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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)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “Board”) of Touyun Biotech Group Limited (formerly known as China Touyun Tech Group Limited) (the “Company”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2022, together with comparative figures for the year ended 31 December 2021 as below:

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

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from treasury investment	4		
Fair value losses on financial assets at fair value through profit or loss held for trading, net		(9,899)	(25,143)
Interest income from money lending business		2,390	3,178
Interest income from margin financing		–	12,672
Commission and service income		–	972
Dividend income from financial assets at fair value through profit or loss held for trading		–	411
Revenue from sales of goods and services rendered	4	323,334	291,415
Cost of sales		(195,706)	(176,451)
Gross profit		127,628	114,964
Provision for impairment loss on trade receivables, net		(7,904)	(463)
Reversal of impairment loss on loan and interest receivables	15	–	6,623
Other income, gains and losses, net	5	(135,066)	(74,300)
Selling and distribution expenses		(26,431)	(18,660)
Administrative expenses		(128,249)	(126,081)
Finance costs	6	(21,652)	(17,143)
Loss before tax	7	(199,183)	(122,970)
Income tax	8	(3,473)	(971)
Loss for the year		(202,656)	(123,941)
Loss for the year attributable to:			
— Owners of the Company		(198,065)	(72,948)
— Non-controlling interests		(4,591)	(50,993)
		(202,656)	(123,941)
Loss per share attributable to owners of the Company			
— Basic and diluted	10	HK(7.06) cents	HK(2.61) cents

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year	<u>(202,656)</u>	<u>(123,941)</u>
Other comprehensive (loss)/income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>(14,739)</u>	<u>5,360</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(14,739)</u>	<u>5,360</u>
Total comprehensive loss for the year	<u><u>(217,395)</u></u>	<u><u>(118,581)</u></u>
Total comprehensive loss attributable to:		
Owners of the Company	<u>(212,804)</u>	<u>(67,588)</u>
Non-controlling interests	<u>(4,591)</u>	<u>(50,993)</u>
	<u><u>(217,395)</u></u>	<u><u>(118,581)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Non-current assets</i>			
Property, plant and equipment	<i>11</i>	290,570	327,361
Right-of-use assets		90,712	108,589
Intangible assets		277	1,624
Goodwill	<i>12</i>	–	–
Financial assets at fair value through profit or loss	<i>13</i>	184,129	318,937
		565,688	756,511
<i>Current assets</i>			
Inventories		35,613	32,766
Trade receivables	<i>14</i>	41,445	66,287
Prepayments, deposits and other receivables		36,677	35,167
Loan and interest receivables	<i>15</i>	64,020	40,043
Financial assets at fair value through profit or loss	<i>13</i>	16,156	33,756
Cash and cash equivalents		128,098	60,198
		322,009	268,217
<i>Current liabilities</i>			
Trade payables	<i>16</i>	46,224	37,875
Contract liabilities		17,184	23,477
Other payables and accruals		35,098	62,755
Lease liabilities		12,001	14,413
Bank and other borrowings	<i>17</i>	188,821	292,611
Amount due to a director	<i>18</i>	95,533	92,630
Amount due to a shareholder of the Company	<i>18</i>	11,000	–
Margin loans payable	<i>19</i>	–	3,633
Tax payable		4,135	2,167
		409,996	529,561
Net current liabilities		(87,987)	(261,344)
Total assets less current liabilities		477,701	495,167

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
<i>Non-current liabilities</i>			
Bank and other borrowings	17	191,292	–
Lease liabilities		2,900	8,122
		<u>194,192</u>	<u>8,122</u>
Net assets		<u>283,509</u>	<u>487,045</u>
Equity			
Equity attributable to owners of the parent			
Share capital	21	112,238	112,238
Reserves		151,721	357,679
		<u>263,959</u>	<u>469,917</u>
Non-controlling interests		<u>19,550</u>	<u>17,128</u>
Total equity		<u>283,509</u>	<u>487,045</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, money lending, placing and underwriting services, securities brokerage services and margin financing; and (iv) production and sale of *Chlamydomonas reinhardtii*, micro-algae and related products.

With effective from 11 May 2021, the Company has changed its English name from China Touyun Tech Group Limited to Touyun Biotech Group Limited and changed its Chinese name from 中國透雲科技集團有限公司 to 透雲生物科技集團有限公司, to align with the Group's long-term development strategy.

(b) BASIS OF PREPARATION

The Group incurred a net loss of HK\$202,656,000 during the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$87,987,000. 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 plan to address the going concern issue:

- (i) The Group has negotiated with financial institutions with a view to obtaining new financing at reasonable cost for repayment to the existing lenders and/or additional working capital;
- (ii) Some existing lenders have agreed for restructuring of the loans to release the limitation imposed and extend the repayment schedule of such borrowings to the Group. In the opinion of the directors of the Company, the existing lenders of those past due borrowings will not enforce their rights of requesting for immediate repayment;
- (iii) Undertaking letters have been received from Mr. Wang Liang, director of the Company and Ms. Qiao Yanfeng, shareholder of the Company, that they would not demand repayment of the amounts due to them with aggregate amounts of HK\$106,533,000 until the Group has excess cash to repay; and
- (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.

The directors of the Company have prepared a cash flow forecast covering the year ending 31 December 2023 and are satisfied, after taking into account the factors as mentioned above, that Group will have sufficient working capital for at least the next 12 months from 31 December 2022. Hence the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, the successful eventual outcome of the above liquidity plan cannot be determined with certainty.

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 2022. 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).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control above. A change in the ownership interest of a subsidiary, without loss of control, is accounted for an equity transaction.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any investment retained and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(b) Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020
Amendments to AG 5 (Revised)	Merger Accounting for Common Control Combination

The application of the 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.

