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透云科技
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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

DISCLOSEABLE TRANSACTIONS

Reference is made to the announcement of the Company dated 28 August 2020 in relation to the construction of fermentation and related facilities for the production of *chlamydomonas reinhardtii*, micro-algae and related products.

On 15 January 2021, the Subsidiary and the Hebei Contractor entered into the Third Hand Hole and Heating Pipe Agreement in relation to the construction of fermentation and related facilities for the production of *chlamydomonas reinhardtii*, micro-algae and related products.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Third Hand Hole and Heating Pipe Agreement, when aggregated with the First Fermentation Tank Agreement and the Second Fermentation Tank Agreement, exceeds 5% but is less than 25%, the entering into of the Third Hand Hole and Heating Pipe Agreement constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

PURCHASE OF HAND HOLE AND HEATING PIPE

On 15 January 2021, the Subsidiary and the Hebei Contractor entered into the Third Hand Hole and Heating Pipe Agreement in relation to the purchase and the installation of hand holes and heating pipes for the production of chlamydomonas reinhardtii, micro-algae and related products. The principal terms of the Third Hand Hole and Heating Pipe Agreement are set out below.

The Third Hand Hole and Heating Pipe Agreement

Subject matter : The purchase and the installation of 8 hand holes and 2 heating pipes in connection with the production of chlamydomonas reinhardtii, micro-algae and related products at the Project Site.

Consideration : RMB115,200, on the basis of RMB4,400 per each hand hole and RMB40,000 per each heating pipe.

Payment terms and adjustment : The Subsidiary shall pay a prepayment of 30% of the consideration upon signing the Third Hand Hole and Heating Pipe Agreement. The remaining consideration shall be payable upon the delivery of the hand holes and heating pipes. The warranty period is one year, determined by 12 months upon the installation with satisfactory test result or 18 months upon the delivery, whichever is earlier.

The consideration will be subject to dollar- to- dollar upward or downward adjustment based on the actual cost of labour, raw materials and machinery, which will be determined by the relevant local authorities. The Company does not expect that there will be any significant fluctuations during the period of construction. Any upward adjustments will be subject to the prior consent of the Company and the Company will comply with the relevant Listing Rules requirements

Period : Commencing in January 2021 and completing on or before February 2021

INFORMATION OF THE PARTIES

(1) The Subsidiary and the Group

The Subsidiary is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It was established in March 2020 for the purpose of engaging in the chlamydomonas reinhardtii, micro-algae and related products business.

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, securities trading and investment and money lending; and (iv) production and sale of *chlamydomonas reinhardtii* products.

(2) The Hebei Contractor

The Hebei Contractor is a private entity established in the PRC and is principally engaged in the business of fermentation tanks contracting. The paid-up capital of Hebei Contractor is beneficially owned as to 96.67% and 3.33% by Li Jiansheng* (李建生) and Zhong Weiming* (仲惟明) respectively, both are merchants.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Hebei Contractor and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

REASONS FOR ENTERING INTO THE AGREEMENTS

Reference is made to the announcement of the Company dated 21 February 2020 in relation to the co-operation agreement entered into between the Company and the People's Government of Wucheng District, Changzhi City, Shanxi Province* (山西省長治市潞城區人民政府) (the "District Government").

Based on the co-operation agreement dated 21 February 2020, the District Government agreed to support the construction of the *chlamydomonas reinhardtii* and related products facilities by the provision of the relevant land use right for the construction of the facilities. As at the date of this announcement, the Company has submitted the relevant documents for the formal application of the land use right. On 9 April 2020, the Natural Resources Bureau of Wucheng District, Changzhi City* (長治市潞城區自然資源局) confirmed that the construction of manufacturing facilities for *chlamydomonas reinhardtii* at a site of approximately 12.44 hectares conform with the overall land use planning of the relevant area.

The construction of the fermentation and related facilities is the first step in the Group's diversification into *chlamydomonas reinhardtii*, micro-algae and related products business. It is expected that the Company will commence the production of *chlamydomonas reinhardtii*, micro-algae and related products in 2021. The Subsidiary currently has 24 employees including technicians and engineers who are experienced and specialise in fermentation process and production management of *chlamydomonas reinhardtii*, micro-algae; and administrative supporting staff.

Given the trend of health food in recent years, the Group considers the investment in *chlamydomonas reinhardtii* and micro-algae business is a good opportunity for the Group to diversify its income base.

* For identification purposes only

The consideration under the Third Hand Hole and Heating Pipe Agreement was determined after arm's length negotiations between the parties with reference to the published cost of labour, raw material and machinery by the relevant authorities. It is expected that the total consideration will be settled by internal resources of the Group.

The Board considers that the terms of the Third Hand Hole and Heating Pipe Agreement are on normal commercial terms and are fair and reasonable and that the transactions contemplated thereunder are in the interest of the Company and its shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

The Third Hand Hole and Heating Pipe Agreement

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Third Hand Hole and Heating Pipe Agreement, when aggregated with the First Fermentation Tank Agreement and Second Fermentation Tank Agreement, exceeds 5% but is less than 25%, the entering into the Third Hand Hole and Heating Pipe Agreement constitutes a disclosable transaction of the Company under the Listing Rule and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of the Company
“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)
“Director(s)”	the director(s) of the Company
“First Fermentation Tank Agreement”	the agreement dated 31 March 2020 entered into between the Subsidiary and the Hebei Contractor in relation to the design, production and installation of fermentation tanks
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Hebei Contractor”	Hebei Jineng Chemical Equipment Co., Ltd.* (河北冀能化工設備有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Project Site”	Wucheng Economic and Technological Development Zone, Changzhuang Village, Dianshang Town, Wucheng District, Changzhi City, Shanxi Province, PRC* (山西省長治市潞城區店上鎮常莊村潞城經濟技術開發區), with a total site area of approximately 12.44 hectares
“RMB”	Renminbi, the lawful currency of the PRC
“Second Fermentation Tank Agreement”	the agreement dated 28 August 2020 entered into between the Subsidiary and the Hebei Contractor in relation to the design and supply of dialysate tanks, homogenizing buffer tanks and other related tanks
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Shanxi Touyun Biotechnology Company Limited* (山西透雲生物科技有限公司)
“Third Hand Hole and Heating Pipe Agreement”	the agreement dated 15 January 2021 entered into between the Subsidiary and the Hebei Contractor in relation to the purchase and installation of hand holes and heating pipes.

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

Hong Kong, 15 January 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

* *for identification purposes only*