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Touyun Biotech Group Limited
透雲生物科技集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1332)

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
WITH CONNECTED PERSON AT SUBSIDIARY LEVEL IN RELATION
TO THE DISPOSAL OF SUBSIDIARIES**

THE DISPOSAL

The Board announces that on 1 November 2021, after trading hours, the Vendor (an indirect non wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchasers, pursuant to which the Vendor agreed to sell, and the Purchasers agreed to purchase, the Sale Shares (representing the 100% shareholding in the Disposal Company) at an aggregate consideration of HK\$160,000,000.

Completion took place simultaneously upon the signing of the Sale and Purchase Agreement. Upon Completion, the Disposal Company will cease to be a non wholly owned subsidiary of the Company, and its relevant financial performance, assets and liabilities after the Disposal will not be accounted into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

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

As at the date of this announcement, the Vendor is an indirect non wholly-owned subsidiary of the Company, which is indirectly held as to 61.0% by the Company and 11.7% by Purchaser A. Purchaser A is a substantial shareholder of the Vendor and, therefore, he is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) Purchaser A is a connected person at the subsidiary level, (2) the Board has approved the Disposal; and (3) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE SALE AND PURCHASE AGREEMENT

Date 1 November 2021 (after trading hours)

Parties

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

Purchaser:

1. Purchaser A
2. Purchaser B
3. Purchaser C
4. Purchaser D

As at the date of this announcement, the Vendor was an indirect non wholly-owned subsidiary of the Company, which was indirectly held as to 61.0% by the Company and 11.7% by Purchaser A. Purchaser A is a substantial shareholder of the Vendor and, therefore, Purchaser A is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above, the Purchasers and their ultimate beneficial owners (where applicable) are Independent Third Parties.

Sale and purchase of the Sale Shares

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell, and the Purchasers agreed to purchase, the Sale Shares at an aggregate consideration of HK\$160,000,000.

The Company will cease to have any interest in the Disposal Company immediately after completion of the Disposal. Purchasers A, B, C and D will acquire 10%, 30%, 30% and 30% of the Sale Shares from the Vendor respectively. The completion of the sale and purchase of all the Sale Shares must take place simultaneously. Further information of the Purchasers is set out under the section headed “Information on the Purchasers” in this announcement.

Consideration and Payment

The aggregate Consideration for the Sale Shares, being HK\$160,000,000 was paid and satisfied by way of cash by the Purchasers upon Completion. The consideration was determined after arm’s length negotiation between the Company and the Purchasers with reference to the latest unaudited net asset value of the Disposal Company as at 30 September 2021 and the financial performance of the Disposal Company.

Completion of the Disposal

Completion took place simultaneously upon the signing of the Sale and Purchase Agreement. After Completion, the Disposal Company will cease to be a non wholly-owned subsidiary of the Company.

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; (iii) securities brokerage services, margin financing, securities trading and investment and money lending; and (iv) production and sale of chlamydomonas reinhardtii products.

INFORMATION ON THE DISPOSAL COMPANY

The Disposal Company is a company incorporated in the BVI with limited liability wholly-owned by the Vendor. The principal activity of the Disposal Company is investment holding. Hope Securities Limited, a wholly-owned subsidiary of the Disposal Company, is licensed by the SFC to carry out regulated activities in Type 1 (securities dealing), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management).

Based on the latest unaudited financial statement of the Disposal Company as at 30 September 2021, the net asset value of the Disposal Company was approximately HK\$167 million.

The following is the financial information of the Disposal Company for the years ended 31 December 2020 (unaudited) and 31 December 2019 (unaudited) respectively, prepared in accordance with the Hong Kong Financial Reporting Standards:

	Year ended 31 December	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Net loss before tax	6,023	6,578
Net loss after tax	6,023	6,578

INFORMATION OF THE PURCHASERS

Purchaser A is currently a shareholder of the Vendor holding approximately 11.7% of the shareholding thereof. Purchaser A was previously the 100% owner of the Disposal Company until he completed the sale of the Disposal Company to the Vendor in December 2020.

Purchaser B is a company incorporated in the BVI and principally engaged in the investment holding, property holding and money lending.

Purchaser C is a company incorporated in the BVI and principally engaged in investment holding. It is an indirect wholly-owned subsidiary of Imagi International Holdings Limited (Stock Code: 585).

Purchaser D is a company incorporated in the BVI and principally engaged in investment holding. It is a wholly-owned subsidiary of Oshidori International Holdings Limited (Stock Code: 622).

REASONS FOR AND BENEFITS OF THE DISPOSAL

Given the trend of health food in recent years, the Group is optimistic on the prospect of its *Chlamydomonas reinhardtii* and micro-algae business (the “*Chlamydomonas Reinhardtii* Product Business”) so it intends to focus and allocate more resources on the *Chlamydomonas Reinhardtii* Product Business. The Disposal is therefore a good opportunity for the Group to realize its investment in the financial services business and replenish its working capital. The Company intends to apply part of the net proceeds of the Disposal for repayment of the convertible bonds issued by the Company with outstanding principal amount and accrued interest of US\$15.03 million falling to be due in November 2021 and the remaining for general working capital including the operation and development of the *Chlamydomonas Reinhardtii* Product Business.

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 ON THE DISPOSAL

The Group is expected to recognise a loss of approximately HK\$7,369,000 (subject to audit) upon the Completion, which represents the net asset value of the Disposal Company attributable to the Company of HK\$167,369,000 less the Consideration of HK\$160,000,000. The loss attributable to the Company is expected to be approximately HK\$4,495,000 (subject to audit).

After the Completion of the Disposal, the Company will no longer hold any equity interest in the Disposal Company. Accordingly, the Disposal Company will cease to be a subsidiary of the Company, and its relevant financial performance, assets and liabilities after the Disposal will not be accounted into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

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

As at the date of this announcement, the Vendor is an indirect non wholly-owned subsidiary of the Company, which was indirectly held as to 61.0% by the Company and 11.7% by Purchaser A. Purchaser A is a substantial shareholder of the Vendor and, therefore, he is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) Purchaser A is a connected person at the subsidiary level, (2) the Board has approved the Disposal; and (3) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A 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”	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”	Touyun Biotech 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”	completion of the Disposal pursuant to the terms of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Sale Shares, being HK\$160,000,000
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Disposal Company”	Hope Capital Limited, a company incorporated in the BVI with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Parties”	the parties of the Sale and Purchase Agreement and “Party” means any of them
“Purchaser A”	Mr. Ki, David
“Purchaser B”	Cordoba Homes Limited, a company incorporated in the BVI
“Purchaser C”	China Resources Enterprise Limited, a company incorporated in the BVI
“Purchaser D”	First Avenue Limited, a company incorporated in the BVI
“Purchasers”	collectively, Purchaser A, Purchaser B, Purchaser C and Purchaser D
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor and the Purchasers on 1 November 2021 in respect of the Disposal

“Sale Shares”	the entire equity interest and the paid-up capital of the Disposal Company
“SFC”	Securities and Futures Commission
“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 indirect non wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Touyun Biotech Group Limited
Wang Liang
Chairman

Hong Kong, 1 November 2021

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
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