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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)

PROPOSED AMENDMENTS TO THE CONVERTIBLE BONDS

INTRODUCTION

Reference is made to the Announcements in relation to the Bonds.

As at the date of this announcement, the Bonds in the principal amount of US\$20,580,000 are outstanding and are held by the Subscriber.

PROPOSED AMENDMENTS

On 21 July, 2020 (after trading hours), the Company and the Subscriber entered into the Supplemental Agreement to amend and restate the terms of the Bonds. The Proposed Amendments are set out below:

Original terms**Proposed Amendments**

Conversion Price : HK\$1.968 per Share (subject to adjustment) (Note)

HK\$0.8 per Share (subject to adjustment) (the “**Conversion Price**”)

The Conversion Price was determined with reference to the prevailing market price of the Shares and represents:

- (i) a discount of approximately 59.3% over the original conversion price of HK\$1.968 per Conversion Share;
- (ii) a premium of approximately 107.79% over the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on 21 July 2020, being the date of the Supplemental Agreement;
- (iii) a premium of approximately 113.33% over the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on 20 July 2020, being the last trading day of the Shares immediately before the date of the Supplemental Agreement; and
- (iv) a premium of approximately 111.08% over HK\$0.379 per Share, being the average of the closing prices as quoted on the Stock Exchange for the five consecutive trading days up to and including 20 July 2020, being the last trading day of the Shares immediately before the date of the Supplemental Agreement.

Note: The Company completed a share consolidation in August 2019 and the conversion price was adjusted from HK\$0.492 per existing share to HK\$1.968 per consolidated Share.

Original terms**Proposed Amendments**

Interest	: 7.0% per annum, payable semi-annually.	From the Issue Date to (and excluding) 10 November 2019 at the rate of 7.0% per annum payable semi-annually in arrears in equal instalments From (and including) 10 November 2019 to (and excluding) the Maturity Date at the rate of 12.0% per annum payable semi-annually in arrears in equal instalments on 10 May and 10 November each year
Maturity Date	: 10 November 2019, that is the second anniversary of the Issue Date (subject to an extension to the third anniversary)	10 November 2021, that is the fourth anniversary of the Issue Date, or if such date is not a business day, the business Day immediately following such date (the “ Maturity Date ”)
Redemption	: (i) Redemption at the option of the Company The Company may give notice to redeem in whole, or in part, such Bonds for the time being outstanding at the redemption amount after the 180th calendar day after the Issue Date. (ii) Redemption on two consecutive breaches of financial covenants Unless previously redeemed, converted or purchased and cancelled, the Bond Holders may give notice to redeem in whole, or in part, such Bonds for the time being outstanding at the redemption amount upon occurrence of two consecutive breaches of certain financial covenants as set forth in the instrument of the Bonds.	(i) Redemption at the option of the Company The Company may redeem in whole, or in part, such Bonds for the time being outstanding at the Redemption Amount at any time after the 180th calendar day after the Issue Date. (ii) Redemption at the option of the Bond Holders Unless previously redeemed, converted or purchased and cancelled, from and including 10 October 2020, any Bond Holders shall be entitled, to require the Company to redeem in whole, or in part, such Bonds for the time being outstanding at the Redemption Amount. (iii) Mandatory partial redemption Unless previously redeemed, converted or purchased, the Company shall redeem US\$6,400,000 in principal amount of the Bonds on or prior to 31 December 2020 at an amount equal to the Redemption Amount.
Additional security and guarantor	: —	Mr. Wang will provide the Account Charge.

Original terms

Loan-to-value ratio : —

Proposed Amendments

On any trading day of the Stock Exchange, the loan-to-value ratio shall not exceed 70%.

If the loan-to-value ratio exceeds 70%, the Guarantors shall be, jointly and severally, responsible for (i) repaying part of the outstanding Bonds; (ii) depositing additional cash to the custodian account; or (iii) providing additional collateral (which shall be agreed by) within five business days following receipt of notice from the Bondholder to reduce the loan-to-value ratio back to or less than 70%.

The loan-to-value ratio is to be determined as follows:

$$\frac{A - B}{C + D + E}$$

Where:

A = the total outstanding principal amount of the Bonds;

B = the total cash balance in the custodian account subject to the Account Charge;

C = the market value of the Shares subject to the Account Charge; and

D = the net asset value of one of the charged wholly-owned subsidiaries (上海透雲物聯網科技有限公司), calculated with reference to its most recent management accounts.

E = the value of any other charged assets not included in C or D above but otherwise approved by the Subscriber, if any.

Except as disclosed above, all other principal terms and conditions of the Bonds remain unchanged.

Conditions precedent

The Proposed Amendments are conditional upon fulfillment of the following conditions.

- (i) the Stock Exchange granting the approval for the Proposed Amendments as required under Rule 28.05 of the Listing Rules;
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Conversion Shares;

- (iii) all necessary consents and approvals required to be obtained in respect of the Proposed Amendment having been obtained; and
- (iv) the Subscriber having received all of the conditions precedent documents set out in the Supplemental Agreement.

