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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

PROPOSALS FOR

- (1) GENERAL MANDATE TO ISSUE SHARES;**
- (2) REPURCHASE MANDATE TO REPURCHASE SHARES;**
- (3) RE-ELECTION OF DIRECTORS AND CONTINUOUS APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR WHO HAS SERVED FOR MORE THAN NINE YEARS;**
- (4) PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME; AND**
- (5) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting (“AGM”) of Touyun Biotech Group Limited (the “Company”) to be held on Friday, 13 June 2025 at 10:30 a.m. at The Function Room 1–2, 2/F., The Harbourview, 4 Harbour Road, Wanchai, Hong Kong is set out on pages 49 to 54 of this circular. A form of proxy for use at the AGM is enclosed and can also be downloaded from the Company’s website at (www.touyunbiotech.com.hk) and the website of Hong Kong Exchanges and Clearing Limited at (www.hkexnews.hk). Whether or not you are able to attend and vote at the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 48 hours before the time of the AGM (i.e. at or before 10:30 a.m. on Wednesday, 11 June 2025 (Hong Kong time)), or any adjourned thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so desire and, in such event, the form of proxy shall be deemed to be revoked.

13 May 2025

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DEFINITIONS

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

“Adoption Date”	being the date on which the New Share Option Scheme becomes unconditional
“AGM”	the annual general meeting of the Company to be held on Friday, 13 June 2025 at 10:30 a.m.
“AGM Notice”	the notice convening the AGM set out on pages 49 to 54 of this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon
“Bye-laws”	the bye-laws of the Company
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Company”	Touyun Biotech Group Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the main board of the Stock Exchange
“core connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participants”	include (a) the Employee Participant(s); (b) the Related Entity Participant(s); and (c) Service Provider(s) provided that the Board may have absolute discretion to determine whether or not one falls within the above category
“Employee Participant(s)”	the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group) of any member of the Group (including persons who are granted Options under the New Share Option Scheme as inducement to enter into employment contracts with any member of the Group)
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 2 June 2022

DEFINITIONS

“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the proposed general mandate to be granted to the Directors at the AGM to allot, issue and deal with (including the resale and transfer of Treasury Shares out of treasury) new Shares up to 20% of the total number of issued Shares (excluding Treasury Shares, if any) of the Company as at the date of passing of an ordinary resolution granting such mandate
“Latest Practicable Date”	8 May 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme of the Company proposed to be approved and adopted by the Shareholders at the AGM
“Offer”	an offer for the grant of an Option made in accordance with the terms of the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant(s)
“Option(s)”	share option(s) to subscribe for Shares to be granted to Eligible Participant(s) pursuant to the New Share Option Scheme

DEFINITIONS

“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained in the New Share Option Scheme
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
“PRC”	the People’s Republic of China
“Related Entity Participant(s)”	directors and employees (whether full-time or part-time but excludes any former employee) of the holding companies, fellow subsidiaries or associated companies of the Company
“Related Group”	means (i) each of the substantial shareholders of the Company (as defined under the Listing Rules), and (ii) each associate (as defined under the Listing Rules) and substantial shareholder or direct or indirect associated company or jointly controlled entity of any of the Company or of a substantial shareholder referred to in (i) above, and (iii) each associate or substantial shareholder or direct or indirect associated company or jointly controlled entity of any of the foregoing entities referred to in (ii) above, and (iv) each associate or substantial shareholder or direct or indirect associated company or jointly controlled entity of any of the foregoing entities referred to in (iii) above, and (v) each associate or substantial shareholder or direct or indirect associated company or jointly controlled entity of any of the foregoing entities referred to in (iv) above
“Repurchase Mandate”	the proposed general mandate to be granted to the Directors at the AGM to exercise the powers of the Company to repurchase the Shares up to 10% of the total number of issued Shares of the Company (excluding Treasury Shares, if any) as at the date of passing of the ordinary resolution granting such mandate

DEFINITIONS

“Service Provider(s)”	any person (natural person or corporate entity) who provides services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, person(s) who work(s) for the Company as (i) independent contractors; (ii) independent suppliers; and (iii) advisers or consultants, but excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity, and provided that the Board shall have absolute discretion to determine whether or not one falls within such category
“Service Provider Sublimit”	the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the New Share Option Scheme and any other share scheme(s) of the Company to the Service Providers
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of HK\$0.04 each in the share capital of the Company
“Share Repurchase Code”	the Hong Kong Code on Share Repurchase
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the New Share Option Scheme
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Termination Date”	close of business of the Company on the date which falls ten (10) years after the Adoption Date pursuant to the New Share Option Scheme

DEFINITIONS

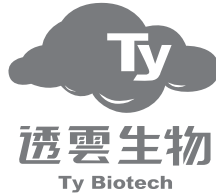
“Treasury Shares”

Shares repurchased and held by the Company in treasury, as authorised by the laws of the British Virgin Islands and the articles which, for the purpose of the Listing Rules, include Shares repurchased by the Company and held or deposited in the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited for sale on the Stock Exchange

“%”

percent

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. 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

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
Wan Chai
Hong Kong

13 May 2025

To the Shareholders

Dear Sir or Madam,

PROPOSALS FOR

- (1) GENERAL MANDATE TO ISSUE SHARES;**
- (2) REPURCHASE MANDATE TO REPURCHASE SHARES;**
- (3) RE-ELECTION OF DIRECTORS AND CONTINUOUS APPOINTMENT OF
AN INDEPENDENT NON-EXECUTIVE DIRECTOR
WHO HAS SERVED FOR MORE THAN NINE YEARS;**
- (4) PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME; AND**
- (5) NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM relating to, inter alia, (i) the granting to the Directors of the Issue Mandate; (ii) the granting to the Directors of the Repurchase Mandate; (iii) the extension of the Issue Mandate by those Shares repurchased by the Company pursuant to the Repurchase Mandate granted to the Directors; (iv) the re-election of Directors; and (v) the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

The general mandates to issue and repurchase Shares, which were last granted by the Shareholders to the Directors at the annual general meeting of the Company held on 7 June 2024, will lapse at the conclusion of the AGM. Ordinary resolutions will therefore be proposed at the AGM to renew the general mandates so as to give the Directors general authority:

- (a) to grant the Issue Mandate to the Directors to exercise the powers of the Company allot, issue and deal with additional Shares and/or sell or transfer Treasury Shares (if any) not exceeding 20% of the total number of issued Shares (excluding Treasury Shares, if any) as at the date of passing the resolution. Based on the 2,805,952,149 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued prior to the AGM, subject to the passing of the relevant ordinary resolution to approve the Issue Mandate at the AGM, the Directors will be authorised to allot, issue and otherwise deal with additional Shares up to a limit of 561,190,429 Shares (excluding Treasury Shares, if any) under the Issue Mandate. The Issue Mandate will expire on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company;
- (b) to grant the Repurchase Mandate to the Directors to exercise all powers of the Company to repurchase issued Shares subject to the criteria set out in this circular. Under the Repurchase Mandate, the maximum number of Shares that the Company may repurchase shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares) as at the date of passing the resolution. As at the Latest Practicable Date, the number of Shares in issue is 2,805,952,149 Shares. Subject to the passing of the proposed ordinary resolution approving the granting of the Repurchase Mandate and assuming no further Shares are issued prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 280,595,214 Shares (excluding Treasury Shares), being 10% of the issued Shares of the Company as at the date of passing the resolution in relation thereof. The Repurchase Mandate will expire on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the

LETTER FROM THE BOARD

Company is required to be held by the Articles of Association or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company; and

- (c) subject to the passing of the aforesaid ordinary resolutions of the Issue Mandate and the Repurchase Mandate, to extend the number of Shares to be issued and allotted under the Issue Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

In accordance with the Listing Rules, an explanatory statement is set out in Appendix II to this circular to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolution in relation to the grant of the Repurchase Mandate at the AGM.

RE-ELECTION OF DIRECTORS AND CONTINUOUS APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR WHO HAVE SERVED FOR MORE THAN NINE YEARS

In accordance with Bye-law 84 of the Company, Ms. Tian Yuze and Mr. Jia Wenjie shall retire from office as non-executive Directors, and Mr. Cheung Wing Ping and Mr. Hu Guohua shall retire from office as independent non-executive Directors by rotation. The retiring Directors, being eligible, will offer themselves for re-election at the AGM. All the other Directors will continue to be in office.

