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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO AN ACQUISITION OF
THE TARGET GROUP THROUGH ISSUANCE OF
NEW SHARES IN GALAXY VANTAGE & DEEMED DISPOSAL**

THE ACQUISITION AND SUBSCRIPTION AGREEMENT

The Board is pleased to announce that, on 17 March 2020 (after trading hours), the Purchaser entered into the Acquisition and Subscription Agreement with the Vendor, pursuant to which (i) the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell the Sale Shares at the consideration of HK\$41,000,000, which will be satisfied by 13,513 Subscription Shares of the Purchaser upon Completion; and (ii) upon Completion, the Vendor will be granted the Option to subscribe up to 30% (inclusive of the Subscription Shares) of the issued share capital of the Purchaser as at the time of the exercise of the Option as enlarged by the issuance of such new shares under the Option.

Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company. Accordingly, the financial information of the Target Company will be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

Upon Completion, the Company's equity interest in the Purchaser will decrease from 100% to approximately 83.9% and the Vendor will own approximately 16.1% of the Purchaser. Further, under the Option, the Vendor may subscribe up to 30% shareholding of the Purchaser and the Company's equity interest in the Purchaser may further decrease to approximately 70%. As such, the Subscription and the grant of the Option will constitute a deemed disposal of the Group's equity interests in the Purchaser under Chapter 14 of the Listing Rules.

Since some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition and Subscription (and assuming the Option is fully exercised) exceed 5% but are all less than 25%, the transactions contemplated under the Acquisition and Subscription Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the requirements of reporting and announcement, but is exempted from the requirement of shareholders' approval.

Completion of the aforementioned transactions is subject to the satisfaction of the conditions precedent in the Acquisition and Subscription Agreement. As the Acquisition and Subscription, as well as the grant of the Option, may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that, on 17 March 2020 (after trading hours), the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the Acquisition and Subscription Agreement with the Vendor, pursuant to which (i) the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell the Sale Shares at the consideration of HK\$41,000,000, which will be satisfied as to 13,513 Subscription Shares (representing 19.19% of the existing issued share capital) to be issued by the Purchaser to the Vendor upon Completion; and (ii) the Vendor will be granted the Option to subscribe up to 30% (inclusive of the Subscription Shares) of the issued share capital of the Purchaser as at the time of the exercise of the Option as enlarged by the issuance of such new shares under the Option.

THE ACQUISITION AND SUBSCRIPTION AGREEMENT

Date: 17 March 2020 (after trading hours)

Parties

Vendor: Ki, David, an individual

Purchaser: Galaxy Vantage

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an independent third party who is independent of, and not connected with, the Company and its connected persons.

Assets to be acquired

Pursuant to the Acquisition and Subscription Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Shares, representing 100% of the entire issued share capital of the Target Company upon the terms of the Acquisition and Subscription Agreement.

The Target Company is a BVI investment holding company and directly holds 100% interest in Hope Securities Limited, which is incorporated in Hong Kong and licensed by the SFC to deal in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), and Type 9 (asset management) regulated activities.

Consideration for the Sale Shares

Pursuant to the Acquisition and Subscription Agreement, the consideration of HK\$41,000,000 for the Sale Shares will be satisfied by the Purchaser by issuing and allotting 13,513 Subscription Shares of the Purchaser (representing 19.19% of the issued share capital thereof) to the Vendor (or its nominee(s)) free from all encumbrance upon Completion. The consideration for the Sales Shares was determined after arm's length negotiations between the Vendor and the Purchaser after taking into consideration of the following factors:

- (i) the fair value of 100% equity interest in the Target Company as at 31 December 2019 being assessed at HK\$41,000,000 (inclusive of the aggregate value of the SFC licences held by the Target Group of HK\$6,500,000) by the independent Valuer. The Valuer has adopted the asset-based approach in conducting the valuation; and
- (ii) the established operational systems and the in place managerial structure of the Target Group.

Issuance of the Subscription Shares

The consideration for the Subscription Shares was determined after arm's length negotiations between the Vendor and the Purchaser after taking into consideration the net asset value of 100% equity interest in the Purchaser as at the date of the Acquisition and Subscription Agreement based on the latest unaudited management accounts of the Purchaser.

The Option

Under the Acquisition and Subscription Agreement, the Vendor will upon Completion be granted a five (5) years' Option to subscribe for additional shares of the Purchaser up to 30% (inclusive of the Subscription Shares) of the issued share capital of the Purchaser as at the time of the exercise of the Option as enlarged by the issuance of such new shares under the Option.

The Option is an one off exercise and can be exercised partially or in full. The consideration for each new share of the Purchaser to be subscribed under the Option shall be calculated by the net asset value per existing share based on the then available management accounts of the Purchaser at the time of exercise of the Option.

