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中国优通控股  
China UT Holding

## **CHINA U-TON HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6168)**

**(1) DISCLOSEABLE AND SHARE TRANSACTION  
ACQUISITION OF 51% EQUITY INTEREST  
IN THE TARGET COMPANY  
(2) THE ISSUE OF CONSIDERATION SHARES  
UNDER GENERAL MANDATE  
AND  
(3) EXEMPTED CONNECTED TRANSACTION  
FINANCIAL ASSISTANCE FROM THE VENDORS**

### **THE ACQUISITION**

On 20 October 2017 (after trading hours), the Purchaser entered into the Share Purchase Agreement with the Vendors, pursuant to which and subject to the conditions precedent thereto, the Purchaser has conditionally agreed to purchase and the Vendors has conditionally agreed to sell the Sale Interest representing 51% of the total equity interest in the Target Company, at the Consideration of a maximum of RMB321,300,000.

Among the Consideration of a maximum of RMB321,300,000, RMB37,500,000 shall be settled in cash. After issuance of the audit report for the financial year ending 31 December 2017 of the Target Company and in the event that the formulae for determining the 2017 Further Consideration gives a result larger than zero, the 2017 Further Consideration (as defined below) shall be payable by the Purchaser by procuring the Company to allot and issue the 2017 Consideration Shares to the Vendors. In the event the Target Company meets the Performance Guarantee, the 2018 Further Consideration (as defined below) shall be payable by the Purchaser by procuring the Company to issue and allot to the Vendors the 2018 Consideration Shares subject to the approval of the Shareholders (the “**Shareholders’ Approval**”). Nevertheless, it is agreed between the Vendors and the Purchaser that the maximum possible aggregate monetary amount of the 2017 Further Consideration and the 2018 Further Consideration shall be capped at RMB283,800,000.

For illustration purpose only, assuming the maximum monetary amount of RMB283,800,000 as the 2017 Further Consideration, the number of 2017 Consideration Shares which may be allotted and issued by the Company is 335,302,457 Shares, representing approximately 16.87% of the existing total number of issued shares of the Company and assuming no further Shares shall be issued, approximately 14.43% of the then total number of issued shares of the Company as enlarged by the issue of the 2017 Consideration Shares. The 2017 Consideration Shares shall be issued by the Company under the General Mandate and, if allotted and issued, will rank pari passu in all respects with each other and with the Shares in issue at the time of issue of the 2017 Consideration Shares. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the 2017 Consideration Shares.

As the 2018 Issue Price has not been fixed, the maximum number of the 2018 Consideration Shares that may be allotted and issued and the possible effect that it may have on the shareholding structure of the Company cannot be determined as at the date of this announcement. However, pursuant to the Share Purchase Agreement (i) the maximum possible aggregate monetary amount of the 2017 Further Consideration and the 2018 Further Consideration shall be capped at RMB283,800,000 and (ii) the accumulated total number of 2017 Consideration Shares and 2018 Consideration Shares that may be issued and allotted to the Vendors shall not exceed 25% of the existing total number of issued shares of the Company as at the date of the Share Purchase Agreement. An application will also be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the 2018 Consideration Shares in due course when the 2018 Performance Guarantee is met. The 2018 Consideration Shares, if allotted and issued, will rank pari passu in all respects with each other and with the Shares in issue at the time of issue of the 2018 Consideration Shares.

#### **FINANCIAL ASSISTANCE FROM THE VENDORS**

Pursuant to the Share Purchase Agreement, the Vendors agreed to enter into loan agreements (the “**Loan Agreement(s)**”) pursuant to which the Vendors shall provide to the Target Company unsecured, interest free loan(s) of an aggregate of RMB37,500,000 to finance the business development of the Target Company (the “**Financial Support**”).