According to code provision B.2.3 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, if an independent non-executive Director serves more than nine years, any further appointment of such independent non-executive Director should be subject to a separate resolution to be approved by the Shareholders. Mr. Cheung Wing Ping (“**Mr. Cheung**”) has been appointed as an independent non-executive Director for more than nine years. The Company has received confirmation of independence from Mr. Cheung according to Rules 3.13 of the Listing Rules. Mr. Cheung has not engaged in any executive management of the Group. Taking into consideration of his independent scope of work in past years, the Board considers that Mr. Cheung is still independent under the Listing Rules despite the fact that he has served the Company for more than nine years. The Board is of the view that the independence of Mr. Cheung cannot be solely determined by his period of service in the Company. In assessing his independence, the Board has considered his character and judgment with reference to his contribution to the Board. Over the years, Mr. Cheung has provided valuable insights to the Board with his experience, expertise and knowledge, and the Company has benefitted from his contribution and commitment. The Board is therefore of the view that Mr. Cheung meets the independence criteria set out in Rule 3.13 of the Listing Rules and that he is able to continue to fulfil his role as an independent non-executive Director. The Board is satisfied that, taking into account, among others, the valuable insights, useful guidance and independent judgment provided to the Board by Mr. Cheung, Mr. Cheung is of such character, integrity and experience commensurate with office of an independent non-executive Director. Mr. Cheung’s professional background, knowledge and experience have also contributed to the diversity of the Board. Based on the above-mentioned considerations, the Board, on the recommendation of the nomination committee of the Company (the

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“**Nomination Committee**”), would recommend Mr. Cheung for re-election at the AGM. Mr. Cheung has confirmed that he will continue to devote sufficient time for the discharge of his functions and responsibilities as an independent non-executive Director. With his background and experience, Mr. Cheung is fully aware of the responsibilities and expected time involvement in the Company. Based on the foregoing, the Board believes that the position of Mr. Cheung outside the Company will not affect them in maintaining their current role in, their function and responsibilities for the Company. The Board also believes that the continued tenure of Mr. Cheung will bring considerable stability to the Board and the Board has benefited greatly from the presence of Mr. Cheung who have over time gained valuable insight into the Group.

The re-election of the above Directors has been reviewed by the Nomination Committee of the Company which recommended to the Board that the re-election be proposed for Shareholders’ approval at the AGM.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company’s Board Diversity Policy and Director Nomination Policy and the Company’s corporate strategy, and the independence of all independent non-executive Directors. The Company considers that the retiring independent non-executive Director is independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

As ordinary business at the AGM, resolutions will be proposed for the re-election of Ms. Tian Yuze, Mr. Jia Wenjie, Mr. Cheung Wing Ping and Mr. Hu Guohua as Directors. Particulars of the retiring Directors as required under the Listing Rules are set out in Appendix I to this circular. Your attention is drawn to the recommendation of the Board in relation to the re-election of Directors set out on page 21 below in the paragraph headed “RECOMMENDATION”.

PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

Background of the Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 22 June 2022. As at the Latest Practicable Date, there were no vested share options and 279,000,000 unvested share options outstanding under the Existing Share Option Scheme.

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Termination of the Existing Share Option Scheme and Adoption of the New Share Option Scheme

The amendments of Chapter 17 of the Listing Rules have taken effect from 1 January 2023. In this connection, the Company proposes to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme, which will be valid for a period of 10 years from the date of adoption of the New Share Option Scheme. The provisions of the New Share Option Scheme will comply with the requirements of amended Chapter 17 of the Listing Rules which has taken effect from 1 January 2023. A summary of the principal terms of the rules of the New Share Option Scheme is set out in the Appendix III hereto.

Upon termination of the Existing Share Option Scheme, no further share option may be granted under the Existing Share Option Scheme, but in respect of any share options granted but not exercised and remaining unexpired immediately prior to the termination of the operation of the Existing Share Option Scheme, such options continue to be exercisable in accordance with their terms of issue after the termination of the Existing Share Option Scheme.

Purpose of the New Share Option Scheme

The Directors believe that the New Share Option Scheme will help the Group in attracting and retaining high calibre personnel of the Group, to provide additional incentives to the Eligible Participants and to promote the overall success of the business of the Group. Furthermore, the New Share Option Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company which will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions are important to the long-term growth and profitability of the Group.

Based on the above, the Directors consider that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

Conditions Precedent of the New Share Option Scheme

The New Share Option Scheme shall become effective upon satisfaction of the following conditions: (i) the passing of the resolution by the Shareholders to approve the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme and to authorise the Board to grant share options and to allot and issue Shares pursuant to the share options under the New Share Option Scheme; and (ii) the Listing Committee granting approval for the listing of, and permission to deal in, any Shares which may fall to be allotted and issued pursuant to the share options to be granted under the New Share Scheme.

An application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, and new Shares which may fall to be issued or allotted pursuant to the exercise of the Options which may be granted under the New Share Option Scheme.

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Explanation of the terms of the New Share Option Scheme

A summary of the principal terms of the New Share Option Scheme is set out in the Appendix III to this circular. This serves as a summary of the terms of the New Share Option Scheme but does not constitute the full terms of the same.

Eligible Participants

Pursuant to the terms of the New Share Option Scheme, Eligible Participants include the Employee Participants, the Related Entity Participants and the Service Providers.

In determining the basis of eligibility of each Eligible Participant, the Board will take into account (i) the experience of the Eligible Participant in relation to the Group's business; (ii) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an Employee Participant); and (iii) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, effort and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

In determining the basis of eligibility of each Employee Participant, the factors in assessing whether any individual is eligible to participate in this Scheme include: (i) their individual performance; (ii) their time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (iii) the length of their engagement with the Group; and (iv) their individual contributions or potential contributions towards the development and growth of the Group.

In determining the basis of eligibility of each Related Entity Participant, the factors in assessing whether any individual is eligible to participate includes: (i) the measurable positive contributions brought by, or expected from, the Related Entity Participant on the Group's business in terms of, amongst other things, an increase in revenue or profits and/or an addition of expertise to the Group; (ii) the responsibility taken up or to be taken up by the Related Entity Participant(s) towards the success of the Group's operations or enhancing the value of the Company and its Shares; (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which have or are likely to materialised into further business relationships; (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and (vi) the materiality and nature of the business relations of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

In determining the basis of eligibility of each Service Provider, the factors in assessing whether any individual is eligible to participate includes: (i) the individual performance of the Service Providers; (ii) the frequency of collaboration and the length of business relationship with the Group; (iii) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business

LETTER FROM THE BOARD

dealings could be readily replaced by third parties); (iv) the track record in the quality of services provided to and/or cooperation with the Group and the ability to maintain the quality of services; (v) the scale of business dealings and/or collaboration with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers; (vi) the actual contribution or potential contribution towards the long-term development and success of the Group; and (vii) the remuneration packages of comparable listed peers for similar service providers based on available information in the industry.

Further to the above criteria, set out below is the detailed basis of determining the eligibility of each category of the Service Providers:

Class of Service Providers	Contribution of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
Independent contractors	<p>Independent contractors under this category are service providers relating to research and development of our major business products i.e., including but not limited to Chlamydomonas reinhardtii, micro-algae related products and other health products (the “Major Business Products”), and introduce new investors and maintain investor relationship, who/ which support, on a regular or recurring basis, the Group's day-to-day operation in the research, manufacturing and sale of our products, and improve the Group's financial situation.</p> <p>The Group considers that it is important to maintain an ongoing collaborative relationship with the independent contractors as the Group may from time to time require their services for the Group to carry out its business activities. It would also be beneficial to the collaboration between the Group and the Service Provider if the Company grants such Service Providers proprietary ownership in the Company, which encourages the Service Provider to have a vested shareholding interest in the Group and the Group's future development.</p>	<p>The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such Service Providers, including:</p> <ul style="list-style-type: none"> (a) the benefits and strategic value brought by the Service Providers to the Group's development and future prospects in terms of the profits and/or income attributable to the Service Providers' collaboration with the Group; and (b) the business opportunities and external connections that the Service Providers have introduced or will potentially introduce to the Group

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Class of Service Providers	Contribution of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
Independent suppliers	<p>Independent suppliers under this category are third-party suppliers of raw materials i.e., including but not limited to chemical ingredients and food ingredients for the production of the Major Business Products (the “Raw Materials”) and equipment including but not limited to fermentation tanks and related equipment, digital control systems and other production equipment (the “Equipment”) for production and research and development i.e., laboratories works, product development from scientists and technicians, for example to remove the unpleasant smell of the <i>Chlamydomonas reinhardtii</i>, innovation for improving the production efficiency, to develop new application of <i>Chlamydomonas reinhardtii</i> to different products, to expand the types of finished goods to be manufactured with similar equipment, to obtain patents, copyrights or technical know-how for new products and techniques.</p> <p>The Group considers that it is important to maintain an ongoing collaborative relationship with the independent suppliers as the Group may from time to time require their delivery of Raw Materials and Equipment for the Group to carry out its business activities. It would also be beneficial to the collaboration between the Group and the Service Provider if the Company grants such Service Providers proprietary ownership in the Company, which encourages the Service Provider to have a vested shareholding interest in the Group and the Group’s future development and maintain a stable supply chain.</p>	<p>The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such supplier, including but not limited to: (1) the nature, reliability and quality of the Raw Materials and/or Equipment supplied; (2) the value of the Raw Materials and/or Equipment provided by the relevant supplier; (3) the frequency of collaboration and length of business relationship with the Group; (4) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (5) the background, reputation and track record of the relevant supplier; (6) the replacement cost of such supplier (including continuity and stability of supply; and (7) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such supplier could bring positive impacts to the Group’s business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by the Raw Materials and/or Equipment supplied by such supplier.</p>

LETTER FROM THE BOARD

Class of Service Providers	Contribution of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
<p>Advisers or consultants (excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity, and provided that the Board shall have absolute discretion to determine whether or not one falls within such category)</p>	<p>Advisers and consultants under this category would be individuals and/or corporate entit(ies) which provide, on a regular or recurring basis, advisory services and consultancy services, to the Group on areas relating to the Group's principal business activities in operation of research, manufacturing and sale of our Major Business Products, or the Group's business strategy, investor relationship, administrative, human resources and marketing activities i.e., services from marketing and sales experts to promote our Major Business Products, to increase visibility, enlarge our customer base and boost our sales, as well as to advise the Group of the market trends and direction of product development.</p> <p>The Group may seek advisory services and consultancy services from consultants or advisers with the expertise, professional qualifications and industry experience, which can bring positive impacts or strategic benefits to the Group's business growth and development in light of the Group's business plan from time to time. Granting performance rewards in the form of Options to such Service Providers will motivate them to continuously devote resources towards the Group and serves to bind their interests with the Group's interests in the long term.</p>	<p>The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such Service Providers, including:</p> <ul style="list-style-type: none"> (a) the expertise, professional qualifications and industry experience of the Service Providers; (b) the prevailing market fees chargeable by other services providers; (c) the Group's period of engagement of or collaboration with the Service Providers; and (d) the Service Providers' actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit.