In view of the above, the Board considers that the terms and conditions, of the Acquisition and Subscription Agreement are fair and reasonable and on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Conditions precedent

The respective obligations of the Purchaser and the Vendor to effect the completion of the Acquisition and Subscription shall be conditional upon the following:

- (i) the approval of the Acquisition and Subscription Agreement and transactions contemplated thereunder by shareholders of any holding company of the parties in accordance with the relevant rules and regulations, if required;
- (ii) all consents or approval of any relevant governmental authorities, regulatory bodies (including but not limited to the SFC) or other relevant third parties in Hong Kong or elsewhere which if required for the entry into and the implementation of the Acquisition and Subscription Agreement having been obtained, including all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which if required for the entering into and the implementation of the Acquisition and Subscription Agreement having been made;
- (iii) the due diligence investigation on the Purchaser to be carried out having been completed to the satisfaction of the Vendor; and
- (iv) the due diligence investigation on the Target Group to be carried out having been completed to the satisfaction of the Purchaser.

Completion

Completion of the Acquisition and Subscription Agreement will take place on the date on which all the Conditions Precedents shall have been satisfied or waived (except Conditions Precedents (i) & (ii) which cannot be waived by any party) on or before the Long Stop Date.

Upon Completion, the Purchaser will hold 100% equity interest of the Target Company. The Purchaser will be owned by the Company (through its subsidiary) and the Vendor as to 83.9% and 16.1% respectively immediately after the Completion (assuming no Option has yet been exercised). The Target Company will become an indirect non-wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Company will be consolidated into the accounts of the Group.

SUBSCRIPTION SHARES

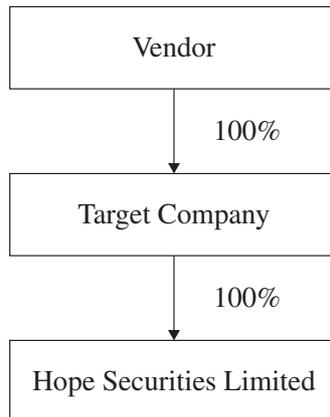
The Subscription Shares comprise a total of 13,513 Subscription Shares of the Purchaser. The Subscription Shares, when issued, would represent approximately 19.19% of the existing issued share capital of the Purchaser as at the date of this announcement and approximately 16.1% of the issued share capital of the Purchaser as enlarged by issue of the Subscription Shares.

The issue price of the Subscription Shares is HK\$3,042 per Subscription Share based on the net asset value of the the Purchaser. According to the latest management accounts of the Purchaser, the net asset value of the Purchaser is approximately HK\$214,220,000 as at the date of the Acquisition and Subscription Agreement.

The Subscription Shares, when issued, will rank pari passu in all respects among themselves and with the Shares of the Purchaser in issue on the day of issuance of the Subscription Shares.

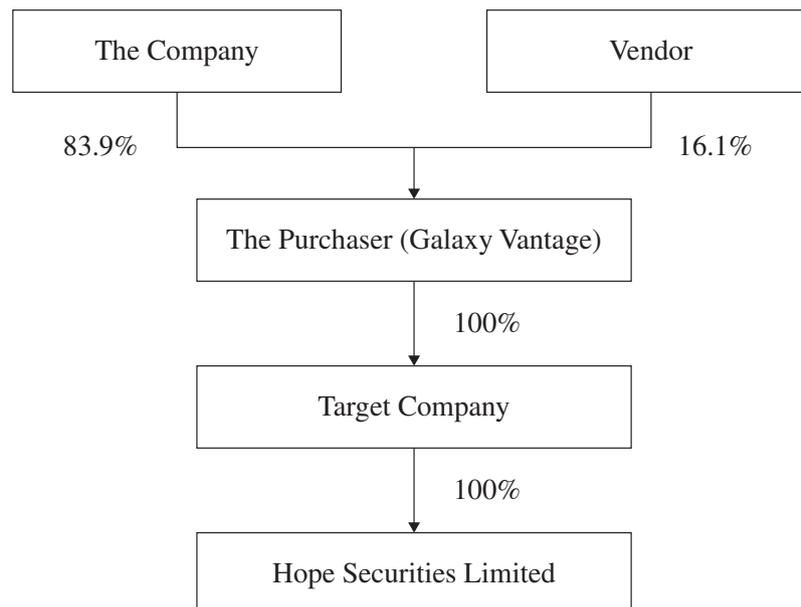
Shareholding Structure of the Target Group before and after the Acquisition

As at the date of this announcement:

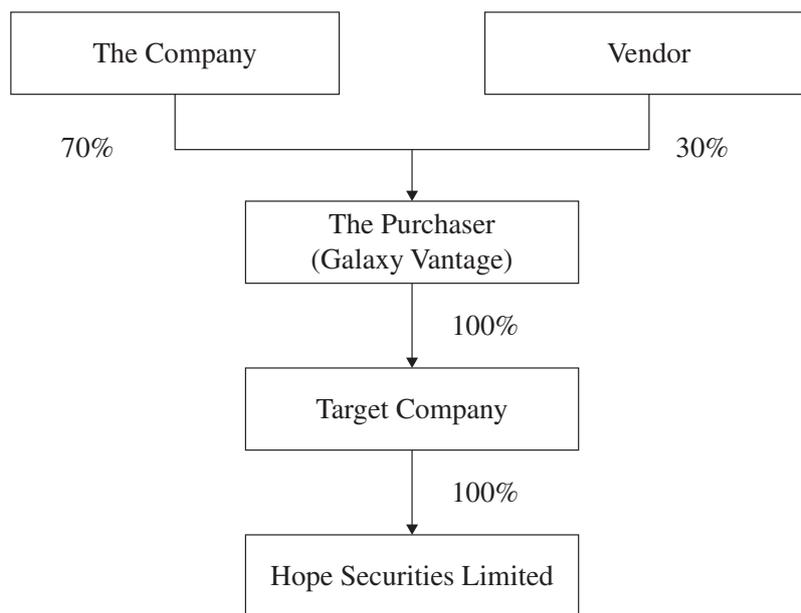


Upon the Completion:

(before the exercise of any Option by the Vendor)



Upon full exercise of the Option:



INFORMATION OF THE VENDOR, THE TARGET COMPANY AND THE TARGET GROUP

Information of the Vendor

The Vendor is a businessman in Hong Kong who has established the securities business of the Target Group. To the best knowledge and understanding of the Directors, the Vendor is an independent third party who is independent of, and not connected with, the Company and its connected persons.

Information of the Target Group

The Target Company is a company incorporated in the British Virgin Islands with limited liability wholly-owned by the Vendor. The principal activity of the Target Company is investment holding.

Hope Securities Limited, a wholly owned subsidiary of the Target Company, was granted by the SFC a Type 1 licence to carry out securities dealing in Hong Kong on 9 April 2018. The exchange participant certificate was obtained from the Stock Exchange on 3 December 2018. Hope Securities Limited has begun its brokerage business from December 2018. It was further granted by the SFC Type 2 licence to carry out dealing in futures contracts, Type 4 licence to carry out advising on securities, Type 5 licence to carry out advising on futures contracts and Type 9 licence to carry out asset management on 28 November 2019.

Financial Information of the Target Group

Set out below are the financial information of the Target Group for the years ended 31 December 2018 and 2019 respectively:

	For the year ended 31 December 2018 HK\$'000 (Approx.) (Unaudited)	For the year ended 31 December 2019 HK\$'000 (Approx.) (Unaudited)
Net assets	41,446	34,867 ^(Note)
Loss before tax	2,262	6,578
Loss after tax	2,262	6,578

Note: Based on the Valuation Report of the Valuer, the fair value of 100% equity interest in the Target Company as at 31 December 2019 is approximately HK\$41,000,000 inclusive of the aggregate fair value of the SFC licences held by the Target Group of approximately HK\$6,500,000.

Information of the Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. The principal activities of the Purchaser is investment holding and the provision of financial services.

Financial Information of the Purchaser

Based on the unaudited management accounts of the Purchaser, the net assets value of the Purchaser as at date of the Acquisition and Subscription Agreement is approximately HK\$214,220,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE SUBSCRIPTION

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

The Board and the Company have constantly been looking for new business opportunities to broaden the Company's business activities with the intention to capture profitable opportunities for the Company and the Shareholders. The Board considers integrated financial services as a promising new principal line of business.

“Acquisition and Subscription Agreement”	the agreement dated 17 March 2020 entered into between the Vendor and the Purchaser relating to the Acquisition and the Subscription as well as the grant of the Option
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or Public Holiday) on which banks are open for business in Hong Kong
“BVI”	British Virgin Islands
“Company”	China Touyun Tech Group Limited
“Completion”	completion of the Acquisition and the subscription of the Subscription Shares under the Acquisition and Subscription Agreement
“Conditions Precedents”	the conditions precedents as set out in the Acquisition and Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	6 months days from the date of the Acquisition and Subscription Agreement or such other later date as agreed by the parties in writing
“Option”	A one-off five (5) years’ option, which can be exercised in full or in part, granted by the Purchaser to the Vendor to top up the Vendor’s shareholding up to (inclusive of the Subscription Shares) 30% of the issued share capital of the Purchaser as at the time of the exercise of the option as enlarged by the assurance of such new shares under the Option through the subscription of additional new shares of the Purchaser for cash at the issue price based on the then net asset value of the Purchaser
“Galaxy Vantage/Purchaser”	Galaxy Vantage Limited, a company incorporated in the BVI with limited liability, which is an indirect wholly owned subsidiary of the Company
“Sale Shares”	the entire issued share capital of the Target Company

“SFC”	Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of new shares of the Purchaser by the Vendor or its nominees as per the Acquisition and Subscription Agreement
“Subscription Shares”	The 13,513 new shares of Galaxy Vantage to be issued and allotted to the Vendor or its nominees as consideration for the Acquisition under the Acquisition and Subscription Agreement
“Target Company”	Hope Capital Limited, a company incorporated in the BVI with limited liability
“Target Group”	collectively the Target Company and its subsidiary(ies)
“Valuation Report”	the valuation report prepared by the Valuer dated 16 March 2020
“Valuer”	Ravia Global Appraisal Advisory Limited
“Vendor”	Mr. David Ki, the sole shareholder of the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
China Touyun Tech Group Limited
Lo Yuen Wa Peter
Executive Director

Hong Kong, 17 March 2020

As at the date of this announcement, the Board comprised 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