

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the “Board”) of Touyun Biotech Group Limited (the “Company”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2023, together with comparative figures for the year ended 31 December 2022 as below:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Revenue from treasury investment	4		
Fair value loss on financial assets at fair value through profit or loss held for trading, net		(894)	(9,899)
Interest income from money lending business		1,502	2,390
Revenue from sales of goods and services rendered	4	198,032	323,334
Cost of sales		(142,036)	(195,706)
Gross profit		55,996	127,628
Provision for impairment loss on trade receivables, net		(2,314)	(7,904)
Provision for impairment loss on other receivables		(166)	–
Provision for impairment loss on loan and interest receivables	14	(2,729)	–
Other income, gains and losses, net	5	(174,834)	(135,066)
Selling and distribution expenses		(23,707)	(26,431)
Administrative expenses		(118,007)	(128,249)
Finance costs	6	(7,432)	(21,652)
Loss before tax	7	(272,585)	(199,183)
Income tax credit/(expense)	8	16	(3,473)
Loss for the year		(272,569)	(202,656)
Loss for the year attributable to:			
— Owners of the Company		(268,939)	(198,065)
— Non-controlling interests		(3,630)	(4,591)
		(272,569)	(202,656)
Loss per share attributable to owners of the Company			
— Basic and diluted	10	HK(9.58) cents	HK(7.06) cents

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year	<u>(272,569)</u>	<u>(202,656)</u>
Other comprehensive income/(loss)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>1,546</u>	<u>(14,739)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>1,546</u>	<u>(14,739)</u>
Total comprehensive loss for the year	<u>(271,023)</u>	<u>(217,395)</u>
Total comprehensive loss attributable to:		
Owners of the Company	<u>(267,393)</u>	<u>(212,804)</u>
Non-controlling interests	<u>(3,630)</u>	<u>(4,591)</u>
	<u>(271,023)</u>	<u>(217,395)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Non-current assets</i>			
Property, plant and equipment	<i>11</i>	218,379	290,570
Right-of-use assets	<i>11</i>	92,252	90,712
Goodwill		–	–
Intangible assets		–	277
Loan receivables	<i>14</i>	199	–
Financial assets at fair value through profit or loss	<i>12</i>	134,026	184,129
		444,856	565,688
<i>Current assets</i>			
Inventories		15,249	35,613
Trade receivables	<i>13</i>	27,139	41,445
Prepayments, contract costs, deposits and other receivables		41,509	36,677
Loan and interest receivables	<i>14</i>	42,551	64,020
Financial assets at fair value through profit or loss	<i>12</i>	1,543	16,156
Cash and cash equivalents		34,493	128,098
		162,484	322,009
<i>Current liabilities</i>			
Trade payables	<i>15</i>	17,961	28,319
Contract liabilities		18,883	17,184
Other payables and accruals		50,952	53,003
Lease liabilities		14,461	12,001
Bank and other borrowings	<i>16</i>	164,894	188,821
Amount due to a director	<i>17</i>	94,392	95,533
Amount due to a shareholder of the Company	<i>17</i>	18,658	11,000
Tax payable		512	4,135
		380,713	409,996
Net current liabilities		(218,229)	(87,987)
Total assets less current liabilities		226,627	477,701

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
<i>Non-current liabilities</i>			
Bank and other borrowings	16	191,450	191,292
Lease liabilities		14,104	2,900
		<u>205,554</u>	<u>194,192</u>
Net assets		<u>21,073</u>	<u>283,509</u>
Equity			
Equity attributable to owners of the parent			
Share capital	18	112,238	112,238
(Accumulated losses)/reserves		(113,086)	151,721
		(848)	263,959
Non-controlling interests		<u>21,921</u>	<u>19,550</u>
Total equity		<u>21,073</u>	<u>283,509</u>

Notes:

1(a). CORPORATE AND GROUP INFORMATION

The Company was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability on 24 October 2011. The principal place of business of the Company is located at 12th Floor, Kwan Chart Tower, 6 Tonnochy Road, Wanchai, Hong Kong. During the year, the principal activities of the Group are (i) provision of QR codes on product packaging and solutions and advertising display services; (ii) the manufacture and sale of packaging products; (iii) investments and trading in securities and money lending; and (iv) production and sale of *Chlamydomonas reinhardtii*, micro-algae and related products.

(b) BASIS OF PREPARATION

The Group incurred a net loss of HK\$272,569,000 during the year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$218,229,000. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group has developed and implemented the following liquidity plans to address the going concern issue:

- (i) For borrowings which will be maturing before 31 December 2024, the Group is actively negotiating with banks/lenders before they fall due to secure their renewals so as to ensure that the necessary funds will be in place to meet the Group's working capital and financial requirements in the future;
- (ii) The Group will closely communicate with Mr. Wang Liang, a director of the Company and Ms. Qiao Yanfeng, a shareholder of the Company to request for undertaking that they would not demand repayment of the amounts due to them with aggregate amounts of HK\$113,050,000 or extend the advances until the Group has excess cash to repay;
- (iii) The Group will actively obtain additional new sources of financing (such as additional advances from directors of the Company) as and when needed;
- (iv) The Group is further exploring the market in Mainland China of sales of the Group's *Chlamydomonas reinhardtii* and related products to improve the liquidity, profitability and revenue of the Group, together with applying cost control measures in cost of sales, administrative expenses and capital expenditures, to increase the Group's internally generated funds and operating cash inflows in coming years continuously; and
- (v) The Group will also continue to seek for other alternatives to increase its working capital such as disposing of the Group's unlisted investments included in financial assets at fair value through profit or loss, if needed.

The directors of the Company are confident that, after the abovementioned measures progressively take effect, the financial condition of the Group will be restored and the uncertainties relating to going concern will be properly addressed. The directors of the Company therefore hold the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2023. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

However, should the Group fail to implement the abovementioned mitigation measures, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities respectively, and to provide for any further liabilities which might arise.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules” respectively).

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the Company’s functional currency. All values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared under the historical cost convention, except for equity investments classified as financial assets at fair value through profit or loss, which have been measured at fair value.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

(b) New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022 assessed the deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and the deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities. The net amount of deferred tax was nil as at 1 January 2022, 31 December 2022 and 2023.

The application of the amendments has had no material impact on the Group’s financial position and performance.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's material accounting policy information set out in this Note 2 to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

3. SEGMENT INFORMATION

The Group has four reportable segments. The segments are managed separately as each business offers different products or provides different services and requires different business strategies. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The following summary describes the operations in each of the Group's reportable segments:

QR code business segment	—	Provision of QR code on product packaging and solutions including made-to-order and maintenance service income
Packaging products business segment	—	Manufacture and sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units
Treasury investment business segment	—	Investments and trading in securities and money lending
Chlamydomonas reinhardtii products business segment	—	Production and sale of Chlamydomonas reinhardtii, micro-algae and related products

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that finance costs, and head office and corporate income and expenses are excluded from such measurement.

There was no inter-segment sale or transfer during the year (2022: Nil). Central income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers for assessment of segment performance.