LETTER FROM THE BOARD

In assessing whether a Service Provider provides services to the Group on a continuing and recurring basis, the Board will take into account factors such as: (i) the duration and nature of products or services provided to the Group in the past 12 months, and the recurrence and regularity of such products or services; (ii) the length of engagement of the Service Provider; (iii) the selection criteria against comparable metrics used to determine other Eligible Participants who have been granted Options under the New Share Option Scheme; (iv) the Group's objectives in engaging the Service Provider and how granting Options to the Service Provider would align with the purpose of the New Share Option Scheme or benefit the Group and its Shareholders; and (v) remuneration packages of comparable listed peers, if any, based on available industry information.

The Service providers who work for the Group as (i) independent contractors; (ii) independent suppliers; and (iii) advisers and consultants, where the continuity and frequency of their services are akin to those of employees in the research and development of our Major Business Products introduce new investors and maintain investor relationship, who/which support, on a regular or recurring basis, the Group's day-to-day operation in the research, providing a stable supply chain of Raw Materials and Equipment for production and research and development, advisory services and consultancy services, to the Group on areas relating to the Group's principal business activities in operation of research, manufacturing and sale of our Major Business Products or the Group's business strategy, investor relationship, administrative, human resources and marketing activities i.e., services from marketing and sales experts to promote our Major Business Products, to increase visibility, enlarge our customer base and boost our sales, as well as to advise the Group of the market trends and direction of product development, ancillary to the Group's principal business to help maintain or enhance the competitiveness of the Group.

The Board will consider whether the continuity and frequency of the services provided by a Service Provider is akin to that of its employees, taking into account the following factors: (i) the type(s) of services the Service Provider had performed for the Group in the past; (ii) the industry experience of the Service Provider; (iii) the period of engagement of the Service Provider; and (iv) the Service Provider's contribution and/or future contribution to the development and growth of the Group with reference to, among other metrics, research and development, manufacturing or distribution of products/services provided by the Group, or otherwise will contribute significantly to the growth of the Group's financial or business performance, based on quantitative performance indicators to be determined by the Board or the committee on a case-by-case basis.

In assessing whether a Service Provider provides services to the Group in the Company's ordinary and usual course of business, the Board will take into account factors such as the nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group.

The qualified Service Providers shall directly contribute to the long-term growth of the Group's business by providing services that are of a continuing and recurring nature in the ordinary and usual course of the Group's business. In particular, they shall be closely connected to and crucial to the Group's operations.

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Having considered the basis of determining the eligibility of Service Providers and Related Entity Participants, the Directors consider that (i) the proposed categories of the Service Providers and Related Entity Participants are in line with the Company's business needs and the industry norm of offering equity-based compensation to stakeholders; (ii) the success of the Group is not solely attributed to the contributions of employees and directors of the Group but also to the efforts and collaboration of non-employees, including Service Providers and Related Entity Participants, who contribute to the Group's development and ongoing success and may contribute in the future; and (iii) in order to foster a sustainable and stable relationship vital to the Group's business development, including Service Providers and Related Entity Participants are advantageous.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the inclusion of the Employee Participants, Related Entity Participants and Service Providers in the New Share Option Scheme and the basis of determining their respective eligibility are in line with the purpose of the New Share Option Scheme, enabling the Group to attract and retain talented employees and valuable human resources from both within and outside the Group and promote its long-term growth, the adoption of the New Share Option Scheme is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Option to be lapsed on cessation of employment or directorship

If the Grantee of an Option is an employee or a director of the Group and ceases to be an Eligible Participant by reason of voluntary resignation or dismissal or upon expiration of his or her term of directorship (unless immediately renewed upon expiration), or by termination of his or her employment or directorship on any one or more of the grounds that he or she has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute) or any other ground(s) on which the Group would be entitled to terminate the Grantee's employment or directorship pursuant to any applicable law before exercising the Option in full, his or her Option (to the extent not already exercised) will lapse on the date of cessation or termination and not be exercisable.

Maximum number of Shares subject to the New Share Option Scheme

The total number of Shares which may be issued in respect of all options which may be granted under the New Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of Shares as equivalent to 10% of the issued share capital (excluding Treasury Shares) of the Company as at the date of approval of the New Share Option Scheme (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the New Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. The Company may seek the approval of its Shareholders at general meeting to

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refresh the Scheme Mandate Limit or the Service Provider Sublimit after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment (as the case may be).

As at the Latest Practicable Date, the number of issued Shares was 2,805,952,149 Shares. Assuming that there is no change in the number of issued Shares between the Latest Practicable Date and the Adoption Date, the total number of Shares which may be issued upon exercise of all options and awards to be granted under the New Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company would be 280,595,214 Shares, representing approximately 10% of the issued share capital of the Company (excluding Treasury Shares, if any) on the date of approval of the New Share Option Scheme.

The Company may issue new Shares and/or utilise existing treasury shares (if any) to satisfy grants of the Options under the New Share Option Scheme to the extent permitted by the Listing Rules, all applicable laws and regulations and the Articles of Association of the Company. As at the Latest Practicable Date, the Company has no intention to use Treasury Shares (if any) for the New Share Option Scheme.

Scheme Mandate Limit and Service Provider Sublimit

There was a total of 2,805,952,149 Shares in issue as at the Latest Practicable Date. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Adoption Date, the maximum number of Shares which may be issued in respect of all options and awards to be granted under the New Share Option Scheme and any other share scheme(s) will be 280,595,214 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date (excluding Treasury Shares, if any).

The Service Provider Sublimit of the New Share Option Scheme and any other share scheme(s) of the Company will be 28,059,521 Shares, representing 1% of total number of the issued Shares as of the Adoption Date (excluding Treasury Shares, if any), assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Adoption Date.

The basis for determining the Service Provider Sublimit includes (i) the potential dilution effect arising from grants to the Service Providers; (ii) the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting Shareholders from the dilution effect from granting a substantial amount of Options to the Service Providers; (iii) the extent of the use of Service Providers in the Group's business; and (iv) the fact that the Company expects that a majority of the Options will be granted to Employee Participants and Related Entity Participants and as such there is a need to reserve a larger portion of the Scheme Mandate Limit for grants to the Employee Participants and Related Entity Participants. Given the above, the Board has made reference to the 1% Individual Limit (as defined in Appendix III) and considered that a sublimit of 1% would not lead to an excessive dilution of existing Shareholders' holdings.

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If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Sublimit has been approved in general meeting of the Company, the maximum number of new Shares that may be issued in respect of all options and awards to be granted under the New Share Option Scheme and any share scheme(s) of the Company under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares as at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

Considering the Group's business model and human resources allocation strategy and that the Service Providers have contributed to the long-term growth of the Group's business development, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable given the Group's business needs, and such sublimit enables flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward persons who are not employees or officers of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable contribution to the Group, which is in line with the purpose of the New Share Option Scheme. The relatively low threshold sublimit of 1% can provide adequate safeguard against excessive dilution of existing Shareholders' holdings. The Service Provider Sublimit is subject to separate approval of the Shareholders at the AGM.

Performance Target and Claw Back Mechanism

Under the New Share Option Scheme, the Board may at its discretion and on a case-by-case basis specify any condition in the offer letter of the grant of the relevant Option which must be satisfied before an Option may be exercised including (without prejudice to the generality of the foregoing:

- (a) the continuing eligibility of the Grantee under the New Share Option Scheme, and in particular, where the Board determines that the Grantee has failed or otherwise is or has been unable to meet such continuing eligibility criteria, the Option (to the extent not already exercised) shall lapse, subject to the requirements of the New Share Option Scheme;
- (b) the continuing compliance of such terms and conditions that may be attached to the grant of the Option, failing which the Option (to the extent not already exercised) shall lapse unless otherwise determined to the contrary by the Board, subject to the requirements of the New Share Option Scheme;
- (c) conditions, restrictions or limitations relating to the achievement of operating or financial targets before an Option can be exercised;
- (d) if applicable, the satisfactory performance of certain obligations by the Grantee; and
- (e) claw back mechanism for the Company to recover or withhold any Options granted to any Grantee, whether in the event of serious misconduct of the Grantee, a material misstatement in the Company's financial statements or other circumstances.