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 and advertising display services
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, money lending, placing and underwriting services, securities brokerage services and margin financing
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 (2021: 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group's revenue	99,373	117,636	211,344	172,464	-	-	12,617	1,315	323,334	291,415
Fair value losses on financial assets at fair value through profit or loss held for trading, net	-	-	-	-	(9,899)	(25,143)	-	-	(9,899)	(25,143)
Interest income from money lending business	-	-	-	-	2,390	3,178	-	-	2,390	3,178
Interest income from margin financing	-	-	-	-	-	12,672	-	-	-	12,672
Commission and service income	-	-	-	-	-	972	-	-	-	972
Dividend income from financial assets at FVTPL held for trading	-	-	-	-	-	411	-	-	-	411
Segment revenue	<u>99,373</u>	<u>117,636</u>	<u>211,344</u>	<u>172,464</u>	<u>(7,509)</u>	<u>(7,910)</u>	<u>12,617</u>	<u>1,315</u>	<u>315,825</u>	<u>283,505</u>
Segment results	<u>(8,983)</u>	<u>24,164</u>	<u>18,076</u>	<u>7,461</u>	<u>(138,085)</u>	<u>(66,258)</u>	<u>(9,419)</u>	<u>(3,148)</u>	<u>(138,411)</u>	<u>(37,781)</u>
Corporate and unallocated income, gains and losses									(3,427)	(30,024)
Corporate and unallocated expenses									(35,693)	(38,022)
Finance costs									(21,652)	(17,143)
Loss before tax									<u>(199,183)</u>	<u>(122,970)</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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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 (<i>note</i>)										
— operating segment	3,012	2,568	-	2	-	73	9,842	248,131	12,854	250,774
— unallocated								76	16	
								<u>12,930</u>	<u>250,790</u>	
Interest income										
— operating segment	63	118	22	9	-	-	-	40	85	167
— unallocated									-	6
								<u>85</u>	<u>173</u>	
Depreciation of property, plant and equipment										
— operating segment	2,744	2,316	530	662	-	72	8,591	43	11,865	3,093
— unallocated									22	13
								<u>11,887</u>	<u>3,106</u>	
Depreciation of right-of-use assets										
— operating segment	3,015	1,233	12,054	12,423	-	595	2,191	602	17,260	14,853
— unallocated									2,735	2,734
								<u>19,995</u>	<u>17,587</u>	
Government grant										
— operating segment	-	-	(759)	-	-	-	(1,728)	-	(2,487)	-
— unallocated									(248)	-
								<u>(2,735)</u>	<u>-</u>	
Research and development expenses	18,450	21,898	-	-	-	-	1,830	33	20,280	21,931
Amortisation of intangible assets	1,256	2,007	-	-	-	-	-	-	1,256	2,007
Loss on disposal/written off of property, plant and equipment	2,753	226	62	-	-	-	-	-	2,815	226
Provision for impairment loss/ (reversal of impairment loss) on trade receivables, net	8,056	587	(152)	(124)	-	-	-	-	7,904	463
Reversal of impairment loss on loan and interest receivables	-	-	-	-	-	(6,623)	-	-	-	(6,623)
Fair value loss of financial assets at fair value through profit or loss										
— operating segment	(106)	-	-	-	130,072	59,995	-	-	129,966	59,995
— unallocated	-	-	-	-	-	-	-	-	10,300	(5,946)
								<u>140,266</u>	<u>54,049</u>	
Loss on disposal of subsidiaries	-	-	-	-	-	22,680	-	-	-	22,680

Note: Included in capital expenditure for the year ended 31 December 2021 was an amount of HK\$163,508,000 related to acquisitions of property, plant and equipment and another amount of HK\$87,282,000 (equivalent to RMB71,420,000) related to acquisitions of two leasehold lands situated in Lucheng District, Changzhi City, Shanxi Province, PRC.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
QR code business segment		
— the PRC	<u>99,373</u>	<u>117,636</u>
Packaging products business segment		
— Hong Kong and the PRC	124,429	98,218
— Europe	68,177	53,164
— North and South America	8,823	10,020
— Others	<u>9,915</u>	<u>11,062</u>
	211,344	172,464
Treasury investment business segment		
— Hong Kong	<u>(7,509)</u>	<u>(7,910)</u>
Chlamydomonas reinhardtii products business segment		
— Hong Kong and the PRC	<u>12,617</u>	<u>1,315</u>
Segment revenue	<u>315,825</u>	<u>283,505</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	11,094	10,863
PRC	<u>370,465</u>	<u>426,711</u>
	<u>381,559</u>	<u>437,574</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Packaging products segment:		
Customer A	<u>70,384</u>	<u>51,560</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, dividend income on investment portfolio, interest income from money lending business, interest income from margin financing and commission and service income.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Manufacturing and sales of packaging products	<u>211,344</u>	<u>172,464</u>
Provision of QR code packaging products and solutions		
QR code packaging products	27,403	62,171
QR code solutions	<u>71,970</u>	<u>55,456</u>
	<u>99,373</u>	<u>117,627</u>
Advertising display service income	–	9
Manufacturing and sales of <i>Chlamydomonas reinhardtii</i> products	<u>12,617</u>	<u>1,315</u>
	323,334	291,415
Fair value losses on financial assets at fair value through profit or loss held for trading, net (<i>note (i)</i>)	(9,899)	(25,143)
Interest income from money lending business	2,390	3,178
Interest income from margin financing	–	12,672
Commission and service income	–	972
Dividend income from financial assets at fair value through profit or loss held for trading	<u>–</u>	<u>411</u>
	<u>315,825</u>	<u>283,505</u>

Note:

- (i) During the year ended 31 December 2022, the gross proceed from the disposal of listed equity investments classified as financial assets at fair value through profit or loss for the year was nil (2021: HK\$14,576,000).