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Acquisition are 5% or more but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

As each of the Vendors (except for Mr. Li) will be a substantial shareholder of the Target Company, the Financial Support will, upon Completion, constitute a connected transaction in the form of financial assistance from the Vendors (except for Mr. Li) in favour of the Target Company. However, as the Financial Support is interest free and will not be secured by any assets of the Group, and as the Directors consider that the Financial Support is on normal commercial terms or better, the Financial Support will be fully-exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

**As the Completion is subject to, amongst others, the satisfaction and/or waiver, where applicable, certain conditions precedent set out in the Share Purchase Agreement, the Acquisition may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.**

## INTRODUCTION

Reference is made to the announcement of the Company dated 20 July 2017 on the entering into of a memorandum of understanding between the Company and the Vendors regarding potential acquisition by the Company of the 51% equity interest of the Vendors in the Target Company. On 20 October 2017 (after trading hours), the Purchaser entered into the Share Purchase Agreement with the Vendors, pursuant to which and subject to the conditions precedent thereto, the Purchaser has conditionally agreed to purchase and the Vendors has conditionally agreed to sell the Sale Interest representing 51% of the total equity interest in the Target Company, at the Consideration of a maximum of RMB321,300,000.

## PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT

The principal terms of the Share Purchase Agreement are set out as follows:

Date : 20 October 2017

Parties : (1) The Purchaser;  
(2) Beijing Xingyun;  
(3) Mr. Cheng; and  
(4) Mr. Li

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors and their ultimate beneficial owners (as applicable) are not connected persons of the Company (as defined in the Listing Rules).

### **Subject matter of the Acquisition**

Pursuant to the Share Purchase Agreement, the Purchaser agreed to purchase, and the Vendors agreed to sell, the Sale Interest representing 51% of the total equity interest in the Target Company, where each of Beijing Xingyun, Mr. Cheng and Mr. Li agreed to sell 30.60%, 15.30% and 5.10% of the total equity interest in the Target Company, respectively.

### **Consideration**

The Consideration of a maximum of RMB321,300,000 for the sale and purchase of the Sale Interest shall be settled in the manner as follows:

- (1) RMB37,500,000 payable by the Purchaser to the Vendors in cash, of which:
  - (a) RMB10,000,000 shall be payable on or before 31 December 2017 (the “**1st Instalment**”); and
  - (b) the remaining RMB27,500,000 shall be payable on or before 31 March 2018 (the “**2nd Instalment**”);
- (2) After issuance of the audit report for the financial year ending 31 December 2017 of the Target Company and in the event that the formulae for determining the 2017 Further Consideration gives a result larger than zero, the 2017 Further Consideration (as defined below) shall be payable by the Purchaser by procuring the Company to allot and issue the 2017 Consideration Shares to the Vendors; and
- (3) In the event the Target Company meets the Performance Guarantee, the 2018 Further Consideration (as defined below) shall be payable by the Purchaser either by procuring the Company to issue and allot to the Vendors the 2018 Consideration Shares subject to the Shareholders' Approval.

## **Basis of the Consideration**

The Consideration was arrived at after arm's length negotiations among the Purchaser and the Vendors, taking into account various factors, including, the potential market of the industry which the Target Company is engaged in, the customer base of the Target Company, the proprietary technologies owned by the Target Company and the Performance Guarantee.

## **Performance guarantee**

Pursuant to the Share Purchase Agreement, the Vendors undertook that the aggregate of the audited net profits after tax of the Target Company for the two financial years ending 31 December 2018 (the "**Guaranteed Aggregate Net Profit**") shall not be less than RMB65,000,000 (the "**Performance Guarantee**").

## **2017 Further Consideration**

After issuance of the audit report for the financial year ending 31 December 2017 of the Target Company, a further consideration shall be payable by the Purchaser calculated in accordance with the following formulae, given that the calculation of the 2017 Further Consideration shall give a result larger than zero (the "**2017 Further Consideration**"):

2017 Further Consideration =  $(d \times 8 \times 51\%) - 37,500,000$ , whereas:

d = the audited net profits after tax of the Target Company for the financial year ending 31 December 2017 (the "**2017 Actual Net Profit**")

However, in the event that the calculation of the 2017 Further Consideration gives a result less than zero, the amount of the 2017 Further Consideration shall be taken as zero and no 2017 Further Consideration shall be payable by the Vendors to the Purchaser.

