

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **TOUYUN BIOTECH GROUP LIMITED**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

Website: www.touyunbiotech.com.hk

(Stock Code: 1332)

**(1) MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF A SUBSIDIARY;
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting (the “SGM”) of the Company to be held at The Function Room 1–2, 2/F., The Harbourview, 4 Harbour Road, Wanchai, Hong Kong on Friday, 13 June 2025 at 10:45 a.m. is set out on pages III-1 to III-2 of this circular. A form of proxy for use at the SGM is also enclosed with this circular.

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 12 to 13 of this circular.

Whether or not you are able to attend the SGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM (i.e. at or before 10:45 a.m. on Wednesday, 11 June 2025 (Hong Kong time) or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof (as the case may be) should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

28 May 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the 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 under the Disposal Agreement
“Completion Date”	the date of Completion
“Condition(s) Precedent”	the conditions precedent to Completion as set out in the subsection headed “THE DISPOSAL AGREEMENT — Conditions Precedent” in this circular and each a “Condition Precedent”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration in the sum of RMB13,000,000 shall be paid by the Purchaser by way of cash to the Vendor on the Completion Date
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares by the Vendor to the Purchaser
“Disposal Agreement”	the disposal agreement dated 6 May 2025 between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors to advise the Shareholders in respect of the Disposal Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than those that are required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the SGM
“Latest Practicable Date”	27 May 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, Macau and Taiwan
“Previous Disposal”	the sale of 30% of the total shares of the Target Company by the Vendor to the Purchaser in accordance with the Previous Disposal Agreement
“Previous Disposal Agreement”	the share transfer agreement dated 6 March 2025 between the Vendor and the Purchaser in relation to the Previous Disposal
“Purchaser”	Renaissance International China Limited* (復興國際中國有限公司), a limited liability company established in Hong Kong, which owns 30% shares of the Target Company as at the date of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	70% of the total shares of the Target Company
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Disposal Agreement and the transactions contemplated thereunder
“Share(s)”	share(s) of the Company of HK\$0.04 each
“Shareholder(s)”	the shareholder(s) of the company

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Fortune Road International Limited* (威道國際有限公司), a limited liability company established in Hong Kong and an indirect non-wholly-owned subsidiary of the Company as at the date of the Disposal Agreement
“Third Hand Hole and Heating Pipe Agreement”	A sale and purchase agreement entered into between Shanxi Touyun Biotechnology Company Limited* (山西透雲生物科技有限公司) and a Hebei contractor in relation to the purchase and installation of handholes and heating pipes for the production of <i>Chlamydomonas reinhardtii</i> , microalgae and related products dated 15 January 2021
“Vendor”	Apex Capital Business Limited, a limited liability company established in BVI and a direct wholly-owned subsidiary of the Company
“%”	per cent

LETTER FROM THE BOARD



Touyun Biotech Group Limited
透雲生物科技集團有限公司

(Incorporated in Bermuda with limited liability)

Website: www.touyunbiotech.com.hk

(Stock Code: 1332)

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and Principal place of
business in Hong Kong:*

12/F, Kwan Chart Tower
6 Tonnochy Road
Wanchai, Hong Kong

28 May 2025

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF A SUBSIDIARY;
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 6 May 2025 in relation to the disposal of Sale Shares in the Target Company. The Board announced that on 6 May 2025 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, and the Purchaser has entered into the Disposal Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 70% of the total shares of the Target Company at the Consideration of RMB13,000,000.

LETTER FROM THE BOARD

Before Completion and as at the date of this circular, the Target Company is owned as to 70% by the Vendor and 30% by the Purchaser. Upon Completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the Company will cease to hold any shares of the Target Company. The financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

THE DISPOSAL AGREEMENT

Date

6 May 2025 (signed by parties after trading hours)

Parties

- (1) Apex Capital Business Limited (as Vendor)
- (2) Renaissance International China Limited* (復興國際中國有限公司) (as Purchaser)

As the Purchaser is a substantial Shareholder of the Target Company as at the date of this circular, the Purchaser is thus a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules.

Subject Matter

The Vendor has agreed to sell the Sale Shares to the Purchaser. The Sale Shares represent 70% of the total shares of the Target Company.

As at the date of this circular, the Target Company is owned as to 70% by the Vendor and 30% by the Purchaser.