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(a) At a point of time		
Manufacturing and sales of packaging products	211,344	172,464
Provision of QR code packaging products and solutions	99,373	117,627
Manufacturing and sales of <i>Chlamydomonas reinhardtii</i> products	12,617	1,315
Commission and service income	—	972
	<u>323,334</u>	<u>292,378</u>
(b) By over time		
Advertising display service income	—	9
	<u>323,334</u>	<u>292,387</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	85	173
Rental income	1,277	—
Fair value gain on derivative component of CB (including changes arising from early redemption of CB)	—	273
Fair value (loss)/gain on financial assets at fair value through profit or loss (not held for trading), net		
— Unlisted equity investments	(140,372)	(54,049)
— Private equity investment fund	106	—
	<u>(140,266)</u>	<u>(54,049)</u>
Loss on disposal of subsidiaries	—	(22,680)
Foreign exchange differences, net	2,760	(1,246)
Government grant (<i>note</i>)	2,735	—
Loss on disposal/written off of property, plant and equipment, net	(2,815)	(226)
Others	1,158	3,455
	<u>(135,066)</u>	<u>(74,300)</u>

Note: Included in government grant for the year ended 31 December 2022 was an amount of HK\$1,007,000 related to Employment Support Scheme provided by The Government of Hong Kong Special Administrative Region and another amount of HK\$1,728,000 (equivalent to RMB1,480,000) related to subsidy granted by Changzhi Municipal People's Government, as incentives for the Group's economic contributions at Lucheng District, Changzhi City, Shanxi Province, the PRC.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 HK\$'000	2021 HK\$'000
Interest expense on CB	–	11,648
Interest on lease liabilities	1,258	1,009
Interest on bank and other borrowings	20,382	16,873
Interest on margin loans payable	12	2,321
Less: Interest capitalised into construction in progress (<i>note</i>)	–	(14,708)
	<u>21,652</u>	<u>17,143</u>

Note: The finance costs have been capitalised at a rate of ranging from 0.5% to 1% per month for the year ended 31 December 2021.

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2022 HK\$'000	2021 HK\$'000
Auditor's remuneration	1,630	1,530
Cost of inventories sold (<i>note</i>)	195,706	176,451
Depreciation of property, plant and equipment	11,887	3,106
Depreciation of right-of-use assets	19,995	17,587
Amortisation of intangible assets	1,256	2,007
Short-term lease payments	3,477	3,842
Legal and professional fee (included in administrative expenses)	3,249	4,963
Local and overseas travelling expenses	3,389	3,349
Research and development cost (included in administrative expenses)	20,280	21,931
Employee benefits expenses (including Directors' remuneration):		
Wages and salaries	68,286	57,705
Pension scheme contributions	4,708	1,655
Equity-settled share option expense	3,263	6,973
	<u>76,257</u>	<u>66,333</u>
Equity-settled share option expense:		
Other participants	3,596	9,207
	<u>3,596</u>	<u>9,207</u>

Note: Included in cost of inventories sold are cost of materials of HK\$174,898,000 (2021: HK\$155,016,000).

8. INCOME TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	3,337	1,081
Over-provision in respect of previous year	(18)	(349)
Current tax — PRC Corporate Income Tax		
Provision for the year	<u>154</u>	<u>239</u>
	3,473	971
Deferred tax	<u>—</u>	<u>—</u>
	<u><u>3,473</u></u>	<u><u>971</u></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% (2021: 25%) of the assessable profits 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 expense and accounting loss at applicable tax rates:**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before tax	<u>(199,183)</u>	<u>(122,970)</u>
Tax at applicable statutory tax rates	(34,750)	(27,937)
Tax effect of PRC preferential tax treatments	33	6,812
Income not subject to tax	(1,266)	(2,910)
Expenses not deductible for tax	28,223	15,242
Utilisation of tax losses brought forward	(2,810)	(3,068)
Tax losses not recognised	14,061	13,181
Over-provision in respect of previous year	<u>(18)</u>	<u>(349)</u>
Income tax expense	<u>3,473</u>	<u>971</u>

9. DIVIDEND

The Directors do not recommend, declare or pay any dividend in respect of the year (2021: 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 2022 and 2021 are based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(198,065)</u>	<u>(72,948)</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>2,794,954</u>

The computation of diluted loss per share for the years ended 31 December 2022 and 2021 does not assume the exercise of share options since their assumed exercise would result in a decrease in loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred construction costs of approximately HK\$5,109,000 (2021: HK\$161,590,000) primarily related to the production plant for chlamydomonas reinhardtii, micro-algae and related products business.

12. GOODWILL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost		
1 January	569,947	570,457
Disposal of subsidiaries	—	(510)
	<u>569,947</u>	<u>569,947</u>
31 December	<u>569,947</u>	<u>569,947</u>
Accumulated impairment losses		
1 January	569,947	569,947
Impairment loss for the year	—	—
	<u>569,947</u>	<u>569,947</u>
31 December	<u>569,947</u>	<u>569,947</u>
Net carrying amount		
31 December	<u>—</u>	<u>—</u>

The goodwill has been allocated to two cash generating units (“CGUs”): (i) a group of subsidiaries engaged in the provision of QR code on product packaging and advertising display services (the “QR Code CGUs”); and (ii) Hope Capital Limited and its subsidiary (collectively referred to as the “Hope Group”) engaged in securities brokerage services and margin financing (the “Hope Group CGUs”).

QR Code CGUs

The allocated goodwill of QR Code CGUs was fully impaired in previous years and accordingly there was nil carrying amount of goodwill from QR Code CGUs as of 31 December 2022 and 31 December 2021.