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Save as determined by the Board on a case by case basis and provided in the offer letter of the grant of the relevant Option, the New Share Option Scheme does not stipulate any performance targets a Grantee is required to achieve before an Option can be exercised or any claw back mechanism for the Company to recover or withhold any Options granted to a Grantee under the terms of the New Share Option Scheme. Nevertheless, the Board may impose performance targets and/or claw back mechanism on a case-by-case basis. The Board believes that this will provide the Board with more flexibility in setting out the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board to offer meaningful incentives to attract and retain quality and high calibre personnel that are valuable to the development of the Group.

Vesting Period

The vesting period for Options under the New Share Option Scheme shall not be less than twelve (12) months.

General

None of the Directors is and will be trustees of the New Share Option Scheme nor has a direct or indirect interest in the trustee.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had any material interest in the adoption of the New Share Option Scheme. Accordingly, no Shareholder is required to abstain from voting on the resolution approving the adoption of the New Share Option Scheme at the AGM.

The Directors have confirmed that the explanatory statement set out in this circular relating to the Repurchase Mandate contains the information required under Rule 10.06(1)(b) of the Listing Rules and that neither the explanatory statement nor the proposed repurchase of Shares has unusual features.

The Company has sought legal advice from its legal advisers in respect of the New Share Option Scheme and understands that whilst the New Share Option Scheme is not restricted to executives and employees of the Group, the adoption of the New Share Option Scheme would not constitute an offer to the public and the prospectus requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) is not applicable.

The Company will, where applicable, comply with the applicable requirements under Chapter 17 of the Listing Rules in respect of the operation of the New Share Option Scheme.

Document on display

A copy of the New Share Option Scheme will be published on the websites of the Stock Exchange at (www.hkexnews.hk) and the Company at (www.touyunbiotech.com.hk) for a period of not less than 14 days before the date of the AGM and is also made available for inspection at the AGM.

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Competing Interest

To the best knowledge of the Directors, Mr. Jia Wenjie (“**Mr. Jia**”), a Non-executive Director of the Company and Ms. Zeng Xiaomeng (“**Ms. Zeng**”), spouse of Mr. Wang Liang, an Executive Director of the Company have interests in the following business conducted through the company named below:

Name of company	Nature of interest	Description of business of the company
Biyang Information Technology (Shanghai) Co., Ltd.* 必瑩信息科技(上海)有限公司	Mr. Jia is the Chief Executive Officer of the company Mr. Jia and his family member hold 63% and 7% of the equity interest respectively Ms. Zeng holds 30% of the equity interest	Provision of information technology solutions and advertising display services

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, controlling Shareholders or substantial Shareholders or any of their respective close associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

NOTICE OF AGM

Notice of the AGM is set out on pages 49 to 54 of this circular. A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the AGM in person, you should complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company 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 later than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof, should you so wish.

No Shareholder is required to abstain from voting on the resolutions regarding (i) the granting to the Directors of the Issue Mandate to issue Shares up to a maximum of 20% of the number of issued Shares of the Company (excluding Treasury Shares, if any) at the date of passing the resolution at the AGM; (ii) the granting to the Directors of the Repurchase Mandate to exercise all the powers of the Company to repurchase Shares up to a maximum of 10% of the number of issued Shares of the Company (excluding Treasury Shares, if any) as at the date of passing the resolution at the AGM; (iii) the extension of the Issue Mandate by those Shares repurchased by the Company pursuant to the Repurchase Mandate granted to the Directors; (iv) the re-election of Directors; and (v) the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme.

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Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the AGM will be taken by poll and the Company will announce the results of the poll in the manner set out in Rule 13.39(5) of the Listing Rules.

RESPONSIBILITY OF THE DIRECTORS

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. 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.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the proposals for the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate to include Shares repurchased pursuant to the Repurchase Mandate, the re-election of the Directors, the continuous appointment of an independent non-executive Director who have served for more than nine years and the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme are fair and reasonable, in the best interests of the Company and the Shareholders as a whole, and so recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

Your attention is also drawn to the information set out in the Appendices to this circular and the AGM Notice.

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

Particulars of the retiring Directors who will offer themselves for re-election at the AGM are set out below:

Ms. Tian Yuze — Non-executive Director

Ms. Tian Yuze (“**Ms. Tian**”), aged 33, has been appointed as a non-executive Director of the Company since 7 April 2020. Ms. Tian holds a bachelor’s degree in Economics (International Economics and Trade) from Beijing Institute of Petrochemical Technology, and a master degree of science from Nottingham Trent University. She has been working as business manager in various entities, responsible for operation strategic planning, global marketing strategies and execution. She has extensive experience and exposure in international trade, sales and supply and business management in both PRC and overseas markets.

Ms. Tian has not previously held any position with the Company or any of its subsidiaries. She has not been a director in any other listed companies in the last three years. Ms. Tian is holding 145,805,135 shares of the Company (approximately 5.20% of the issued shares of the Company) as at Latest Practicable Date. Save as disclosed above, Ms. Tian is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company and does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Ms. Tian has a service agreement with the Company on 7 April 2023 of 3 years which is terminable on not less than one month’s notice in writing served by either party. She is subject to retirement by rotation and re-election pursuant to the Company’s Bye-laws. Ms. Tian is entitled to receive a monthly salary of HK\$10,000 and a discretionary year-end bonus, which was determined with reference to the Group’s operation results, her duties and level of responsibilities and the prevailing marketing conditions. Her emoluments will be reviewed annually by the Remuneration Committee.

Save as disclosed above, Ms. Tian has confirmed that there is no other information required to be brought to the attention of the Shareholders and the Company or to be disclosed pursuant to Rule 13.51(2) of the Listing Rules in relation to her re-election as a Director.

Mr. Jia Wenjie — Non-executive Director

Mr. Jia Wenjie (“**Mr. Jia**”), aged 39, has been appointed as a non-executive Director of the Company since 13 November 2020. He holds a bachelor of science in electrical engineering from the University of Notre Dame. Mr. Jia possess extensive experience in computer programming, information technology industry as well as corporate management. He was a program manager of Microsoft Corporation from 2009 to 2014. He was vice-president of Shanghai TY Technology Co., Ltd (a wholly owned subsidiary of the Company) from 2014 to 2016, responsible for products design, product development and strategic management. He is currently the founder and chief executive officer of a PRC entity engaged in information technology business in the PRC.

Mr. Jia has a service agreement with the Company for an initial term of 2 years which is terminable on not less than one month's notice in writing served by either party. He is subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. Mr. Jia is entitled to receive a salary of HK\$20,000 per annum or his pro rata amount for any incomplete month or year, which was determined with reference to the Group's operation results, his duties and level of responsibilities and the prevailing marketing conditions. His emoluments will be reviewed annually by the Remuneration Committee.

Save as disclosed above, Mr. Jia has not held (i) any other position in the Company and other members of the Group; (ii) any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) any other major appointments and professional qualifications. Mr. Jia is holding 1,000,000 shares of the Company (representing 0.04% of the issued Shares of the Company) as at Latest Practicable Date.

As the Latest Practicable Date and save as disclosed above, Mr. Jia has no relationships with any Directors, senior management, substantial or controlling shareholders of the Company (having the meaning ascribed to it in the Rules Governing the Listing of Securities or the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and does not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"). Mr. Jia is not aware of any other matters in relation to his re-election that need to be brought to the attention of shareholders of the Company and there is no other information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Cheung Wing Ping — Independent non-executive Director

Mr. Cheung Wing Ping ("**Mr. Cheung**"), aged 58, has been appointed as an Independent Non-executive Director of the Company since 11 August 2015. He is also a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. He holds a bachelor's degree in accountancy with honours from the City University of Hong Kong. He is a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over 20 years of experience in auditing and accounting. He was formerly an independent non-executive director of China Shandong Hi-Speed Financial Group Limited (stock code: 412) from April 2015 to May 2020 and an independent non-executive director of Oshidori International Holdings Limited (stock code: 622) from May 2015 to August 2022. The shares of these companies are listed on the Stock Exchange.

Mr. Cheung has not previously held any position with the Company or any of its subsidiaries. Save as disclosed above, he has not been a director in any other listed companies in the last three years. Mr. Cheung is interested in 500,000 share options (representing 0.02% of the issued Shares of the Company) granted by the Company on 30 September 2024, which will be vested on 1 January 2026. Save as disclosed above, Mr. Cheung is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company and does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Cheung has entered into a service agreement with the Company on 11 August 2023 for a term of 2 years which is terminable on not less than one month's notice in writing served by either party. He is subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. Mr. Cheung is entitled to receive a director's fee of HK\$20,667 per month and a discretionary year-end bonus, which was determined with reference to the Group's operating results, his duties and level of responsibility and the prevailing market conditions. His emoluments will be reviewed annually by the Remuneration Committee.