The Disposal

Immediately prior to entering into the Disposal Agreement, the Target Company was an indirect non-wholly-owned subsidiary of the Company. Under the Disposal Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Sale Shares from the Vendor. Upon Completion of the Disposal, the Target Company will be owned as to 100% by the Purchaser and the Target Company will cease to be a subsidiary of the Company. The Company will cease to hold any shares of the Target Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

As at the Latest Practicable Date, the Company conducted its provision of QR codes on product packaging and solutions and advertising display services (the “QR Code Business”) solely through the Target Company. After the Disposal, the Company plans to discontinue its QR Code Business as the Directors are of the view that this business segment has net loss in recent years and offers limited growth potential to the Group.

LETTER FROM THE BOARD

Nevertheless, to maintain the business sustainability of the Group, after the Disposal, the Company plans to reallocate more of its resources to and focus on developing our major business segment (the “**Major Business Segment**”) in relation to the *Chlamydomonas reinhardtii*, micro-algae related products and other health products. As disclosed in the Company’s annual report for the year ended 31 December 2024, the Directors are positive to the Company’s prospects and growth potential of Major Business Segment. As such, the Company is of the view that by reallocating the Group’s resources to focus on Major Business Segment, the Group will be able to capture more business opportunities for its business development so as to maximise shareholders’ return in the interest of the Company.

The Directors confirm that the Company does not plan on nor has the intention of entering into any agreement, arrangement, understanding or negotiation (formal or informal; express or implied) in relation to the acquisition of new businesses or downsizing or disposal of its other existing businesses.

Consideration

Pursuant to the terms of the Disposal Agreement, the total Consideration is RMB13,000,000.

The Consideration of the Disposal was arrived at after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms, taking into account (i) the unaudited net liability of the Target Company as at 31 December 2024 which amounted to approximately HK\$2,090,000; (ii) the past performance of the Target Company; (iii) the future prospects and earning capacity of the Target Company; and (iv) the factors as set out in the paragraph headed “REASONS FOR AND BENEFITS OF THE DISPOSAL” below in this circular.

The Company acknowledges the variance in consideration per share between the Disposal and Previous Disposal, noting an increase of approximately 11.38% in the consideration per Sale Share. The Company has adopted a consistent basis of consideration in light of the minimal time elapsed between transactions with the same parties involved, factoring in the Target Company’s latest unaudited net liability of the Target Company available, which amounted to approximately HK\$2,090,000 as at 31 December 2024.

Under the Previous Disposal, the Purchaser acquired a 30% interest in the Target Company, viewing it as a promising investment. Subsequently, upon gaining further insight into the Target Company’s financial performance, the Purchaser’s confidence in the prospects of the Target Company’s business increased. As a result, the Purchaser approached the Company again in for the proposal of acquiring the remaining 70% interest in the Target Company. In view of the interest shown by the Purchaser acquiring the entire shares in the Target Company, in order to maximise return to the Company’s shareholders on the Disposal, the Company tried to negotiate improved terms with a higher consideration per Sale Share under the Disposal, which was subsequently accepted by the Purchaser upon negotiation based on its optimistic view in the prospect of the Target Company’s business.

LETTER FROM THE BOARD

Based on the above, the Directors are of the opinion that the difference of consideration for the Disposal and the Previous Disposal is reasonable given the circumstances and confirms all transactions were conducted at arm's length and in the best interests of shareholders as a whole.

Conditions Precedent

Completion of the Disposal is conditional upon the satisfaction of, among others, the following conditions:

- (a) the Vendor having obtained all necessary consents and/or authorisations required under any existing contractual arrangements or for the execution of the Disposal Agreement;
- (b) the Purchaser having obtained all necessary consents and/or authorisations required under any existing contractual arrangements or for the execution of the Disposal Agreement; and
- (c) the Disposal Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the SGM.

The Consideration shall be paid by the Purchaser to the Vendor on the Completion Date.

INFORMATION ON THE PARTIES

Information about the Vendor and the Purchaser

The Vendor

The Vendor is a limited liability company established in BVI and is principally engaged in investment holding services. It is a direct wholly-owned subsidiary of the Company.

The Purchaser

The Purchaser is a limited liability company established in Hong Kong and is principally engaged in investment holding. The Purchaser is ultimately owned as to 100% by Mr. Wei Yong (韋勇).

As at the date of this circular, the Target Company is owned as to 30% by the Purchaser. Hence, the Purchaser is a substantial Shareholder of the Target Company as at the date of this circular, thus, a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules.