The 2017 Further Consideration shall be settled by the Purchaser procuring the Company to allot and issue the 2017 Consideration Shares at the 2017 Issue Price to the Vendors.

The number of 2017 Consideration Shares that shall be allotted and issued shall be calculated in accordance with the following formulae:

Number of 2017 Consideration Shares to be allotted and issued

$$= \frac{\text{2017 Further Consideration}}{\text{2017 Issue Price} \times f}$$

Whereas:

f = the average official exchange rate of RMB0.8464 against HK\$1 as quoted by the People's Bank of China on the day immediately before the date of the Share Purchase Agreement

The Purchaser shall complete the relevant settlement within four calendar months after the issuance of the audit report of the Target Company for the financial year ending 31 December 2017.

The 2017 Consideration Shares, if allotted and issued, will rank pari passu in all respects with each other and with the Shares in issue at the time of their respective issue.

### **2018 Further Consideration**

In the event that the Target Company meets the Performance Guarantee, a further consideration shall be payable by the Purchaser, which shall be calculated in accordance with the following formulae (the “**2018 Further Consideration**”):

$$\text{2018 Further Consideration} = (e - \text{2017 Actual Net Profit}) \times 9 \times 51\% - \text{2017 Further Consideration} - 37,500,000,$$

whereas:

e = the Guaranteed Aggregate Net Profit or RMB70,000,000, whichever lower.

Subject to the requirements of the Listing Rules and the obtaining of all approvals and filings by the Vendors in the PRC, the 2018 Further Consideration shall be settled, by the Purchaser procuring the Company to convene a shareholders's meeting, within four calendar months after the issuance of the audit report of the Target Company for the financial year ending 31 December 2018, for the purpose of, amongst other things, obtaining the Shareholder's Approval for the issue of 2018 Consideration Shares.

Subject to the Shareholders' Approval, the number of 2018 Consideration Shares that shall be allotted and issued shall be calculated in accordance with the following formulae:

Number of 2018 Consideration Shares to be allotted and issued

$$= \frac{\text{2018 Further Consideration}}{\text{2018 Issue Price} \times g}$$

Whereas:

g = the average official exchange rate of RMB against HK\$ as quoted by the People's Bank of China on the 2018 Benchmark Date

The 2018 Consideration Shares, if allotted and issued, will rank pari passu in all respects with each other and with the Shares in issue at the time of their respective issue.

#### **Maximum possible aggregate amount of the 2017 Further Consideration and the 2018 Further Consideration**

Pursuant to the Share Purchase Agreement, it is further agreed that the maximum possible aggregate monetary amount of the 2017 Further Consideration and the 2018 Further Consideration shall be capped at RMB283,800,000, notwithstanding the results of the calculation of the 2017 Further Consideration and the 2018 Further Consideration under their respective formulae.

#### **Repurchase of Sale Interest**

In the event that the Target Company does not meet the Performance Guarantee, the Vendors shall, without prejudice to other rights and interest of the Purchaser, pay the Purchaser in the amount of RMB37,500,000, plus an annual interest rate of 6.0% (the "**Returned Consideration**"), within 30 Business Days after the issuance of the audit report for the financial year ending 31 December 2018 of the Target Company. Upon receiving the Returned Consideration by the Purchaser, the Purchaser shall transfer the Sale Interest to the Vendors within 30 Business Days.

## Conditions Precedent

Unless otherwise waived by either of the Purchaser or the Vendors in writing (where applicable), the Completion and payment of the Consideration as set out above shall be subject to the satisfaction of certain Conditions Precedent including, amongst others:

- (i) except for the 2018 Consideration Shares, the issue of which is subject to the Shareholders' Approval at the shareholders' meeting to be convened after satisfaction of the performance guarantee, all necessary consents, documents, approvals and filings (if any) required for the signing and performance of the Share Purchase Agreement by the Target Company, the Vendors and the Purchaser and the Completion have been obtained and remain in full force and effect;
- (ii) each of the joint venture agreement, the articles of association of the Target Company and the Loan Agreement(s) in the prescribed form has been duly signed and, subject to the internal decision-making procedures, has been duly approved or filed;
- (iii) the Target Company has maintained normal operations and no circumstances which would cause material adverse effect on the Target Company have occurred for the period commencing from the date of the Share Purchase Agreement to the date of the Completion;
- (iv) the registered capital of the Target Company have been fully paid up and, except for the purpose of paying up the outstanding registered capital, no circumstances which would cause any change or alteration to the registered capital of the Target Company for the period commencing from the date of the Share Purchase Agreement to the date of the Completion;
- (v) all senior management and core staff of the Target Company have entered into employment contracts for a term of five years, non-disclosure agreements and non-compete agreements;
- (vi) Mr. Chen has issued a written undertaking to the Purchaser in the form requested by the Purchaser;
- (vii) there exist no any laws, regulations, administrative orders, decrees, judgments, preliminary or permanent prohibition orders or other orders promulgated, issued or executed by any government agency, which are in force and prohibited or prevented the Acquisition;



(viii) no disputes exist between any of the Vendors and other third party(ies) that may prevent the transfer of the Sale Interest; and

(ix) there is no breach of the Share Purchase Agreement by any of the parties to the Share Purchase Agreement.

In the event that any of the Conditions Precedent are not fulfilled or waived (as the case may be) on or before 31 December 2017 (or any other date agreed by the Purchaser and the Vendors in writing), the Purchaser may terminate the Share Purchase Agreement.

### **Completion of the Acquisition**

Completion shall take place after the fulfilment or waiver of the Conditions Precedent (as the case may be), and on the third Business Day after the completion of the registration of the transfer of the Sale Interest with the relevant authorities in the PRC.

After the Completion, the Target Company will become a non-wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into those of the Group.

### **Non-competition undertakings**

Pursuant to the Share Purchase Agreement, each of Beijing Xingyun and Mr. Cheng has undertaken that, during the period (a) in respect of Beijing Xingyun, when Beijing Xingyun is holding the equity interest (directly or indirectly) in the Target Company, and (b) in respect of Mr. Cheng, when Mr. Cheng is holding the equity interest (directly or indirectly) in the Target Company, it/he (as appropriate) will not, and will also procure its subsidiaries and his/its respective close associate(s) (as appropriate) (other than our Group) not to, alone or with any other entity, through or on behalf of any other entity, in any form, directly or indirectly:

(a) engage in, participate in, assist or support a third party to engage in or participate in any business that competes, or is likely to compete, directly or indirectly with the principal business of the Target Company; and

(b) solicit or contact any employees of the Target Company, for the purposes of employing such employee(s).

Pursuant to the Share Purchase Agreement, the Vendors shall procure Mr. Chen (the legal representative of the Target Company) to issue a written undertaking to the Purchaser and in respect of, amongst others, to grant pre-emptive right to the Target Company to undertake new business opportunities in relation to the business of the Target Company that Mr. Chen locates.

## **ISSUE OF 2017 CONSIDERATION SHARES UNDER THE GENERAL MANDATE**

For illustration purpose only, assuming the maximum monetary amount of RMB283,800,000 as the 2017 Further Consideration, the number of 2017 Consideration Shares that the Company shall allot and issue to the Vendors is 335,302,457 Shares. The 2017 Issue Price of HK\$1.0 (equivalent to approximately RMB0.8464) per 2017 Consideration Share was determined after arm's length negotiations among the Purchaser and the Vendors with reference to the average closing price of HK\$0.97 per share of the Company as quoted on the Stock Exchange in the five consecutive trading days immediately preceding the date of the SPA.

The 2017 Issue Price represents:

- (i) a premium of approximately 5.26% to the closing price of HK\$0.95 per Share as quoted on the Stock Exchange on 20 October 2017, being the date of the Share Purchase Agreement;
- (ii) a premium of approximately 3.09% to the average closing price of HK\$0.97 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Share Purchase Agreement; and
- (iii) a premium of approximately 2.15% to the average closing price of HK\$0.979 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to the date of the Share Purchase Agreement.