	QR code business		Packaging products business		Treasury investment business		Chlamydomonas reinhardtii products business		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group's revenue	70,800	99,373	106,909	211,344	-	-	20,323	12,617	198,032	323,334
Fair value losses on financial assets at fair value through profit or loss held for trading, net	-	-	-	-	(894)	(9,899)	-	-	(894)	(9,899)
Interest income from money lending business	-	-	-	-	1,502	2,390	-	-	1,502	2,390
Segment revenue	<u>70,800</u>	<u>99,373</u>	<u>106,909</u>	<u>211,344</u>	<u>608</u>	<u>(7,509)</u>	<u>20,323</u>	<u>12,617</u>	<u>198,640</u>	<u>315,825</u>
Segment results	<u>(27,964)</u>	<u>(8,983)</u>	<u>(1,725)</u>	<u>18,076</u>	<u>(94,598)</u>	<u>(138,085)</u>	<u>(106,097)</u>	<u>(9,419)</u>	<u>(230,384)</u>	<u>(138,411)</u>
Corporate and unallocated income, gains and losses									(3,463)	(3,427)
Corporate and unallocated expenses									(31,306)	(35,693)
Finance costs									(7,432)	(21,652)
Loss before tax									<u>(272,585)</u>	<u>(199,183)</u>

Management makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as management does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

	QR code business		Packaging products business		Treasury investment business		Chlamydomonas reinhardtii products business		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:										
Capital expenditure										
— operating segment	2,502	3,012	-	-	-	-	14,631	9,842	17,133	12,854
— unallocated									-	76
									<u>17,133</u>	<u>12,930</u>
Interest income										
— operating segment	34	63	65	22	-	-	27	-	126	85
— unallocated									-	-
									<u>126</u>	<u>85</u>
Depreciation of property, plant and equipment										
— operating segment	1,957	2,744	417	530	-	-	16,070	8,591	18,444	11,865
— unallocated									18	22
									<u>18,462</u>	<u>11,887</u>
Depreciation of right-of-use assets										
— operating segment	2,918	3,015	10,099	12,054	-	-	2,100	2,191	15,117	17,260
— unallocated									2,724	2,735
									<u>17,841</u>	<u>19,995</u>
Government grant										
— operating segment	(466)	-	-	(759)	-	-	(144)	(1,728)	(610)	(2,487)
— unallocated									-	(248)
									<u>(610)</u>	<u>(2,735)</u>
Research and development expenses	20,207	18,450	-	-	-	-	2,086	1,830	22,293	20,280
Amortisation of intangible assets	282	1,256	-	-	-	-	-	-	282	1,256
Loss on disposal/written off of property, plant and equipment	1,971	2,753	48	62	-	-	26	-	2,045	2,815
Provision for impairment loss/ (reversal of impairment loss) on trade receivables, net	2,135	8,056	110	(152)	-	-	69	-	2,314	7,904
Provision for impairment loss on other receivables	166	-	-	-	-	-	-	-	166	-
Provision for impairment loss on loan and interest receivables	-	-	-	-	2,729	-	-	-	2,729	-
Provision for impairment loss on property, plant and equipment	1,200	-	-	-	-	-	66,733	-	67,933	-
Provision for impairment loss on right-of-use assets	-	-	-	-	-	-	10,812	-	10,812	-
Provision for impairment loss on inventories	-	-	-	-	-	-	14,517	-	14,517	-
Written off of inventories	-	-	-	-	-	-	2,626	-	2,626	-
Fair value loss/(gain) of financial assets at fair value through profit or loss										
— operating segment	-	(106)	-	-	91,480	130,072	-	-	91,480	129,966
— unallocated									8,059	10,300
									<u>99,539</u>	<u>140,266</u>

Revenue from external customers based on the locations of these customers is analysed as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
QR code business segment		
— the PRC	<u>70,800</u>	<u>99,373</u>
Packaging products business segment		
— Hong Kong and the PRC	47,510	124,429
— Europe	43,443	68,177
— North and South America	6,275	8,823
— Others	<u>9,681</u>	<u>9,915</u>
	106,909	211,344
Treasury investment business segment		
— Hong Kong and the PRC	<u>608</u>	<u>(7,509)</u>
Chlamydomonas reinhardtii products business segment		
— Hong Kong and the PRC	<u>20,323</u>	<u>12,617</u>
Segment revenue	<u>198,640</u>	<u>315,825</u>

The geographical locations of the Group's non-current assets, except for financial assets at fair value through profit or loss and loan receivables are analysed as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	11,682	11,094
The PRC	<u>298,949</u>	<u>370,465</u>
	<u>310,631</u>	<u>381,559</u>

The non-current asset information above is based on the locations of the assets.

Information about major customers

Revenue derived from customers in the packaging products business segment which individually accounted for more than 10% of the Group's revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Packaging products business segment:		
Customer A	<u>35,657</u>	<u>70,384</u>

4. REVENUE

An analysis of revenue

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, value of services rendered, net fair value gains/(losses) on financial assets at fair value through profit or loss, interest income from money lending business and service income.

An analysis of the Group's revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Manufacturing and sales of packaging products	106,909	211,344
Provision of QR code packaging products and solutions		
QR code packaging products	13,620	27,829
QR code solutions	51,790	64,588
	65,410	92,417
Maintenance service income	5,390	6,956
Manufacturing and sales of <i>Chlamydomonas reinhardtii</i> products	20,323	12,617
	198,032	323,334
Fair value losses on financial assets at fair value through profit or loss held for trading, net (<i>note</i>)	(894)	(9,899)
Interest income from money lending business	1,502	2,390
	198,640	315,825

Note: During the year ended 31 December 2023, the gross proceed from the disposal of a listed equity investment, wealth products and private equity investment funds classified as financial assets at fair value through profit or loss for the year were HK\$5,731,000, HK\$8,635,000 and HK\$15,275,000 (2022: nil) respectively.

The revenue within the scope of HKFRS 15 categorised by timing of revenue recognition is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(a) At a point of time		
Manufacturing and sales of packaging products	106,909	211,344
Provision of QR code packaging products and solutions	65,410	92,417
Manufacturing and sales of Chlamydomonas reinhardtii products	20,323	12,617
	<u>192,642</u>	<u>316,378</u>
(b) By over time		
Maintenance service income	5,390	6,956
	<u>198,032</u>	<u>323,334</u>

The Group's customer base is diversified and information about major customers is disclosed in note 3.

5. OTHER INCOME, GAINS AND LOSSES, NET

An analysis of the Group's other income, gains and losses, net is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	126	85
Rental income	2,962	1,277
Imputed interest income on property rental deposits	14	14
Fair value loss on financial assets at fair value through profit or loss (not held for trading), net		
— Unlisted investments	(99,539)	(140,372)
— Private equity investment fund	—	106
	<u>(99,539)</u>	<u>(140,266)</u>
Foreign exchange differences, net	885	2,760
Government grant	610	2,735
Loss on disposal/written off of property, plant and equipment, net	(2,045)	(2,815)
Impairment loss of property, plant and equipment	(67,933)	—
Impairment loss of right-of-use assets	(10,812)	—
Others	898	1,144
	<u>(174,834)</u>	<u>(135,066)</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on lease liabilities	934	1,258
Interest on bank and other borrowings	6,498	20,382
Interest on margin loans payable	–	12
	<u>7,432</u>	<u>21,652</u>

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	1,630	1,630
Cost of inventories sold (<i>note</i>)	124,893	195,706
Provision of impairment loss on inventories included in cost of inventories sold	14,517	–
Written off of inventories included in cost of inventories sold	2,626	–
Depreciation of property, plant and equipment	18,462	11,887
Depreciation of right-of-use assets	17,841	19,995
Amortisation of intangible assets	282	1,256
Short-term lease payments	3,352	3,477
Legal and professional fee (included in administrative expenses)	1,711	3,249
Local and overseas travelling expenses	2,885	3,389
Research and development cost (included in administrative expenses)	22,293	20,280
Employee benefits expenses (including Directors' remuneration):		
Wages and salaries	58,278	68,286
Pension scheme contributions	5,461	4,708
(Reversal of over-provision of)/equity-settled share option expenses	(475)	3,263
	63,264	76,257
Equity-settled share option expense		
Other participants	3,062	3,596
	<u>3,062</u>	<u>3,596</u>

Notes:

- (a) Included in cost of inventories sold are cost of materials of HK\$97,659,000 (2022: HK\$174,898,000).
- (b) Research and development cost primarily consisted of fees paid to third party consulting service providers and employee salaries and other expenses.

8. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	–	3,337
Over-provision in respect of prior year	–	(18)
Current tax — PRC Corporate Income Tax		
Provision for the year	–	154
Over-provision in respect of prior year	<u>(16)</u>	<u>–</u>
	<u>(16)</u>	<u>3,473</u>

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2,000,000 of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2,000,000 are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

Qualipak Manufacturing Limited, a subsidiary of the Group, is qualified for the two-tiered profits tax rates regime and accordingly its profits tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000, and profits of other group entities in Hong Kong are taxed at 16.5%.

In accordance with the PRC Corporate Income Tax Law, the PRC Corporate Income Tax is calculated at a statutory rate of 25% (2022: 25%) on the assessable profits of the group entities in the PRC except for 上海透雲物聯網科技有限公司 (Shanghai TY Technology Co. Ltd.*, “SHTY”) and 透雲物聯網科技(北京)有限公司 (TY Technology (Beijing) Co., Ltd.*, “BJTY”), two indirect wholly-owned subsidiaries of the Group. Both companies obtained the High-new Technology Certificate for the years from 2021 to 2023 and are entitled to a tax rate of 15%.

* *For identification purpose only*

(b) **Reconciliation between tax (credit)/expense and accounting loss at applicable tax rates:**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before tax	<u>(272,585)</u>	<u>(199,183)</u>
Tax at applicable statutory tax rates	(57,264)	(34,750)
Tax effect of PRC preferential tax treatments	1,448	33
Income not subject to tax	(809)	(1,266)
Expenses not deductible for tax	45,225	28,223
Utilisation of tax losses brought forward	–	(2,810)
Tax losses not recognised	11,400	14,061
Over-provision in respect of prior year	<u>(16)</u>	<u>(18)</u>
Income tax (credit)/expense	<u>(16)</u>	<u>3,473</u>

9. DIVIDEND

The Directors do not recommend, declare or pay any dividend in respect of the year (2022: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of basic and diluted loss per share attributable to owners of the Company for the years ended 31 December 2023 and 2022 are based on the following data:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(268,939)</u>	<u>(198,065)</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>2,805,952</u>	<u>2,805,952</u>

The computation of diluted loss per share for the years ended 31 December 2023 and 2022 does not assume the exercise of share options as these options had an anti-dilutive effect on the basic loss per share amounts presented.

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the year, the Group incurred construction costs of approximately HK\$6,712,000 (2022: HK\$5,109,000) primarily related to the production plant for *chlamydomonas reinhardtii*, micro-algae and related products business.

The Group recorded loss for the year ended 31 December 2023. The management of the Group concluded there was impairment indication for leasehold lands, property, plant and equipment under buildings, plant and machinery of *chlamydomonas reinhardtii* products business segment and conducted a review of the recoverable amount of the property, plant and equipment and right-of-use assets. Based on the result of the assessment, the management of the Group determined that the recoverable amount of the property, plant and equipment was less than the carrying amount. Accordingly, impairment losses of HK\$66,733,000 (2022: Nil) on property, plant and equipment and HK\$10,812,000 (2022: Nil) on right-of-use assets relating to leasehold lands have been recognised respectively in profit or loss for the year ended 31 December 2023, and the remaining impairment loss of HK\$1,200,000 was made on property, plant and equipment of QR code business.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets		
Unlisted equity investments, at fair value (<i>note (i)</i>)		
Company A (<i>note (ii)</i>)	22,685	35,690
Company B (<i>note (iii)</i>)	–	–
Company C (<i>note (iv)</i>)	2,282	20,276
Company D (<i>note (v)</i>)	9,719	14,371
Company E (<i>note (vi)</i>)	30,000	70,000
Company F (<i>note (vii)</i>)	14,887	22,946
Company G (<i>note (viii)</i>)	10,057	15,282
Company H (<i>note (xiii)</i>)	14,896	–
Company I (<i>note (xiv)</i>)	29,500	–
	<u>134,026</u>	<u>178,565</u>
Private equity investment fund (<i>note xi</i>)	–	5,564
	<u>134,026</u>	<u>184,129</u>
Current assets		
Listed equity investment held for trading, at fair value (<i>note (ix)</i>)	–	7,521
Wealth management products (<i>note (x)</i>)	–	8,635
Private equity investment fund (<i>note (xii)</i>)	1,543	–
	<u>1,543</u>	<u>16,156</u>

Notes:

- (i) As at 31 December 2023, the unlisted equity investments relate to investments of nine private entities (2022: seven), which were intended to be held for long-term strategic purpose at the time of acquisition.
- (ii) As at 31 December 2023, the Group's equity interest in Company A, which is principally engaged in securities trading and investment holding business, was approximately 2.56% (2022: 2.56%).
- (iii) As at 31 December 2023, the Group's equity interest in Company B, which is principally engaged in the business of investment holding was approximately 2.95% (2022: 2.95%).
- (iv) As at 31 December 2023, the Group's shareholding in Company C, which is principally engaged in integrated financial services, securities brokerage services, money lending, securities and other direct investments, was diluted to 0.10% (2022: 0.50%) as Company C issued additional shares to other investors during the year ended 31 December 2023.

- (v) As at 31 December 2023, the Group's equity interest in Company D, which is principally engaged in money lending business, was diluted to 11.08% (2022: 12.12%) as Company D issued additional shares to other investors during the year ended 31 December 2023.
- (vi) As at 31 December 2023, the Group's equity interest in Company E, which is principally engaged in the provision of finance and money lending business, was approximately 17.61% (2022: 17.61%).
- (vii) As at 31 December 2023, the Group's equity interest in Company F, which is principally engaged in research and development and marketing of microalgae products in the United States of America, was approximately 3.73% (2022: 3.73%).
- (viii) As at 31 December 2023, the Group's equity interest in Company G, which is principally engaged in securities brokerage and asset management business, was approximately 2.97% (2022: 2.97%).
- (ix) As at 31 December 2022, the Group held 5,000,000 shares of China Evergrande New Energy Vehicle Group Ltd. ("Evergrande Vehicle") (stock code: 0708), and the fair value of the Group's investment in Evergrande Vehicle amounted to HK\$7,521,000 was based on the valuation technique as detailed below. The Securities and Futures Commission issued a direction to suspend trading in the shares of Evergrande Vehicle on the Stock Exchange with effect from 1 April 2022. As at 31 December 2022, the listing of the shares of Evergrande Vehicle remained suspended. The directors assessed the fair value of Evergrande Vehicle as at 31 December 2022 to be HK\$7,521,000 and adopted the market approach with reference to comparable companies engaged in the similar businesses as Evergrande Vehicle in arriving at the fair value. Significant assumptions on parameters used in the valuation, such as changes in market capitalization of comparable companies and adjusted for discounts to reflect trading suspension from 1 April 2022 to 31 December 2022, and discount for lack of marketability associated with the investment.