Information on the Target Company

The Target Company is a limited liability company incorporated in Hong Kong and is principally engaged in the provision of QR codes on product packaging and solutions and advertising display services. As at the date of this circular, the Target Company is held as to 70% by the Vendor and 30% by the Purchaser.

LETTER FROM THE BOARD

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the unaudited financial information of the Target Company for the financial years ended 31 December 2023 and 2024 respectively:

	For the year ended 31 December 2023 <i>HK\$'000</i> (unaudited) (approx.)	For the year ended 31 December 2024 <i>HK\$'000</i> (unaudited) (approx.)
Net (loss)/profit before taxation	(26,503)	(9,117)
Net (loss)/profit after taxation	(26,503)	(9,117)

Based on the financial information of the Target Company, the consolidated unaudited net liabilities of the Target Company was approximately HK\$2,090,000 as at 31 December 2024.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Earnings

On the basis of the Consideration of RMB13,000,000 and the unaudited carrying value of the Target Company as at 31 December 2024, it is expected that the Group will record an estimated unaudited gain on the Disposal of approximately HK\$15,330,000. The calculation of the estimated gain on the Disposal is shown below:

	<i>HK\$'000</i> (unaudited) (approx.)
Consideration (equivalent to RMB13,000,000)	13,867
Add: 70% of the net liabilities of the Target Company (70% x HK\$2,090,000)	<u>1,463</u>
Estimated gain on the Disposal	<u><u>15,330</u></u>

The actual amount of the gain arising from the Disposal can only be determined at Completion.

Assets and liabilities

Upon Completion, the Target Company will be owned as to 100% by the Purchaser and it will cease to be a subsidiary of the Company. The Company will cease to hold any shares of the Target Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

LETTER FROM THE BOARD

Based on the estimated Consideration of RMB13,000,000 and given that the Group is expected to record an estimated unaudited gain on the Disposal of approximately HK\$15,330,000 upon Completion, the estimated consolidated net unaudited asset value of the Group is expected to increase by approximately HK\$15,957,000 upon Completion. On the above basis, the estimated consolidated unaudited total assets of the Group is expected to decrease by approximately HK\$21,455,000, and the estimated consolidated unaudited total liabilities of the Group is expected to decrease by approximately HK\$37,412,000 upon Completion. However, the actual amounts can only be determined at Completion.

General

Shareholders should note that the financial impact set out above is for illustrative purpose only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements with reference to, among other things, the actual expenses and taxation associated with the Disposal, and is subject to audit.

The proceeds from the Disposal will be used as the Group's working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Under the Previous Disposal, the Purchaser acquired a 30% interest in the Target Company, viewing it as a promising investment. Following an approximately two-month period after the Previous Disposal, during which the Purchaser gained access to and reviewed the Target Company's business operation and financial performance, it has developed greater confidence in the investment. The Purchaser approached the Company again for the proposal of acquiring the remaining 70% interest. This led the Purchaser to promptly initiate discussions with Company management regarding its acquisition of the remaining 70% interest of the Target Company, recognising the time-sensitive nature of the investment opportunities.

The timing between transactions was determined entirely by the Purchaser's evaluation process and acquisition strategy. The Company had no plans for a phased disposal and had no plans to further dispose of its interests in the Target Company prior to or after the Previous Disposal. The Company had simply accommodated the Purchaser's proposals as they were presented at different intervals.

Although the Target Company recorded an unaudited net liability of approximately HK\$2,090,000 as at 31 December 2024, the Purchaser is still positive with the future financial performance and after reviewing the business and operation status of the Target Company. Taking into account the Consideration to be received by the Group, the Board considers that it is appropriate for the Group to proceed with the Disposal. The Disposal, when materialised, eliminates the risk of increasing liabilities from the Target Company, strengthens the cash flow of the Group, allowing the Group to improve its liquidity and allow the Group to reallocate its resources for future development.

The Directors (including the independent non-executive Directors) consider that the Disposal has been made on normal commercial terms, and that the terms of the Disposal Agreement and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Reference is made to the announcement of the Company dated 6 March 2025 in relation to the Previous Disposal. As the Disposal and the Previous Disposal (i) are both entered into by the Group with the same parties within a 12-month period; and (ii) both involve the disposal of interests in the Target Company, the Previous Disposal and the Disposal shall be aggregated as if they were one transaction pursuant to Rules 14.22 and 14.23 of the Listing Rules. As the highest percentage ratio (as defined under the Listing Rules) in respect of the Previous Disposal and the Disposal (on an aggregated basis) is more than 25% but all of the percentage ratios are less than 75%, the Previous Disposal and the Disposal (on an aggregated basis) constitutes a major disposal for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser is a substantial shareholder of the Target Company as at the date of this circular, the Purchaser is thus a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. In light of the fact that the Disposal has been approved by the Board and the independent non-executive Directors have confirmed that the terms of the Disposal Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the entering into of the Disposal Agreement will constitute a connected transaction which is subject to reporting and announcement requirements but is exempt from this circular, independent financial advice and Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

None of the Directors has a material interest in the Disposal. Hence, no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Disposal Agreement and the transactions contemplated thereunder.