The Proposed Amendments will take effect upon fulfilment of all the conditions precedent to the Supplemental Agreement.

IMPLICATIONS UNDER THE LISTING RULES

An application will be made by the Company to the Stock Exchange for the approval of the Proposed Amendments under Rule 28.05 of the Listing Rules.

REASONS OF THE PROPOSED AMENDMENTS

The Proposed Amendments provide the Company with more time to repay the outstanding principal amount under the Bonds. The Proposed Amendments (including the Conversion Price) were determined after arm's length negotiations between the Company and the Subscriber. The board of the Company considers that the Proposed Amendments are fair and reasonable and in the interest of the Company and its shareholders as a whole.

GENERAL MANDATE

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

Application will be made to the Stock Exchange for granting the listing of and permission to deal in the Conversion Shares to be issued assuming conversion in full at the revised Conversion Price of HK\$0.8 per Share.

As at the date of this announcement, the Company has 2,719,598,095 Shares in issue. As set out in the announcement of the Company dated 17 July 2020, the Company conditionally agreed to allot and issue 54,054,054 Shares under the General Mandate. Completion of the subscription has yet to take place. As such, the General Mandate remains unutilised and a maximum of 543,919,619 new Shares may fall to be allotted and issued under the General Mandate.

Assuming that the conversion rights have been exercised in full for the outstanding principal amount of US\$20,580,000 at the Conversion Price of HK\$0.8 per Share, 199,497,375 Conversion Shares will be allotted and issued, representing approximately (i) 7.34% of the existing issued share capital of the Company as at the date of this announcement and (ii) approximately 6.83% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there is no other change in the issued share capital of the Company).

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

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Except as disclosed below, the Company has not carried out any other equity raising activities during the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds and intended use	Actual use of net proceeds (as at date of this announcement)
13 March 2020	Subscription of new shares under general mandate	HK\$49.88 million as general working capital of the Group	HK\$17.52 million was utilised and the remaining is expected to be utilised in 2020
14 April 2020	Subscription of new shares under general mandate	HK\$49.98 million as general working capital of the Group	HK\$3.40 million was utilised and the remaining is expected to be utilised in 2020

Pursuant to the Company's announcement dated 17 July 2020, the Company and a subscriber entered into an agreement under which the Company conditionally agreed to allot and issue and the subscriber conditionally agreed to subscribe 54,054,054 new Shares at the subscription price of HK\$0.37 per Share. The subscription has not yet been completed as at the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“2020 AGM”	the annual general meeting of the Company held on 5 June 2020
“Account Charge”	the charge granted by Mr. Wang in favour of the Subscriber over certain cash and securities account in the name of Mr. Wang
“Agreement”	the subscription agreement dated 3 October 2017 entered into between the Company and the Subscriber
“Announcements”	the announcement of the Company dated 3 October 2017, 20 October 2017, 10 November 2017, 8 September 2018, 31 August 2018 respectively
“Bonds”	secured convertible bonds of the Company issued by the Company on the Issue Date
“Bond Holders”	holders of the Bonds

“Company”	China Touyun Tech Group Limited, a company with limited liability incorporated under the laws of the Bermuda whose shares are listed on the Stock Exchange (Stock Code: 1332)
“Conversion Shares”	the Shares to be allotted and issued upon exercise of the conversion right attaching to the Bonds
“Conversion Price”	has the meaning ascribed to it under the section headed “PROPOSED AMENDMENTS” of this announcement
“General Mandate”	the general mandate granted to the directors of the Company at the 2020 AGM to allot and issue new Shares (including the issue of any securities convertible into Shares, options, or similar rights to subscribe for any Shares) up to an aggregate number of Shares not exceeding 20% of the number of Shares in issue on 5 June 2020
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Wang and certain wholly-owned subsidiaries of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Date”	10 November 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	has the meaning ascribed to it under the section headed “PROPOSED AMENDMENTS”
“Mr. Wang”	Mr. Wang Liang, an executive director of the Company
“Supplemental Agreement”	the deed supplemental to the Agreement dated 21 July 2020 entered into between the Company and the Subscriber in relation to the Proposed Amendments
“Proposed Amendments”	The proposed amendments to the terms of the Bonds under the Supplemental Agreement set out in the section headed “PROPOSED AMENDMENTS” of this announcement

“Redemption Amount”	the aggregate of:
	(a) the aggregate principal amount held by the relevant Bond Holder;
	(b) any accrued but unpaid interest on such outstanding Bonds on the redemption date; and
	(c) in respect of any redemption made pursuant to the occurrence of events of default any default interest of 18% per annum accrued but unpaid from the due date.
“Shares”	ordinary shares of HK\$0.04 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	China Huarong International Holdings Limited, a company incorporated in Hong Kong with limited liability

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

Hong Kong, 21 July 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 Directors

Mr. Chen Hui

Ms. Tian Yuze

Independent non-executive Directors

Mr. Cheung Wing Ping

Mr. Ha Kee Choy Eugene

Mr. To Shing Chuen