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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](http://www.chinatouyun.com.hk)*

**(Stock Code: 1332)**

**ISSUE OF HK\$210 MILLION  
8.0% CONVERTIBLE BONDS  
UNDER SPECIFIC MANDATE**

**PROPOSED ISSUE OF THE CB UNDER SPECIFIC MANDATE**

On 9 October 2019, the Company, as issuer, and the Subscriber entered into the Agreement, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the CB in the principal amount of HK\$210 million. The entire amount of the proceeds from the issue of the CB will be used for the redemption of the 2017 CB.

Assuming the conversion rights have been exercised in full at the initial Conversion Price of HK\$0.30 per Share (subject to adjustments), 700,000,000 Conversion Shares will be allotted and issued, representing approximately (i) 28.58% of the existing issued share capital of the Company as at the date of this announcement and (ii) approximately 22.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming no other change in the issued share capital of the Company).

No listing application will be made for the listing of, and permission to deal in, the CB on the Stock Exchange and any other stock exchange. Application will be made to listing committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Completion is conditional upon, among other things, the passing of a resolution at the SGM by the Shareholders to approve the terms of the Agreement (including the Specific Mandate). The SGM will be convened for the purpose of considering and approving, the terms of the Agreement (including the Specific Mandate). The circular containing, among other things, (i) further details of the Agreement; and (ii) notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **THE AGREEMENT**

On 9 October 2019, the Company, as issuer, and the Subscriber entered into the Agreement. The principal terms of the Agreement are set out below.

### **Subject matter**

Pursuant to the Agreement, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the CB at the subscription price equal to 100% of the principal amount of the CB, being HK\$210 million.

### **Completion and conditions precedent**

Completion of the issue of the CB to the Subscriber or, subject to the Company's prior written approval, the Designee, will take place on the third Business Day after, and excluding, the date upon which the conditions precedent set out in the Agreement are waived by the Subscriber (where applicable) or are satisfied, or such other date as the Company and the Subscriber may agree in writing. Completion is conditional upon the satisfaction or waiver (except that condition precedent (i) and (ii) cannot be waived) of customary conditions for the issue of convertible bonds including:

- (i) the granting of the listing of and permission to deal in the Conversion Shares by the Listing Committee of the Stock Exchange;
- (ii) the passing of a resolution at the SGM by the Shareholders to approve the Agreement, the issue of the CB and the allotment and issue of the Conversion Shares under the Specific Mandate; and
- (iii) from the date of the Agreement up to the date of closing, there shall not have occurred any change (nor any development or event involving a prospective change) which has a material adverse effect (including a material adverse effect on the business, operations and financial conditions of the Group taken as a whole).

If the conditions precedent as set out in the Agreement are not satisfied or waived (except that condition precedent (i) and (ii) cannot be waived) by the Long Stop Date, the Agreement will terminate.

## **THE CB**

The principal terms of the CB are set out below:

### **Interest**

The CB will bear interest from and including the Issue Date at the rate of 8.0% per annum payable semi-annually.

### **Form and denomination**

The CB will be issued in registered form and in denomination of HK\$21 million each.

### **Maturity**

The CB will mature on the date falling on the second anniversary of the Issue Date.

### **Conversion Price**

The initial Conversion Price is HK\$0.3 per Share, which was determined after arm's length negotiation between the Company and the Subscriber based on the prevailing market price of the Shares and represents:

- (i) a discount of approximately 7.69% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on 9 October 2019, being the date of the Agreement; and
- (ii) a discount of approximately 2.91% to HK\$0.309 per Share, being the average of the closing prices as quoted on the Stock Exchange for the five consecutive trading days up to and including 8 October 2019, being the trading day of the Shares immediately before the date of the Agreement.

The initial Conversion Price is subject to adjustments from time to time on the occurrence of certain events, including but not limited to, (a) alteration to the nominal value of the Shares as a result of consolidation, subdivision, re-denomination or re-classification of Shares, (b) capitalisation of profits or reserves by the Company, (c) distributions by the Company to its Shareholders, (d) rights issues of Shares or options over Shares at less than 85% of the then market price per Share to Shareholders, (e) rights issues of other securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to Shareholders, (f) issues of Shares, options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares in each case at less than 85% of the then market price per Share, (g) other issues of any securities by the Company or its subsidiaries with rights to convert into or exchange or subscribe for Shares to be issued by the Company at less than 85% of the then market price per Share, and (h) modification of rights of conversion, exchange or subscription attaching to certain securities (other than in accordance with the terms of such securities) so that the consideration per Share for the number of Shares available on conversion, exchange or subscription following the modification is reduced and is less than 85% of the then current market price per Share; and (i) other offers pursuant to which the Shareholders generally are entitled to participate in such arrangements (other than those covered in (d), (e), (f) and (g)).

