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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)

**MAJOR TRANSACTION —
DISPOSAL OF SALE SHARES OF WIN WIND**

The Board is pleased to announce that on 25 January 2018 (after trading hours), the Company as Vendor and the Purchaser entered into the Agreement pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Shares at a consideration of HK\$320,000,000 which will be settled by the issuance of the Zero-Coupon Promissory Note of the Purchaser.

As at the date of this announcement, the Company holds, through its wholly-owned indirect subsidiary, Victor Choice, 11.78% interest in Win Wind. Upon Completion, the Company will cease to hold any beneficial interest in Win Wind.

As one or more of the applicable percentage ratios of the Disposal under Rule 14.07 of the Listing Rules exceed(s) 25% but all are less than 75%, the Disposal constituted a major transaction for the Company and is therefore subject to the reporting, announcement, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since Mr. Cheung Wing Ping ("Mr. Cheung") is a common independent non-executive Director of the Company and the Purchaser, Mr. Cheung has abstained from voting at the meeting of the Board convened for approving the Disposal. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed, none of the other Directors has any material interest in the Disposal.

As at the date of this announcement, the Company has been informed that the Purchaser is interested in 1,792,350 shares of the Company, representing approximately 0.02% of the entire issued shares of the Company. The Purchaser will abstain from voting in favour of the resolution approving the Disposal at the SGM. Save and except for the above, to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no other Shareholders or any of their respective associates have any material interest in the Disposal. As such, no other Shareholders would be required to abstain from voting in favour of the resolution approving the Disposal at the SGM. As at the date of this announcement, the Company holds 25,000,000 shares of the Purchaser, representing approximately 0.86% of the entire issued share capital of the Purchaser.

A circular containing (i) further details of the Agreement and the Disposal; (ii) a notice convening the SGM and (iii) other information required to be disclosed under the Listing Rules will be dispatched to the Shareholders. The circular is expected to be dispatched to the Shareholders on or before 23 February 2018.

Shareholders and potential investors should note that Completion of the Disposal is subject to the fulfillment of the conditions under the Agreement and the Disposal may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE DISPOSAL

The Board is pleased to announce that on 25 January 2018 (after trading hours), the Company, and the Purchaser entered into the Agreement pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Shares at a consideration of HK\$320,000,000 which will be settled by the issuance of the Zero-Coupon Promissory Note of the Purchaser.

THE AGREEMENT

The principal terms of the Agreement are set out as below:

Date

25 January 2018

Parties

Vendor: The Company which owned as to 100% of the voting rights of Victor Choice which in turns owns the Sale Shares

Purchaser: Enerchina Holdings Limited

Save and except that Mr. Cheung Wing Ping (“Mr. Cheung”) is a common independent non-executive Director of the Company and the Purchaser, and as at the date of this announcement, the Company has been informed that the Purchaser is interested in 1,792,350 shares of the Company, representing approximately 0.02% of the total issued shares of the Company, to the best knowledge, information and belief of the Directors having made all reasonable enquiry and so far as the Directors are aware, the Purchaser is an Independent Third Party. As at the date of this announcement, the Company holds 25,000,000 shares of the Purchaser, representing approximately 0.86% of the entire issued share capital of the Purchaser.

Assets to be disposed

Pursuant to the Agreement, amongst others, the Company has conditionally agreed to sell 13,600,000 Sale Shares, representing 11.78% of the total issued shares of Win Wind.

CONDITIONS

The sale and purchase of the Sale Shares shall be subject to and conditional upon the fulfilment and satisfaction (or waiver, if applicable) of each of the following conditions precedent:

- (a) the approval by the shareholder(s) of the Company in respect of the Agreement and the transactions contemplated hereunder in accordance with the requirements of the Listing Rules;
- (b) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Agreement and the transactions contemplated hereunder; and
- (c) the Company’s warranties given under the Agreement shall remain to be true and correct in all material respects and there has not been any material breach of the Company’s warranties.

If the Conditions have not been fulfilled on or before the Long Stop Date for whatever reason, the Agreement shall cease and determine, and in such event, neither party shall have any rights, obligations and liability towards each other hereunder save for any antecedent breaches of the terms hereof.

COMPLETION

Completion of the Disposal under the Agreement will take place on the Completion Date, which is within six calendar months from the date of the Agreement or such other date as may be agreed by the parties in writing.

