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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

On 14 May 2020, the Subsidiary and the Contractor entered into the Agreements in relation to the construction of fermentation and related facilities for the production of micro-algae powder and related products.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Third Agreement, when aggregated with the First Agreement and the Second Agreement, exceeds 5% but is less than 25%, the entering into of the Third 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.

THE CONSTRUCTION OF THE FERMENTATION AND RELATED FACILITIES

On 14 May 2020, the Subsidiary and the Contractor entered into the Agreements in relation to the construction of fermentation and related facilities for the production of micro- algae powder and related products. The principal terms of each of the Agreements are set out below.

(1) The First Agreement

- | | | |
|----------------|---|---|
| Subject matter | : | The construction of a five storey general administration building in connection with the production of micro algae powder and related products of site area 5,223.4 square metre at the Project Site. |
| Consideration | : | RMB7,835,100, on the basis of RMB1,500 per completed square metre. |

Payment terms and adjustment : The Subsidiary shall pay 90% of the monthly completed square metres on a monthly basis. Such monthly payment shall continue until 97% of the total consideration has been settled. The remaining 3% of the consideration will be retained by the Subsidiary and shall be payable after expiry of the 2 year warranty period upon completion of the construction of the facility.

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.

Construction term : Commencing May 2020 and completing on or before December 2020

(2) The Second Agreement

Except for the subject matter and the total consideration, the payment terms, adjustment to the consideration and the construction term under the Second Agreement are the same as the First Agreement.

Subject matter : The construction of a three storey building as employees and workers' accommodation facilities in connection with the production of micro algae powder and related products of site area 4,698.22 square metre at the Project Site.

Consideration : RMB7,047,330, on the basis of RMB1,500 per completed square metre

(3) The Third Agreement

Except for the subject matter and the total consideration, the payment terms, adjustment to the consideration and the construction term under the Third Agreement are the same as the First Agreement.

Subject matter : The construction of a three storey building as fermentation facilities in connection with the production of micro algae powder and related products of site area 12,276 square metre at the Project Site.

Consideration : RMB24,552,000, on the basis of RMB2,000 per completed square metre

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 powder 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; and (iii) investments and trading in securities and money lending.

(2) The Contractor

The Contractor is a state-owned enterprise established in the PRC and is principally engaged in the business of construction and engineering contracting.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the 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 powder and related products business. It is expected that the Company will commence the production of *chlamydomonas reinhardtii*, micro algae powder and related products in 2021. The Subsidiary currently has 12 employees including technicians and engineers who are experienced and specialise in fermentation process and production management of *chlamydomonas reinhardtii*, micro algae powder; and administrative supporting staff.

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

* For identification purpose only

The consideration under each of the Agreements 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 Agreements 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

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Third Agreement, when aggregated with the First Agreement and the Second Agreement, exceeds 5% but is less than 25%, the entering into of the Third 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.

DEFINITIONS

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

“Agreements”	the First Agreement, the Second Agreement and the Third Agreement
“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)
“Contractor”	Shijiazhuang Yijian Construction Group Co., Ltd.* (石家莊一建建設集團有限公司)
“Director(s)”	the director(s) of the Company
“First Agreement”	the agreement dated 14 May 2020 entered into between the Subsidiary and the Contractor in relation to the construction of the general administration building
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“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 Agreement”	the agreement dated 14 May 2020 entered into between the Subsidiary and the Contractor in relation to the construction of the employees accommodation building
“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 Agreement”	the agreement dated 14 May 2020 entered into between the Subsidiary and the Contractor in relation to the construction of the fermentation plant

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

Hong Kong, 14 May 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

* *for identification purposes only*