During the year ended 31 December 2023, the Group has sold all the shares of Evergrande Vehicle amounted to HK\$5,731,000, which recognised a fair value loss of HK\$1,790,000.

- (x) Included in wealth management products ("WMPs") are the Group's investments in two WMPs provided by financial institutions in the PRC, of fair value of approximately HK\$2,951,000 (equivalent to RMB2,700,000) and HK\$5,684,000 (equivalent to RMB5,200,000), respectively as at 31 December 2022.

These WMPs had no maturity dates and the Group could sell them back to the issuing financial institutions at market value any time after the date of subscription. WMPs being held by the Group as at 31 December 2022 had been sold during the current year ended 31 December 2023.

- (xi) On 22 November 2022, 上海透雲物聯網科技有限公司, an indirect wholly-owned subsidiary of the Group, entered into a fund contract with 中信証券股份有限公司 (the “Custodian”) and 上海靈鶴資產管理合夥企業(有限合夥) (the “Investment Manager”), pursuant to which 上海透雲物聯網科技有限公司 agreed to subscribe for 5,000,000 shares of a private equity investment fund (the “Fund”) at a consideration of RMB5,000,000 (equivalent to approximately HK\$5,466,000). The Fund was governed by contractual relationships between and among 上海透雲物聯網科技有限公司, the Custodian and the Investment Manager with no legal entity was formed. 上海透雲物聯網科技有限公司 can sell shares of the Fund to the Investment Manager at market value any time after one year from the date of subscription. The Fund was established on 17 November 2022 and would be expired on 16 November 2032, with return in dividend derived from investments in financial products. The fund had been sold during the year ended 31 December 2023.
- (xii) On 27 September 2023, 上海透雲物聯網科技有限公司 entered into a fund contract with 嘉興浚景私募基金管理有限公司 (the “Investment Manager”) and 國泰君安證券股份有限公司 (the “Custodian”), pursuant to which 上海透雲物聯網科技有限公司 agreed to subscribe for 1,500,000 shares of a private equity investment fund (the “Fund”) at a consideration of RMB1,500,000 (equivalent to approximately HK\$1,641,000). The Fund was governed by contractual relationships between and among 上海透雲物聯網科技有限公司, the Custodian and the Investment Manager with no legal entity was formed. 上海透雲物聯網科技有限公司 can sell shares of the Fund to the Investment Manager at market value any time after one year from the date of subscription. The Fund was established on 29 September 2023 and would be expired on 27 September 2043, with return in dividend derived from investments in financial products. Mr. Jia Wenjie, the Non-executive Director of the Group, and Ms. Zeng Xiaomeng, spouse of Mr. Wang Liang, the Executive Director and substantial shareholder of Group had indirect interest in the Investment Manager. The investment in the Fund was approved by the board of directors of 上海透雲物聯網科技有限公司 on 15 September 2023.
- (xiii) On 28 February 2023, Morning Win Limited, an indirect wholly-owned subsidiary of the Group, entered into a subscription agreement, to subscribe for 13 equity shares of Company H at a consideration of HK\$25,000,000 which is principally engaged in securities investment and investment holding. The acquisition was completed on 28 February 2023.
- (xiv) On 28 February 2023, Winning Surprise Limited, an indirect wholly-owned subsidiary of the Group, entered into a subscription agreement, to subscribe for 2,000 equity shares of Company I at a consideration of HK\$30,000,000 which is principally engaged in securities investment. The acquisition was completed on 28 February 2023.

13. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	39,356	51,348
Less: Impairment loss allowance	<u>(12,217)</u>	<u>(9,903)</u>
	<u>27,139</u>	<u>41,445</u>

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period generally ranges from 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	18,368	23,792
1 to 2 months	4,828	6,417
2 to 3 months	2,290	8,996
Over 3 months	<u>1,653</u>	<u>2,240</u>
	<u>27,139</u>	<u>41,445</u>

14. LOAN AND INTEREST RECEIVABLES

The exposure of the Group's fixed rate loan to interest rate risks and their contractual maturity dates are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unsecured loan and interest receivables	45,479	64,020
Less: allowance for impairment	<u>(2,729)</u>	<u>–</u>
	<u>42,750</u>	<u>64,020</u>
Analysed for reporting purpose as:		
Current portion	42,551	64,020
Non-current portion	<u>199</u>	<u>–</u>

As at 31 December 2023, unsecured loan and interest receivables of approximately HK\$42,750,000 (2022: HK\$64,020,000) were due from four borrowers (2022: three borrowers) and will mature within one to six years (2022: mature within one year).

The directors of the Company regularly review and assess the credit risk of the counterparties. Since these receivables are not past due, and there was no historical default record, the directors of the Company consider that the Group's credit risk is not significant after considering the financial background and condition of the counterparties.

The range of effective interest rates which are equal to contractual interest rates on the Group's loan and interest receivables are as follows:

	Effective interest rate	
	per annum	
	2023	2022
Unsecured loan and interest receivables	<u>6%</u>	<u>7.5%-8%</u>

Analysis of changes in the corresponding credit loss allowance is as follow:

	<i>HK\$'000</i>
Balance at 1 January 2022 and 31 December 2022	–
Provision for impairment loss on unsecured loan and interest receivables	<u>2,729</u>
Balance at 31 December 2023	<u><u>2,729</u></u>

15. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	8,892	18,880
1 to 2 months	3,020	1,634
2 to 3 months	312	931
Over 3 months	<u>5,737</u>	<u>6,874</u>
	<u>17,961</u>	<u><u>28,319</u></u>

Other trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

16. BANK AND OTHER BORROWINGS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank borrowings	76,161	59,645
Unsecured other borrowings	<u>280,183</u>	<u>320,468</u>
	<u>356,344</u>	<u><u>380,113</u></u>

Details of the repayment schedule in respect of the bank and other borrowings, are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year or on demand	164,894	188,821
Within a period of more than one year but not more than two years	191,450	21,862
Within a period of more than two years but not more than three years	<u>–</u>	<u>169,430</u>
	356,344	380,113
Less: Amounts due for settlement within 12 months shown under current liabilities	<u>(164,894)</u>	<u>(188,821)</u>
Amounts due for settlement after 12 months shown under non-current liabilities	<u>191,450</u>	<u>191,292</u>

The Group's secured bank borrowings as at 31 December 2023 are secured by way of the following:

- a. mortgages over the Group's buildings which had an aggregate carrying value at the end of the reporting period of HK\$22,085,000 (equivalent to RMB20,188,000) (2022: HK\$164,147,000 (equivalent to RMB150,168,000)); and
- b. mortgages over the Group's leasehold lands which had an aggregate carrying value at the end of the reporting period of HK\$63,961,000 (equivalent to RMB58,465,000) (2022: HK\$76,159,000 (equivalent to RMB69,373,000)).