## **Conversion**

The CB Holder has the right to convert the principal amount of the CB into fully-paid Shares at any time during the Conversion Period.

## **Conversion Shares**

As at the date of this announcement, the Company has 2,449,327,825 Shares in issue.

Assuming the conversion rights have been exercised in full, 700,000,000 Conversion Shares will be allotted and issued, representing approximately (i) 28.58% of the existing issued share capital of the Company as at the date of this announcement and (ii) approximately 22.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming no other change in the issued share capital of the Company).

The Conversion Shares, when allotted and issued, will rank *pari passu* with all other Shares in issue on the date of conversion.

Based on the estimated net proceeds from the Subscription of approximately HK\$209 million and up to 700,000,000 Conversion Shares at the initial Conversion Price of HK\$0.3 per Conversion Share, the net price per Conversion Share is estimated to be approximately HK\$0.299.

## **Status of the CB**

The CB will constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and will at all times rank *pari passu* and without any preference or priority among themselves.

The payment obligations of the Company under the CB shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

## **Redemption**

### *(1) Redemption at maturity*

Unless previously redeemed, converted or purchased and cancelled, the Company shall, redeem all the outstanding CB on the Maturity Date at an amount equal to the Redemption Amount.

(2) *Redemption at the option of the Company*

Unless previously redeemed, converted or purchased and cancelled, on giving not less than 30 nor more than 90 days' notice after the 180th calendar day after the Issue Date, to the CB Holder, the Company may redeem in whole, or in part, such CB for the time being outstanding at the Redemption Amount on the date of giving such notice.

(3) *Redemption at the option of the CB Holder*

Unless previously redeemed, converted or purchased and cancelled, any CB Holder shall be entitled, by serving written notice, to require the Company to redeem in whole, or in part, such CB for the time being outstanding at the Redemption Amount within 3 months from the date of such notice after the first anniversary of the Issue Date.

**Transferability**

The CB are freely transferable subject to the terms and conditions of the CB.

**Guarantee**

Mr. Wang will guarantee the payment of all sums payable by the Company under the CB.

**Undertakings by Mr. Wang**

As at the date of this announcement, Mr. Wang is the beneficial owner of 560,000,000 Shares (the "Relevant Shares"), representing approximately 22.86% of the issued share capital of the Company. Upon Completion, Mr. Wang will undertake that, until the earlier of: (i) repayment of all amounts due and payable under the CB in full, (ii) full conversion of all the CB then outstanding, and (iii) approval by the CB Holders, he:

- (i) shall and shall procure that the Relevant Shares to be free and clear of all encumbrances;
- (ii) shall not, and shall procure not, to sell, dispose, transfer or assign the Relevant Shares to any third parties; and
- (iii) shall remain as the single largest shareholder of the Company.

It is an event of default under the CB if Mr. Wang breaches the above undertakings.

**Restrictions on conversion**

(1) *Public float*

Conversion is only allowed if the issue of the Shares in satisfaction of the conversion right in respect of a CB would not result in the Company failing to meet its obligation under the Listing Rules to maintain the minimum prescribed percentage of the Shares that must at all times remain in public hands (as defined in the Listing Rules) or such other lower percentage permitted by the Stock Exchange at its discretion.

(2) *Restriction on takeovers*

Conversion is only allowed to the extent that the issue of the Shares in satisfaction of the conversion right in respect of a CB would not result in (i) any person holding 30% or more of the total voting power of the voting stock of the Company or (ii) any person or persons being under the obligations to make offer(s) for the securities of the Company under the Takeovers Code.

**Listing**

No application will be made for the listing of, and permission to deal in, the CB on the Stock Exchange or any other stock exchange.

Application will be made to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

**INFORMATION ON THE SUBSCRIBER**

The Subscriber is an individual investor who is experienced in investments and the finance industry.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber is independent of the Company and the connected persons (as defined in the Listing Rules) of the Company.

**REASONS FOR THE ISSUE OF CB AND THE USE OF PROCEEDS**

The principal activities of the Group are (i) provision of QR codes on product packaging and solutions and advertising display services; (ii) manufacture and sale of packaging products; and (iii) investment and trading in securities and money lending.