Hope Group CGUs

The allocated goodwill of Hope Group CGUs was disposed of during the year ended 31 December 2021.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets		
Unlisted equity investments, at fair value (<i>note (i)</i>)		
Company A (<i>note (ii)</i>)	35,690	59,708
Company B (<i>note (iii)</i>)	–	–
Company C (<i>note (iv)</i>)	20,276	27,000
Company D (<i>note (v)</i>)	14,371	29,504
Company E (<i>note (vi)</i>)	70,000	144,479
Company F (<i>note (vii)</i>)	22,946	33,246
Company G (<i>note (viii)</i>)	15,282	25,000
	<u>178,565</u>	<u>318,937</u>
Private equity investment fund (<i>note (xi)</i>)	5,564	–
	<u>184,129</u>	<u>318,937</u>
Current assets		
Listed equity investment held for trading, at fair value (<i>note (ix)</i>)	7,521	17,600
Wealth management products (<i>note (x)</i>)	8,635	16,156
	<u>16,156</u>	<u>33,756</u>

Notes:

- (i) As at 31 December 2022, the unlisted equity investments relate to investments in seven private entities (2021: seven), which were intended to be held for long-term strategic purpose at the time of acquisition. The investee private entities are engaged in the provision of advisory and financial services, property holding, research and development and marketing of micro-algae products, securities brokerage and assets management, investment in securities trading and money lending.
- (ii) As at 31 December 2022, the Group's equity interest in Company A was approximately 2.56% (2021: 2.56%).
- (iii) As at 31 December 2022, the Group's equity interest in Company B was approximately 2.95% (2021: 2.95%).
- (iv) As at 31 December 2022, the Group's shareholding was diluted to 0.50% (2021: 0.55%) as Company C issued additional shares to other investors during the year ended 31 December 2022.
- (v) As at 31 December 2022, the Group's equity interest in Company D was approximately 12.12% (2021: 12.12%).

- (vi) As at 31 December 2022, the Group's equity interest in Company E was approximately 17.61% (2021: 17.61%).
- (vii) On 28 January 2021, the Company entered into a series B-3 preference share purchase agreement with Company F, an independent third party, pursuant to which Company F has agreed to sell and issue 1,215,278 new shares to the Company and the Company has agreed to subscribe the 1,215,278 new shares of Company F at a consideration of US\$3,500,000 (equivalent to approximately HK\$27,300,000). Company F is engaged in research and development and marketing of micro-algae products in the United States of America. 1,215,278 new shares, when issued, represented approximately 3.73% equity interest in Company F. As at 31 December 2022, the Group's equity interest in Company F was approximately 3.73% (2021: 3.73%).
- (viii) On 2 December 2021, Era Bright Limited ("Era Bright"), an indirect non-wholly-owned subsidiary of the Group, entered into a subscription agreement with Company G, an independent third party, pursuant to which Company G has agreed to allot and issue 17,000,000 new shares to Era Bright and Era Bright has agreed to subscribe the 17,000,000 new shares of Company G at a consideration of HK\$25,000,000. 17,000,000 new shares, when issued, represented approximately 2.97% of the existing issued share capital of Company G.

Company G is engaged in the provision of brokerage and related services, and is a licensed under the Securities and Futures Ordinance (Cap.571) to carry out regulated activities Type 1 "Dealing in Securities", Type 2 "Dealing in Futures Contracts", Type 4 "Advising on Securities", Type 5 "Advising on Futures Contracts" and Type 9 "Asset Management".

As at 31 December 2022, the Group's equity interest in Company G was approximately 2.97% (2021: 2.97%).

- (ix) As at 31 December 2021, certain financial assets at fair value through profit or loss of approximately HK\$17,600,000 of the Group were pledged to a securities brokerage company to secure the margin loans payable of approximately HK\$3,633,000.

As at 31 December 2022, the Group held 5,000,000 (2021: 5,000,000) shares of China Evergrande New Energy Vehicle Group Ltd. ("China Evergrande") (stock code: 0708), and the fair value of the Group's investment in China Evergrande amounted to HK\$7,521,000 was based on the valuation technique as detailed below (2021: HK\$17,600,000 was based on quoted prices). The Securities and Futures Commission issued a direction to suspend trading in the shares of China Evergrande on the Stock Exchange with effect from 1 April 2022. As at 31 December 2022, the listing of the shares of China Evergrande remained suspended. The directors assessed the fair value of China Evergrande 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 China Evergrande 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.

- (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) (2021: two WMPs, of which were approximately to HK\$11,146,000 (equivalent to RMB9,120,000) and HK\$5,010,000 (equivalent to RMB4,100,000)), 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 2021 had been sold during the current year ended 31 December 2022, and the Group had purchased another two WMPs close to year end date. Investment portfolio of WMPs held by the Group as at 31 December 2022 included mainly of securities investments in banking sector in the PRC, local currency/foreign currency fixed deposits at other financial institutions and bonds.
- (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.

14. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	51,348	68,286
Less: Impairment loss allowance	<u>(9,903)</u>	<u>(1,999)</u>
	<u>41,445</u>	<u>66,287</u>

The Group’s trading terms with other 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:

	2022	2021
	HK\$'000	HK\$'000
Within 1 month	23,792	28,547
1 to 2 months	6,417	16,266
2 to 3 months	8,996	12,569
Over 3 months	2,240	8,905
	<u>41,445</u>	<u>66,287</u>

15. 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:

	2022	2021
	HK\$'000	HK\$'000
Unsecured loan and interest receivables	<u>64,020</u>	<u>40,043</u>
Analysed for reporting purpose as:		
Current portion	<u>64,020</u>	<u>40,043</u>

The directors of the Company regularly review and assess the credit quality of the counterparties. Since these receivables are not past due, and there has 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.

As at 31 December 2022, unsecured loan and interest receivables of approximately HK\$64,020,000 (2021: HK\$40,043,000) are unsecured and will mature within one year (2021: mature within one year).