Save as disclosed above, Mr. Cheung has confirmed that there is no other information required to be brought to the attention of the Shareholders and the Company or to be disclosed pursuant to Rule 13.51(2) of the Listing Rules in relation to his re-election as a Director.

Mr. Hu Guohua — Independent non-executive Director

Mr. Hu Guohua (“**Mr. Hu**”), aged 51, has been appointed as an independent non-executive Director of the Company since 13 November 2020. He obtained a bachelor's degree in food chemistry and a master's degree in food engineering from Nanchang University (南昌大學) in 1995 and 1998, respectively. Mr. Hu subsequently obtained a doctorate degree in biochemical engineering from the East China University of Science and Technology (華東理工大學) in 2006. Mr. Hu is experienced in biological ingredients production and processed food. In addition to his academic qualifications, Mr. Hu was named as one of the leading talents in science and technology (科技領軍人才) by Suzhou Industrial Park (蘇州工業園區) in 2010. Mr. Hu is the secretary general of the Professional Committee of Sweet Flavouring (甜味劑專業委員會), which is one of the Professional Committees of China Food Additives & Ingredients Association (中國食品添加劑和配料協會).

Mr. Hu currently is an independent non-executive director of Anhui JinHe Industrial Co. Ltd (SHE: 002597), a company listed on the Shenzhen Stock Exchange; Zhejiang Shengda Bio-pharm Co., Ltd (SHA: 603079), a company listed on the Shanghai Stock Exchange and Green Future Food Hydrocolloid Marine Science Company Limited (stock code: 1084), a company whose shares are listed on the Stock Exchange.

Save as disclosed above, Mr. Hu has not held (i) any other position in the Company and other members of the Group; (ii) any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) any other major appointments and professional qualifications. Mr. Hu is interested in 500,000 share options (representing 0.02% of the issued Shares of the Company) granted by the Company on 30 September 2024, which will be vested on 1 January 2026.

As the Latest Practicable Date, Mr. Hu has no relationships with any Directors, senior management, substantial or controlling shareholders of the Company (having the meaning ascribed to it in the Listing Rules) and does not have any interests in the securities of the Company within the meaning of Part XV of the SFO.

Mr. Hu has a service agreement with the Company for an initial term of 3 years which is terminable on not less than one month's notice in writing served by either party. He is subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. Mr. Hu is entitled to receive a salary of HK\$100,000 per annum or his pro rata amount for any incomplete month or year, which was determined with reference to the Group's operation results, his duties and level of responsibilities and the prevailing marketing conditions. His emoluments will be reviewed annually by the Remuneration Committee.

Save as disclosed above, Mr. Hu is not aware of any other matters in relation to his re-election that need to be brought to the attention of shareholders of the Company and there is no other information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules.

1. EXERCISE OF THE REPURCHASE MANDATE

On the basis that (i) 2,805,952,149 Shares were in issue (excluding Treasury Shares, if any) as at the Latest Practicable Date, and (ii) no further Shares were issued and/or repurchased between the Latest Practicable Date and the date of the resolution approving the Repurchase Mandate, exercise in full of the Repurchase Mandate would result in up to 280,595,214 Shares being repurchased by the Company during the period from the date of passing the resolution granting the Repurchase Mandate until the earlier to occur of (i) the conclusion of the next annual general meeting of the Company, (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-laws to be held, or (iii) the revocation or variation of the Repurchase Mandate by Shareholders in general meeting.

The Company may cancel such repurchased Shares or hold them as Treasury Shares, subject to market conditions and the Group's capital management needs at the relevant time of the repurchases.

For any Treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to HKSCC to vote at general meetings of the Company for the Treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the record date for the dividends or distributions, or take any other measures to ensure that it will not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as Treasury Shares.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the interests of the Company and Shareholders to have a general authority from Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and the Bye-laws and the applicable laws of Bermuda.

Under Bermuda law, purchases of the Shares may only be effected out of the capital paid up on the Shares to be purchased or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for such purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account.

Based on the position disclosed in the Company's most recent published audited accounts for the year ended 31 December 2024, and taking into account the current working capital position of the Company, there might be an adverse effect on the working capital or gearing position of the Company if the Repurchase Mandate was exercised in full in the period before expiration of the Repurchase Mandate. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent that it would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. EFFECT OF TAKEOVERS CODE

If, as a result of a Share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code and Rule 6 of the Share Repurchase Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Wang Liang (an Executive Director and Chairman of the Company) is beneficially interested in 620,300,000 (including 2,800,000 Share Option) Shares and his mother Ms. Qiao Yanfeng ("**Ms. Qiao**", a substantial shareholder of the Company) 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 770,300,000 Shares, representing approximately 27.45% of the issued Shares of the Company. Based on such shareholdings and in the event that the Directors exercised in full the power to repurchase Shares under the Share Repurchase Mandate, the shareholdings of Mr. Wang Liang together with Ms. Qiao would be increased to approximately 30.50% of the issued Shares (excluding Treasury Shares, if any) of the Company. Accordingly, such increases would trigger a mandatory offer obligation under Rule 26 of the Takeovers Code. The Directors do not intend to repurchase Shares to the extent that Mr. Wang Liang together with Ms. Qiao and their associates would need to make a mandatory general offer pursuant to Rule 26 of the Takeovers Code or the Company cannot satisfy its minimum requirement for public float.

5. GENERAL

None of the Directors and, to the best of their knowledge and belief having made all reasonable enquiries, none of their close associates (as defined in the Listing Rules), have any present intention, in the event that the Repurchase Mandate is approved by the Shareholders to sell Shares to the Company.

No core connected person (as defined in the Listing Rules) has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

The Company has not repurchased any Shares, whether on the Stock Exchange or otherwise, during the six months preceding the Latest Practicable Date.

6. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2024		
April	0.240	0.131
May	0.240	0.188
June	0.220	0.180
July	0.180	0.150
August	0.185	0.138
September	0.184	0.169
October	0.170	0.153
November	0.335	0.154
December	0.194	0.162
2025		
January	0.198	0.183
February	0.205	0.150
March	0.179	0.153
April	0.175	0.174
May (up to and including the Latest Practicable Date)	0.174	0.171

The following is a summary of the principal terms of the New Share Option Scheme to be approved and adopted by ordinary resolution at the AGM, but such summary does not form part of, nor was it intended to be, part of the New Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

1. PURPOSE

The purpose of the New Share Option Scheme is to attract and retain the best available and high calibre personnel of the Group, to provide additional incentives to the Eligible Participants and to promote the overall success of the business of the Group. This Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company which will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions are important to the long-term growth and profitability of the Group.

2. ADMINISTRATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or application or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby. For the avoidance of doubt, subject to compliance with the requirements of the Listing Rules and the provisions of the New Share Option Scheme, the Board shall have the right to (i) interpret and construe the provisions of the New Share Option Scheme; (ii) determine the persons who will be offered Options under the New Share Option Scheme, and the number of Shares and the Subscription Price, in relation to such Options; (iii) make such appropriate and equitable adjustments to the terms of the Options granted under the New Share Option Scheme as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of the New Share Option Scheme.

3. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY OF THE PARTICIPANTS OF THE NEW SHARE OPTION SCHEME

Eligible Participants for the New Share Option Scheme include:

- (i) Employee Participant(s) which include the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group) of any member of the Group (including persons who are granted Options under this Scheme as inducement to enter into employment contracts with any member of the Group);
- (ii) Related Entity Participant(s) which include directors and employees (whether full-time or part-time but excludes any former employee) of the holding companies, fellow subsidiaries or associated companies of the Company; and

- (iii) a Service Provider (i.e. any person (natural person or corporate entity) who provides services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, person(s) who work(s) for the Company as (i) independent contractors; (ii) independent suppliers; and (iii) advisers or consultants, but excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity, and provided that the Board shall have absolute discretion to determine whether or not one falls within such category).

provided that the Board may have absolute discretion to determine whether or not one falls within the above categories.

In determining the basis of eligibility of each Eligible Participant, the Board will take into account (i) the experience of the Eligible Participant in relation to the Group's business; (ii) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an Employee Participant); and (iii) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

In determining the basis of eligibility of each Employee Participant, the factors in assessing whether any individual is eligible to participate in this Scheme include: (i) their individual performance; (ii) their time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (iii) the length of their engagement with the Group; and (iv) their individual contributions or potential contributions towards the development and growth of the Group.

In determining the basis of eligibility of each Related Entity Participant, the factors in assessing whether any individual is eligible to participate includes: (i) the measurable positive contributions brought by, or expected from, the Related Entity Participant on the Group's business in terms of, amongst other things, an increase in revenue or profits and/or an addition of expertise to the Group; (ii) the responsibility taken up or to be taken up by the Related Entity Participant(s) towards the success of the Group's operations or enhancing the value of the Company and its Shares; (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which have or are likely to materialised into further business relationships; (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and (vi) the materiality and nature of the business relations of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

In determining the basis of eligibility of each Service Provider, the factors in assessing whether any individual is eligible to participate includes: (i) the individual performance of the Service Providers; (ii) the frequency of collaboration and the length of business relationship with the Group; (iii) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (iv) the track record in the quality of services provided to and/or cooperation with the Group and the ability to maintain the quality of services; (v) the scale of business dealings and/or collaboration with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers; (vi) the actual contribution or potential contribution towards the long-term development and success of the Group; and (vii) the remuneration packages of comparable listed peers for similar service providers based on available information in the industry.

