
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 you should take, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China U-Ton Holdings Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



中国优通控股
China UT Holding

CHINA U-TON HOLDINGS LIMITED

中國優通控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6168)

PLACING OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Placing Agent



Riches Depot Securities Co., Limited

A notice convening the extraordinary general meeting of China U-Ton Holdings Limited to be held at Room 2404, 24/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on 5 September 2018 (Wednesday) at 10:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed with this circular.

Whether or not you are able to attend such meeting, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of the power of attorney or authority, to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjourned meeting thereof (as the case may be) should you so wish and in such event, your appointment of proxy under any proxy form shall be deemed to be revoked.

16 August 2018

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Notice of the EGM	EGM-1

DEFINITIONS

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

“Board”	The board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to approve, among others, the Warrant Placing Agreements and the transactions contemplated thereunder including the issue of the Warrants and the grant of the Specific Mandate
“Exercise Period”	the period during which the Subscription Rights attaching to the Warrants could be exercised at any time during the period from 24 November 2018 to 23 May 2020
“Group”	the Company and its subsidiaries from time to time
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	parties which are independent of and not connected with the Directors, chief executive, or substantial Shareholders of the Company or its subsidiaries or any of their respective associates (as defined under the Listing Rules) or parties acting in concert with any of them (as defined under the Takeovers Code) or connected persons of the Company
“Last Trading Day”	24 May 2018, being the last trading day of the Shares on which the Warrant Placing Agreement was entered into
“Latest Practicable Date”	10 August 2018, being the latest practicable date for the purpose of ascertaining certain information included in this circular

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placing Agent”	Riches Depot Securities Co., Limited, the placing agent and a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) in Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Specific Mandate”	the specific mandate required to be granted to the Directors by the Shareholders at a general meeting for allotment and issue of the Warrant, and the Warrant Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Rights”	the rights of the holders of the Warrants represented by the Warrants
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	a day when the Stock Exchange or the case may be, an alternative stock exchange, is open for dealing business, provided that if no closing price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days
“Warrant(s)”	up to 377,600,000 unlisted warrants to be issued by the Company at the Warrant Placing Price, each Warrant carries the right to subscribe for one Warrant Share at the Warrant Exercise Price at any time during the period from 24 November 2018 to 23 May 2020
“Warrant Exercise Price”	an initial exercise price of HK\$1.35 per Warrant Share (subject to adjustment) at which holder of the Warrants may subscribe for the Warrant Share(s)
“Warrant Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Warrants pursuant to the Warrant Placing Agreement

DEFINITIONS

“Warrant Placing”	the placing, on a best effort basis, of up to 377,600,000 Warrants pursuant to the terms of the Warrant Placing Agreement
“Warrant Placing Agreement”	the conditional placing agreement dated 24 May 2018 and entered into between the Company and the Placing Agent in relation to the Warrant Placing
“Warrant Placing Price”	HK\$0.22 per Warrant, being the issue price for each Warrant, payable in full on application under the Warrant Placing Agreement
“Warrant Shares”	up to 377,600,000 new Shares to be allotted and issued upon exercise of the Subscription Rights attaching to the Warrants
“%”	per cent

LETTER FROM THE BOARD



中国优通控股
China UT Holding

CHINA U-TON HOLDINGS LIMITED

中國優通控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6168)

Executive Directors:

Mr. Jiang Changqing (*Chairman*)
Mr. Zhao Feng
Ms. Ji Huifang
Ms. Liu Jianzhou
Mr. Chen Qizheng

Non-Executive Director:

Mr. Ge Lingyue

Independent non-executive Directors:

Mr. Meng Fanlin
Mr. Wang Haiyu
Ms. Li Xiaohui

Registered office:

Clifton House, 75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal place of business in Hong Kong:

Room 2404,
24/F, Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

16 August 2018

To the Shareholders

Dear Sir or Madam,

**PLACING OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the announcements of the Company dated 24 May 2018. The Company entered into the Warrant Placing Agreement with the Placing Agent on 24 May 2018 (after trading hours) in relation to, among other things, the Warrant Placing.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, amongst other things, (i) further information relating to the Warrant Placing and the transactions contemplated thereunder; and (ii) a notice of EGM.

