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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)

GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Directors**” and individually, a “**Director**”) of Touyun Biotech Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that on 30 September 2024, the Company granted share options (the “**Options**”) under the share option scheme of the Company adopted on 2 June 2022 (the “**Share Option Scheme**”) to 7 directors, 30 employees and 14 service providers (eligible participants as defined in the rules of the Share Option Scheme) (the “**Grantees**”) to subscribe for a total of 279,000,000 ordinary shares of HK\$0.04 each in the capital of the Company (the “**Shares**”), subject to acceptances by the Grantees. Details of the share options granted are set out as follows:

- Date of grant : 30 September 2024 (the “**Grant Date**”)
- Exercise price of the Options granted : Each Option shall entitle the holder of the Option to subscribe for one Share upon exercise of such Option at an exercise price of HK\$0.20 per Share, which is higher than the highest of:
- (a) the closing price of HK\$0.171 per Share as quoted on the Stock Exchange on the date of grant;
 - (b) the average closing price of HK\$0.170 per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately preceding the date of grant; and
 - (c) the nominal value of a Share of HK\$0.04.

- Number of the Options granted : 279,000,000 Options, each Option shall entitle the Grantee to subscribe for one Share
- Closing price of the Shares on the date of grant : HK\$0.171 per Share
- Vesting date of the Options : The Options will be vested to the Grantees on 1 January 2026.
- Validity period of the Options : 279,000,000 Options are exercisable for a period of 3 years from 1 January 2026 to 31 December 2028 (both days inclusive) according to the following vesting schedule:
- (i) 33.3% of the Options shall be exercisable from 1 January 2026 to 31 December 2028;
 - (ii) 33.3% of the Options shall be exercisable from 1 January 2027 to 31 December 2028; and
 - (iii) 33.4% of the Options shall be exercisable from 1 January 2028 to 31 December 2028.

Clawback mechanism: The Share Options granted to the Directors and employees are not subject to any clawback mechanism but shall lapse and/or be cancelled (to an extent not already exercised) under various scenarios provided under the Scheme including, but not limited to, that the Grantee ceases to be an eligible participant of the Group by reason of the termination of his/her employment on the grounds that he/she has been guilty of serious misconduct or has been convicted of any criminal offence involving his/her integrity or honesty.

The Share Options granted to the service providers of the Group are not subject to any clawback mechanism for the Company to recover but shall lapse (to the extent not already exercised) automatically on the date on which the Grantee ceases to provide services to the Group.

The Board and the Remuneration Committee are of the view that a specific clawback mechanism is not necessary, having considered that the lapse of Share Options upon cessation or termination of employment (in the case of the Directors and employees of the Group) or service (in the case of service providers of the Group) shall motivate the Grantees to optimise their performance and efficiency, which is in line with the purpose of the Share Option Scheme and shall adequately safeguard the Company's interests.

Transferability of the Share Options: A Share Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Share Option.

Financial assistance: No financial assistance shall be provided by the Group to the Grantees to facilitate the purchase of Shares under the Share Option Scheme.

Performance target: The number of Options granted to the grantees is based on the positions, job tenures and performance evaluation results of the grantees. The Group has in place a performance evaluation mechanism for grantees to comprehensively evaluate their performance and contribution to the Group. Based on their performance evaluation results, the grantees receive different levels of ratings which may affect the vesting period and the number of Options to be vested of each individual grantee.

63,000,000 Share Options shall be granted to the Directors and the employees of the Group and the remaining 216,000,000 Share Options shall be granted to the service providers of the Group as detailed as follows:

Name of Grantee	Capacity	Number of Options granted
Wang Liang	Chairman, Executive Director and substantial shareholder of the Company	2,800,000
Du Dong	Executive Director	3,500,000
Cheung Wing Ping	Independent non-executive Director	500,000
Ha Kee Choy Eugene	Independent non-executive Director	500,000
To Shing Chuen	Independent non-executive Director	500,000
Hu Guohua	Independent non-executive Director	500,000
Zhang Lele	Non-executive Director	<u>3,500,000</u>
		<u>11,800,000</u>
Other 30 employees of the Group		51,200,000