Upon Completion, the Company will cease to hold any beneficial interest in Win Wind.

CONSIDERATION

The consideration for the Disposal is HK\$320,000,000 which shall be settled by the issuance of the Zero-Coupon Promissory Note, which was agreed between the parties based on arm's length negotiation after taking into account with reference to the latest unaudited net asset value per share of Win Wind. The Directors consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The principal terms of the Zero-Coupon Promissory Note are set out as below:

Zero-Coupon Promissory Note

Issuer:	the Purchaser
Principal amount:	HK\$320,000,000
Noteholder:	the Company
Interest:	Zero interest
Maturity date:	30 June 2019, or such other date as the Purchaser and the noteholder may mutually agree in writing.
Repayment:	The Zero-Coupon Promissory Note shall be due and repayable to the noteholder (or to such other person as the noteholder may direct by written notice to the Purchaser) on the maturity date.
Early redemption:	The Purchaser may prepay all or part of the principal amount of a Zero-Coupon Promissory Note at any time without any penalty provided that the Purchaser shall have given to the noteholder(s) not less than one (1) Business Day's prior written notice specifying the amount and date of prepayment.
Transferability:	The Zero-Coupon Promissory Note shall only be transferrable to a third party with prior written consent of the Purchaser. Any request for transfer of the Zero-Coupon Promissory Note shall be made in writing together with all information as the Purchaser may reasonably request and sent to the Purchaser in not less than 7 Business Days prior to the proposed date of transfer.
Status:	The Zero-Coupon Promissory Note constitutes the direct, unconditional and unsubordinated obligations of the Purchaser and will at all times rank <i>pari passu</i> among themselves and will at all times rank at least <i>pari passu</i> with all other present and future unsecured creditors of the Purchaser.

INFORMATION OF THE WIN WIND GROUP

Win Wind is a major subsidiary of the Purchaser and the Win Wind Group principally engages in investment holdings; trading and investment in securities; and provision of (i) securities brokerage services, (ii) placing and underwriting services, (iii) corporate finance advisory services, (iv) money lending services, (v) investment advisory and asset management services, and (vi) margin financing services. Some subsidiaries of Win Wind are licensed to carry on Types 1, 4, 6 and 9 regulated activities under the SFO and money lending activities under the Money Lenders Ordinance (Chapter 163, Laws of Hong Kong).

Set out below is the unaudited consolidated financial information of the Win Wind Group for the two financial years ended 31 December 2015 and 31 December 2016 prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2015 HK\$'000 (Unaudited)	For the year ended 31 December 2016 HK\$'000 (Unaudited)
Profits/(Loss) before tax	898,572	(1,279,218)
Profits/(Loss) after tax	621,042	(1,147,392)

As at 30 September 2017, the unaudited consolidated net asset value of the Win Wind Group was approximately HK\$2,608,158,000.

REASONS FOR THE DISPOSAL

The Sale Shares were subscribed on 19 July 2016 at a total consideration of HK\$408,000,000 which was settled by the issuance of 2,040,000,000 new shares of the Company. At the time of the Win Wind Subscription, the Directors had stated, inter alia, as their reasons for entering into the Win Wind Subscription in view of Win Wind had a proven track record and was extremely profitable. The Company was optimistic about Win Wind business model and financial performance going forward. Since both the Company and Win Wind are engaged in the financial services industry, the Company also considered that further investment through the Win Wind Subscription might achieve a synergy effect between both parties. In addition, the Directors considered the terms of the Win Wind Subscription to be commercially attractive as the Sale Shares were issued to the Company at an approximately 8.59% discount of the unaudited consolidated net asset value per share of Win Wind. Since then, however, Win Wind has experienced a substantial reversal of fortune with losses before tax of HK\$1,279,218,000 and HK\$229,243,000 being recorded for the year ended 31 December 2016 and nine months ended 30 September 2017 respectively. Furthermore, the Company also considers the focus and the development of its core business, being QR code business and Touyun Retailers Management System going forward. The Company thus decided that the Disposal is a good opportunity for the Company to exit from this unsatisfactory investment.