THE WARRANT PLACING AGREEMENT

Below is a summary of the principal terms of the Warrant Placing Agreement:

Date

24 May 2018 (after trading hours)

Issuer

The Company

Placing Agent

Riches Depot Securities Co., Limited, being an Independent Third Party.

The Placing Agent will charge the Company a placing commission equivalent to 2% of the amount of the Warrant Placing Price multiplied by the number of Warrants successfully placed by the Placing Agent plus any other out-of-pocket charges and expenses by the Placing Agent in relation to the Warrant Placing. The Warrant Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing market rate. The Directors consider that the terms of the Warrant Placing, including the Warrant Placing commission, are fair and reasonable based on the current market conditions and the Warrant Placing is in the interests of the Company and the Shareholders as a whole.

Warrant Placees

To the best information, belief and knowledge of the Directors, it is contemplated that there will be not less than six Warrant Placees who and whose ultimate beneficial owners (if applicable) are Independent Third Parties. In the event that there will be less than six Warrant Placees, the Company will make further announcement in accordance with the Listing Rules requirements.

Number of Warrants

Up to 377,600,000 Warrants, each Warrant carries the right to subscribe for one Warrant Share.

Exercise Period

The Subscription Rights attaching to the Warrants may be exercised at any time during the period from 24 November 2018 to 23 May 2020.

LETTER FROM THE BOARD

Warrant Placing Price

The Warrant Placing Price is HK\$0.22 for each Warrant and shall be payable in cash. The Warrant Placing Price is determined after arm's length negotiations between the Company and the Placing Agent with reference to the current market conditions, the Group's financial positions, the historical share prices and liquidity of the Shares in the market and valued by an independent valuer.

The Company has engaged Ascent Partners Valuation Service Limited (the "**Independent Valuer**"), a valuation firm which is an Independent Third Party, to assess the fair value of the Warrants by making reference to the Binomial option pricing model (the "**Binomial Model**"). Based on the Binomial Model, the unit Warrant value as valued by the Independent Valuer was approximately HK\$0.17 as at 24 May 2018, being the date of the Warrant Placing Agreement, representing a discount of approximately 23% to the Warrant Placing Price. The key assumptions and parameters applied by the Independent Valuer in the Binomial Model for the assessment of the fair value of the Warrants are set out as follows:

Assumptions

1. The risk-free rate is the annualized yield of Hong Kong Exchange Fund Note with maturity matching the contractual life of the Warrants obtained from Bloomberg as at the 24 May 2018;
2. The dividend yield of the Company is deemed as 0.00% as no dividends were declared by the Company for the previous 5 years and it is assumed that no dividends will be paid in the near future; and
3. The expected volatility is the historical volatility of the shares of the Company over the most recent period commensurate with the contractual life of the Warrants and reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Parameters

1. the underlying stock price of HK\$1.20 per Share, being the closing price of the Share as quoted on the Stock Exchange on 24 May 2018, being the date of the Warrant Placing Agreement;
2. the initial Warrant Exercise Price of HK\$1.35;
3. the Exercise Period from 24 November 2018 to 23 May 2020;
4. the contractual warrants life of 2 years;

LETTER FROM THE BOARD

5. a risk free rate of 1.188%;
6. an expected volatility of 37.33%; and
7. an expected annualized dividend yield of 0.00%.

The Directors consider that the Warrant Placing Price is fair and reasonable and in the interests of the Shareholders and the Company as a whole.