SGM

The notice convening the SGM is set out on pages III-1 to III-2 of this circular.

The SGM will be convened and held at The Function Room 1–2, 2/F., The Harbourview, 4 Harbour Road, Wanchai, Hong Kong on Friday, 13 June 2025 at 10:45 a.m. (or at such time immediately after the conclusion of the AGM) for the Independent Shareholders to consider and, if thought fit, to approve the Disposal Agreement and the transactions contemplated thereunder. Voting at the SGM will be taken by poll.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or any of their associates has a material interest in the Disposal Agreement and the transactions contemplated thereunder. Therefore, no Shareholder or any of their associates will be required to abstain from voting at the SGM to approve the resolution(s) regarding the Disposal.

LETTER FROM THE BOARD

A form of proxy for the SGM is enclosed in this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM (i.e. at or before 10:45 a.m. on Wednesday, 11 June 2025 (Hong Kong time) or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof (as the case may be) should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 10 June 2025 to Friday, 13 June 2025 (both days inclusive) for the purpose of determining Shareholder's right to attend and vote at the SGM.

In order to qualify for attending and voting at the SGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 9 June 2025.

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 12 to 13 of this circular, which contains its recommendation to the Independent Shareholders in relation to the Disposal Agreement and the transactions contemplated thereunder.

In view of the reasons as set out in the paragraph headed "Letter from the Board — REASONS FOR AND BENEFITS OF THE DISPOSAL" above, the Directors (including members of the Independent Board Committee whose views are set out in the Letter from the Independent Board Committee in this circular) are of the view that although the entering into of the Disposal Agreement is not in the ordinary and usual course of business of the Group, the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

For and on behalf of
Touyun Biotech Group Limited
Wang Liang
Chairman



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

28 May 2025

To the Independent Shareholders

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF A SUBSIDIARY;
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular of the Company dated 28 May 2025 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in this circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Disposal Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders how to vote in relation to the ordinary resolution to approve the Disposal Agreement and the transactions contemplated thereunder to be proposed at the SGM. Details of the Disposal Agreement and the transactions contemplated thereunder are set out in the “LETTER FROM THE BOARD” contained in the Circular.

RECOMMENDATION

Having taken into account the Disposal Agreement, we consider that although the entering into of Disposal Agreement is not in the ordinary and usual course of business of the Group, the terms of the Disposal Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE
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Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Disposal Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Touyun Biotech Group Limited

**Mr. Cheung Wing
Ping**

*Independent non-
executive Director*

**Mr. Ha Kee Choy
Eugene**

*Independent non-
executive Director*

Mr. To Shing Chuen

*Independent non-
executive Director*

Mr. Hu Guohua

*Independent non-
executive Director*

1. FINANCIAL INFORMATION OF THE GROUP

Financial information on the Group for each of the three financial years ended 31 December 2022, 2023 and 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.touyunbiotech.com.hk) :

- Annual report of the Company for the year ended 31 December 2022 posted on 27 April 2023 (pages 75 to 170);

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701077.pdf>

- Annual report of the Company for the year ended 31 December 2023 posted on 29 April 2024 (pages 78 to 162); and

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042905739.pdf>

- Annual report of the Company for the year ended 31 December 2024 posted on 29 April 2025 (pages 81 to 170).

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042903229.pdf>

The management discussion and analysis of the Company for the years ended 31 December 2022, 2023 and 2024 are disclosed in the published annual report of the Company for the relevant years.

