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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 DISPOSAL OF THE EQUITY INTEREST IN A COMPANY

THE DISPOSAL

The Board announces that on 4 August 2020, after trading hours, the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to buy back, a total of 360 shares of the Purchaser (representing 8% of the issued share capital thereof) at a consideration of HK\$42,120,000.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

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THE SALE AND PURCHASE AGREEMENT

Date 4 August 2020 (after trading hours)

Parties

Vendor: Galaxy Vantage Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company

Purchaser: Planetree (Cayman) Capital Limited, a company incorporated in the Cayman Islands with limited liability and an indirect non-wholly owned subsidiary of Planetree

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save that Mr. Ha Kee Choy Eugene, an independent non-executive Director of the Company is also an independent non-executive director of Planetree, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to buy back, a total of 360 shares of the Purchaser (representing 8% of the issued share capital thereof). The Company will cease to have any interest in the Purchaser immediately after completion of the Disposal. Further information of the Purchaser is set out under the section headed “Information on the Purchaser/Disposal Company” in this announcement.

Consideration and Payment

Total consideration of the Disposal, being HK\$42,120,000, shall be paid and satisfied by way of cash by the Purchaser upon Completion. The consideration was determined after arm’s length negotiation between the Company and the Purchaser with reference to the latest unaudited net asset value per share of the Purchaser, the financial performance of the Purchaser and the prevailing market sentiments.

Conditions Precedent

The completion of the Disposal shall be conditional upon:

- (i) all necessary consents, authorisations, approval, licence, permission, order (or, as the case may be, relevant waiver or exemption) in connection with the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained by the respective parties to the Sale and Purchase Agreement; and
- (ii) the representations, warranties and undertakings provided by the Parties set out in the Sale and Purchase Agreement remaining true, accurate and not misleading in any respect at Completion as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and Completion.

None of the above conditions precedent is waivable. In the event any of the above conditions are not being fulfilled within the Long Stop Date, the Sale and Purchase Agreement shall be terminated and, save in respect of any antecedent breaches, all liabilities and obligations of the Parties shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the Parties which shall have accrued prior to such termination.

Completion of the Disposal

Completion of the Disposal shall take place on the Completion Date.

INFORMATION ON THE COMPANY

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.

INFORMATION ON THE PURCHASER/DISPOSAL COMPANY

The Purchaser/Disposal Company is an investment holding company incorporated in the Cayman Islands. It is principally engaged in the business of investment holding, property investment, providing financial services with licences to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The unaudited consolidated net asset value of the Purchaser was approximately HK\$608.2 million as at 30 June 2020. The net profit before taxation for the period ended 30 June 2020 was approximately HK\$5.0 million.

The following is the financial information of the Purchaser for the years ended 31 December 2019 and 2018 respectively, prepared in accordance with the Hong Kong Financial Reporting Standards:

	Financial year ended 31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Net loss before taxation	(19,297)	(10,836)
Net loss after taxation	(19,074)	(10,836)

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has been actively taking steps in developing an integrated financial services as a promising principal line of business. Whilst the Company remains optimistic and confident about the business prospect of the Purchaser (as evidenced by the improving financial performance of the Purchaser for the period ended 30 June 2020), the Company considers the Disposal as a good opportunity for the Company realising the private investment to enhance its flexibility and liquidity to reallocate resources to explore its integrated financial services business with the objective to maximising the return to the Shareholders.

The Company had been negotiating the terms of the Disposal with the Purchaser since June 2020 and it was previously offered by the Purchaser to settle the consideration by non-cash payment but the parties were unable to reach agreement on the terms thereof. Eventually the parties agree to settle the consideration by cash. The terms of the Sale and Purchase Agreement were determined after arm's length negotiations and based on normal commercial terms. The Directors consider that the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The Group is expected to recognise a loss of approximately HK\$5,604,000 (subject to audit) upon the Completion, which represents the fair value of the Group's investment of HK\$47,724,000 less the Consideration of HK\$42,120,000.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“business day”	any day other than Saturday, Sunday or a day on which the banks in Hong Kong are required or authorized by law or executive order to be closed or on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time
“Company”	China Touyun Tech Group Limited (Stock Code: 1332), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion Date”	the date of completion of the Sale and Purchase Agreement, being within 3 business days after the date of fulfilment of all the conditions set out in the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	The cash consideration payable by the Purchaser under the Sale and Purchase Agreement, being HK\$42,120,000
“Directors”	the directors of the Company
“Disposal”	the disposal of 360 shares to the Purchaser by the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Disposal Company”	the Purchaser
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party (Parties)”	third party (parties) independent of and not connected with the Company or any of its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange

“Long Stop Date”	three calendar months after the date of signing of the Sale and Purchase Agreement or such later date to be agreed between the parties to the Sale and Purchase Agreement
“Parties”	the parties of the Sale and Purchase Agreement and “Party” means any of them
“Planetree”	Planetree International Development Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 613)
“Purchaser”	Planetree (Cayman) Capital Limited, a company incorporated in the Cayman Islands with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor and the Purchaser on 4 August 2020 in respect of the Disposal
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company
“Shareholders”	holders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary (subsidiaries)”	has the meaning ascribed thereto under the Listing Rules
“Vendor”	Galaxy Vantage Limited, an indirectly wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 4 August 2020

At the date of this announcement, the Board comprises 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