Further to the above criteria, set out below is the detailed basis of determining the eligibility of each category of the Service Providers:

Class of Service Providers	Contribution of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
Independent contractors	<p>Independent contractors under this category are service providers relating to research and development of our major business products i.e., including but not limited to Chlamydomonas reinhardtii, micro-algae related products and other health products (the “Major Business Products”), and introduce new investors and maintain investor relationship, who/ which support, on a regular or recurring basis, the Group’s day-to-day operation in the research, manufacturing and sale of our products, and improve the Group’s financial situation.</p> <p>The Group considers that it is important to maintain an ongoing collaborative relationship with the independent contractors as the Group may from time to time require their services for the Group to carry out its business activities. It would also be beneficial to the collaboration between the Group and the Service Provider if the Company grants such Service Providers proprietary ownership in the Company, which encourages the Service Provider to have a vested shareholding interest in the Group and the Group’s future development.</p>	<p>The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such Service Providers, including:</p> <ul style="list-style-type: none"> (a) the benefits and strategic value brought by the Service Providers to the Group’s development and future prospects in terms of the profits and/or income attributable to the Service Providers’ collaboration with the Group; and (b) the business opportunities and external connections that the Service Providers have introduced or will potentially introduce to the Group

Class of Service Providers	Contribution of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
Independent suppliers	<p>Independent suppliers under this category are third-party suppliers of raw materials i.e., including but not limited to chemical ingredients and food ingredients for the production of the Major Business Products (the “Raw Materials”) and equipment including but not limited to fermentation tanks and related equipment, digital control systems and other production equipment (the “Equipment”) for production and research and development i.e., laboratories works, product development from scientists and technicians, for example to remove the unpleasant smell of the <i>Chlamydomonas reinhardtii</i>, innovation for improving the production efficiency, to develop new application of <i>Chlamydomonas reinhardtii</i> to different products, to expand the types of finished goods to be manufactured with similar equipment, to obtain patents, copyrights or technical know-how for new products and techniques.</p> <p>The Group considers that it is important to maintain an ongoing collaborative relationship with the independent suppliers as the Group may from time to time require their delivery of Raw Materials and Equipment for the Group to carry out its business activities. It would also be beneficial to the collaboration between the Group and the Service Provider if the Company grants such Service Providers proprietary ownership in the Company, which encourages the Service Provider to have a vested shareholding interest in the Group and the Group’s future development and maintain a stable supply chain.</p>	<p>The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such supplier, including but not limited to: (1) the nature, reliability and quality of the Raw Materials and/or Equipment supplied; (2) the value of the Raw Materials and/or Equipment provided by the relevant supplier; (3) the frequency of collaboration and length of business relationship with the Group; (4) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (5) the background, reputation and track record of the relevant supplier; (6) the replacement cost of such supplier (including continuity and stability of supply); and (7) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such supplier could bring positive impacts to the Group’s business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by the Raw Materials and/or Equipment supplied by such supplier.</p>

Class of Service Providers	Contribution of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
Advisers or consultants (excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity, and provided that the Board shall have absolute discretion to determine whether or not one falls within such category)	<p>Advisers and consultants under this category would be individuals and/or corporate entity(ies) which provide, on a regular or recurring basis, advisory services and consultancy services, to the Group on areas relating to the Group's principal business activities in operation of research, manufacturing and sale of our Major Business Products, or the Group's business strategy, investor relationship, administrative, human resources and marketing activities i.e., services from marketing and sales experts to promote our Major Business Products, to increase visibility, enlarge our customer base and boost our sales, as well as to advise the Group of the market trends and direction of product development.</p> <p>The Group may seek advisory services and consultancy services from consultants or advisers with the expertise, professional qualifications and industry experience, which can bring positive impacts or strategic benefits to the Group's business growth and development in light of the Group's business plan from time to time. Granting performance rewards in the form of Options to such Service Providers will motivate them to continuously devote resources towards the Group and serves to bind their interests with the Group's interests in the long term.</p>	<p>The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such Service Providers, including:</p> <ul style="list-style-type: none"> (a) the expertise, professional qualifications and industry experience of the Service Providers; (b) the prevailing market fees chargeable by other services providers; (c) the Group's period of engagement of or collaboration with the Service Providers; and (d) the Service Providers' actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit.

In assessing whether a Service Provider provides services to the Group on a continuing and recurring basis, the Board will take into account factors such as: (i) the duration and nature of products or services provided to the Group in the past 12 months, and the recurrence and regularity of such products or services; (ii) the length of engagement of the Service Provider; (iii) the selection criteria against comparable metrics used to determine other Eligible

Participants who have been granted Options under the New Share Option Scheme; (iv) the Group's objectives in engaging the Service Provider and how granting Options to the Service Provider would align with the purpose of the New Share Option Scheme or benefit the Group and its Shareholders; and (v) remuneration packages of comparable listed peers, if any, based on available industry information.

The Service providers who work for the Group as (i) independent contractors; (ii) independent suppliers; and (iii) advisers and consultants, where the continuity and frequency of their services are akin to those of employees in the research and development of our Major Business Products and introduce new investors and maintain investor relationship, who/which support, on a regular or recurring basis, the Group's day-to-day operation in the research, providing a stable supply chain of Raw Materials and Equipment for production and research and development, advisory services and consultancy services, to the Group on areas relating to the Group's principal business activities in operation of research, manufacturing and sale of our Major Business Products or the Group's business strategy, investor relationship, administrative, human resources and marketing activities i.e., services from marketing and sales experts to promote our Major Business Products, to increase visibility, enlarge our customer base and boost our sales, as well as to advise the Group of the market trends and direction of product development, ancillary to the Group's principal business to help maintain or enhance the competitiveness of the Group.

The Board will consider whether the continuity and frequency of the services provided by a Service Provider is akin to that of its employees, taking into account the following factors: (i) the type(s) of services the Service Provider had performed for the Group in the past; (ii) the industry experience of the Service Provider; (iii) the period of engagement of the Service Provider; and (iv) the Service Provider's contribution and/or future contribution to the development and growth of the Group with reference to, among other metrics, research and development, manufacturing or distribution of products/services provided by the Group, or otherwise will contribute significantly to the growth of the Group's financial or business performance, based on quantitative performance indicators to be determined by the Board or the committee on a case-by-case basis.

In assessing whether a Service Provider provides services to the Group in the Company's ordinary and usual course of business, the Board will take into account factors such as the nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group.

The qualified Service Providers shall directly contribute to the long-term growth of the Group's business by providing services that are of a continuing and recurring nature in the ordinary and usual course of the Group's business. In particular, they shall be closely connected to and crucial to the Group's operations.

4. SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT

The Scheme Mandate Limit is the maximum number of Shares in respect of which all options and awards may be granted (including Shares in respect of which Options, whether exercised or still outstanding, have already been granted) under the New Share Option Scheme and under any other share scheme(s) of the Company must not in aggregate exceed 10.0% of the total number of Shares in issue (excluding Treasury Shares, if any) at the Adoption Date, unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit.

The Service Provider Sublimit, being a sublimit under the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the New Share Option Scheme and any other share scheme(s) of the Company to the Service Providers must not in aggregate exceed 1% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the Adoption Date.

Options which have lapsed in accordance with the terms of the New Share Option Scheme (or any other share scheme(s) of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit or the Service Provider Sublimit. If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Sublimit has been approved in general meeting of the Company, the maximum number of new Shares that may be issued in respect of all options and awards to be granted under the New Share Option Scheme and any share scheme(s) of the Company under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares (excluding Treasury Shares, if any) as at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

The Company may seek the approval of its Shareholders at general meeting to refresh the Scheme Mandate Limit or the Service Provider Sublimit after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment (as the case may be), such that the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the New Share Option Scheme and any other share scheme(s) of the Company under the Scheme Mandate Limit as refreshed must not exceed 10% (and the Service Provider Sublimit as refreshed shall not exceed 1%) of the Shares in issue (excluding Treasury Shares, if any) as at the date of the aforesaid approval for refreshment by the Shareholders in general meeting. Options lapsed in accordance with the terms of the New Share Option Scheme and any other share scheme(s) of the Company will not be regarded as utilised for the purpose of calculating the limit as refreshed. The Company shall send a circular to the Shareholders containing the number of options that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the refreshment.

Any refreshment within any abovementioned three-year period must be approved by the Shareholders subject to the following provisions: (a) any controlling shareholder(s) of the Company and their respective associates, or if there is no controlling shareholder(s) of the Company, Directors (excluding independent non-executive Directors) and the chief executives of the Company and their respective associates must abstain from voting in favor of the relevant resolution at the general meeting; and (b) the Company must comply with the requirements under the Listing Rules. The requirements under paragraphs (a) and (b) above do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit or the Service Provider Sublimit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit or the Service Provider Sublimit immediately before the issue of securities, rounded to the nearest whole Share.