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at 30 April 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular, the Group had outstanding (i) approximately HK\$25.8 million secured bank borrowing, guaranteed by an independent third party; (ii) approximately HK\$34.3 million secured and unguaranteed bank borrowings; (iii) approximately HK\$3.2 million and HK\$1.1 million unsecured bank borrowings, guaranteed by Mr. Wang Liang, a Director and substantial shareholder of the Company and Mr. Wei Yong, ultimate beneficial owner of the Purchaser respectively; (iv) approximately HK\$301.6 million unsecured and unguaranteed other borrowings; (v) approximately HK\$99.5 million due to a Director of the Company which is unsecured and unguaranteed; (vi) approximately HK\$24.6 million due to a Shareholder of the Company which is unsecured and unguaranteed; (vii) approximately HK\$2.2 million margin loans payable secured by the listed equity securities; and (viii) approximately HK\$12.3 million unsecured and unguaranteed lease liabilities.

The secured bank borrowings mentioned above are secured by the Group's buildings, leasehold lands and machinery.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at 30 April 2025, being the latest practicable date for determining indebtedness, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or guarantees or other material contingent liabilities, nor any authorised or otherwise created but unissued debt securities.

3. SUFFICIENCY OF WORKING CAPITAL

In the preparation of the Group's statement regarding sufficiency of working capital, the Directors have given careful consideration to the future liquidity and performance of the Group as well as the cash flow forecast and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern for at least the twelve months from the date of this circular. Major assumptions, certain plans and measures taken into account by the Directors in preparing the statement regarding sufficiency of working capital include:

- (i) As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately HK\$383,930,000 and its total liabilities exceeded its total assets by approximately HK\$40,642,000. The current liabilities of the Group as at 31 December 2024 include bank and other borrowings and advances from a director and a shareholder of the Company, with aggregate carrying amounts of approximately HK\$487,949,000, while the Group's cash and cash equivalents as at 31 December 2024 amounted to only approximately HK\$16,317,000.

The Group has obtained undertakings on 1 April 2025 from Mr. Wang Liang, a director and shareholder of the Company and Ms. Qiao Yanfeng, a shareholder of the Company and associates of Mr. Wang Liang, that they would not demand repayment of the amounts owed by the Group to them which amounted to HK\$121,824,000 or extend the repayment date of the advances until the Group has excess cash to repay.

The Group is actively negotiating with banks/lenders before the borrowings fall due in order to secure their renewals so as to ensure that the necessary funds of the Group will be in place to meet the Group's working capital and other financial requirements in the future;

- (ii) The Group will actively obtain additional new sources of financing (such as additional advances from directors of the Company) as and when needed;
- (iii) The Group is further exploring the market in Mainland China of sales of the Group's *Chlamydomonas reinhardtii* and related products to improve the liquidity, profitability and revenue of the Group, together with applying cost control measures in cost of sales, administrative expenses and capital expenditures, to increase the Group's internally generated funds and operating cash inflows in coming years continuously; and

- (iv) The Group will also continue to seek for other alternatives to increase its working capital such as disposing of the Group's listed and unlisted investments included in financial assets at fair value through profit or loss, if needed.

The Directors, after due and careful enquiry, are of the opinion that, taking into account the financial resources available to the Group including internally generated funds and the available financing facilities, and based on the assumptions that the Group's management will be able to achieve the plans and measures, including the abovementioned plans and measures, the Group will have sufficient working capital to fund its operations and to meet its financial obligations as and when they fall due for at least the next twelve months from the date of this circular, in the absence of unforeseen circumstances. However, if the implementation of the plans and measures of the Group become unsuccessful, the Group will not have sufficient working capital for at least the twelve months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, to the best of the Director's knowledge, there are no material adverse change in the financial position or trading position of the Company since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL REVIEW AND PROSPECTS OF THE GROUP

Overview

For the year ended 31 December 2024, the Group recorded revenue of approximately HK\$160.0 million (2023: HK\$198.6 million), representing a decrease of approximately 19.4% as compared to the year ended 31 December 2023. The decrease in turnover was primarily attributable to the decrease in sales orders.

The loss for the year ended 31 December 2024 was approximately HK\$88.0 million (2023: HK\$272.6 million), representing a decrease of approximately 67.7% as compared to the year ended 31 December 2023.

The decrease in loss was mainly because of (i) a decrease in fair value loss on financial assets at fair value through profit or loss (not held for trading); and (ii) a decrease in impairment of property, plant and equipment and right-of-use assets. The impairment of property, plant and equipment and right-of-use assets is a non-cash item and does not affect the cash flow of the Group's operations.

In future years, the management will reassess at the end of each reporting period the recoverable amounts of property, plant and equipment and right-of-use assets when necessary, and if the recoverable amounts are higher than the carrying amounts, the previously recognised impairment loss may be reversed.

