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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 ISSUANCE OF NEW SHARES IN GALAXY VANTAGE

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that, on 23 February 2021 (after trading hours), Galaxy Vantage entered into the Subscription Agreement with the Subscriber, pursuant to which Galaxy Vantage has agreed to allot and issue the Subscription Shares and the Subscriber has agreed to subscribe the Subscription Shares for an aggregate Subscription Price in the sum of HK\$100,000,000.

LISTING RULES IMPLICATIONS

The transaction contemplated under the Subscription Agreement constitutes a deemed disposal of the Company's equity interest in Galaxy Vantage. Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription exceeds 5% but are all less than 25%, the transaction contemplated under the Subscription Agreement constitutes 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.

THE SUBSCRIPTION

The Board is pleased to announce that, on 23 February 2021 (after trading hours), Galaxy Vantage entered into the Subscription Agreement with the Subscriber.

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

THE SUBSCRIPTION AGREEMENT

Date: 23 February 2021 (after trading hours)

Parties

Subscriber: Blue River Investments Limited

Issuer: Galaxy Vantage

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Issuance of the Subscription Shares

The Subscriber shall subscribe the Subscription Shares for an aggregate Subscription Price in the sum of HK\$100,000,000 and Galaxy Vantage shall allot and issue the Subscription Shares to the Subscriber.

The Subscription Shares comprise a total of 31,500 Subscription Shares of Galaxy Vantage. The Subscription Shares, when issued, will represent approximately 37.53% of the existing issued share capital of Galaxy Vantage as at the date of this announcement and approximately 27.29% of the issued share capital of Galaxy Vantage as enlarged by the issue of the Subscription Shares.

The Subscription Price of the Subscription Shares is approximately HK\$3,174.60 per Subscription Share based on the net asset value of the Galaxy Vantage, which is approximately HK\$266.5 million according to the management accounts of the Galaxy Vantage as at 31 December 2020.

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

Completion

Completion of the subscription of the Subscription Shares has taken place on the date of signing of the Subscription Agreement after Galaxy Vantage has received the aggregate Subscription Price.

Upon Completion, Galaxy Vantage is owned by the Company (through its subsidiary), Mr. Ki and the Subscriber as to 61.00%, 11.71% and 27.29% respectively. Galaxy Vantage will remain as a non-wholly owned subsidiary of the Company upon Completion.

SHAREHOLDERS' AGREEMENT

Pursuant to the Subscription Agreement, upon Completion, the existing shareholders of Galaxy Vantage, namely Victor Choice Global Limited (“Victor Choice”), the Subscriber and Mr. Ki (together the “Galaxy Shareholders”) as well as Galaxy Vantage have entered into a shareholders’ agreement (the “Shareholders’ Agreement”) to regulate the respective rights and obligations of the shareholders of Galaxy Vantage and the conduct of the affairs (including but not limited to the ownership, management and operations) of Galaxy Vantage.

The material terms of the Shareholders’ Agreement are summarised below:

Date

23 February 2021

Parties

- (i) Victor Choice;
- (ii) The Subscriber;
- (iii) Mr. Ki; and
- (iv) Galaxy Vantage.

Principal businesses of Galaxy Vantage

Galaxy Vantage shall continue to engage in investment holding in various subsidiaries principally engaged in securities brokerage services, margin financing, asset management, securities trading and investment.

Board composition

Victor Choice shall be entitled to nominate 2 directors to the board of directors of Galaxy Vantage (the “Galaxy’s Board”) while the Subscriber shall be entitled to nominate 1 director to the Galaxy’s Board. The first chairman shall be nominated by Victor Choice.

Sale restrictions

Each of the Galaxy Shareholders agrees that it will not pledge or otherwise encumber any of the shares of Galaxy Vantage or transfer all or part of the shares of Galaxy Vantage except with the prior written consent of the other shareholders of Galaxy Vantage.

If any of the Galaxy Shareholders proposes to sell or otherwise deal with or dispose of any shares or other equity interest of Galaxy Vantage (the “Offered Shares”) to any third party, then the other shareholders of Galaxy Vantage shall have a right of first refusal to purchase such Offered Shares in accordance with the Shareholders’ Agreement.

Dividend Policy

The profit after taxation of Galaxy Vantage shall be shared by way of dividends among the Galaxy Shareholders pro-rata to their respective shareholdings in Galaxy Vantage except for the first 3 financial years as below.

Pursuant to the Shareholders' Agreement, Galaxy Vantage shall during the first 3 financial years commencing from the date of the Shareholders' Agreement distribute dividends to all the Galaxy Shareholders in the guaranteed amount at the rate of 4% per annum of such shareholder's initial investment costs in Galaxy Vantage as follows:

Victor Choice's investment costs	HK\$227,000,000
Mr. Ki's investment costs	HK\$41,000,000
The Subscriber's investment costs	HK\$100,000,000

INFORMATION OF THE PARTIES

Information of the Subscriber

The Subscriber is a wholly-owned subsidiary of PYI Corporation Limited, whose shares are listed on the main board of the Stock Exchange with Stock Code of 0498. The principal activity of the Subscriber is investment holding.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information of Galaxy Vantage

Galaxy Vantage is a company incorporated in the BVI with limited liability and is a non-wholly owned subsidiary of the Company. The principal activities of Galaxy Vantage and its subsidiaries are investment holding, securities brokerage services, margin financing, asset management, securities trading and investment.

