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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
IN RELATION TO
THE DISPOSAL OF A SUBSIDIARY**

THE DISPOSAL

The Board announces that on 29 October 2021, after trading hours, the Vendor (an indirect non wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares (representing 90.10% shareholding of the Disposal Company) for a consideration of HK\$40,000,000.

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 under the Listing Rules.

The Board announces that on 29 October 2021, after trading hours, the Vendor (an indirect non wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares (representing 90.10% shareholding of the Disposal Company) for a consideration of HK\$40,000,000.

THE SALE AND PURCHASE AGREEMENT

Date 29 October 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: Planetree (BVI) Capital Limited, a company incorporated in the BVI with limited liability

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, 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 agreed to sell, and the Purchaser agreed to purchase, the Sale Shares for a consideration of HK\$40,000,000. The Sale Shares represent all of the 90.10% shareholding held by the Vendor in the Disposal Company.

The Company will cease to have any interest in the Disposal Company immediately after the Completion.

Consideration and Payment

Total consideration of the Disposal, being HK\$40,000,000, was paid and satisfied by way of cash by the Purchaser upon Completion. The consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the net asset value of the Disposal Company as at 30 September 2021, the financial performance of the Disposal Company and the prevailing market sentiments.

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 and is currently owned as to 90.10% by the Vendor and 9.90% by an independent third party. The principal activity of the Disposal Company is investment and trading in securities listed in Hong Kong. Based on the latest unaudited financial statement of the Disposal Company as at 30 September 2021, the net assets value of the Disposal Company was approximately HK\$50.8 million.

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

	Year ended 31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Net profit/(loss) before tax	(14,417)	11,240
Net profit/(loss) after tax	(14,417)	11,240

INFORMATION OF THE PURCHASER

The Purchaser is an indirect wholly-owned subsidiary of Planetree International Development Limited (Stock Code: 613) and is an investment holding company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company considers that the Disposal is a good opportunity for the Company realising the securities investment held by the Disposal Company and to reduce the risk in the recent volatile stock market. Further, the cash proceeds generated from the Disposal will enhance the Company's liquidity resources. The Company intends to apply the net proceeds of the Disposal for general working capital.

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\$5,771,000 (subject to audit) upon the Completion, which represents the net assets value of the Disposal Company attributable to the Company as at 30 September 2021 of HK\$45,771,000 less the Consideration of HK\$40,000,000. The loss attributable to the Company is expected be approximately HK\$3,520,000 (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 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 under 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\$40,000,000
“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”	Genius Spring 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
“Purchaser”	Planetree (BVI) Capital Limited
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor and the Purchaser on 29 October 2021 in respect of the Disposal
“Sale Shares”	the 900 issued ordinary shares of the Disposal Company, representing 90.10% shareholding thereof
“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, 29 October 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