QR Code Business

For the year ended 31 December 2024, revenue from QR code business was approximately HK\$60.4 million (2023: HK\$70.8 million), representing a decrease of approximately 14.7% as compared with last year and the segment loss was approximately HK\$9.5 million during the year ended 31 December 2024 (2023: HK\$28.0 million). The decrease in segment loss of QR code business for the year ended 31 December 2024 was primarily attributable to the cost control measures implemented in 2024.

Packaging Products Business

The packaging products business reported a revenue of approximately HK\$75.8 million for the year ended 31 December 2024 (2023: HK\$106.9 million), representing a decrease of approximately 29.1% as compared with last year. A segment loss of approximately HK\$7.4 million was recorded during the year ended 31 December 2024 (2023: HK\$1.7 million), such segment loss was due to the significant drop in sales orders in 2024.

Treasury Investment Business

During the year ended 31 December 2024, the Group recorded a fair value gain of approximately HK\$4.6 million on financial assets at fair value through profit or loss held for trading, compared to the fair value loss of approximately HK\$0.9 million in the previous year. Fair value loss of financial assets at fair value through profit or loss not held for trading amounting to approximately HK\$38.1 million was recognised during the year ended 31 December 2024 (2023: HK\$99.5 million).

Chlamydomonas reinhardtii products business

During the year ended 31 December 2024, the Chlamydomonas reinhardtii products business recorded a turnover of approximately HK\$16.1 million (2023: HK\$20.3 million). The decrease of turnover comparing with the last financial year is mainly due to the fluctuation of PRC market for new products, and a segment loss of approximately HK\$13.0 million (2023: HK\$106.1 million), representing a decrease of segment loss of HK\$93.1 million, which mainly resulted from decrease of impairment of property, plant and equipment and right-of-use assets.

On 15 January 2021, Shanxi Touyun Biotechnology Company Limited* (山西透雲生物科技有限公司) (“**Shanxi Touyun**”) and a Hebei contractor entered into the Third Hand Hole and Heating Pipe Agreement in relation to the purchase and the installation of handholes and heating pipes for the production of Chlamydomonas reinhardtii, microalgae and related products in Lucheng Economic and Technological Development Zone, Changzhuang Village, Dianshang Town, Lucheng District, Changzhi City, Shanxi Province, PRC* (山西省長治市潞城區店上鎮常莊村潞城經濟技術開發區). Hebei Contractor is a private entity established in the PRC engaging in the business of fermentation tanks contracting.

Pursuant to the Company's announcements dated 12 August 2021 and 28 December 2021, the installation of production facilities for the manufacturing plants of 4,000 tons/year production scale was completed. After the optimisation, the annual production capacity of *Chlamydomonas reinhardtii* will be 4,000 tons. The design of the plant, equipment and other facilities of the second phase with an annual capacity of 6,000 tons has begun, and its construction will commence anytime depending on market conditions. Pursuant to the Company's announcements dated 13 May 2022, Shanxi Touyun has obtained the official approval from the National Health Commission of the PRC for the use of "*Chlamydomonas reinhardtii*" as a new food ingredient, which is edible with unlimited quantities, which represented the official launch of *Chlamydomonas reinhardtii* products in the PRC market. Based on the *Chlamydomonas reinhardtii* noodles and nutritional supplements that were already available in the market before 2022, the Company launched a series of food offerings with low glycemic index effects, including dried noodles, instant noodles, biscuits, cereal snacks, and meal replacement powders, in 2023.

In 2024, Shanxi Touyun received the Notice No. 0009 of Wei Shi Xin Zhong Zi [2024] from the National Health Commission* (國家衛生健康委員會衛食新終字[2024]第0009號通知) regarding the administrative license application for "*Chlamydomonas reinhardtii* (white strain)", which was later renamed to "*Chlamydomonas reinhardtii*". This application is substantially equivalent to the *Chlamydomonas reinhardtii* announced in the National Health Commission's Announcement No. 2 of 2022* (2022年第2號公告). In other words, the white strain of *Chlamydomonas reinhardtii* was also approved as a food ingredient with unlimited quantities. The Company is currently developing a series of new products, such as vegan fish, shrimp, and plant-based milk and is continuously expanding the market and customer base.