Secured bank borrowings carry interest at rates ranging from 0.42% to 0.67% per month (2022: 0.42% to 0.70%) and are repayable within one to two years. Unsecured other borrowings carry interest ranging from 0.42% to 0.58% per month (2022: 0.42% to 1.00% per month) and are repayable within one to two years (2022: repayable within one to three years).

17. AMOUNT DUE TO A DIRECTOR/A SHAREHOLDER OF THE COMPANY

The amounts are unsecured, non-interest bearing and repayable on demand.

18. SHARE CAPITAL

	Number of shares		Share capital	
	2023 '000	2022 '000	2023 HK\$'000	2022 HK\$'000
Ordinary share of HK\$0.04 each				
Authorised:				
At beginning and end of year	<u>12,500,000</u>	<u>12,500,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
At beginning and end of year	<u>2,805,592</u>	<u>2,805,592</u>	<u>112,238</u>	<u>112,238</u>

19. SHARE OPTION SCHEME

The Company operates a share option scheme (the “2012 Scheme”) which became effective on 18 May 2012 for the purposes of, among others, (i) motivating eligible participants, including but not limited to the Directors, employees and consultants of the Group, and optimising their performance and efficiency for the benefit of the Group; (ii) attracting and retaining or otherwise maintaining on-going business relationships with the eligible participants whose contributions are, will or expected to be beneficial to the Group; and (iii) aligning the interests of the eligible participants and shareholders of the Company. Eligible participants of the Scheme include (i) any director, officer, employee, consultant, professional, customer, supplier (whether of goods or services), agent, partner or adviser of or contractor to any member of the Group or its Related Group or a company in which the Group holds an interest or a subsidiary of such company (collectively the “Eligible Group”); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include the Eligible Group; or (iii) a company beneficially owned by the Eligible Group. The 2012 Scheme was expired on 17 May 2022.

On 2 June 2022, a new share option scheme (the “2022 Scheme”) was passed by way of an ordinary resolution in the annual general meeting. The 2022 Scheme does not impose minimum period requirement, each grant will be considered on an individual basis to achieve the purpose of the 2022 Scheme including retaining human resources that are valuable to the growth and development of the Group if the grantees are required to hold the share options for a certain period of time prior to vesting.

“Related Group” means (i) each of the substantial shareholders of the Company, and (ii) each associate 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.

Pursuant to the 2012 Scheme, details of share options granted to eligible participants were as follows:

Date of grant	Number of share options granted	Exercise price/ Adjusted exercise price
25/1/2017	29,925,000	1.34
12/12/2017	24,437,500	1.34
21/2/2019	126,000,000	0.48
8/10/2020	47,000,000	0.40
16/11/2020	68,900,000	0.60
25/04/2022	14,314,750	1.34

As at date of this announcement, an aggregate of 83,031,000 shares, representing approximately 2.96% of the total number of issued shares as at the date of this announcement, may be issued upon full exercise of all vested and unvested share options granted and outstanding under the Scheme, out of which 28,422,661 shares are immediately exercisable and issuable, representing approximately 1.01% of the total number of issued shares as at the date of this announcement, and 54,608,339 shares will be exercisable and issuable upon fully vested of share options, representing approximately 1.95% of the total number of issued shares as at the date of this announcement. Movements of the options granted under the 2012 and 2022 Scheme, during the year were as follows:

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2022	Exercised during the year	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2023
Employees								
12/12/2017	1.34	10/06/2019 to 09/06/2023	1,841,875	-	(8,125)	1,833,750	(1,833,750)	-
12/12/2017	1.34	10/06/2020 to 09/06/2023	1,844,375	-	(8,125)	1,836,250	(1,836,250)	-
12/12/2017	1.34	10/06/2021 to 09/06/2023	1,848,125	-	(8,125)	1,840,000	(1,840,000)	-
12/12/2017	1.34	10/06/2022 to 09/06/2023	1,848,125	-	(8,125)	1,840,000	(1,840,000)	-
			<u>7,382,500</u>	<u>-</u>	<u>(32,500)</u>	<u>7,350,000</u>	<u>(7,350,000)</u>	<u>-</u>
Directors								
12/12/2017	1.34	10/06/2019 to 09/06/2023	1,187,500	-	-	1,187,500	(1,187,500)	-
12/12/2017	1.34	10/06/2020 to 09/06/2023	1,187,500	-	-	1,187,500	(1,187,500)	-
12/12/2017	1.34	10/06/2021 to 09/06/2023	1,187,500	-	-	1,187,500	(1,187,500)	-
12/12/2017	1.34	10/06/2022 to 09/06/2023	1,187,500	-	-	1,187,500	(1,187,500)	-
			<u>4,750,000</u>	<u>-</u>	<u>-</u>	<u>4,750,000</u>	<u>(4,750,000)</u>	<u>-</u>

As at 31 December 2023, no shares options were exercisable (2022: 12,100,000).

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2022	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2023
Employees							
21/02/2019	0.48	21/02/2020 to 20/02/2024	8,000,000	–	8,000,000	–	8,000,000
21/02/2019	0.48	21/02/2021 to 20/02/2024	8,000,000	–	8,000,000	–	8,000,000
21/02/2019	0.48	21/02/2022 to 20/02/2024	8,000,000	–	8,000,000	–	8,000,000
			<u>24,000,000</u>	<u>–</u>	<u>24,000,000</u>	<u>–</u>	<u>24,000,000</u>
Other Participants (Note)							
21/02/2019	0.48	21/02/2020 to 20/02/2024	10,000,000	–	10,000,000	–	10,000,000
21/02/2019	0.48	21/02/2021 to 20/02/2024	10,000,000	–	10,000,000	–	10,000,000
21/02/2019	0.48	21/02/2022 to 20/02/2024	10,000,000	–	10,000,000	–	10,000,000
			<u>30,000,000</u>	<u>–</u>	<u>30,000,000</u>	<u>–</u>	<u>30,000,000</u>

Note: The above other participants represented 2 business consultants of the Group. Each participant was granted with 15,000,000 share options. The Company considered the business consultants were able to provide advices, latest industry/regulatory updates and share the business experience for the Group's business development/improvements, and whose contribution were expected to be beneficial to the Group.

As at 31 December 2023, 54,000,000 (2022: 54,000,000) share options were exercisable.

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2022	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2023
Employees							
08/10/2020	0.40	8/10/2023 to 7/10/2028	11,750,000	(2,750,000)	9,000,000	(6,500,000)	2,500,000
08/10/2020	0.40	8/10/2024 to 7/10/2028	11,750,000	(2,750,000)	9,000,000	(6,500,000)	2,500,000
08/10/2020	0.40	8/10/2025 to 7/10/2028	11,750,000	(2,750,000)	9,000,000	(6,500,000)	2,500,000
08/10/2020	0.40	8/10/2026 to 7/10/2028	11,750,000	(2,750,000)	9,000,000	(6,500,000)	2,500,000
			<u>47,000,000</u>	<u>(11,000,000)</u>	<u>36,000,000</u>	<u>(26,000,000)</u>	<u>10,000,000</u>

As at 31 December 2023, 2,500,000 (2022: Nil) share options were exercisable.