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	
	2022	2021
Unsecured loan and interest receivables	<u>7.5%–8%</u>	<u>3%</u>

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

	<i>HK\$'000</i>
Balance at 1 January 2021	6,623
Reversal of impairment losses recognised for unsecured loan and interest receivables	<u>(6,623)</u>
Balance at 31 December 2021 and 31 December 2022	<u><u>–</u></u>

16. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	36,785	28,306
1 to 2 months	1,634	6,719
2 to 3 months	931	1,434
Over 3 months	6,874	1,416
	<u>46,224</u>	<u>37,875</u>

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

17. BANK AND OTHER BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Secured bank borrowings	59,645	–
Unsecured other borrowings	320,468	292,611
	<u>380,113</u>	<u>292,611</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year or on demand	188,821	292,611
Within a period of more than one year but not more than two years	21,862	–
Within a period of more than two years but not more than three years	<u>169,430</u>	<u>–</u>
	380,113	292,611
Less: Amounts due for settlement within 12 months shown under current liabilities	<u>(188,821)</u>	<u>(292,611)</u>
Amounts due for settlement after 12 months shown under non-current liabilities	<u><u>191,292</u></u>	<u><u>–</u></u>

Movements in bank and other borrowings are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 January	292,611	59,580
New bank and other borrowings raised	315,904	348,641
Interest expenses	20,382	2,165
Repayment of bank and other borrowings	(211,314)	(118,544)
Capitalisation of borrowing cost	–	14,708
Interest paid	(18,749)	(15,464)
Exchange realignment	<u>(18,721)</u>	<u>1,525</u>
At 31 December	<u><u>380,113</u></u>	<u><u>292,611</u></u>

The Group's secured bank borrowings as at 31 December 2022 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\$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\$76,159,000 (equivalent to RMB69,673,000).

Secured bank borrowings carry interest of ranging from 0.42% to 0.70% per month and are repayable within one to three years. Unsecured other borrowings carry interest of ranging from 0.42% to 1.00% per month (2021: 0.50% to 1.00% per month) and are repayable within one to three years (2021: repayable within one year).

As at 31 December 2021, certain of the Group’s unsecured other borrowings were either past due or repayable on demand, and hence were due for immediate payment as at 31 December 2021. The amounts past due and were immediately repayable by the Group, taking into account (a) outstanding principal, and (b) interests accrued but unpaid, were approximately HK\$94,102,000 (equivalent to RMB77,000,000) and HK\$1,409,000 (equivalent to RMB1,153,000), respectively (“Overdue Borrowings”). Subsequent to 31 December 2021 and up to 14 April 2022, other than the Overdue Borrowings, the Group defaulted in repayment of additional other borrowings and the respective overdue principal amounts payable by the Group were approximately HK\$106,934,000 (equivalent to RMB87,500,000) (“Additional Overdue Borrowings”).

During the year ended 31 December 2022, principal and interest repayment were made by the Group in respect of the Overdue Borrowings and Additional Borrowings amounting to of HK\$121,240,000 (equivalent to RMB91,500,000) and HK\$1,409,000 (equivalent to RMB1,153,000), respectively, and HK\$79,796,000 (equivalent to RMB73,000,000) of principal amount of Overdue Borrowings and Additional Overdue Borrowings remained outstanding. As at 31 December 2022, undertaking letter had been received from the independent third party lender that it would not demand repayment of HK\$25,141,000 (equivalent to RMB23,000,000) until the Group had excess cash to repay, while remaining HK\$54,655,000 (equivalent to RMB50,000,000) was extended to 31 March 2023 for repayment.

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

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

19. MARGIN LOANS PAYABLE

As at 31 December 2021, the margin loans payable were secured by the listed equity securities held under the margin accounts, with a total market value of approximately HK\$17,600,000 (note 13).

	2022		2021	
	<i>HK\$’000</i>	Effective interest rate (%) <i>p.a.</i>	<i>HK\$’000</i>	Effective interest rate (%) <i>p.a.</i>
Within one year	—	—	3,633	12%–24%

The Group’s variable-rate margin loans payable as at 31 December 2021 were mainly subject to interest ranging from 12% to 24%. The range of effective interest rates were equal to contractual interest rates.

20. CONVERTIBLE BOND

On 3 October 2017, the Company and China Huarong International Holdings Limited (the “CB Holder”) entered into an agreement (the “CB Agreement”), pursuant to which the Company conditionally agreed to issue, and CB Holder has conditionally agreed to subscribe for, the convertible bond (“CB”) in the aggregate principal amount of US\$40,000,000 (equivalent to HK\$312,000,000). The net proceeds from the issue of the CB of approximately US\$39,671,000 (equivalent to HK\$309,439,000) would be used for development of the business operations of SHTY, a subsidiary of the Company, in particular, Touyun Retailers Management System, and for other general corporate purposes. The CB Agreement was completed on 10 November 2017 (the “Issue Date”).

The CB was secured by the share capital or registered capital of certain subsidiaries of the Group and personal guarantee provided by Mr. Wang Liang, a director and a shareholder of the Company. The CB bore interest from and including the Issue Date at the rate of 7.0% per annum, payable semi-annually. The CB matured on the date falling on the second anniversary of the Issue Date (i.e. 10 November 2019) (the “Maturity Date”) and the Company had failed to satisfy certain conditions for automatically extending the maturity date to the third anniversary of the Issue Date (i.e. 10 November 2020).

On 21 July 2020, the Company entered into an amendment deed (the “Amendment Deed”) with the CB Holder and agreed to extend the maturity date of the CB from the second anniversary of the issue date (i.e. 10 November 2019) to the fourth anniversary of the issue date (i.e. 10 November 2021) (the “Revised Maturity Date”). Interest of the CB would be charged at 12% per annum from 10 November 2019 to the Revised Maturity Date. The conversion price was amended to HK\$0.8 per share, subject to anti-dilutive adjustments. The CB was secured by the share capital or registered capital of certain subsidiaries of the Group and certain cash/securities account and personal guarantee provided by Mr. Wang Liang.

On initial recognition, the CB contained two components, the debt component and the derivative (including conversion and early redemption options) component. Since the Redemption Amount, and the principal payable on the Maturity Date were denominated and settled in United States dollars (“US\$”) which is not same as the Company’s functional currency which is HK\$, the conversion option would not result in an exchange of a fixed amount of cash (in the context of the functional currency of the Company) for a fixed number of shares and hence the conversion option did not meet the definition of an equity instrument under the applicable accounting standards. The effective interest rate of the debt component was 13.08%. The derivative component was measured at fair value with changes in fair value recognised in profit or loss.

