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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)

CONNECTED TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE

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On 28 October 2021, the Lender, a wholly-owned subsidiary of the Company, advanced a short-term loan in the principal amount of RMB4,150,000 to the Borrower. The term loan has a term commencing on 28 October 2021 and expiring on 27 December 2021. The Lender is entitled to an interest of 12% per annum on the principal amount, which is payable by the Borrower upon maturity of the loan.

INFORMATION ON THE PARTIES

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) production and sale of chlamydomonas reinhardtii products.

The Lender is a wholly owned subsidiary of the Company. It is principally engaged in provision of QR codes on product packaging and business intelligence IT solutions, and online advertising display services.

The Borrower is held as to 90% by Mr. Jia Wenjie (“**Mr. Jia**”) (賈文杰), a non-executive director of the Company, and as to 10% by Ms. Qiang Yuzhen (強玉珍), who is a family member of Mr. Jia. The Borrower is principally engaged in the provision of technical services, advice, development and design of computer information and network technology.

REASONS AND BENEFITS

The financial assistance was made to maximise the utilisation of the Lender's surplus cash with an aim to obtain a better return than short term bank deposits. The Company understands that the short term loan to the Borrower is for the Borrower to finance its own business expansion. Taking into account (i) the interest rate of the loan against the rate offered by commercial banks for short term deposits; (ii) the term to maturity; and (iii) the level of risks, the Directors (including the independent non-executive Directors but excluding Mr. Jia who has abstained from voting on the relevant board resolutions) consider that the terms of the financial assistance are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Borrower is an associate of Mr. Jia and hence a connected person of the Company.

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the financial assistance exceeds 0.1% but is less than 5%, the provision of the financial assistance is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company acknowledges that the notification and announcement in respect of the financial assistance as required under Chapter 14A of the Listing Rules had been delayed. The Company regrets its non-compliance with the Listing Rules but the Company would like to stress that the non-compliance was inadvertent. The failure to make timely disclosure was due to a misunderstanding by the finance department of the Lender on the application of the relevant Listing Rules that it had only considered the implications of the financial assistance under Chapter 14 of the Listing Rules but not Chapter 14A. Accordingly, the Company was not aware of the details of the financial assistance at the relevant time of advancement until its regular review of the management accounts. Upon discovery of the non-compliance, the Company immediately took action to publish this announcement and had the following remedial measures in place to ensure a timely disclosure in compliance with the Listing Rules:

- (i) the Company has issued guidance letters to the finance department of all its subsidiaries explaining to them the relevant requirements under the Listing Rules and the reporting procedures for transactions under Chapter 14 and 14A of the Listing Rules, and the importance of identifying such transactions prior to execution of any transactions;
- (ii) the compliance team of the Company shall continue to oversee and monitor the Company's on-going compliance with the Listing Rules; and
- (iii) the Company would strengthen trainings for Directors and the finance department on the relevant requirements and the reporting procedures for transactions under Chapter 14 and 14A of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“Borrower”	Biying Information Technology (Shanghai) Co., Ltd.* (必螢信息科技(上海)有限公司), a company established in the PRC with limited liability
“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
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lender”	Shanghai Toudang Information Technology Co., Ltd.* (上海透商信息科技有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange
“PRC”	The People’s Republic of China
“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

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

Hong Kong, 10 December 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

* *for identification purposes only*