The 2017 Consideration Shares shall be issued by the Company under the General Mandate. At the annual general meeting of the Company held on 27 June 2017, the General Mandate was granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with up to 377,524,000 new Shares, being 20% of the number of issued Shares as at the date of passing of the resolution by the Shareholders in relation to the General Mandate. As of the date of this announcement, no Shares have been issued under the General Mandate.

The number of 2017 Consideration Shares which may be allotted and issued by the Company is 335,302,457 Shares, representing approximately 16.87% of the existing total number of issued shares of the Company and assuming no further Shares shall be issued, approximately 14.43% of the then total number of issued shares of the Company as enlarged by the issue of the 2017 Consideration Shares.

The 2017 Consideration Shares, if allotted and issued, will rank pari passu in all respects with each other and with the Shares in issue at the time of issue of the 2017 Consideration Shares.

## **APPLICATION FOR LISTING**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the 2017 Consideration Shares.

An application will also be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the 2018 Consideration Shares in due course when the 2018 Performance Guarantee is met.

## **FINANCIAL ASSISTANCE FROM THE VENDORS**

Pursuant to the Share Purchase Agreement, the Vendors agreed to enter into loan agreements (the “**Loan Agreement(s)**”) pursuant to which the Vendors shall provide to the Target Company unsecured, interest free loan(s) of an aggregate of RMB37,500,000 to finance the business development of the Target Company (the “**Financial Support**”). The Financial Support shall be made available to the Target Company in the following manners:

- (i) unsecured loan(s) with an aggregate amount of RMB10,000,000 (to be made available by Beijing Xingyun, Mr. Cheng and Mr. Li in the amount of RMB6,000,000, RMB3,000,000 and RMB1,000,000, respectively), to be made available within five business days after receipt of the payment of the 1st Instalment and completion of the relevant tax and foreign exchange obligations as required by the applicable PRC laws by the Vendors, to the Target Company for a duration six months from the date of actual receipt of the 1st Instalment by the Target Company.
- (ii) unsecured loan(s) with an aggregate amount of RMB27,500,000 (to be made available by Beijing Xingyun, Mr. Cheng and Mr. Li in the amount of RMB16,500,000, RMB8,250,000 and RMB2,750,000, respectively), to be made available within five business days after receipt of the payment of the 2nd

Instalment and completion of the relevant tax and foreign exchange obligations as required by the applicable PRC laws by the Vendors, to the Target Company for a duration of six months from the date of actual receipt of the 2nd Instalment by the Target Company.

Upon Completion, as the Target Company will become a subsidiary of the Company, and each of the Vendors (except for Mr. Li) will remain as a substantial shareholder of the Target Company, each of the Vendors (except for Mr. Li) will become a connected person of the Company. Accordingly, the Financial Support will constitute a connected transaction in the form of financial assistance from the Vendors (except for Mr. Li) in favour of the Target Company. However, as the loans are interests free and not secured by any assets of the Group, and as the Directors consider that the loans are on normal commercial terms or better, the Financial Support is fully-exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

## **INFORMATION ON THE VENDORS**

Beijing Xingyun is a company established in the PRC with limited liability, which principally engages in investment management and the provision of investment advice in the PRC. Beijing Xingyun is immediately owned as to approximately 63.33% by Beijing Leshi Xingyun Investment Center (Limited Partnership) (北京樂視星雲投資中心(有限合伙)) which is in turn ultimately controlled by Mr. Chen, who is the existing legal representative of the Target Company and interested in 1.42% of the total number of issued shares of the Company. Beijing Xingyun will remain interested in 29.40% of the equity interest of the Target Company immediately after the Completion.

Each of Mr. Cheng and Mr. Li is an individual investor, who will remain interested in 14.70% and 4.90% of the equity interest of the Target Company immediately after the Completion.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company, a company established in the PRC on 13 January 2017 with limited liability, is principally engaged in the study and analysis on particulars in the air and the research and development, production and sale of related environmental protection products and services, as well as application in the internet of things industry. Its principal activities include various environmental protection related businesses such as the dust and noise online monitoring system for construction works, intelligent environmental vehicle video system and environmental steward service system.