Date of grant	Exercise price HK\$	Exercisable period	Number of	Lapsed/	Number of	Lapsed/	Number of
			options outstanding at 1 January 2022	cancelled during the year	options outstanding at 31 December 2022	cancelled during the year	options outstanding at 31 December 2023
Employees							
16/11/2020	0.60	16/11/2022 to 15/11/2027	5,099,992	(833,332)	4,266,660	(866,667)	3,399,993
16/11/2020	0.60	16/11/2023 to 15/11/2027	5,099,992	(833,332)	4,266,660	(866,667)	3,399,993
16/11/2020	0.60	16/11/2024 to 15/11/2027	5,100,016	(833,336)	4,266,680	(866,666)	3,400,014
			<u>15,300,000</u>	<u>(2,500,000)</u>	<u>12,800,000</u>	<u>(2,600,000)</u>	<u>10,200,000</u>
Other participants (Note)							
16/11/2020	0.60	16/11/2022 to 15/11/2027	16,666,666	–	16,666,666	–	16,666,666
16/11/2020	0.60	16/11/2023 to 15/11/2027	16,666,666	–	16,666,666	–	16,666,666
16/11/2020	0.60	16/11/2024 to 15/11/2027	16,666,668	–	16,666,668	–	16,666,668
			<u>50,000,000</u>	<u>–</u>	<u>50,000,000</u>	<u>–</u>	<u>50,000,000</u>

Note: The above other participants represented 3 consultants of the Group, namely technology consultant, strategic financial planning consultant and sales and marketing consultant — South Asia Region. 26,000,000, 12,000,000 and 12,000,000 share options were granted to them respectively. The Company considered that (i) technology consultant would be able to provide the latest information technology industry updates related to the Group's business and business advice for business improvements for the Group; (ii) strategic financial planning consultant would be able to make use of his investment bank connections and network in finding potential investors and projects for the Company; and (iii) sales and marketing consultant — South Asia Region would be able to provide the sales network related to the Group's businesses and introduce the new potential customers in South Asia Region to the Group, and whose contributions were expected to be beneficial to the Group.

As at 31 December 2023, 40,133,318 (2022: 20,933,326) share options were exercisable.

Date of grant	Exercise price HK\$	Exercisable period	Number of	Granted	Lapsed/	Number of	Lapsed/	Number of
			options outstanding at 1 January 2022	during the year	cancelled during the year	options outstanding at 31 December 2022	cancelled during the year	options outstanding at 31 December 2023
Employees								
25/4/2022	1.34	25/4/2023 to 24/4/2026	–	4,314,750	(412,500)	3,902,250	(371,250)	3,531,000
25/4/2022	1.34	25/4/2023 to 24/4/2027	–	2,500,000	(25,000)	2,475,000	(37,500)	2,437,500
25/4/2022	1.34	25/4/2024 to 24/4/2027	–	2,500,000	(25,000)	2,475,000	(37,500)	2,437,500
25/4/2022	1.34	25/4/2025 to 24/4/2027	–	2,500,000	(25,000)	2,475,000	(37,500)	2,437,500
25/4/2022	1.34	25/4/2026 to 24/4/2027	–	2,500,000	(25,000)	2,475,000	(37,500)	2,437,500
			<u>–</u>	<u>14,314,750</u>	<u>(512,500)</u>	<u>13,802,250</u>	<u>(521,250)</u>	<u>13,281,000</u>

As at 31 December 2023, 5,968,500 (2022: Nil) share options were exercisable.

The fair value of the share options granted on 12 December 2017, 21 February 2019, 8 October 2020 and 16 November 2020 and 25 April 2022 are determined using the Binomial Option Pricing Model (the “Model”), were HK\$17,950,000, HK\$27,504,000, HK\$12,731,000, HK\$25,407,000 and HK\$6,929,000 respectively. The inputs into the Model and the estimated fair value of the share options are as follows:

	12 December 2017	21 February 2019	8 October 2020	16 November 2020	25 April 2022
Closing price of the shares	HK\$1.22*	HK\$0.42*	HK\$0.36	HK\$0.53	HK\$0.90
Exercise price	HK\$1.34*	HK\$0.48*	HK\$0.40	HK\$0.60	HK\$1.34
Dividend yield	Nil	Nil	Nil	Nil	Nil
Expected volatility	87.92%	94.36%	92.04%	94.06%	85.88% to 92.38%
Risk-free interest rate	1.582%	1.423%	0.42%	0.33%	2.52% to 2.57%
Fair value per share option	HK\$0.716* to HK\$0.744*	HK\$0.216* to HK\$0.22*	HK\$0.255 to HK\$0.283	HK\$0.348 to HK\$0.386	HK\$0.451 to HK\$0.545

Expected volatility was estimated based on the historical volatilities of the Company’s share price while dividend yield was estimated by the historical dividend payment record of the Company.

During the year ended 31 December 2023, the Group recognised an expense of approximately HK\$2,587,000 (2022: HK\$6,859,000) as equity-settled share based payments in the consolidated statement of profit or loss with reference to their respective vesting period.

* On 12 August 2019, the Company implemented the share consolidation (“Share Consolidation”) on the basis that every four issued and unissued existing shares of a par value of HK\$0.01 each in the share capital of the Company be consolidated into one consolidated ordinary share of HK\$0.04 each. The exercise price has been adjusted for the effect of Share Consolidation accordingly.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

Moore CPA Limited was engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of the independent auditor’s report regarding the consolidated financial statements of the Group for the year ended 31 December 2023.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Touyun Biotech Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the Group’s consolidated financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

As set out in note 1(b) to the consolidated financial statements, the Group incurred a net loss of approximately HK\$272,569,000 for the year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$218,229,000. The Group's current liabilities as at 31 December 2023 include bank and other borrowings and advances from a director and a shareholder of the Company with aggregate carrying amounts of approximately HK\$277,944,000, while the Group's cash and cash equivalents as at 31 December 2023 amounted to only approximately HK\$34,493,000. These conditions, along with other matters as set forth in note 1(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the measures taken by the directors of the Company, as described in note 1(b) to the consolidated financial statements, which are subject to material uncertainties, including (i) the successful negotiations with the banks/lenders for the renewal of or extension for repayment of outstanding borrowings; (ii) the successful obtaining of additional new sources of financing as and when needed; (iii) the successful maintenance of relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings; (iv) the repayments from borrowers for loan and interest receivables in accordance with respective loan agreements; (v) successful realisation of part of the Group's unlisted investments to increase the working capital; (vi) successfully strengthening and implementing measures aiming at improving the working capital and cash flows of the Group, including closely monitoring the general administrative expenses and operating costs, to increase the Group's internally generated funds. We were provided with an analysis by the management in respect of the Group's going concern assessment. However, such analysis is not sufficiently detailed for us to assess the Group's plans and measures for future actions in the going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group. Accordingly, we have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of the management's use of the going concern basis of accounting in the preparation of the consolidated financial statements. Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW AND PROSPECTS

For the year ended 31 December 2023, the Group recorded revenue of approximately HK\$198.6 million (2022: HK\$315.8 million), representing a decrease of approximately 37.1% as compared to the last year. The decrease in turnover was primarily attributable to the decrease in sales orders of packaging products.

The loss for the year ended 31 December 2023 was approximately HK\$272.6 million (2022: HK\$202.7 million), representing an increase of approximately 34.5% as compared to financial year 2022.