Warrant Exercise Price

The initial Warrant Exercise Price is HK\$1.35 per Warrant Share, subject to adjustment as follows:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision, in which case the holder of the Warrant shall be entitled to acquire the same aggregate nominal amount of Shares immediately before such alteration of the nominal amount of each Share and the Warrant Exercise Price for each Share shall be proportionately adjusted;
- (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully-paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), in which case the Warrant Exercise Price in force immediately prior to such issue shall be adjusted by multiplying it by the nominal amount of the total number of issued Shares immediately before such issue and dividing the result by the aggregate nominal amount of the total number of issued Shares after such issue;
- (iii) a capital distribution (as defined in the warrant instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of Shares (in their capacity as such), in which case the Warrant Exercise Price in force immediately prior to such distribution shall be adjusted by multiplying it by the following fraction:

$$\frac{A - B}{A}$$

whereas:

A = the closing price of one Share on the Stock Exchange on the dealing day next preceding the date on which such distribution is publicly announced or (failing any such announcement) next preceding the date of the Share is traded without entitlement to the such distribution; and

LETTER FROM THE BOARD

B = the fair market value on the day of such announcement or (as the case may require) such next preceding day, as determined in good faith by an approved merchant bank, of the portion of the capital distribution or of such rights which is attributable to one Share,

provided that:

- (a) if in the opinion of the relevant approved merchant bank, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed accordingly), as if B meant the amount of the said closing price which should properly be attributed to the value of the capital distribution or rights; and
 - (b) the provisions of this paragraph (iii) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.
- (iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 85% of the market price (calculated as provided in the warrant instrument) being made by the Company to holders of Shares (in their capacity as such), in which case the Warrant Exercise Price in force immediately prior to the announcement of such offer shall be adjusted by multiplying it by the following fraction:

$$\frac{A + B}{C}$$

whereas:

A = the number of Shares in issue immediately before the date of such announcement;

B = the number of Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new Shares comprised therein would purchase at such market price; and

C = the number of Shares in issue on the date of such announcement plus the aggregate number of Shares offered for subscription or comprised in the options or warrants.

LETTER FROM THE BOARD

- (v) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share is less than 85% of the market price (calculated as provided in the warrant instrument), or the conversion, exchange or Subscription Rights of any such issue are altered so that the said total effective consideration is less than 85% of such market price, in which case the Warrant Exercise Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{A + B}{C}$$

whereas:

A = the number of Shares in issue immediately before the date of the issue of such securities;

B = the number of Shares which the total effective consideration receivable for the securities issued would purchase at such market price; and

C = the number of Shares in issue immediately before the date of the issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price.

- (vi) an issue of Shares being made wholly for cash (other than Shares issued pursuant to any Share Option Scheme) at a price less than 85% of the market price (calculated as provided in the warrant instrument), in which case the Warrant Exercise Price in force immediately prior to the announcement of such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{A + B}{C}$$

whereas:

A = the number of Shares in issue immediately before the date of such announcement;

B = the number of Shares which the aggregate amount payable for the issue would purchase at such market price; and

C = the number of the Shares in issue immediately before the date of such announcement plus the number of Shares so issued.

LETTER FROM THE BOARD

(vii) the purchase by the Company of Shares where the total effective consideration per Share is more than 110% of the closing price (calculated as provided in the warrant instrument), or the purchase by the Company of securities convertible into Shares or any rights to acquire Shares in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Warrant Exercise Price, in which case the Warrant Exercise Price in force immediately prior to such purchase shall be adjusted by multiplying it by the following fraction:

$$\frac{A - B}{A - C}$$

whereas:

A = the number of Shares in issue immediately before the date of such purchase;

B = the number of Shares which the total effective consideration would have purchased at such closing price (exclusive of expenses); and

C = the number of Shares so purchased by the Company.

Every adjustment to the Warrant Exercise Price shall be certified by the auditors of the Company or an approved merchant bank.

The initial Warrant Exercise Price of HK\$1.35 per Warrant Share represents (i) a premium of approximately 12.5% over the closing price of HK\$1.2 per Share quoted on the Stock Exchange on the Last Trading Day, and (ii) a premium of approximately 4.98% over the average closing prices of HK\$1.286 per Share for the last five trading days for the Shares immediately prior to (but excluding) the Last Trading Day.

The aggregate of the Warrant Placing Price and the Warrant Exercise Price, i.e. HK\$1.57 per Warrant Share, represents (i) a premium of approximately 30.83% over the closing price of HK\$1.2 per Share quoted on the Stock Exchange on the Last Trading Day, and (ii) a premium of approximately 22.08% over the average closing prices of HK\$1.286 per Share for the last five trading days for the Shares immediately prior to (but excluding) the Last Trading Day.