Name of service provider	Type of services provided to the Group	Percentage (%) of total number of Shares in issue	Number of Options granted
Liu Sheng (劉勝)	Marketing and promotion services	0.36%	10,000,000
Wang Shuguang (王曙光)	Marketing and promotion services	0.71%	20,000,000
Zhao Hui (趙輝)	Marketing and promotion services	0.71%	20,000,000
Cao Guanghao (曹廣浩)	Marketing and promotion services	0.71%	20,000,000
Fu Zhihao (傅志浩)	Marketing and promotion services	0.71%	20,000,000
Yu Shan (郁珊)	Marketing and promotion services	0.71%	20,000,000
Luo Jun (羅俊)	Marketing and promotion services	0.71%	20,000,000
Liu Sha (劉莎)	Marketing and promotion services	0.71%	20,000,000
Long Tianqun (龍天群)	Marketing and promotion services	0.71%	20,000,000
Liu Bo (劉波)	Marketing and promotion services	0.71%	20,000,000
Chu Dongkui (儲東奎)	Marketing and promotion services	0.71%	20,000,000
Zheng Dan (鄭丹)	Marketing and promotion services	0.11%	3,000,000
Shum King Ki (沈瓊璣)	Operational management and advisory	0.07%	2,000,000
Chan Chi Cheong (陳志昌)	Marketing and promotion services	0.04%	<u>1,000,000</u>
			<u>216,000,000</u>
			<u>279,000,000</u>

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, none of the Grantees is (i) a Director, chief executive or substantial shareholder of the Company, nor an associate (as defined in the Listing Rules) of any of them; (ii) a participant with share options granted and to be granted exceeding the 1% individual limit under the Listing Rules; or (iii) a related entity participant or a service provider (as defined under the Listing Rules) of the Company. As at the date of this announcement, the above grant would not result in the Share Options granted and to be granted to each Grantee in the 12-month period up to and including the Grant Date in aggregate to exceed 1% of the Shares in issue.

Pursuant to Rule 17.04(1) of the Listing Rules, the grant of the Share Options to each of the aforesaid Directors has been approved by the independent non-executive Directors (excluding the independent non-executive Director who is the Grantee) and the Director has abstained from voting on the resolution approving the grant of the Share Options in which such Director is the Grantee.

Pursuant to Rule 17.04(3) of the Listing Rules, if the grant of Share Options to an independent non-executive Director or a substantial shareholder of the Company or any of their respective associates would result in the Shares in issue and to be issued in respect of all Share Options granted (excluding any Share Options lapsed in accordance with the terms of the Share Option Scheme) to such person during the 12-month period up to and including the date of grant representing in aggregate over 0.1% of the relevant class of Shares in issue, such proposed grant of Share Options must be approved by the shareholders of the Company in a general meeting in the manner described in Rule 17.04(4) of the Listing Rules.

The Company granted Share Options to 14 service providers of the Group, who work for the Group as independent contractors where the continuity and frequency of their services are akin to those of employees in providing management services, marketing and promotion services for the Group's Chlamydomonas reinhardtii, micro-algae and related products business. After considering (i) the length of service, past performance, profound experience in the service filed of the relevant Grantees; and (ii) the benefits from the services provided by the relevant Grantees for the effectiveness of the Group's operation and the long-term development of the Group's business, the Remuneration Committee and the Board believe that the grant of Share Options to service providers of the Group can align their interests with the interests of the Group, motivate them to commit to the Group's continued competitiveness, operations and long-term growth, and strengthen their long-term service commitment to the Company, and therefore is consistent with the objectives of the Share Option Scheme.

After the above grant of the Share Options, 1,595,214 Shares will be available for future grant under the Share Option Scheme.

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

Hong Kong, 30 September 2024

As at the date of this announcement, the Board comprises the following directors:

Executive Directors

Mr. Wang Liang (*Chairman*)
Mr. Du Dong

Non-executive Directors

Mr. Chen Hui
Ms. Tian Yuze
Mr. Jia Wenjie
Mr. Zhang Lele

Independent Non-executive Directors

Mr. Cheung Wing Ping
Mr. Ha Kee Choy Eugene
Mr. To Shing Chuen
Mr. Hu Guohua