The increase in loss was mainly because of (i) decrease of revenue due to order reduction; and (ii) impairment of property, plant and equipment and right-of-use assets. The impairment of property, plant and equipment and right-of-use assets is a non-cash item and does not affect the cash flow of the Group's operations.

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

QR code business

Revenue from QR code business was approximately HK\$70.8 million (2022: HK\$99.4 million), representing a decrease of approximately 28.8% as compared with last year and the segment loss was approximately HK\$28.0 million during the year ended 31 December 2023 (2022: HK\$9.0 million). The decrease of revenue and the increase of segment loss of QR code business for the year ended 31 December 2023 were primarily attributable to the decrease of sales orders from customers.

Packaging products business

The packaging products business reported in a revenue of approximately HK\$106.9 million for the year ended 31 December 2023 (2022: HK\$211.3 million), representing a decrease of approximately 49.4% as compared with last year. A segment loss of approximately HK\$1.7 million was recorded during the year ended 31 December 2023 (2022: segment profit of HK\$18.1 million), such segment loss was due to the significantly drop in sales orders in 2023.

Treasury investment business

During the year, the Group recorded a fair value loss of approximately HK\$0.9 million on financial assets at fair value through profit or loss held for trading, compared to the fair value loss of approximately HK\$9.9 million in the previous year. Fair value loss of financial assets at fair value through profit or loss not held for trading amounting to approximately HK\$99.5 million was recognised during the year ended 31 December 2023 (2022: HK\$140.3 million).

Chlamydomonas reinhardtii products business

During the year, the Chlamydomonas reinhardtii products business recorded a turnover of approximately HK\$20.3 million (2022: HK\$12.6 million). The increase of turnover comparing with last year is mainly due to the increase of sales in the PRC, and a segment loss of approximately HK\$106.1 million (2022: HK\$9.4 million), representing an increase of segment loss of HK\$96.7 million, which mainly resulted from impairment of property, plant and equipment.

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

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

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

* For identification purpose only

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's financial position was actively and regularly reviewed throughout the year. As at 31 December 2023, the Group had outstanding (i) approximately HK\$280.2 million (2022: HK\$320.5 million) unsecured other borrowings and approximately HK\$76.2 million (2022: HK\$59.6 million) secured bank borrowings, bearing interest ranging from 0.42%–0.67% per month (2022: 0.42%–1% per month), repayable within one to two years (2022: one to three years) and denominated in Renminbi (“RMB”) and Hong Kong dollars (“HK\$”); (ii) amount due to a Director of approximately HK\$94.4 million (2022: HK\$95.5 million) which was unsecured, interest-free and repayable on demand; and (iii) amount due to a Shareholder of the Company of HK\$18.7 million (2022: HK\$11 million) which was unsecured, interest-free and repayable on demand. As at 31 December 2023, the Group had cash balances amounting to approximately HK\$34.5 million (2022: HK\$128.1 million). The gearing ratio (net borrowings to shareholders' equity) was approximately 20.6 (2022: 1.26). The increase of gearing ratio was primarily due to net loss incurred by the Group.

SHARE CAPITAL

There was no movement of the share capital during the year ended 31 December 2023.

CAPITAL COMMITMENTS

The Group has no capital commitment at the end of the reporting period.

PLEDGE OF ASSETS

As at 31 December 2023, the Group's equity interests in Qualid Limited and its subsidiaries were pledged to secure a revolving loan facility of HK\$30.0 million. The Group has not utilised any amount of the revolving loan facility as at 31 December 2023.

In addition, the Group's buildings and leasehold lands which had an aggregate carrying value of HK\$22.1 million and HK\$64.0 million respectively were pledged to secure bank borrowings of approximately HK\$76.2 million as at 31 December 2023.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any contingent liabilities (2022: Nil).

FINANCE LEASE OBLIGATIONS

As at 31 December 2023, the Group has no outstanding obligations under finance lease (2022: Nil).

FOREIGN EXCHANGE RISK

The Group's revenues were mainly denominated in US dollars and Renminbi while expenses were mainly in Hong Kong dollars and Renminbi. In view of the prevailing financial market situation, the Group did not deal in any foreign exchange hedging products for the exposure of currency risk of Renminbi during the year. However, the Group will still closely monitor fluctuations in exchange rates and actively manage the currency risk involved.

EMPLOYEES

As at 31 December 2023, the Group employed approximately 563 full-time employees in Hong Kong and PRC and 5 part-time employees in Hong Kong (2022: Full-time: 570; Part-time: 8). The Group's remuneration policy is commensurate with merit, qualification and competence of its employees. In addition to salary and year-end bonus, the relevant remuneration packages also comprised of the share option scheme, provident fund contribution, medical and life insurance.

UPDATE ON USE OF PROCEED IN RELATION TO FUND RAISING ACTIVITIES

The Company would like to provide an update in respect of the use of the net proceeds in relation to the past fund raising activities as at 31 December 2023:

Intended use of proceeds	Actual use of proceeds
<p>(1) The Company raised HK\$406.1 million net proceeds from the placing of shares in November 2016 and the net proceeds were intended to be used as follow:</p>	
<p>(a) An amount of HK\$263.4 million was used for the redemption of the Promissory Note.</p>	<p>An amount of HK\$263.4 million was utilised for the full redemption of the Promissory Note in the principal amount of HK\$258 million and payment of accrued interest.</p>
<p>(b) An amount of HK\$142.7 million is for the expansion and development of its QR code business:</p>	
<p>(i) an amount of RMB55 million (equivalent to approximately HK\$63 million) towards an acquisition (the “Acquisition”) of 透雲物聯網科技(北京)有限公司 (TY Technology (Beijing) Co., Ltd*) in the PRC by 上海透雲物聯網科技有限公司 (Shanghai TY Technology Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, under the relevant acquisition agreement dated 24 January 2017 which was completed in March 2017;</p>	<p>(i) The Acquisition was completed in March 2017 and an amount of HK\$63 million was fully used towards the Acquisition.</p>
<p>(ii) approximately HK\$14.4 million for the acquisition of plant and equipment (the “Plant and Equipment Acquisition”);</p>	<p>(ii) An amount of HK\$14.4 million was fully used towards the Plant and Equipment Acquisition.</p>

* For identification purpose only

Intended use of proceeds

- (iii) approximately HK\$58.7 million for research and development, recruitment of technical staff and other personnel and other working capital needs for QR codes business (the “Research & Development”); and
 - (iv) approximately HK\$6.6 million for the purchase of transportation and office supplies to support the “Finding the origins of the edible goods program” in different provinces in the PRC (the “Purchase of Transportation and Supplies”).
- (2) An amount of net proceeds of US\$39.6 million (equivalent to HK\$309.4 million) was raised from issue of US\$40 million 7% interest CB in November 2017. The Company early redeemed US\$13 million (equivalent to HK\$101.4 million) in principal amount of the CB in August 2018. Therefore, the net proceeds of HK\$203.3 million were intended to use as follows:
- (a) An amount of HK\$172.5 million was used for expansion and development of QR codes business; and
 - (b) An amount of HK\$30.8 million was used for general working capital of corporate office.
- (3) An amount of net proceeds of HK\$49.88 million was raised from subscription of new shares in March 2020 and applied as general working capital of the Group.