The Directors, including the independent non-executive Directors (save and except for Mr. Cheung who has abstained on the approving the Disposal), consider that the terms of the Agreement were entered into under normal commercial terms following arm's length negotiations between the Company and the Purchaser and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

On 30 March 2016, the Company entered into the Win Wind Subscription at a consideration of HK\$408,000,000 which was settled by the issuance of 2,040,000,000 new shares of the Company. The market value of new shares issued at completion date of the Win Wind Subscription was HK\$714,000,000, which represented the initial investment cost recognized by the Company. During the year ended 31 December 2016, a loss after tax of HK\$1,147,392,000 was recorded by the Win Wind Group. Accordingly, an impairment loss for the investment in Win Wind of HK\$397,369,000 was recognized by the Company during the year ended 31 December 2016. As at 30 June 2017, the unaudited carrying amount of the investment in Win Wind held by the Company was HK\$316,631,000.

The difference between the consideration for the Disposal, being the principal amount of the Zero-Coupon Promissory Note of HK\$320,000,000 and the unaudited carrying amount of the Sale Shares of HK\$316,631,000 as at 30 June 2017 is estimated to be HK\$3,369,000. The estimated net present value of the Zero-Coupon Promissory Note as at date of this announcement is HK\$290,541,000. Accordingly, an estimated loss on the Disposal recognized by the Company will be HK\$26,090,000.

The Board intends to use the net proceeds arising from the Disposal and after repayment from the Zero Coupon Promissory Note, as general working capital and reserve for any future possible investment opportunities.

INFORMATION OF THE COMPANY

The principal activity of the Company is investment holding. The Group is principally engaged in (i) provision of QR codes on product packaging and solution and online advertising display services; (ii) design, development, manufacture and sale of packaging products; and (iii) investment and trading in securities business and money lending.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal exceeds 25% but all are less than 75%, the transactions contemplated under the Agreement constitute a major transaction for the Company under Chapter 14 of the Listing Rules, which is subject to reporting, announcement and shareholders' approval requirement.

As at the date of this announcement, the Company has been informed that the Purchaser is interested in 1,792,350 shares of the Company, representing approximately 0.02% of the total issued shares of the Company. The Purchaser will abstain from voting in favour of the resolution approving the Disposal at the SGM. Save and except for the above, to the best of the knowledge, information and belief of the Directors, after having made all reasonable

enquiries, no other Shareholders or any of their respective associates have any material interest in the Disposal. As such, no other Shareholders would be required to abstain from voting in favour of the resolution approving the Disposal at the SGM.

A circular containing (i) further details of the Agreement and the Disposal; (ii) a notice convening the SGM and (iii) other information required to be disclosed under the Listing Rules will be dispatched to the Shareholders. The circular is expected to be dispatched to the Shareholders on or before 23 February 2018.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Agreement”	the sale and purchase agreement dated 25 January 2018 and entered into between the Company and the Purchaser in respect of the Disposal
“Board”	The board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which banks are open for business in Hong Kong
“Company”	China Touyun Tech Group Limited (Stock Code: 1332), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	Completion of the sale and purchase of the Sale Shares under the Agreement
“Completion Date”	Completion will take place on or before the fifth Business Day following the satisfaction of the conditions precedent
“Consideration”	the consideration of HK\$320,000,000 payable by the Purchaser to the Vendor for the Disposal pursuant to the terms and conditions of the Agreement
“Directors”	Director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the terms of the Agreement
“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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	Six calendar months from the date of Agreement or such other date as may be agreed by the parties in writing
“Purchaser”	Enerchina Holdings Limited (stock code: 622), a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange
“Sale Shares”	13,600,000 shares of Win Wind, representing approximately 11.78% of the entire issued share capital of Win Wind
“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 thereunder
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Victor Choice”	Victor Choice Global Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, which owns 11.78% of the Sale Shares
“Win Wind”	Win Wind Capital Limited
“Win Wind Group”	Win Wind and its subsidiaries
“Win Wind Subscription”	the subscription of the shares of Win Wind by the Company pursuant to a subscription agreement made between the Company and Win Wind dated 30 March 2016 at a consideration of HK\$408,000,000 which was settled by the issuance of 2,040,000,000 new shares of the Company upon completion

“Zero-Coupon Promissory Note” the zero-coupon promissory note with aggregate principal amount of HK\$320,000,000 maturing on 30 June 2019 to be issued by the Purchaser in favour of the Company upon Completion

“%” per cent

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

Hong Kong, 25 January 2018

As at the date of this announcement, the Board comprises 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