On 4 May 2021, the Company repaid interest at amount of US\$850,800 (equivalent to approximately HK\$6,637,000). The CB was matured on 10 November 2021 and was fully redeemed by the Company through repayment of remaining principal and interest amounting US\$14,180,000 and US\$850,800 (equivalent to approximately HK\$110,604,000 and approximately HK\$6,636,000), respectively.

The movement of the components of the CB for the years ended 31 December 2021 is set out below:

	Debt component <i>HK\$'000</i>	Derivative component <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021	112,229	273	112,502
Finance cost-interest paid	(13,273)	–	(13,273)
Redemption/repayment of CB	(110,604)	–	(110,604)
Finance cost-interest charge	11,648	–	11,648
Change in fair value	–	(273)	(273)
	<u>–</u>	<u>(273)</u>	<u>(273)</u>
Carrying amount at 31 December 2021	<u>–</u>	<u>–</u>	<u>–</u>

21. SHARE CAPITAL

	Number of shares		Share capital	
	2022 <i>'000</i>	2021 <i>'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
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 of year	2,805,592	2,773,652	112,238	110,946
Exercise of share option (<i>note (i)</i>)	–	2,300	–	92
Share subscription (<i>note (ii)</i>)	–	30,000	–	1,200
	<u>–</u>	<u>30,000</u>	<u>–</u>	<u>1,200</u>
At end of year	<u>2,805,952</u>	<u>2,805,952</u>	<u>112,238</u>	<u>112,238</u>

Notes:

- (i) During the year ended 31 December 2021, a total of 2,300,000 new shares were issued as a result of exercise of 2,300,000 share options by certain employees. The proceeds from the exercises of share options are HK\$3,081,000 and are applied as general working capital of the Group.
- (ii) On 12 April 2021, the Company entered into a share subscription agreement with an independent third party, Zhai Jin Ping, in relation to the subscription for 30,000,000 new shares of the Company at HK\$0.94 per share. The gross proceeds and net proceeds from the subscription are HK\$28,200,000 and approximately HK\$28,184,000, respectively. The proceeds are applied as general working capital of the Group.

22. 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 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 178,552,250 shares, representing approximately 6.36% 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 87,033,326 shares are immediately exercisable and issuable, representing approximately 3.1% of the total number of issued shares as at the date of this announcement, and 91,518,924 shares will be exercisable and issuable upon fully vested of share options, representing approximately 3.26% of the total number of issued shares as at the date of this announcement. Movements of the options granted under the Scheme, during the year were as follows:

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2021	Exercised during the year	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2021	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022
Employees								
25/01/2017	1.34	02/07/2018 to 01/07/2022	3,097,500	(728,125)	(290,625)	2,078,750	(2,078,750)	-
25/01/2017	1.34	02/07/2019 to 01/07/2022	3,097,500	(578,125)	(290,625)	2,228,750	(2,228,750)	-
25/01/2017	1.34	02/07/2020 to 01/07/2022	3,097,500	(505,625)	(290,625)	2,301,250	(2,301,250)	-
25/01/2017	1.34	02/07/2021 to 01/07/2022	3,097,500	(468,125)	(290,625)	2,338,750	(2,338,750)	-
			<u>12,390,000</u>	<u>(2,280,000)</u>	<u>(1,162,500)</u>	<u>8,947,500</u>	<u>(8,947,500)</u>	<u>-</u>

As at 31 December 2022, no shares options were exercisable (2021: 8,947,500).

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2021	Exercised during the year	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2021	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022
Employees								
12/12/2017	1.34	10/06/2019 to 09/06/2023	2,095,625	(12,500)	(241,250)	1,841,875	(8,125)	1,833,750
12/12/2017	1.34	10/06/2020 to 09/06/2023	2,095,625	(7,500)	(243,750)	1,844,375	(8,125)	1,836,250
12/12/2017	1.34	10/06/2021 to 09/06/2023	2,095,625	-	(247,500)	1,848,125	(8,125)	1,840,000
12/12/2017	1.34	10/06/2022 to 09/06/2023	2,095,625	-	(247,500)	1,848,125	(8,125)	1,840,000
			<u>8,382,500</u>	<u>(20,000)</u>	<u>(980,000)</u>	<u>7,382,500</u>	<u>(32,500)</u>	<u>7,350,000</u>
Directors								
12/12/2017	1.34	10/06/2019 to 09/06/2023	1,281,250	-	(93,750)	1,187,500	-	1,187,500
12/12/2017	1.34	10/06/2020 to 09/06/2023	1,281,250	-	(93,750)	1,187,500	-	1,187,500
12/12/2017	1.34	10/06/2021 to 09/06/2023	1,281,250	-	(93,750)	1,187,500	-	1,187,500
12/12/2017	1.34	10/06/2022 to 09/06/2023	1,281,250	-	(93,750)	1,187,500	-	1,187,500
			<u>5,125,000</u>	<u>-</u>	<u>(375,000)</u>	<u>4,750,000</u>	<u>-</u>	<u>4,750,000</u>

As at 31 December 2022, 12,100,000 (2021: 9,096,875) share options were exercisable.

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2021	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2021	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022
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 considers the business consultants are able to provide advices, latest industry/regulatory updates and share the business experience for the Group's business development/improvements, and whose contribution are expected to be beneficial to the Group.

As at 31 December 2022, 54,000,000 (2021: 36,000,000) share options were exercisable.

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2021	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2021	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022
Employees							
08/10/2020	0.40	8/10/2023 to 7/10/2028	11,750,000	–	11,750,000	(2,750,000)	9,000,000
08/10/2020	0.40	8/10/2024 to 7/10/2028	11,750,000	–	11,750,000	(2,750,000)	9,000,000
08/10/2020	0.40	8/10/2025 to 7/10/2028	11,750,000	–	11,750,000	(2,750,000)	9,000,000
08/10/2020	0.40	8/10/2026 to 7/10/2028	11,750,000	–	11,750,000	(2,750,000)	9,000,000
			<u>47,000,000</u>	<u>–</u>	<u>47,000,000</u>	<u>(11,000,000)</u>	<u>36,000,000</u>

As at 31 December 2022, no share options were exercisable.