Actual use of proceeds

- (iii) An amount of HK\$58.7 million was fully utilised in the Research & Development.
- (iv) An amount of HK\$3.2 million was utilised in the Purchase of Transportation and Supplies; and the remaining HK\$3.4 million has not yet been utilised and is expected to be utilised in 2024 and applied for the same purpose as disclosed in the Company’s announcements.

An amount of HK\$172.5 million was fully utilised for the expansion and development of QR codes business.

An amount of HK\$30.8 million was fully utilised for general working capital of corporate office.

An amount of HK\$49.88 million was fully utilised as general working capital of the Group.

Intended use of proceeds

- (4) An amount of net proceeds of HK\$49.98 million was raised from subscription of new shares in April 2020 and applied as general working capital of the Group.
- (5) An amount of net proceeds of HK\$19.98 million was raised from subscription of new shares in July 2020 and the Group intends to apply 70% of the net proceeds as repayment of interest of the CB and the remaining 30% of the net proceeds are applied as general working capital of the Group.
- (6) An amount of net proceeds of HK\$28.18 million was raised from subscription of new shares in April 2021 and applied as general working capital of the Group.

Actual use of proceeds

- An amount of HK\$49.98 million was fully utilised as general working capital of the Group.
- 70% of the net proceeds was fully utilised as repayment of interest of the CB and 30% of the net proceeds was fully utilised as general working capital of the Group.
- An amount of HK\$28.18 million was fully utilised as general working capital of the Group.

SIGNIFICANT INVESTMENT HELD

As at 31 December 2023, the Group held unlisted equity investments and private equity investment fund of approximately HK\$134.0 million and HK\$1.5 million respectively, details of which were set out as follows:

Nature of investments	Number of shares held	Percentage of shareholding	Fair value change	Fair value		Percentage to the Group's total assets	Investment cost	Net profit/(loss) of the investee	Notes
	as at 31 December 2023	as at 31 December 2023	for year ended 31 December 2023	as at 31 December 2023	as at 31 December 2022	as at 31 December 2023			
		%	HK\$'000	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	
Financial assets at fair value through profit or loss									
<i>Unlisted Investments</i>									
Freewill Holdings Limited ("Freewill")	14,550,000	2.95	-	-	-	-	80,025	(34)	(a)
Co-Lead Holdings Limited ("Co-Lead")	363	2.56	(13,005)	22,685	35,690	3.73	145,200	(35,626)	(a)
FreeOpt Holdings Limited ("FreeOpt")	1,500,000	17.61	(40,000)	30,000	70,000	4.94	150,000	(10,143)	(a)
Imagi Brokerage Limited ("Imagi")	17,000,000	2.97	(5,225)	10,057	15,282	1.66	25,000	(8,681)	(a)
Seekers Partners Limited ("Seekers")	9,108,328	0.10	(17,994)	2,282	20,276	0.38	53,217	(302,564)	(b)
Simagi Finance Company Limited ("Simagi")	13,000,000	11.08	(4,652)	9,719	14,371	1.60	65,000	6,405	(a)
Triton Algae Innovations, Ltd. ("Triton")	1,215,278	3.73	(8,059)	14,887	22,946	2.45	27,300	(31,091)	(b)
Green River Associates Limited ("Green River")	13	5.10	(10,104)	14,896	-	2.45	25,000	(351,989)	(a)
Tre 29 Investment (Holdings) Limited ("Tre 29")	2,000	10.29	(500)	29,500	-	4.86	30,000	8,618	(a)
			(99,539)	134,026	178,565	22.07	600,742		

Notes:

The net profit/(loss) of the investee is based on the investee's financial information, which was:

- (a) Based on its management accounts for year ended 31 December 2023.
- (b) Based on its management accounts for period ended 30 September 2023.

On 22 November 2022, 上海透雲物聯網科技有限公司 (“SHTY”), an indirect wholly-owned subsidiary of the Group, entered into a fund contract with 中信証券股份有限公司 (the “Custodian”) and 上海靈鶴資產管理合夥企業(有限合夥)(the “Investment Manager”), pursuant to which SHTY agreed to subscribe for 5,000,000 shares of a private equity investment fund (the “Fund”) at a consideration of RMB5,000,000 (equivalent to approximately HK\$5,466,000). The Fund was governed by contractual relationships between and among SHTY, the Custodian and the Investment Manager with no legal entity was formed SHTY can sell shares of the Fund to the Investment Manager at market value any time after one year from the date of subscription. The Fund was established on 17 November 2022 and would be expired on 16 November 2032, with return in dividend derived from investments in financial products. The fund had been sold during the year ended 31 December 2023.

On 27 September 2023, 上海透雲物聯網科技有限公司 entered into a fund contract with 嘉興浚景私募基金管理有限公司 (the “Investment Manager”) and 國泰君安證券股份有限公司 (the “Custodian”), pursuant to which 上海透雲物聯網科技有限公司 agreed to subscribe for 1,500,000 shares of a private equity investment fund (the “Fund”) at a consideration of RMB1,500,000 (equivalent to approximately HK\$1,641,000). The Fund was governed by contractual relationships between and among 上海透雲物聯網科技有限公司, the Custodian and the Investment Manager with no legal entity was formed. 上海透雲物聯網科技有限公司 can sell shares of the Fund to the Investment Manager at market value any time after one year from the date of subscription. The Fund was established on 29 September 2023 and would be expired on 27 September 2043, with return in dividend derived from investments in financial products. Mr. Jia Wenjie, the Non-executive Director of the Group, and Ms. Zeng Xiaomeng, spouse of Mr. Wang Liang, the Executive Director and substantial shareholder of the Group, had indirect interest in the Investment Manager. The investment in the Fund was approved by the board of directors of 上海透雲物聯網科技有限公司 on 15 September 2023.

Freewill is principally engaged in the business of investment holding.

Co-Lead is principally engaged in securities trading and investment holding businesses. Its investment portfolio consists of listed and unlisted securities.

FreeOpt is principally engaged in the provision of finance and money lending businesses.

Imagi is principally engaged in securities brokerage and asset management businesses.

Seekers is principally engaged in integrated financial services, securities brokerage services, money lending, securities and other direct investments.

Simagi is principally engaged in the money lending businesses.

Triton is principally engaged in research and development and marketing of microalgae products in the United States of America.

Green River is principally engaged in securities investment and investment holding.

Tre 29 is principally engaged in securities investment.

High interest rate environment, the conflict in the Middle East region and ongoing Russia-Ukraine war all point to continued risks and uncertainties heading into year 2024. Facing with the threat to global economy, the management would closely monitor the investment portfolio from time to time to assess and manage actively the risks involved.

CORPORATE GOVERNANCE

For the year ended 31 December 2023 and up to the date of this announcement, the Company complied with all the code provisions, where applicable, as set out in the Corporate Governance Code (the “CG Code”) in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), except that one non-executive director did not attend the annual general meeting of the Company held on 9 June 2023 (“2023 AGM”) due to other business engagement. The Company considers that the members of the Board who attended the 2023 AGM were able to sufficiently answering questions from shareholders at the 2023 AGM.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. In response to a specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year.

AUDIT COMMITTEE

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group's consolidated financial statements for the year ended 31 December 2023.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditors, Moore CPA Limited ("Moore") to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Moore in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore on this announcement.

PUBLICATION OF 2023 ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.touyunbiotech.com.hk. The 2023 Annual Report will be available on these two websites and despatched to the shareholders of the Company in due course.

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

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprised the following Directors:

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