The Company may also seek separate approval of the Shareholders in general meeting for granting any Options beyond the Scheme Mandate Limit, or if applicable, the refreshed limit as referred to in paragraph above, provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought. A circular shall be sent to Shareholders containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each specified Eligible Participant, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose, and all other information as required under the Listing Rules. The number and terms of the Options to be granted to such Eligible Participant must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

5. GRANT AND ACCEPTANCE OF OPTIONS

The Board shall, subject to the terms of the New Share Option Scheme and the Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any Business Day within a period of ten (10) years commencing on the Adoption Date to make an Offer to such Eligible Participant as it may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may, subject to paragraph (8) below, determine the Subscription Price pursuant to paragraph (7) below, provided that no such grant shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or the Directors of any applicable securities laws and regulations in any jurisdiction.

An Offer shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share

Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his or her Personal Representative(s) for a period of twenty-one (21) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of the New Share Option Scheme.

An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant with the number of Shares in respect of which the Offer is accepted as stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.

Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

6. VESTING PERIOD

An Option must be held by the Grantee for at least twelve (12) months before the Option can be exercised.

7. EXERCISE OF OPTIONS AND SUBSCRIPTION PRICE OF SHARES

An Option may be exercised in whole or in part by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each of such notice must be accompanied by a remittance for the full amount of the Subscription Price for the Shares in respect of which the notice is given. Within twenty-eight (28) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by his or her Personal Representative, to the estate of the Grantee) credited as fully paid and instruct the share registrar of the Company to issue to the Grantee (or his or her Personal Representative(s)) a share certificate for the Shares so allotted.

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided in the New Share Option Scheme or under the relevant laws or the memorandum of association and the articles of the Company in effect from time to time.

The Subscription Price for Shares to be subscribed under the New Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Share on the Offer Date.

Where a relevant Option is to be granted under paragraph (9) or (10), for the purposes of the above (a) and (b) above, the date of the Board meeting at which the grant was proposed shall be taken to be the Offer Date for such relevant Option, and the provisions as set above shall apply *mutatis mutandis*.

8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR ISSUE

- (a) Subject to the Listing Rules, the total number of Shares which may be issued in respect of all options and awards which may be granted at any time under the New Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of Shares as equivalent to 10% of the issued share capital of the Company (excluding Treasury Shares, if any) as at the Adoption Date (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to subparagraph (c) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.
- (b) The Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit under the New Share Option Scheme after three (3) years from the Adoption Date (or the date of Shareholders’ approval for the last refreshment), provided that the limit so refreshed must not exceed 10% of the relevant class of Shares (excluding Treasury Shares, if any) in issue as at the date of passing the relevant resolution. The Company must send a circular to the Shareholders containing such information as required under the Listing Rules. Any refreshment of the Scheme Mandate Limit to be made within three (3) years from the Adoption Date (or the date of Shareholders’ approval for the last refreshment) shall be subject to independent Shareholders’ approval pursuant to Rule 17.03C(1) of the Listing Rules and any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting.

- (c) The Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. For the purpose of seeking approval of Shareholders under this sub-paragraph (c), the Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

**9. GRANT OF OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR
SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR
ASSOCIATES**

Any grant of Options to a Director, a chief executive of the Company or substantial Shareholder (as defined under the Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an Option).

Where Options are proposed to be granted to an independent non-executive Director or a substantial Shareholder (as defined in the Listing Rules) or any of their respective associates and if such grant would result in the Shares issued and to be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all options and awards granted and to be granted (excluding any options lapsed in accordance with the terms of the relevant schemes) to such person in any twelve (12)-month period up to and including the date of grant representing in aggregate over 0.1% of the total issued Shares (excluding any Treasury Shares), such further grant of Options must be approved by Shareholders in a general meeting of the Company with such Grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour of the proposed grant at such general meeting. Parties that are required to abstain from voting in favour at the general meeting pursuant to Rule 17.04(1) of the Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the Shareholders. Any vote taken at the general meeting to approve the grant of such Options must be taken on a poll and comply with the requirements under the Listing Rules.

A circular must be prepared by the Company explaining the proposed grant, containing, among other matters, (i) details of the number and terms of the Options to be granted to each Eligible Participant, which must be fixed before Shareholders' approval; (ii) the views of the independent non-executive Directors (excluding any independent non-executive Director who and whose associate is a Grantee) as to whether the terms of the grant are fair and reasonable

and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and (iii) information as may be required by the Stock Exchange from time to time.

Shareholders' approval in a general meeting is also required for any change in the terms of Options granted to an Eligible Participant who is a substantial Shareholder (as defined in the Listing Rules) or an independent non-executive Director, or any of their respective associates.

10. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Unless approved by the Shareholders in the manner set out in this paragraph, the total number of Shares issued and to be issued in respect of all options and awards granted under the New Share Option Scheme and any other share scheme(s) of the Company to each Eligible Participant in any 12-month period shall not exceed 1% of the total number of Shares in issue (excluding Treasury Shares, if any) (the “**Individual Limit**”). Where any grant of Options under the New Share Option Scheme to an Eligible Participant would result in the aggregate number of Shares issued and to be issued in respect of all options and awards granted under the New Share Option Scheme and any other share scheme(s) of the Company to such Eligible Participant (excluding any options lapsed in accordance with the terms of the New Share Option Scheme and any other share scheme(s) of the Company) in the 12-month period up to and including the date of such grant exceeding the Individual Limit, such grant shall be subject to separate approval of the Shareholders in general meeting with such Eligible Participant and his/her close associates (or his/her associates if the Eligible Participant is a connected person of the Company) abstaining from voting. A circular shall be sent to the Shareholders disclosing the identity of such Eligible Participant, the number and terms of the Options to be granted (and those options previously granted to such Eligible Participant in the 12-month period), the purpose of granting the Options to the Eligible Participant and an explanation as to how the terms of the Options serve such purpose, and all other information as required under the Listing Rules. The number and terms of the Options to be granted to such Eligible Participant shall be fixed before the Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

11. TIME OF EXERCISE OF OPTIONS

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination of the New Share Option Scheme.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant Option, there is no performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme nor any claw back mechanism for the Company to recover or withhold any Options granted to any Eligible Participant.

12. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

Grant of Options may not be made:

- (a) after inside information (having the meaning defined in the SFO) has come to the knowledge of the Company until (and including) the trading day after it has been announced pursuant to the requirements of the Listing Rules; and
- (b) during the period commencing from 30 days immediately preceding the earlier of:
 - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to publish its results for any year, half-year or quarter-year period under the Listing Rules, or any other interim period (whether or not required under the Listing Rules)

and ending on the date of the results announcements (or during any period of delay in publishing results announcements).

For the avoidance of doubt, in compliance with the Listing Rules, a Director must not deal in any securities of the Company (and no Options may be granted to a Director) on any day on which its financial results are published and:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in the Model Code for Securities Transactions by Directors of Listed Issuers.

13. RIGHTS ARE PERSONAL TO GRANTEES

An 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 whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or any part thereof granted to such Grantee to the extent not already exercised.

14. RIGHTS ON CESSATION OF EMPLOYMENT OR DIRECTORSHIP

If the Grantee of an Option is an employee or a director of the Group and ceases to be an Eligible Participant by reason of voluntary resignation or dismissal or upon expiration of his or her term of directorship (unless immediately renewed upon expiration), or by termination of his or her employment or directorship on any one or more of the grounds that he or she has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute) or any other ground(s) on which the Group would be entitled to terminate the Grantee's employment or directorship pursuant to any applicable law before exercising the Option in full, his or her Option (to the extent not already exercised) will lapse on the date of cessation or termination and not be exercisable.

15. RIGHTS ON DEATH

If the Grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full, and where the Grantee is an employee or a director of the Group, none of the events referred to in paragraph (14) above as ground for termination of his or her employment or directorship arises, his or her Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the New Share Option Scheme within a period of six (6) months following the date of death, or up to the expiration of the Option Period, whichever is earlier, failing which it will lapse. If any of the events referred to in paragraphs (18) to (20) below occurs during such period, his or her Personal Representative(s) may exercise the Option pursuant to paragraphs (18) to (20) respectively.

16. RIGHTS ON ILL-HEALTH OR RETIREMENT

If the Grantee of an Option is an employee or a director of the Group ceases to be an Eligible Participant by reason of ill-health or retirement as an employee in accordance with his or her contract of employment before exercising the Option in full, he or she may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the New Share Option Scheme within a period of six (6) months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the Grantee is actually at work with the Group whether salary is paid in lieu of notice or not. If any of the events referred to in paragraphs (18) to (20) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (18) to (20) respectively.

17. RIGHTS ON CESSATION FOR OTHER REASONS

If the Grantee of an Option who is an employee or a director of the Group ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (14) to (16) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation or termination of his or her employment with the Group.

