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

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement of Touyun Biotech Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 29 April 2025 in relation to the 2024 annual report of the Group (the “**2024 Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the 2024 Annual Report. The Company would like to provide the following supplemental information which should be read in conjunction with the 2024 Annual Report.

IN RELATION TO INVESTMENT POLICY AND PORTFOLIO STRATEGY

Summary of Investment Policy

The Board (the “**Board**”) of the Company has established a formal investment policy and strategy (the “**Investment Policy**”) to govern all financial investment activities undertaken by the Group. The overarching objective is the prudent, disciplined, and value-accretive deployment of capital to generate sustainable long-term returns and enhance shareholder value, while maintaining a robust risk management framework and ensuring alignment with the Group’s core business direction and financial obligations.

The Investment Policy provides a clear set of principles and guidelines governing the selection, approval, monitoring, and realisation of financial investments. The Board retains ultimate authority for approving major investments and reviews the overall strategy and compliance with policy limits. Management is responsible for continuous monitoring, due diligence, and execution. The Investment Policy is dynamic and subject to regular review by the Board and senior management to reflect evolving market conditions, the Group’s financial position, and regulatory requirements.

Key quantitative limits and risk management parameters embedded in the Investment Policy include a portfolio concentration limit whereby the aggregate carrying value of the Group's financial investments shall not exceed 60% of the Group's total assets. This ensures a substantial portion of assets is reserved for core operational requirements, working capital, debt servicing, and contingency needs. Furthermore, exposure to any single investment is capped at 25% of the Group's total assets as a core diversification principle to mitigate concentration risk. To maintain financial flexibility, at least 30% of the investment portfolio by value must be allocated to highly liquid assets, primarily listed equities. The Investment Policy expressly prohibits investments in high-risk or speculative products, such as leveraged derivatives, illiquid structured products, or companies with unsatisfactory governance, poor financial transparency, or material compliance issues.

The Investment Policy also requires that every investment has a clearly defined holding rationale and exit strategy, established at inception and reviewed periodically. As an overall objective, the Company aims to achieve an average annualized return of approximately 15% for each of its investments. Other exit considerations include, among others, achievement of target returns, changes in market conditions, deterioration in investee fundamentals, or the need for portfolio rebalancing. The management conducts regular reviews of the investment portfolio, including semi-annual assessments of fair value, liquidity and risk concentrations, and adjusts the investment strategy to reflect changes in the Company's financial position, market developments and regulatory landscape. In the event of a loss, an investment is subject to a mandatory and rigorous re-evaluation upon a decline in the fair value of an investment by 50% from its initial consideration. This trigger compels a rigorous re-evaluation of the original investment thesis, the investee's long-term prospects, its potential for recovery and the opportunity cost of retaining the capital. This re-evaluation process will be conducted on a semi-annual basis for all investments as part of the Group's standard portfolio monitoring, is a detailed exercise that assesses, inter alia, the followings: (i) an assessment of relative performance against relevant market benchmarks. A key review metric is whether the investment has underperformed the Hang Seng Index (HSI) by more than 60% over the comparable holding period; (ii) a review of the investee's financial performance and stability, including whether the investee demonstrates improvement in key financial metrics (such as revenue or profitability) compared to the corresponding period in the prior year, and whether the investee maintains total assets of not less than HK\$200 million and whether its net assets have decreased by more than HK\$500 million as compared to the last reporting period; (iii) an evaluation of the investee's scale. For listed securities, this includes monitoring whether the market capitalisation is sustained above HK\$200 million. For all investments, the total asset base is expected to be maintained above the HK\$200 million; or (iv) an assessment of the investee's recovery prospects and turnaround viability. Based on the further assessment, the management will decide whether to (i) hold the position and monitor for a turnaround, (ii) pursue an orderly divestment to maximise realised value, or (iii) exit the investment immediately to cut losses and prevent further capital erosion.

Oversight and governance are central to the Investment Policy. The Board retains ultimate authority for approving major investments and reviews the overall strategy and compliance with policy limits. Management is responsible for continuous monitoring, due diligence, and execution. The Investment Policy is dynamic and subject to regular review by the Board and senior management to reflect evolving market conditions, the Group's financial position, and regulatory requirements.

INVESTMENT PORTFOLIO INDUSTRY FOCUS AND RECOVERY RATIONALE

As at 31 December 2024, the Group's investment portfolio was concentrated in the financial services sector (including securities trading, brokerage, money lending and asset management). The management's rationale for this strategic focus and its outlook on a recovery in this industry is based on several interconnected factors.

The management believes the financial services sector offer attractive risk-adjusted return potential and serve to diversify the Group's asset base and risk profile, with the primary investment driver being financial return through capital appreciation and income generation. The foreseen recovery is underpinned by anticipated improvements in macroeconomic conditions, where the stabilisation and strengthening of global and regional economies are expected to increase capital market activity, trading volumes, and demand for financing and asset management services. This is coupled with observed signs of stabilising investor sentiment following a period of market volatility, which is a fundamental driver for the securities brokerage, trading, and investment businesses.

Recognising the inherently cyclical nature of financial markets, the management's investment strategy is positioned to capture the upside as the cycle turns from the challenging environment experienced in prior periods towards recovery. This expectation is supported by the early signs of improving financial performance in certain portfolio companies.

The investments are under continuous review and may be partially or fully realised to crystallise gains upon reaching performance targets, to manage portfolio risk, or to reallocate capital in line with the Company's evolving strategic priorities, thereby ensuring the Group actively leverages the investment's liquidity to maximise shareholder value.

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

Hong Kong, 30 January 2026

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

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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