The Board considers that there is growth potential for the *Chlamydomonas reinhardtii*, micro-algae products market as the population becomes more health conscious. Upon the commencement of the manufacturing facilities in Shanxi, the production and sale of *Chlamydomonas reinhardtii* and micro-algae related products will allow the Group to diversify its business and broaden its income streams.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company and the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Capacity/ Nature of interest	Number of Shares/ Underlying Shares held ^(Note 1)	Approximate Percentage of the Issued Shares ^(Note 2)
Mr. Wang Liang ^(Note 3)	Beneficial owner	620,300,000 (L)	22.11%
Ms. Tian Yuze	Beneficial owner	145,805,135 (L)	5.20%
Mr. Zhang Lele ^(Note 4)	Beneficial owner	3,500,000 (L)	0.12%
Mr. Du Dong ^(Note 4)	Beneficial owner	3,500,000 (L)	0.12%
Mr. Jia Wenjie	Beneficial owner	1,000,000 (L)	0.04%
Mr. Cheung Wing Ping ^(Note 4)	Beneficial owner	500,000 (L)	0.02%

Name of Directors	Capacity/ Nature of interest	Number of Shares/ Underlying Shares held ^(Note 1)	Approximate Percentage of the Issued Shares ^(Note 2)
Mr. Ha Kee Choy Eugene ^(Note 4)	Beneficial owner	500,000 (L)	0.02%
Mr. Hu Guohua ^(Note 4)	Beneficial owner	500,000 (L)	0.02%
Mr. To Shing Chuen ^(Note 4)	Beneficial owner	500,000 (L)	0.02%

Notes:

1. The Letter “L” denotes the person’s long position in the Shares.
2. The percentage is calculated based on 2,805,952,149 listed Shares in issue as at the Latest Practicable Date.
3. The 620,300,000 shares include 2,800,000 share options granted to Mr. Wang Liang under the share option scheme of the Company on 30 September 2024, which will be vested on 1 January 2026. Ms. Qiao Yanfeng (“Ms. Qiao”, a substantial shareholder of the Company and Mr. Wang Liang’s mother) is deemed to be interested in 150,000,000 shares through TY Technology Group Limited which is in turn owned as to 90% by Wise Tech Enterprises Incorporated (wholly-owned by Ms. Qiao) and 10% by Truthful Bright International Holding Limited (wholly-owned by Ms. Qiao). Mr. Wang Liang together with Ms. Qiao were interested in the aggregate of 767,500,000 shares, representing approximately 27.35% of the issued shares of the Company.
4. The interest held by these directors represents the share options granted to the Directors under the share option scheme of the Company on 30 September 2024, which will be vested on 1 January 2026.

Save as disclosed, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of Substantial Shareholders in Shares and Underlying Shares

As at the Latest Practicable Date, so far as is known to any Directors or chief executive of the Company, the persons (other than a Director or chief executive of the Company) who (a) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) had interest of 5% or more of the issued capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity/ Nature of interest	Number of Shares/ Underlying Shares held ^(Note 1)	Approximate Percentage of the Issued Shares ^(Note 2)
Mr. Wang Liang <i>(Note 3)</i>	Beneficial owner	620,300,000 (L)	22.11%
Ms. Qiao Yanfeng <i>(Note 4)</i>	Interest in controlled corporations	150,000,000 (L)	5.35%
Mr. Qin Fen	Beneficial owner	197,470,000 (L)	7.04%
Ms. Tian Yuze	Beneficial owner	145,805,135 (L)	5.20%

Notes:

1. The Letter “L” denotes the person’s long position in the Shares.
2. The percentage is calculated based on 2,805,952,149 listed Shares in issue as at the Latest Practicable Date.
3. The 620,300,000 shares included 2,800,000 share options granted to Mr. Wang Liang under the share option scheme of the Company on 30 September 2024, which will be vested on 1 January 2026.
4. Ms. Qiao Yanfeng (“Ms. Qiao”) is deemed to be interested in 150,000,000 shares through TY Technology Group Limited which is in turn owned as to 90% by Wise Tech Enterprises Incorporated (wholly-owned by Ms. Qiao) and 10% by Truthful Bright International Holding Limited (wholly-owned by Ms. Qiao).

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other persons (other than the Directors and chief executives of the Company) who (a) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) had interests of 5% or more of the issued capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested, whether directly or indirectly, in any subsisting contract or arrangement which is significant in relation to the business of the Group and no Director was interested in any assets which have been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2024 (being the date to which the latest published audited financial statements of the Company were made up).

4. DIRECTOR'S SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within a year without payment of any compensation (other than statutory compensation).

5. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claim or arbitration of material importance and there was no litigation or claim or arbitration of material importance known to the Directors pending or threatened by or against any member of the Group.