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2021	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2021	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022
Employees							
16/11/2020	0.60	16/11/2022 to 15/11/2027	6,299,991	(1,199,999)	5,099,992	(833,332)	4,266,660
16/11/2020	0.60	16/11/2023 to 15/11/2027	6,299,991	(1,199,999)	5,099,992	(833,332)	4,266,660
16/11/2020	0.60	16/11/2024 to 15/11/2027	6,300,018	(1,200,002)	5,100,016	(833,336)	4,266,680
			<u>18,900,000</u>	<u>(3,600,000)</u>	<u>15,300,000</u>	<u>(2,500,000)</u>	<u>12,800,000</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 considers that (i) technology consultant will be able to provide the latest information technology industry updates related to the Group's business and business advise for business improvements for the Group; (ii) strategic financial planning consultant will 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 will 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 contribution are expected to be beneficial to the Group.

As at 31 December 2022, 20,933,326 share options were exercisable.

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2021	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2021	Granted during the year	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022
Employees								
25/4/2022	1.34	25/4/2023 to 24/4/2026	–	–	–	4,314,750	(412,500)	3,902,250
25/4/2022	1.34	25/4/2023 to 24/4/2027	–	–	–	2,500,000	(25,000)	2,475,000
25/4/2022	1.34	25/4/2024 to 24/4/2027	–	–	–	2,500,000	(25,000)	2,475,000
25/4/2022	1.34	25/4/2025 to 24/4/2027	–	–	–	2,500,000	(25,000)	2,475,000
25/4/2022	1.34	25/4/2026 to 24/4/2027	–	–	–	2,500,000	(25,000)	2,475,000
			<u>–</u>	<u>–</u>	<u>–</u>	<u>14,314,750</u>	<u>(512,500)</u>	<u>13,802,250</u>

As at 31 December 2022, no share options were exercisable.

The fair value of the share options granted on 25 January 2017, 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”), was HK\$17,892,000, 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:

	25 January 2017	12 December 2017	21 February 2019	8 October 2020	16 November 2020	25 April 2022
Closing price of the shares	HK\$1.14*	HK\$1.22*	HK\$0.42*	HK\$0.36	HK\$0.53	HK\$0.90
Exercise price	HK\$1.34*	HK\$1.34*	HK\$0.48*	HK\$0.40	HK\$0.60	HK\$1.34
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility	93.19%	87.92%	94.36%	92.04%	94.06%	85.88% to 92.38%
Risk-free interest rate	1.289%	1.582%	1.423%	0.42%	0.33%	2.52% to 2.57%
Fair value per share option	HK\$0.572* to HK\$0.612*	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 2022, the Group recognised an expense of approximately HK\$6,859,000 (2021: HK\$16,180,000) 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 Stephens 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 2022.

“Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1(b) to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group incurred a net loss of HK\$202,656,000 during the year ended 31 December 2022 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$87,987,000. These conditions, along with other matters as set forth in note 1(b) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW AND PROSPECTS

For the year ended 31 December 2022, the Group recorded revenue of approximately HK\$315.8 million (2021: HK\$283.5 million), representing an increase of approximately 11.4% as compared to the last year. The increase in turnover was primarily attributable to the increase in sales orders of packaging products and *Chlamydomonas reinhardtii* products.

The loss for the year ended 31 December 2022 was approximately HK\$202.7 million (2021: HK\$123.9 million), representing an increase of approximately 63.6% as compared to financial year 2021.

The increase in loss was mainly because of (i) the decrease in interest income from margin financing and money lending; (ii) the increase in finance costs, administrative expenses and selling and distribution expenses due to start-up of *Chlamydomonas reinhardtii* business ; and (iii) the increase in fair value loss on financial assets at fair value through profit or loss (not held for trading).

QR code business

Revenue from QR code business was approximately HK\$99.4 million (2021: HK\$117.6 million), representing a decrease of approximately 15.5% as compared with last year and the segment loss was approximately HK\$9.0 million during the year ended 31 December 2022 (2021: profit of HK\$24.2 million). The decrease of revenue and the segment profit of QR code business for the year ended 31 December 2022 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\$211.3 million for the year ended 31 December 2022 (2021: HK\$172.5 million), representing an increase of approximately 22.5% as compared with last year. A segment profit of approximately HK\$18.1 million was recorded during the year ended 31 December 2022 (2021: HK\$7.5 million), representing an increase of approximately HK\$10.6 million as compared with last year and such increase was due to the improvement in sales orders in 2022.

Treasury investment business

During the year, the Group recorded a fair value loss of approximately HK\$9.9 million on financial assets at fair value through profit or loss held for trading, compared to the fair value loss of approximately HK\$25.1 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\$130.1 million was recognised during the year ended 31 December 2022 (2021: HK\$60.0 million).

Chlamydomonas reinhardtii products business

During the year, the Chlamydomonas reinhardtii products business recorded a turnover of approximately HK\$12.6 million (2021: HK\$1.3 million). The sharply 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\$9.4 million (2021: HK\$3.1 million), representing an increase of segment loss of 203.2%.

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.

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 2022, the Group had outstanding (i) approximately HK\$320.5 million (2021: HK\$292.6 million) unsecured other borrowings and approximately HK\$59.6 million (2021: Nil) secured bank borrowings, bearing interest ranging from 0.42%–1% per month (2021: 0.5%–1% per month), repayable within one to three years (2021: within one year) and denominated in Renminbi (“RMB”); (ii) amount due to a Director of approximately HK\$95.5 million (2021: HK\$92.6 million) which was unsecured, interest-free and repayable on demand; (iii) amount due to a Shareholder of the Company of HK\$11 million (2021: Nil) which was unsecured, interest-free and repayable on demand; and (iv) no margin loans payable (2021: HK\$3.6 million) which was secured by the listed equity securities held under the margin accounts, with variable interest rates ranging from 12% to 24%. As at 31 December 2022, the Group had cash balances amounting to approximately HK\$128.1 million (2021: HK\$60.2 million). The gearing ratio (net borrowings to shareholders' equity) was approximately 1.26 (2021: 0.67). The increase of gearing ratio was primarily due to increase in the loans for the construction of the manufacturing factory in Shanxi.