The gross proceeds of the issue of the CB will be HK\$210 million. The net proceeds of the Subscription, after deducting commission and other related expenses payable by the Company, is estimated to be approximately HK\$209 million. The Company will use the entire amount of the proceeds for the redemption of the 2017 CB. As at the date of this announcement, the outstanding principal amount of 2017 CB is US\$27 million (equivalent to approximately HK\$210.6 million).

Having considered that no security is required in connection with the issue of the CB and that the Subscription allows the Company to raise a considerable amount of fund for the redemption of the 2017 CB, the Directors consider that the terms of the Agreement and the transactions contemplated thereunder (including the Conversion Price) are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## SHAREHOLDING STRUCTURE

For illustration purposes only, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after full conversion of the CB (assuming no other change in the issued share capital of the Company).

	As at the date of this announcement		Immediately after full conversion of the CB at the initial Conversion Price	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Mr. Wang	560,000,000	22.86	560,000,000	17.78
Mr. Qin Fen	197,470,000	8.06	197,470,000	6.27
Ms. Qiao Yanfeng ( <i>Note</i> )	150,000,000	6.12	150,000,000	4.76
CB Holder	—	—	700,000,000	22.23
Other public Shareholders	<u>1,541,857,825</u>	<u>62.96</u>	<u>1,541,857,825</u>	<u>48.96</u>
<b>Total:</b>	<b><u>2,449,327,825</u></b>	<b><u>100.00</u></b>	<b><u>3,149,327,825</u></b>	<b><u>100.00</u></b>

*Note:* Ms. Qiao Yanfeng is Mr. Wang's mother and is deemed to be interested in 150,000,000 Shares through her wholly-owned companies.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any other equity raising activities during the 12 months immediately preceding the date of this announcement.

## SPECIFIC MANDATE

The Conversion Shares will be allotted and issued under the Specific Mandate.

## SGM

The SGM will be convened for the purpose of considering and approving, the terms of the Agreement (including the Specific Mandate). The circular containing, among other things, (i) further details of the Agreement; and (ii) notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## DEFINITIONS

In this announcement, unless the context requires otherwise, terms used in this announcement shall have the following meanings:

“2017 CB”	7.0% secured convertible bonds of the Company in the initial aggregate principal amount of US\$40 million issued by the Company on 10 November 2017 and which is due in November 2019
“Agreement”	the subscription agreement dated 9 October 2019 entered into between the Company and the Subscriber in relation to the Subscription
“Board”	the board of Directors
“Business Day”	a day on which commercial banks and foreign exchange markets settle payments in Hong Kong, excluding any day in Hong Kong on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted
“CB”	8.0% guaranteed convertible bonds of the Company in the aggregate principal amount of HK\$210 million to be constituted by the CB Instrument and to be issued by the Company to the Subscriber pursuant to the Agreement
“CB Holders”	holders of the CB
“CB Instrument”	the instrument by way of deed poll to be executed by the Company creating and constituting the CB (as amended, amended and restated, supplemented or otherwise modified from time to time)
“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)
“Completion”	the completion of the Subscription
“Conversion Period”	the period beginning on, and including, the date falling on the Issue Date and ending on, and including, 5:00 p.m. on the date falling ten Business Days before the Maturity Date
“Conversion Price”	HK\$0.3 per Share (subject to any adjustments)
“Conversion Shares”	the Shares to be allotted and issued upon exercise of the conversion right attaching to the CB
“Designee”	a company held solely by the Subscriber



“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Date”	the date on which completion of the Agreement takes place and the CB is issued in accordance with the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2019 or such later date as may be agreed by the Subscriber and the Company
“Maturity Date”	the date falling on the second anniversary of the Issue Date
“Mr. Wang”	Mr. Wang Liang, the chairman of the Board, an executive Director and a substantial shareholder of the Company
“PRC”	the People’s Republic of China
“Redemption Amount”	an amount equal to the aggregate of (a) the aggregate principal amount of such outstanding CB held by the relevant CB Holder, and (b) any accrued but unpaid interest on such outstanding CB on the relevant redemption date
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated hereunder including the grant of the Specific Mandate
“Specific Mandate”	the specific mandate to be sought from Shareholders at the SGM to approve the allotment and the issue of the Conversion Shares
“Share(s)”	the ordinary share(s) in the share capital of the Company which have a par value of HK\$0.04 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ms. Xing Shan, an individual investor
“Subscription”	subscription of the CB by the Subscriber
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs

“US\$” United States dollar, the lawful currency of the United States of America

“%” per cent

\* *for identification purposes only*

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

Hong Kong, 9 October 2019

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