed “Fractional entitlement to Consolidated Shares” below).

LETTER FROM THE BOARD

Listing application

An application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares in issue and the Consolidated Shares which may fall to be allotted and issued upon exercise of the Share Options outstanding and to be granted under the Share Option Scheme and upon conversion of the Convertible Bonds.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Consolidated 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 Consolidated 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 Consolidated Shares to be admitted into CCASS.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange. At the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

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

Shareholders concerned about losing out any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant and/or other professional adviser, and may wish to consider the possibility of buying or selling a sufficient number of Existing Shares to make up an entitlement to receive a whole number of Consolidated Shares.

Exchange of share certificate

Subject to the Share Consolidation becoming effective, the Shareholders may between 9:00 a.m. and 4:30 p.m. on any Business Day from Monday, 12 August 2019 to Tuesday, 17 September 2019 (both days inclusive) submit their existing share certificates in blue colour for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange for new share certificates in pink colour for the Consolidated Shares at the expenses of the Company. Thereafter, existing share certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be

LETTER FROM THE BOARD

specified by the Stock Exchange) by the Shareholders for each existing share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates cancelled/issued is higher.

After 4:00 p.m. on Friday, 13 September 2019, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for new share certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

ARRANGEMENT FOR ODD LOT TRADING

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company has appointed Realord Manureen Securities Limited as agent to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Shareholders who wish to take advantage of this facility should contact Mr. Bosco Yau of Realord Manureen Securities Limited at Suite 2402, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong or at telephone number (852) 3755 5898 from 9:00 a.m. on Monday, 26 August 2019 to 4:00 p.m. on Friday, 13 September 2019.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of the prevailing trading price of the Existing Shares, the Board proposes to implement the Share Consolidation, which is expected to bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. Furthermore, as the theoretical market value of each new board lot of the Consolidated Shares upon the Share Consolidation becoming effective will be higher than the market value of each existing board lot of the Existing Shares, the transaction cost as a proportion of the market value of each board lot will be lower. Accordingly, the Board is of the view that the Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules and is beneficial to and in the interest of the Company and the Shareholders as a whole.

The Board confirms that there was no other plan for altering the share capital of the Company other than the Share Consolidation being contemplated as at the Latest Practicable Date.

LETTER FROM THE BOARD

ADJUSTMENTS IN RELATION TO THE OTHER SECURITIES OF THE COMPANY

Share Options

As at the Latest Practicable Date, the Company had outstanding Share Options entitling the holders thereof to subscribe for a total of 663,160,000 Existing Shares. Under the terms and conditions of the Share Option Scheme, the Share Consolidation may lead to adjustments to the number of shares of the Company available for issue under the unutilised scheme limit of the Share Option Scheme, and/or the exercise price and/or the number of shares of the Company falling to be issued upon the exercise of the Share Options. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Convertible Bonds

As at the Latest Practicable Date, there were outstanding Convertible Bonds with a principal amount of approximately US\$27 million, which are convertible into 425,579,268 Existing Shares at the prevailing conversion price of HK\$0.492 per Existing Share. The Share Consolidation may lead to adjustments to the conversion price and the number of shares of the Company falling to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Save as disclosed above, the Company did not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into any Existing Shares or Consolidated Shares as at the Latest Practicable Date.

THE SGM

A notice convening the SGM is enclosed in this circular. At the SGM, a resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Share Consolidation. All votes at the SGM will be taken way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions to be proposed at the SGM.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 5 August 2019 to Thursday, 8 August 2019, both dates inclusive, during which period no transfer of Existing Shares will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of Existing Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 2 August 2019.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the Share Consolidation is in the interest of the Company and the Shareholders as a whole and recommend all Shareholders to vote in favour of the resolution approving the Share Consolidation at the SGM.

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.

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



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 OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of China Touyun Tech Group Limited (the “Company”) will be held at Lower Lobby, Plaza 1–2 Novotel Century Hong Kong, 238 Jaffe Road, Wan Chai, Hong Kong, on Thursday, 8 August 2019 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company (unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 19 July 2019):

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the listing of, and permission to deal in, the Consolidated Shares (as defined below), with effect from the business day (as defined below) immediately following the business date on which this resolution is passed:

- (a) every four (4) issued and unissued shares of a par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of a par value of HK\$0.04 each (the “Consolidated Share”) in the share capital of the Company (the “Share Consolidation”);
- (b) the Consolidated Shares shall rank pari passu in all respects with each other and have the same rights and privileges as regards dividend, capital, redemption, attendance at meetings, voting, etc. and be subject to the restrictions in respect of ordinary shares contained in the bye-laws of the Company;
- (c) all fractional Consolidated Shares will be disregarded and will not be issued to the holders of the same but all fractional Consolidated Shares will be aggregated, sold and retained for the benefit of the Company, if possible and applicable; and

NOTICE OF SGM

- (d) the directors of the Company be and are hereby generally authorised to do all such acts, deeds and things and execute all such documents, including under the seal of the Company, where applicable, as they may consider necessary or expedient to complete, implement and give effect to any and all the arrangements set out in this resolution.

For the purpose of this resolution, “business day” means a day on which commercial banks in Hong Kong are generally open for business (other than Saturday, Sunday and public holiday).”

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

Hong Kong, 19 July 2019

Notes:

- (a) A member who is entitled to attend and vote at the SGM 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 SGM 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending the SGM 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 Monday, 5 August 2019 to Thursday, 8 August 2019, both dates inclusive, for determining the eligibility of shareholders for attending and voting at the SGM. In order to qualify for attending and voting at the SGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by 4:30 p.m. on Friday, 2 August 2019.