The Warrant Placing Price and the Warrant Exercise Price are determined based on negotiations on arm's length basis between the Company and the Placing Agent with reference to the current market conditions, the Group's financial position, the historical Share prices and liquidity of the Shares in the market. The Directors consider that the Warrant Placing Price and the Warrant Exercise Price are fair and reasonable.

The Warrant Placing Completion Date

Completion of the Warrant Placing is expected to take place on any date falling on or before the third Business Day after fulfilment of the conditions precedent to the Warrant Placing and the Placing Agent's performance ("**Completion Date**") that it shall on the Completion Date make or procure the making of payment for value of the aggregate principal amount of the Warrants in cash it has successfully placed to the Company.

LETTER FROM THE BOARD

Information of the Warrants

The Warrants will be issued to the Warrant Placees upon completion of the Warrant Placing in registered form and constituted by a deed poll. Each of the Warrants will rank pari passu in all respects among themselves.

Provided that the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares of the Company at any one time in compliance with the Listing Rules and the holder(s) of the Warrant will not become a substantial Shareholder of the Company as a result of the exercise of the Warrants, each one (1) Warrant carries the right to subscribe for one (1) Warrant Share at the Warrant Exercise Price and is issued at the Warrant Placing Price.

The Subscription Rights attaching to the Warrants may be exercised at any time during the period from 24 November 2018 to 23 May 2020. The Warrant Shares, when fully paid and allotted, will rank pari passu in all respects with the then existing issued Shares of the Company.

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued upon exercise of the Warrants must not, when aggregated with all other equity securities to be issued on exercise of any other Subscription Rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the total number of issued of the Company at the time the Warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit. As at the date of this announcement, the Company has no outstanding warrant.

A total of up to 377,600,000 Warrants are proposed to be issued. Upon full exercise of the Subscription Rights attaching to the Warrants at the initial Warrant Exercise Price, a total of up to 377,600,000 Warrant Shares will be issued, representing (i) 18.10% of the total number of issued shares of the Company as at the Latest Practicable Date; and (ii) approximately 15.33% of the total number of issued shares of the Company as enlarged by the allotment and issue of the Warrant Shares upon full exercise of the Subscription Rights attaching to the Warrants assuming there being no other changes in the issued share capital of the Company.

Transferability

The Warrants are non-transferable.

Conditions of the Warrant Placing

Completion of the Warrant Placing Agreement is conditional on, among the other matters, the fulfillment of the following conditions:

- (a) the listing committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval of listing of and permission to deal in the Warrant Shares which may fall to be allotted and issued upon the exercise of the Subscription Right attaching to the Warrants;

LETTER FROM THE BOARD

- (b) the passing of the necessary resolution(s) by the Shareholders of the Company at the relevant EGM approving the Placing Agreement and the transactions contemplated thereunder including the issue of the Warrants, and the allotment and issue of the Warrant Shares by the Company under the Specific Mandate; and
- (c) each of the Company and the Placing Agent having obtained all necessary consents and approvals in respect of this agreement and the transactions contemplated hereunder.

In the event that any of the above conditions is not fulfilled by 5:00 p.m. on 30 September 2018 (or such other date as agreed between the Company and the Placing Agent in writing), the Warrant Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against each other, save for any antecedent breaches.

Voting rights for the holders of the Warrants

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Rights of the holders of the Warrants on the liquidation of the Company

If, however, at any time prior to the expiration of the Warrants and prior to their exercise, a dissolution, liquidation, or winding up of the Company shall be proposed, the Company shall give notice in writing of such event to the holders of the Warrants in accordance with conditions of the Warrants.

In the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to wind-up the Company voluntarily, every holder of the Warrant shall be entitled by irrevocable surrender of his warrant certificate(s) to the Company with the subscription form(s) duly completed, together with payment of the relevant exercise moneys or the relative portion thereof to be allotted and issued the Shares which fall to be issued pursuant to the exercise of the relevant Subscription Rights.