Note: Paragraphs 14, 15 and 16 do not apply to a Grantee who is not an employee or a director of the Group. Unlike employees or directors who are employed or appointed on a continuous basis, the relationship between the Group and the Grantees who are not employees or directors are based on different contracts which may or may not be consecutive or continuous in nature and may be on a project or order basis.

18. RIGHTS ON A GENERAL OFFER

In the event of a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner being made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders during the Option Period of the relevant Option, the Grantee (or his or her Personal Representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within one (1) month after the date on which such offer becomes or is declared unconditional, or within one (1) month after the record date for entitlements under the scheme of arrangement, as the case may be.

19. RIGHTS ON WINDING UP

In the event a notice is given by the Company to its Shareholders to convene an extraordinary general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each Shareholder give notice thereof to all Grantees and any Grantee or his or her Personal Representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Subscription Price in respect of the relevant Option (such notice shall be received by the Company no later than two (2) Business Days prior to the proposed general meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the Grantee credited as fully paid.

20. RIGHTS ON RECONSTRUCTION, COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and the Shareholders or its creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to the Shareholders or creditors to summon a meeting to consider such a scheme or arrangement and the Options (to the extent

not already exercised) shall become exercisable in whole or in part on such date until the earlier of (i) two (2) months after that date or (ii) at any time not later than two (2) Business Days prior to the date of the meeting directed to be convened by the court for the purposes of considering such a scheme or arrangement (the “**Suspension Date**”), accompanied by a remittance of the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee or his or her Personal Representative(s) which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof. With effect from the Suspension Date, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and terminated.

21. CANCELLATION OF OPTIONS

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options and makes a new grant to the same Grantee, such new grant may only be made under the New Share Option Scheme with available unissued Options within the limit approved by the Shareholders pursuant to paragraph (8). The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

22. EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of any alteration in the capital structure of the Company by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the number or nominal amount of Shares subject to the New Share Option Scheme or any Option so far as such Option remains unexercised; and/or (ii) the Subscription Price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable (other than in the case of capitalisation issue), provided that any such adjustment shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company to which he or she would have been entitled to subscribe had he or she exercised all the Options held by him or her immediately prior to such event and the aggregate Subscription Price payable by the Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value and the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment. Save in the case of capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

23. RANKING OF SHARES

The Shares to be allotted or Treasury Shares to be transferred upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue (excluding Treasury Shares) on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

24. DURATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, and expiring at the close of business on the date which falls ten (10) years after the Adoption Date, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

25. ALTERATIONS TO THE TERMS OF THE NEW SHARE OPTION SCHEME

Save for the provisions prescribed below, the New Share Option Scheme may be altered in any respect by a resolution of the Board.

- (a) The provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.
- (b) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (c) Any change to the authority of the Directors or the administrator of the New Share Option Scheme to alter the terms of New Share Option Scheme must be approved by the Shareholders in a general meeting.
- (d) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

26. CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme and authorising the Directors to grant Options to Eligible Participants and to allot and issue Shares pursuant to the exercise of any Options to be granted under the New Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company upon the exercise of Options to be granted under the New Share Option Scheme.

27. LAPSE OF OPTIONS

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the date on which the Grantee commits a breach of paragraph (13);
- (c) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (14) to (21); and
- (d) the date of the commencement of the winding-up of the Company.

28. TERMINATION

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted but not yet exercised prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

29. MISCELLANEOUS

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules.

The Company will comply with the relevant statutory requirements and the Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (22) above shall be referred to the decision of the Company's auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.

NOTICE OF AGM



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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual 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 10:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors (the “**Director(s)**”) and the independent auditors for the year ended 31 December 2024.
2. To re-elect Ms. Tian Yuze as a non-executive Director of the Company.
3. To re-elect Mr. Jia Wenjie as a non-executive Director of the Company.
4. To re-elect Mr. Hu Guohua as an independent non-executive Director of the Company.
5. To re-elect Mr. Cheung Wing Ping as an independent non-executive Director, who has served the Company for more than nine years.
6. To authorise the board of directors to fix the remuneration of the directors.
7. To re-appoint Moore CPA Limited as independent auditors and to authorise the board of directors to fix their remuneration.

NOTICE OF AGM

As special business, to consider and, if thought fit, pass with or without amendments, each of the following resolutions as an Ordinary Resolution:

8. **“THAT**

- (a) a general mandate be and is hereby unconditionally given to the directors of the Company (the **“Directors”**) to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and deal with unissued shares in the share capital of the Company or securities convertible into shares of the Company (**“Shares”**) (including any sale or transfer of Treasury Shares out of treasury) or options, warrants or similar rights to subscribe for any Shares and to make or grant offers, agreements or options which would or might require the exercise of such powers either during or after the Relevant Period, in addition to any Shares which may be issued on a Rights Issue (as hereinafter defined) or under any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries or any other eligible person(s) of Shares or rights to acquire Shares, or upon the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible into Shares or any scrip dividend pursuant to the bye-laws of the Company from time to time, not exceeding twenty percent of the aggregate number of issued Shares as at the date of this Resolution (such aggregate number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this Resolution); and

- (b) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until the earlier to occur of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

NOTICE OF AGM

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or of the requirements of any recognised regulatory body or any stock exchange applicable to the Company).”

9. “**THAT** there be granted to the Directors an unconditional general mandate to repurchase Shares, and that the exercise by the Directors of all the powers of the Company to purchase Shares subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved, subject to the following conditions:

- (a) such mandate shall not be extended beyond the Relevant Period;
- (b) such mandate shall authorise the Directors to procure the Company to repurchase Shares at such price as the Directors may at their discretion determine;
- (c) the aggregate number of Shares to be repurchased by the Company pursuant to this Resolution during the Relevant Period shall be no more than ten percent of the aggregate number of the issued Shares (excluding Treasury Shares) at the date of passing this Resolution (such aggregate number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this Resolution); and
- (d) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until the earlier to occur of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF AGM

10. “**THAT** subject to the availability of unissued shares and conditional upon the passing of Ordinary Resolutions 9 and 10 as set out in the notice convening this meeting, the aggregate number of the Shares which are repurchased by the Company pursuant to and in accordance with Ordinary Resolution 9 set out in the notice convening this meeting shall be added to the aggregate number of the Shares that may be allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to and in accordance with Ordinary Resolution 9 set out in the notice convening this meeting.”
11. “**THAT:**
- (a) the Existing Share Option Scheme of the Company being terminated (the “**Share Option Scheme**”);
 - (b) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the new shares of the Company (the “**Shares**”) to be allotted and issued pursuant to the exercise of any options granted under the New share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which are contained in the document marked “A” produced to the AGM and initialled by the chairman of the AGM for the purpose of identification, the New Share Option Scheme be and is hereby approved and adopted, and any directors of the Company (the “**Directors**”) be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as he may in his absolute discretion consider necessary or expedient in order to give effect to the New Share Option Scheme, including without limitation:
 - (i) to administer and operate the New Share Option Scheme under which options will be granted to eligible participants under the New Share Option Scheme to subscribe for shares in the Company;
 - (ii) to modify and/or amend the New Share Option Scheme from time to time, provided that such modification and/or amendment is/are effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment and is in compliance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) (the “**Listing Rules**”);
 - (iii) to grant options to subscribe for Shares under the New Share Option Scheme and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the exercise of the options granted under the New Share Option Scheme and subject to the Listing Rules;

NOTICE OF AGM

- (iv) to make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares that may be allotted and issued pursuant to the exercise of the options granted under the New Share Option Scheme;
- (v) to consent, if he so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme; and
- (c) the scheme mandate limit as defined in the New Share Option Scheme (the “**Scheme Mandate Limit**”) on the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the New Share Option Scheme and any other share scheme(s) of the Company, representing 10% of the total number of Shares in issue (excluding Treasury Shares, if any) at the date of the passing of this resolution, be and is hereby approved and adopted and any Directors of the Company be and is hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as he may in his absolute discretion consider necessary, desirable or expedient to effect and implement the Scheme Mandate Limit.”

12. “**THAT:**

- (a) subject to and conditional upon the passing of resolutions numbered 11, the service provider sublimit in the New Option Scheme (the “**Service Provider Sublimit**”) on the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the New Share Option Scheme and any other share scheme(s) of the Company to the Service Providers (as defined in the New Share Option Scheme), representing 1% of the total number of Shares in issue (excluding Treasury Shares, if any) at the date of the passing of this resolution, be and is hereby approved and adopted and any Directors of the Company be and is hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as he may in his absolute discretion consider necessary, desirable or expedient to expedient to administer, effect and implement the Service Provider Sublimit.”

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

Hong Kong, 13 May 2025

NOTICE OF AGM

Notes:

- (a) Any member entitled to attend and vote at the AGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint one or more proxies 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 AGM 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 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending the AGM 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 AGM. In order to qualify for attending and voting at the AGM, 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.
- (d) Further information on the proposals regarding (i) re-election of retiring Directors; (ii) granting of general mandates to issue and repurchase Shares; and (iii) and the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme are contained in this circular.