6. DIRECTOR'S COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors, Mr. Jia Wenjie, a non-executive Director of the Company is the chief executive officer, together with and his family member holds 63% and 7% of the equity interest respectively in Biying Information Technology (Shanghai) Co., Ltd.* (必螢信息科技(上海)有限公司) (“**Biying**”). Mr. Wang Liang (“**Mr. Wang**”), an executive Director of the Company is deemed to hold 30% of equity interest in Biying which is in turn held by Ms. Zeng Xiaomeng, the spouse of Mr. Wang. Biying is primarily engaged in the provision of information technology solutions and advertising display services.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, none of the Directors and their associates (as defined under the Listing Rules and as if each of them were treated as a controlling Shareholder under Rule 8.10 of the Listing Rules) had any competing interests in any business which completed or was likely to compete either directly or indirectly, with the business of the Group.

7. MATERIAL CONTRACTS

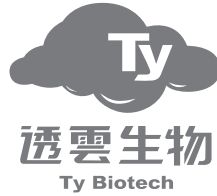
As at the Latest Practicable Date, no material contract (not being a contract entered into in the ordinary course of business) has been entered into by any members of the Group within the two years immediately preceding the Latest Practicable Date.

8. GENERAL

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal place of business in Hong Kong is situated at 12/F, Kwan Chart Tower, 6 Tonnochy Road, Wanchai, Hong Kong.
- (c) The share registrar and transfer office of the Company is Appleby Global Corporate Services (Bermuda) Limited, Canon's Court, 22 Victoria Street, PO Box HM 1179, Hamilton HMEX Bermuda.
- (d) The Hong Kong share registrar and transfer office of the Company is Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The authorised representatives of the Company are Mr. Du Dong (“**Mr. Du**”) and Mr. Wang Liang (“**Mr. Wang**”). Mr. Du holds a bachelor's degree of Science (Honors) in Computing Studies (Information Systems) from Hong Kong Baptist University. Mr. Du has extensive experience in investment, capital market, financing, merger and acquisitions of different projects with various investment banks and professional parties. Mr. Wang holds a bachelor's degree in physics from Imperial College of Science, Technology and Medicine, University of London and a master's degree in international finance from The University of Westminster. He has extensive experience in the international finance and project management. He had been working in international investment banks and responsible for clients' project management, projects merger and acquisition and various initial public offerings.
- (f) The company secretary of the Company is Ms. Li On Lok (“**Ms. Li**”). Ms. Li has fulfilled the requirements under Rule 3.28 of the Listing Rules. Ms. Li undertook over 15 hours of relevant professional training to update her skills and knowledge during the 31 December 2024 financial year.
- (g) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

9. DOCUMENTS ON DISPLAY

A copy of the original Disposal Agreement will be published and displayed on the website of the HKEXnews (<http://www.hkexnews.hk>) and on the website of the Company (www.touyunbiotech.com.hk) for a period of 14 days from the date of this circular (both days inclusive).



Touyun Biotech Group Limited
透雲生物科技集團有限公司

(Incorporated in Bermuda with limited liability)

Website: www.touyunbiotech.com.hk

(Stock Code: 1332)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Touyun Biotech Group Limited (the “**Company**”) will be held at The Function Room 1–2, 2/F., The Harbourview, 4 Harbour Road, Wanchai, Hong Kong on Friday, 13 June 2025 at 10:45 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** the Company entered into the Disposal Agreement pursuant to which the Vendor has conditionally agreed to sell, and Purchaser has conditionally agreed to purchase the Sale Shares, representing 70% of the total shares of the Target Company at the Consideration of RMB13,000,000 and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.”

On behalf of the Board
Touyun Biotech Group Limited
Wang Liang
Chairman

Hong Kong, 28 May 2025

Notes:

- (a) A member who is entitled to attend and vote at the Special General Meeting is entitled to appoint one or more proxies or a duly authorised corporate representative to attend and vote instead of him. A proxy need not be a member of the Company.
- (b) A form of proxy for use at the Special General Meeting is enclosed. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending the Special General Meeting and voting in person. In such event, this form of proxy will be deemed to have been revoked.

- (c) The Register of Members of the Company will be closed from Tuesday, 10 June 2025 to Friday, 13 June 2025, both days inclusive, for determining the eligibility of shareholders for attending and voting at the Special General Meeting. In order to qualify for attending and voting at the Special General Meeting, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Monday, 9 June 2025.