If an effective resolution is passed during the Exercise Period for the voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the holders of the Warrants, or some persons designated by them for such purpose by their special resolution, shall be a party or in conjunction with which a proposal is made to the holders of the Warrants and is approved by their special resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all holders of the Warrants.

If the Company is wound up, all Subscription Rights which have not been exercised at the date of the passing of such resolution shall lapse and each warrant certificate shall cease to be valid for any purpose.

LETTER FROM THE BOARD

Specific Mandate to issue the Warrant Shares

The Warrant Shares to be allotted and issued upon exercising of the Subscription Rights attaching to the Warrants will be allotted and issued pursuant to the Specific Mandate. The Company will seek the grant of the Specific Mandate at the EGM.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the Subscription Rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

REASONS FOR THE WARRANT PLACING

The Group is principally engaged in the provision of design, deployment and maintenance services of optical fibers, and other integrated services relating to the design, construction and maintenance of communication networks. The Group is also engaged in money lending business since July 2017.

The Board considers that the Warrant Placing represents good opportunities to raise additional funds for the Group while broadening the Shareholder and capital base of the Company. In addition, the Warrants are not interest bearing and the Warrant Placing will not be resulted in any immediate dilution effect on the shareholding of the existing Shareholders. In addition to the net proceeds that will be raised upon completion of the Warrant Placing, further capital will be raised upon the exercise of the Subscription Rights attaching to the Warrants by the holder thereof during the Exercise Period.

The Board considers that the terms of the Warrant Placing Agreement, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Assuming the maximum of the Warrants are placed at the Warrant Placing Price, the gross proceeds and net proceeds from the issue of the Warrants will be approximately HK\$83,072,000 and HK\$80,960,560 respectively. The net proceeds of approximately HK\$80,960,560 from the issue of the Warrants is expected to be used for general working capital, repayment of debts and future investment of the Group (as and when opportunities arise but no specific investment targets have been identified yet as at the date of this circular), including (i) approximately HK\$30,960,560 for general working capital, (ii) approximately HK\$30,000,000 for the repayment of debts, and (iii) approximately HK\$20,000,000 for future investment.

Assuming the full exercise of the Subscription Rights attaching to the maximum number of Warrants at the initial Warrant Exercise Price, it is expected up to an additional of approximately HK\$509,760,000 will be raised. The additional net proceeds of up to approximately HK\$509,760,000 is expected to be used for general working capital, repayment of debts and future investment of the Group as and when opportunities arise but no specific investment targets have been identified yet as

LETTER FROM THE BOARD

at the date of this circular. The Warrant Exercise Price of HK\$1.35 per Warrant Share was set at a premium of approximately 12.5% over the closing price of HK\$1.2 per Share quoted on the Stock Exchange on the Last Trading Day, indicating an optimistic outlook on the financial position of the Company and future market price of the Shares. Although the proceeds from the issuance of Warrants is minimal as compared to the exercise of Warrant, however, considering that the Company at present has no immediate needs of such funding from the exercise of the Subscription Rights, the Company considers that such proceeds generated will be beneficial to the Company for the future business development needs of the Group when the Subscription Rights are exercised in full. The company has also considered other alternative fund raising methods including issue of Shares, debt financing and bank borrowing. As the Company had incurred net loss for the two consecutive years of 2016 and 2017, it is difficult for the Company to issue the Shares to potential investors at a premium over the current market price. For other alternative fund raising methods which are interest bearing, this would increase the financial costs to be borne by the Company. Further, the Warrant Placing can broaden the shareholder and capital base of the Company without resulting in immediate dilution effect to the shareholding of the existing Shareholders and can ensure that the price for the Warrant Shares (comprising the Warrant Placing Price and the Warrant Exercise Price) is higher than the current market price. Accordingly, the Company considers that the Warrant Placing serves a more cost-efficient fund-raising means for the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PERIOD

Date	Fund raising activities	Net proceeds	Intended Use of proceeds	Actual use of proceeds
15 June 2017	Issue of 8% guaranteed convertible bond in the principal amount of US\$4 million due 2019.	Approximately HK\$31.18 million	Day-to-day operations and potential investments and acquisitions.	Approximately HK\$11.86 million and HK\$19.32 million of the net proceeds have been used to fund investment and day-to-day operations of the business as operated by the Group, respectively.
23 June 2017	Placing of 100,000,000 new Shares at the placing price of HK\$0.88 per Share	Approximately HK\$87.02 million	General working capital, repayment of debts and future investment.	Approximately HK\$23.8 million and HK\$63.22 million of the net proceeds have been used for general working capital and repayments of debts, respectively.