Based on the unaudited financial statements of the Target Company for each of the six months ended 30 June 2017 prepared in accordance with PRC GAAP, the unaudited profit before taxation and profit after taxation of the Target Company are set out below:

	<b>Six months ended 30 June 2017 RMB'000 (unaudited)</b>
Loss before taxation	140
Loss after taxation	140

Based on the unaudited financial statements of the Target Company for the six months ended 30 June 2017 prepared in accordance with PRC GAAP, the unaudited net assets of the Target Company as at 30 June 2017 is RMB34,360,000.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The principal activities of the Group include the provision of deployment services of optical fibres in the PRC. The Purchaser is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

The Directors are of the view that the Acquisition and the collaboration between the Target Company and the Company will provide opportunities to the Company to diversify its existing business and broaden their revenue stream. Further, the Directors are of the view that the Financial Support will provide support to the business development of the Target Group.

After the completion of the Acquisition, the Company considers that the revenue stream could be enhanced and diversified.

The Directors (including the independent non-executive Directors) are of the view that each of the Acquisition and the transactions contemplated under the Share Purchase Agreement is on normal commercial terms, and such terms are fair and reasonable and that the Acquisition is in the interests of the Company and its Shareholders as a whole.

## EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company had 1,987,620,000 Shares in issue.

For illustration purpose only, assuming the maximum monetary amount of RMB283,800,000 as the 2017 Further Consideration and accordingly 335,302,457 Shares will be allotted and issued as the 2017 Consideration Shares pursuant to the Share Purchase Agreement and there is no other change in the shareholding structure of the Company after the date of this announcement, the following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issuance of 335,302,457 Shares.

	As at the date of this Announcement		Immediately after the allotment and issuance of 335,302,457 Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Jiang Changqing (Chairman) and his associates	648,502,000 (Note)	32.63	648,502,000	27.92
Other substantial Shareholders	572,148,000	28.79	572,148,000	24.63
Vendors	—	—	335,302,457	14.43
Other Shareholders	<u>766,970,000</u>	<u>38.58</u>	<u>766,970,000</u>	<u>33.02</u>
<b>Total</b>	<u>1,987,620,000</u>	<u>100.00</u>	<u>2,322,922,457</u>	<u>100.00</u>

Notes: These comprise (i) 10,195,000 Shares owned by Mr. Jiang Changqing's spouse, Ms. Guo Aru, as beneficial owner; and (ii) 638,307,000 Shares indirectly held by Mr. Jiang Changqing through Bright Warm Limited which is 100% beneficially owned by him.

As the 2018 Issue Price has not been fixed, the maximum number of the 2018 Consideration Shares that may be allotted and issued and the possible effect that it may have on the shareholding structure of the Company cannot be determined as at the date of this announcement. However, pursuant to the Share Purchase Agreement, (i) the maximum possible aggregate monetary value of the 2017 Further Consideration and the 2018 Further Consideration shall be capped at RMB283,800,000 and (ii) the accumulated aggregate number of 2017 Consideration Shares and 2018 Consideration Shares that may be issued and allotted to the Vendors shall not exceed 25% of the existing issued share capital of the Company as at the date of the Share Purchase Agreement.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition are 5% or more but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

As each of the Vendors (except for Mr. Li) will be a substantial shareholder of the Target Company, the Financial Support will upon Completion, constitute a connected transaction in the form of financial assistance from the Vendors (except for Mr. Li) in favour of the Target Company. However, as the Financial Support is interest free and will not be secured by any assets of the Group, and as the Directors consider that the Financial Support is on normal commercial terms or better, the Financial Support will be fully-exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules. None of the Directors have a material interest in the Loan Agreement(s) proposed to be entered into and the transactions contemplated thereunder.