Financial Information of Galaxy Vantage

Based on the management accounts of Galaxy Vantage, the net asset value of Galaxy Vantage as at 31 December 2020 is approximately HK\$266.5 million.

Set out below are the financial information of Galaxy Vantage as prepared in accordance with International Financial Reporting Standards for the years ended 31 December 2019 and 2020 respectively:

	For the year ended 31 December 2019 <i>HK\$'000</i> (Unaudited)	For the year ended 31 December 2020 <i>HK\$'000</i> (Unaudited)
Loss before tax	(1,242)	(14,855)
Loss after tax	(1,242)	(14,855)

USE OF PROCEEDS FROM THE SUBSCRIPTION

The net proceeds of the Subscription received by the Company on the Completion are approximately HK\$99,850,000 (after deducting transaction costs and expenses).

The Company intends to apply the net proceeds of the Subscription for the future business development of the securities brokerage services, margin financing and asset management businesses of the Group.

REASONS FOR AND BENEFITS OF 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; (iii) securities brokerage services, margin financing, asset management, securities trading and investment and money lending; and (iv) production and sale of *chlamydomonas reinhardtii* products.

The Board and the Company have identified the integrated financial services as a promising principal line of business. The Subscription will be able to expand Galaxy Vantage's capital base to further develop the securities brokerage business, asset management and margin financing business.

The Board is of the view that the terms of the Subscription Agreement and the Subscription are on normal commercial terms, fair and reasonable and in the interests of the Group and Shareholders as a whole.

VARIATION OF THE OPTIONS GRANTED TO MR. KI

With reference to the Company's announcements on 17 March 2020 and 4 May 2020, pursuant to the Ki's Subscription Agreement, Mr. Ki was granted the options by Galaxy Vantage to top up his shareholding in Galaxy Vantage up to 30% of the enlarged issued share capital thereof (the "Options") immediately after the exercise of such options pursuant to the Ki's Subscription Agreement.

Galaxy Vantage and Mr. Ki entered into a second supplemental agreement on the date of this announcement under which the parties agree to amend the terms of the Options in that after Completion, the maximum number of shares of Galaxy Vantage that Mr. Ki can top up shall be up to 23% of the enlarged share capital of Galaxy Vantage (taken into account of the number of the Subscription Shares and the shares to be issued upon the exercise of the Options). Assuming that the Options are exercised to the fullest extent (assuming no change in the number of shares of Galaxy Vantage after the Completion other than from exercise of the Options), the shareholding of Victor Choice, Mr. Ki and the Subscriber in Galaxy Vantage will be approximately 53.2%, 23.0% and 23.8% respectively.

LISTING RULE IMPLICATIONS

Upon completion of the Subscription Agreement, the Company's shareholding (through Victor Choice) in Galaxy Vantage will decrease from approximately 83.9% to approximately 61.0%. The Subscription pursuant to the Subscription Agreement therefore constitutes a deemed disposal of the Company's equity interest in Galaxy Vantage under the Listing Rules.

Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription exceeds 5% but are all less than 25%, the transaction contemplated under the Subscription Agreement constitutes 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.

DEFINITIONS

Unless the context requires otherwise, the use of capitalized terms in this announcement shall have the following meanings:

“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 Subscription of the Subscription Shares under the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Galaxy Vantage”	Galaxy Vantage Limited, a company incorporated in the BVI with limited liability, which is an indirect non-wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Ki’s Subscription Agreement”	the acquisition and subscription agreement dated 17 March 2020 and supplemental agreement dated 4 May 2020 made between Galaxy Vantage and Mr. Ki in relation to, amongst other things, Mr. Ki’s subscription of shares in Galaxy Vantage
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ki”	Mr. David Ki, one of the existing shareholders of Galaxy Vantage holding approximately 16.1% of the shareholding thereof as at the date of this announcement
“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
“Subscriber”	Blue River Investments Limited, a company incorporated in the Republic of Marshall Islands

“Subscription”	the subscription of new shares of Galaxy Vantage by the Subscriber as per the Subscription Agreement
“Subscription Agreement”	the agreement dated 23 February 2021 entered into between Galaxy Vantage and the Subscriber relating to the Subscription
“Subscription Price”	HK\$100,000,000 in aggregate, representing approximately HK\$3,174.60 per Subscription Share
“Subscription Shares”	the 31,500 new shares of Galaxy Vantage issued and allotted to the Subscriber under the Subscription Agreement
“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

23 February 2021

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
Mr. Zhang Lele
Mr. Jia Wenjie

Independent non-executive Directors

Mr. Cheung Wing Ping
Mr. Ha Kee Choy Eugene
Mr. To Shing Chuen
Mr. Hu Guohua