LETTER FROM THE BOARD

Save for the fund raising activities as mentioned above, the Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement. Please note that the above fund raising activities do not include the possible issue of the consideration shares for the purpose of acquiring 51% equity interest in Beijing Yourui Jiahe Electronic Technology Co., Ltd.. For details, please refer to the announcements of the Company dated 20 October 2017, 19 January 2018 and 12 February 2018.

SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company has 2,086,345,388 Shares in issue. The shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after full exercise of the Subscription Rights attaching to the Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise) are as follows:

	As at the Latest Practicable Date		Immediately after the full exercise of the subscription rights attaching to the Warrants	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Mr. Jiang Changqing (<i>Note 1 & 2</i>)	627,842,000	30.09%	627,842,000	25.48%
Ms. Guo Aru (<i>Note 2</i>)	627,842,000	30.09%	627,842,000	25.48%
Bright Warm Limited (<i>Note 1 & 2</i>)	617,647,000	29.60%	617,647,000	25.07%
Asia United Fund (<i>Note 3</i>)	399,308,000	19.14%	399,308,000	16.21%
Public Shareholders				
Holder of Warrants	—	—	377,600,000	15.33%
Other public Shareholders	<u>1,059,195,388</u>	<u>50.77%</u>	<u>1,059,195,388</u>	<u>42.99%</u>
	<u>2,086,345,388</u>	<u>100%</u>	<u>2,463,945,388</u>	<u>100%</u>

Note(s):

- (1) The 617,647,000 Shares are held by Bright Warm Limited, a company incorporated in the BVI and the entire issued capital of which is beneficially owned by Mr. Jiang Changqing, one of the controlling shareholders of our Company and an executive Director. Therefore, Mr. Jiang Changqing is also deemed to be interested in the 617,647,000 Shares owned by Bright Warm Limited by virtue of the SFO.
- (2) Ms. Guo Aru is the spouse of Mr. Jiang Changqing. Therefore, Ms. Guo Aru is deemed to be interested in the 617,647,000 Shares owned by Mr. Jiang Changqing in the Company and 1 share owned by Mr. Jiang Changqing in Bright Warm Limited by virtue of the SFO. Moreover, Ms. Guo Aru held 10,195,000 Shares directly. Mr. Jiang Changqing is therefore deemed to be interested in the 10,195,000 Shares held by Ms. Guo Aru.
- (3) To the best information, belief and knowledge of the Directors, save as being a shareholder of the Company, each of Asia United Fund and its ultimate beneficial owners are Independent Third Parties.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued on exercise of the Warrants must not, when aggregated with other equity securities remain to be issued on exercise of any other subscription rights, if all such rights were immediately issued, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under the share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the Latest Practicable Date, there are no equity securities of the Company with subscription rights outstanding and not yet exercised and which are required to be aggregated with the Warrant Shares in accordance with Rule 15.02(1) of the Listing Rules. The 377,600,000 Warrant Shares to be allotted and issued represents (i) approximately 18.10% of the existing issued share capital of the Company as at the Latest Practicable Date, and (ii) approximately 15.33% of the issued share capital of the Company as enlarged by the issue of the Warrant Shares.

Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

SPECIFIC MANDATE

The Warrant Shares to be allotted and issued upon the exercise of the Subscription Rights attaching to the Warrants will be allotted and issued under the Specific Mandate. The Company will seek the grant of the Specific Mandate at the EGM.