**As the Completion is subject to, amongst others, the satisfaction and/or waiver, where applicable, certain conditions precedent set out in the Share Purchase Agreement, the Acquisition may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.**

## DEFINITIONS

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

“2017 Consideration Shares”	the maximum of 335,302,457 new consideration Shares to be allotted and issued by the Company to the Vendors pursuant to the Share Purchase Agreement as part of the 2017 Further Consideration
“2017 Issue Price”	HK\$1.0 (equivalent to approximately RMB0.8464), the issue price of each 2017 Consideration Share
“2018 Consideration Shares”	the new consideration Shares to be allotted and issued by the Company to the Vendors pursuant to the Share Purchase Agreement as part of the 2018 Further Consideration

“2018 Issue Price”	the issue price of each 2018 Consideration Share, which shall be 95% of the average closing price of the Company for the five Business Days immediate preceding the 2018 Benchmark Date
“2018 Benchmark” Date	the date of the circular of the Company to be issued containing details of the annual general meeting of the Company to be held for the financial year ending 31 December 2018
“Acquisition”	the proposed acquisition of the Sale Interest by the Purchaser in accordance with the terms and conditions of the Share Purchase Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Xingyun”	Beijing Xingyun Venture Capital Co., Ltd.* (北京星雲創業投資有限公司), a company established in the PRC with limited liability, which is owned as to 63.33% by Beijing Leshi Xingyun Investment Center (Limited Partnership) (北京樂視星雲投資中心(有限合伙)) which is in turn ultimately controlled by Mr. Chen, and directly holds 60% of the existing issued share capital of the Target Company as at the date of this announcement
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday and public holidays in the PRC) on which banks in the PRC are open for business
“Company”	China U-Ton Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Share Purchase Agreement, as described in the paragraph headed “Principal Terms of the Share Purchase Agreement — Completion of the Acquisition”



“Conditions Precedent”	the conditions precedent set out in the Share Purchase Agreement, details of which are set out under the paragraph headed “Principal Terms of the Share Purchase Agreement — Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to such term under the Listing Rules
“Consideration”	the aggregate consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 26 June 2017 to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares up to 20% of the number of issued Shares as at the date of passing of the resolution in relation to such general mandate (being 377,524,000 Shares)
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. LI Zhanqing (李占青), who directly holds 10% of the existing issued share capital of the Target Company as at the date of this announcement
“Mr. Chen”	Mr. CHEN Xiaotong (陳小同), who is the existing legal representative of the Target Company, the ultimate controller of Beijing Xingyun and is interested in 1.42% of the total number of issued shares of the Company as at the date of this announcement

“Mr. Cheng”	Mr. CHENG Datong (程大同) who directly holds 30% of the existing issued share capital of the Target Company as at the date of this announcement
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	generally accepted accounting principles in the PRC
“Purchaser”	Universal Greatwall Limited (環球長城有限公司), a company established in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Remaining Interest”	the aggregate equity interest in the Target Company held by the Vendors immediately after the Completion
“Sale Interest”	the 51% equity interest in the Target Company to be acquired by the Purchaser pursuant to the Share Purchase Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Purchase Agreement”	the share purchase agreement dated 20 October 2017 entered into between the Purchaser and the Vendors in respect of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Yourui Jiahe Electronic Technology Co., Ltd.* (北京優瑞嘉和電子科技有限公司), a company established in the PRC on 13 January 2017 with limited liability, which is principally engaged in the provision of environmentally intelligent technical products and services in the PRC

“Vendors”

Beijing Xingyun, Mr. Cheng and Mr. Li

“%”

per cent.

By Order of the Board  
**China U-Ton Holdings Limited**  
**Jiang Changqing**  
*Chairman and Executive Director*

Hong Kong, 20 October 2017

*As at the date of this announcement, the executive directors of the Company are Mr. Jiang Changqing, Ms. Guo Aru, Mr. Li Qingli, Mr. Zhao Feng and Ms. Ji Huifang; the non-executive director of the Company is Mr. Ge Lingyue; the independent non-executive directors of the Company are Mr. Meng Fanlin, Mr. Wang Haiyu and Ms. Li Xiaohui.*

\* *for identification purpose only*