SHARE CAPITAL

There was no movement of the share capital during the year ended 31 December 2022.

On 12 April 2021, the Company entered into a share subscription agreement with an individual investor, Zhai Jin Ping, in relation to the subscription for 30,000,000 new shares of the Company at HK\$0.94 per share. The gross proceeds and net proceeds from the subscription are HK\$28,200,000 and approximately HK\$28,184,000 respectively. The proceeds are applied as general working capital of the Group.

During the year ended 31 December 2021, 2,300,000 new shares were issued as a result of exercise of 2,300,000 share options by employees.

Details of the movement of the share capital are set out in note 21.

CAPITAL COMMITMENTS

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

PLEDGE OF ASSETS

As at 31 December 2022, 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 2022.

In addition, the Group's buildings and leasehold lands which had an aggregate carrying value of HK\$164,147,000 and HK\$76,159,000 respectively were pledged to secure bank borrowings of approximately HK\$59.6 million as at 31 December 2022.

As at 31 December 2021, the Group's margin loans payable of HK\$3.6 million were secured by the listed equity securities, held under the margin accounts, with a total market value of approximately HK\$17.6 million. During the year, the Group's margin loans payable was fully repaid.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any contingent liabilities (2021: Nil).

FINANCE LEASE OBLIGATIONS

As at 31 December 2022, the Group has no outstanding obligations under finance lease (2021: 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 2022, the Group employed approximately 570 full-time employees in Hong Kong and PRC and 8 part-time employees in Hong Kong (2021: Full-time: 509; 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 2022 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 2022:

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 2023 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 2022, the Group held listed investments, unlisted investments, investment in private equity fund and investment in wealth management products of approximately HK\$7.5 million, HK\$178.6 million, HK\$5.6 million and HK\$8.6 million respectively, details of which were set out as follows:

Nature of investments	Number of shares held as at 31 December 2022	Percentage of shareholding as at 31 December 2022	Fair value change for year ended 31 December 2022	Fair value/carrying amount		Percentage to the Group's total assets		Investment cost	Net profit/(loss) of the investee	Note
				as at 31 December 2022	as at 31 December 2021	as at 31 December 2022	as at 31 December 2022			
				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	-	(a)
Co-Lead Holdings Limited ("Co-Lead")	363	2.56	(24,018)	35,690	59,708	4.02	145,200	(1,304,419)	(a)	
FreeOpt Holdings Limited ("FreeOpt")	1,500,000	17.61	(74,479)	70,000	144,479	7.89	150,000	(96,456)	(a)	
Imagi Brokerage Limited ("Imagi")	17,000,000	2.97	(9,718)	15,282	25,000	1.72	25,000	1,408	(a)	
Seekers Partners Limited ("Seekers")	9,108,328	0.50	(6,724)	20,276	27,000	2.28	53,217	(334,455)	(a)	
Simagi Finance Company Limited ("Simagi")	13,000,000	12.12	(15,133)	14,371	29,504	1.62	65,000	11,206	(a)	
Triton Algae Innovations, Ltd. ("Triton")	1,215,278	3.73	(10,300)	22,946	33,246	2.58	27,300	8,424	(a)	
			(140,372)	178,565	318,937	20.11	545,742			

Note:

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 2022.

Nature of investments	Number of shares held as at 31 December 2022	Percentage of shareholding as at 31 December 2022 %	Unrealised	Dividends	Fair value		Percentage to	Investment cost HK\$'000	Net profit/ (loss) of the investee HK\$'000	Note
			loss on fair value change for year ended 31 December 2022 HK\$'000	received for year ended 31 December 2022 HK\$'000	as at 31 December 2022 HK\$'000	as at 31 December 2021 HK\$'000	the Group's total assets as at 31 December 2022 %			
Financial assets at fair value through profit or loss										
<i>Listed Investments</i>										
China Evergrande New Energy Vehicle Group Ltd. ("Evergrande Vehicle")	5,000,000	0.05	(10,079)	-	7,521	17,600	0.85	15,058	(5,784,023)	(b)

Note:

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

(b) Based on its interim report for six months ended 30 June 2021.

The Group also invested in wealth management products of approximately HK\$8,635,000 (equivalent to RMB7,900,000) as at 31 December 2022.

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 carrying amount of this private equity investment was approximately HK\$5,564,000 as at 31 December 2022.

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.

Evergrande Vehicle is principally engaged in (i) Internet plus community health management, international hospitals, the elderly care and rehabilitation industry, medical beauty and anti-aging, as well as the sales of healthcare spaces; (ii) research, development, production and sales of new energy vehicles, including selling lithium batteries and automotive components, as well as providing technical services.

As an outlook for 2023, the global economy is on the brink of recession as it contends with persistent inflation and rising interest rates. Facing a more complex and uncertain economic environment, the management would take prudent approach to monitor and review the investment portfolios and opportunities.

CORPORATE GOVERNANCE

During the year, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules, except that one Non-executive Director did not attend the annual general meeting of the Company held on 2 June 2022 (the “2022 AGM”) due to other business engagement. The Company considers that the members of the Board who attended the 2022 AGM were able to sufficiently answer questions from shareholders at the 2022 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 10 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 2022.

SCOPE OF WORK OF MOORE STEPHENS 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 2022 as set out in this announcement have been agreed by the Company's auditors, Moore Stephens CPA Limited ("Moore Stephens") to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Moore Stephens 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 Stephens on this announcement.

PUBLICATION OF 2022 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 2022 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, 27 March 2023

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