EGM

The EGM will be held at Room 2404, 24/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on 5 September 2018 (Wednesday) at 10:30 a.m. for the Shareholders to consider and, if thought fit, pass the requisite resolution(s) to approve, among other things, the Placing Agreement and the transactions contemplated thereunder including the issue of the Warrants and the Specific Mandate for the allotment and issue of the Warrant Shares. The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting on the resolutions relating to the above at the EGM.

You will find the enclosed proxy form for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the EGM to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the terms of the Warrant Placing, including the grant of the Specific Mandate is in the interests of the Company and the Shareholders as a whole and therefore recommends the Shareholders to vote in favour of the resolution to be proposed at the EGM.

WARNING NOTICE

Completion of the Warrant Placing is subject to, among other things, fulfillment of the conditions precedent in the Warrant Placing Agreement. As the Warrant Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Yours faithfully,
By order of the Board
China U-Ton Holdings Limited
Jiang Changqing
Chairman

NOTICE OF EGM



中国优通控股
China UT Holding

CHINA U-TON HOLDINGS LIMITED

中國優通控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6168)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China U-Ton Holdings Limited (“**Company**”) will be held at 10:30 a.m. on 5 September 2018 (Wednesday) at Room 2404, 24/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“**THAT**

- (a) the warrant placing agreement dated 24 May 2018 (the “**Warrant Placing Agreement**”) entered into between the Company as issuer and Riches Depot Securities Co., Limited as placing agent (the “**Placing Agent**”), pursuant to which the Placing Agent has agreed to place, on a best effort basis, subject to the fulfilment of certain terms and conditions as set out in the Placing Agreement, to not less than six placees, to subscribe for up to a maximum of 377,600,000 warrants (the “**Warrants**”) at the issue price of HK\$0.22 per Warrant (a copy of the Warrant Placing Agreement and the draft instrument have been marked “A” and “B” respectively and initialed by the chairman of the meeting for identification purpose) be and are hereby approved, ratified and confirmed;
- (b) the creation and issue of the Warrants by the Company in accordance with the terms and conditions of the Warrant Placing Agreement be and are hereby approved, ratified and confirmed;
- (c) the directors of the Company be and are hereby granted a specific mandate for the allotment and issue of up to a maximum number of 377,600,000 new ordinary shares of HK\$0.22 each in the share capital of the Company (the “**Warrant Share(s)**”) credited as fully paid at the initial subscription price of HK\$1.35 per Warrant Share (subject to adjustment and the terms and conditions as set out in the draft instrument), which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants; and

NOTICE OF EGM

- (d) any one director of the Company be and is hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in his opinion necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the Warrant Placing Agreement and the transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith.”

Yours faithfully,
By order of the Board
China U-Ton Holdings Limited
Jiang Changqing
Chairman

Hong Kong, 16 August 2018

Principal Place of Business in Hong Kong:
Room 2404, 24/F,
Great Eagle Centre,
23 Harbour Road,
Wanchai, Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the above meeting may appoint another person as his proxy to attend and to vote instead of him. A proxy need not be a member of the Company.
2. All resolutions at the extraordinary general meeting will be taken by way of poll pursuant to the Listing Rules and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
3. Where there are joint registered holders of any share of the Company, any one such person may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. The vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
4. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof must be delivered to the office of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. A form of proxy for use at the meeting is being despatched to the shareholders of the Company together with a copy of this notice.

NOTICE OF EGM

6. The register of members of the Company will be closed from 31 August 2018 (Friday) to 5 September 2018 (Wednesday) (both days inclusive) to determine the entitlement to attend and vote at the above meeting. During such period no transfer of shares of the Company will be registered. In order to qualify for entitlement to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 30 August 2018 (Thursday) for registration.

7. As at the date hereof, the board of directors comprises Mr. Jiang Changqing, Mr. Zhao Feng, Ms. Ji Huifang, Ms. Liu Jianzhou and Mr. Chen Qizheng as executive directors; Mr. Ge Lingyue as non-executive director; and Mr. Meng Fanlin, Mr. Wang Haiyu and Ms. Li Xiaohui as independent non-executive directors.