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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)**

## **CONTINUING CONNECTED TRANSACTION IN RELATION TO THE PURCHASE OF THE BEVERAGE**

On 22 December 2017 (after trading hours), the Purchaser and the Supplier entered into the Agreement.

The transactions contemplated under the Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Agreement are more than 0.1% but all of which are less than 5%, the transaction contemplated under the Agreement is subject to the reporting and announcement requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **THE AGREEMENT**

On 22 December 2017 (after trading hours), the Purchaser and the Supplier entered into the Agreement. The principal terms of the Agreement are set out as follows:

- |   |   |
|---|---|
| Subject matter                          | : the purchase by the Purchaser of the Beverage from the Supplier   |
| Term                                    | : from the date of the Agreement to 31 March 2018 (both days inclusive)   |
| Individual contracts and pricing policy | : Each purchase of the Beverage will be subject to an individual contract, which will specify the quantity of each purchase and the delivery details. |

The terms (including the purchase price) of each contract may not be less favourable to the Purchaser than those offered by independent third parties.

The purchase price per unit of the Beverage shall not be greater than the price offered to the Purchaser from independent third parties of similar quality, function, quantity and delivery terms. It will be determined with reference to:

- (i) the cost of production of each unit of the Beverage; and
- (ii) the prevailing market price of the Beverage.

Cap amount : RMB10 million (equivalent to approximately HK\$12 million) for the term beginning from the date of the Agreement to 31 March 2018 (both days inclusive)

In determining the caps, the Directors took into account:

- (i) the production capacity of the Supplier;
- (ii) the coverage of the sales channels via Touyun Retailers Management System (the “System”) in the PRC; and
- (iii) the estimated demand of the Beverage in the market based on the existing sales volume of non-dairy based functional beverage sold in the ministores and retailers with the System installed.

## **INTERNAL CONTROL**

To ensure that the terms offered by the Supplier are no less favourable to the Purchaser than those available from independent third parties, the Company will obtain quotations of similar products and order size taking into consideration of the specific functions and quality of such products, and on similar payment and delivery terms from at least two suppliers which are independent third parties in order to ascertain the prevailing market price.

Upon delivery of the Beverage, the purchasing department of the Company will also conduct sampling checks to review and assess whether the Beverage has been supplied in accordance with the terms of each contract and in accordance with the pricing policy described above.

The Company will engage its external auditors to conduct a review on the prices and the cap of the transaction contemplated under the Agreement.

The independent non-executive Directors will review the transactions contemplated under the continuing connected transactions of the Company pursuant to Rule 14A.55 of the Listing Rule.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

The principal activities of the Group are (i) provision of QR codes on product packaging and related business intelligence IT solutions; (ii) design, development, manufacture and sale of packaging products and point-of-sales display units; (iii) investment and trading in securities; and (iv) money lending.

As disclosed in the Company's announcement dated 5 December 2017, with the remarkable market feedback from the retailers and ministores on the System during the marketing campaigns and the pilot run. To fully utilise the System, the Company plans to conduct offline marketing campaigns and distribute new products (including Beverage) via the System, which is in line with the Company's "O2O" business strategy plan. Furthermore, the management of the Company considers distributing new products business is a good opportunity and expected that distributing new products via the System may create additional income streams to the Group. The Company will continue to monitor the future development of the System and make further updates as and when appropriate.

The Directors (including the independent non-executive Directors and excluding Mr. Wang Liang) are of the view that (a) the transaction contemplated under the Agreement is conducted after arm's length negotiation, and on normal commercial terms or better to the Group, and is fair and reasonable and in the interests of the Shareholders as a whole; and (b) the cap for the transaction contemplated under the Agreement is fair and reasonable and are in the interests of the Shareholders as a whole.

At the board meeting of the Company held to approve the Agreement, Mr. Wang Liang has abstained from voting for the resolution to approve the Agreement.

## **LISTING RULES IMPLICATIONS**

The Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in provision of QR codes on product packaging and related business intelligence IT solutions.

The Supplier is a company which is 75% beneficially owned by Mr. Wang Liang.

As at the date of this announcement, Mr. Wang Liang is a Director and a substantial shareholder of the Company. As at the date of the Agreement, he is interested in 2,240,000,000 Shares, representing approximately 22.86% of the issued share capital of the Company. Hence, Mr. Wang Liang is a connected person of the Company.

The transactions contemplated under the Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Agreement are more than 0.1% but all of which are less than 5%, the transaction contemplated under the Agreement is subject to the reporting and announcement requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context requires otherwise, terms used in this announcement shall have the following meanings:

“Agreement”	the agreement dated 22 December 2017 entered into between the Purchaser and the Supplier in relation to the purchase of the Beverage
“Beverage”	a health drink under the brand name of 天酶易暢, which is a dietary fibre drink targetted at improving the digestive systems of humans
“Board”	the board of the Company
“Company”	China Touyun Tech Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1332)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Purchaser”	上海透雲物聯網科技有限公司 (Shanghai TY Technology Co., Ltd.*), a company established in the PRC with limited liability and indirectly wholly- owned by the Company
“Share(s)”	the ordinary share(s) in the share capital of the Company which have a par value of HK\$0.01 each
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplier” 上海立足生物科技有限公司 (Shanghai Lizu Biotechnology Company Co., Ltd.\*), a company established in the PRC with limited liability

“%” per cent

\* for identification purposes only

*For illustration purposes only, the translation of RMB to HK\$ is based on the rate of RMB1 to HK\$1.2.*

By order of the Board  
**China Touyun Tech Group Limited**  
**Du Dong**  
*Executive Director*

Hong Kong, 22 December 2017

*As 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 Director*

Mr. Chen Hui

*Independent Non-executive Directors*

Mr. Cheung Wing Ping

Mr. Ha Kee Choy Eugene

Mr. To Shing Chuen