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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “Board”) of Touyun Biotech Group Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023 together with comparative figures for the corresponding period in 2022 as follows:

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

		Six months ended 30 June	
		2023	2022
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue from treasury investment			
	Fair value losses on financial assets at fair value through profit or loss held for trading, net	(1,274)	(1,600)
	Interest income from money lending business	296	1,827
Revenue from sales of goods and services rendered	4	104,345	166,063
Cost of sales		<u>(68,437)</u>	<u>(107,725)</u>
Gross profit		35,908	58,338
Reversal of/(provision for) impairment loss of trade receivable, net		187	(312)
Other income, gains and losses, net	5	(45,091)	(48,613)
Selling and distribution expenses		(11,406)	(10,283)
Administrative expenses		(59,539)	(64,995)
Finance costs	6	<u>(4,162)</u>	<u>(20,670)</u>
Loss before tax	7	(85,081)	(86,308)
Income tax	8	<u>(22)</u>	<u>(1,950)</u>
Loss for the period		<u>(85,103)</u>	<u>(88,258)</u>

	Six months ended 30 June	
	2023	2022
<i>Note</i>	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss attributable to		
— Owners of the Company	(83,951)	(88,066)
— Non-controlling interests	<u>(1,152)</u>	<u>(192)</u>
	<u>(85,103)</u>	<u>(88,258)</u>
Loss per share attributable to owners of the Company		
— Basic and diluted	HK(2.99) cents	HK(3.14) cents
	<u>HK(2.99) cents</u>	<u>HK(3.14) cents</u>
Loss for the period	<u>(85,103)</u>	<u>(88,258)</u>
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>925</u>	<u>(5,674)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>925</u>	<u>(5,674)</u>
Total comprehensive loss for the period	<u>(84,178)</u>	<u>(93,932)</u>
Total comprehensive loss attributable to:		
— Owners of the Company	(83,026)	(93,740)
— Non-controlling interests	<u>(1,152)</u>	<u>(192)</u>
	<u>(84,178)</u>	<u>(93,932)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<i>Non-current assets</i>			
Property, plant and equipment	11	283,470	290,570
Right-of-use assets		95,987	90,712
Intangible assets		5	277
Goodwill		–	–
Loan and interest receivables	14	200	–
Financial assets at fair value through profit or loss	12	191,838	184,129
		571,500	565,688
<i>Current assets</i>			
Inventories		33,509	35,613
Trade receivables	13	31,268	41,445
Prepayments, deposits and other receivables		35,326	36,677
Loan and interest receivables	14	35,072	64,020
Financial assets at fair value through profit or loss	12	6,200	16,156
Cash and cash equivalents		40,145	128,098
		181,520	322,009
<i>Current liabilities</i>			
Trade payables	15	26,314	46,224
Contract liabilities		18,138	17,184
Other payables and accruals	16	27,503	35,098
Lease liabilities		11,251	12,001
Bank and other borrowings	17	143,627	188,821
Amount due to a director	18	94,448	95,533
Amount due to a shareholder	18	11,000	11,000
Tax payable		4,117	4,135
		336,398	409,996
Net current liabilities		(154,878)	(87,987)
Total assets less current liabilities		416,622	477,701

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
<i>Non-current liabilities</i>			
Bank and other borrowings	17	203,648	191,292
Lease liabilities		9,082	2,900
		<u>212,730</u>	<u>194,192</u>
Net assets		<u>203,892</u>	<u>283,509</u>
Equity			
Equity attributable to owners of the Company			
Share capital	19	112,238	112,238
Reserves		73,256	151,721
		<u>185,494</u>	<u>263,959</u>
Non-controlling interests		<u>18,398</u>	<u>19,550</u>
Total equity		<u>203,892</u>	<u>283,509</u>

Notes:

1. CORPORATE INFORMATION

Touyun Biotech Group Limited (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, Wan Chai, Hong Kong.

During the period, the principal activities of the Company and its subsidiaries (collectively referred to as 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.

2. PRINCIPAL ACCOUNTING POLICIES

The Group incurred a net loss of approximately HK\$85,103,000 for the six months ended 30 June 2023. At 30 June 2023, the Group’s current liabilities exceeded its current assets by approximately HK\$154,878,000.

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) The Group has negotiated with its existing lenders for renewing existing loans at reasonable cost when it falls due, and an independent third party lender has agreed that it would not demand repayment until the Group had excess cash to repay;
- (iii) Mr. Wang Liang, a director of the Company and Ms. Qiao Yanfeng, a shareholder of the Company have undertaken that they would not demand repayment of the amounts due to them with aggregate amounts of HK\$105,448,000 until the Group has excess cash to repay; and
- (iv) The Group is further exploring the market in Mainland China and Asia Pacific region 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 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 30 June 2023. Accordingly, the unaudited interim condensed 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.

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost conversion, except for equity investments classified as financial assets at fair value through profit or loss and derivative component of convertible bond, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is the Company's functional currency, and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong, except for the application of the amendments to HKFRSs which are mandatory effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's unaudited condensed consolidated financial statements:

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

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited interim condensed consolidated financial statements.

Significant changes in significant judgements and key sources of estimation uncertainty

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last financial statements.

3. OPERATING SEGMENT INFORMATION

The Group has four reportable operating 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 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 loss before tax. The adjusted loss before tax is measured consistently with the Group's 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 period (six months ended 30 June 2022: Nil). Corporate and unallocated income, gains and losses and expenses, and finance costs 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.

For the six months ended 30 June

	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
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Group's revenue	26,504	38,249	61,033	123,792	-	-	16,808	4,022	104,345	166,063
Fair value losses on financial assets at fair value through profit or loss ("FVTPL") held for trading, net	-	-	-	-	(1,274)	(1,600)	-	-	(1,274)	(1,600)
Interest income from money lending business	-	-	-	-	296	1,827	-	-	296	1,827
Segment revenue	<u>26,504</u>	<u>38,249</u>	<u>61,033</u>	<u>123,792</u>	<u>(978)</u>	<u>227</u>	<u>16,808</u>	<u>4,022</u>	<u>103,367</u>	<u>166,290</u>
Segment results	<u>(14,986)</u>	<u>(4,560)</u>	<u>1,338</u>	<u>13,134</u>	<u>(1,424)</u>	<u>111</u>	<u>(7,078)</u>	<u>(5,051)</u>	<u>(22,150)</u>	<u>3,634</u>
Corporate and unallocated income, gains and losses									(46,928)	(49,190)
Corporate and unallocated expenses									(11,841)	(20,082)
Finance costs									(4,162)	(20,670)
Loss before tax									<u>(85,081)</u>	<u>(86,308)</u>

4. 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 and interest income from money lending business.

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Manufacturing and sales of packaging products	61,033	123,792
Provision of QR code packaging products and solutions	26,504	38,249
Manufacturing and sale of Chlamydomonas reinhardtii products	16,808	4,022
	<u>104,345</u>	<u>166,063</u>
Fair value losses on financial assets at fair value through profit or loss held for trading, net	(1,274)	(1,600)
Interest income from money lending business	296	1,827
	<u>103,367</u>	<u>166,290</u>

The revenue within the scope of HKFRS 15 for the six months ended 30 June 2023 were categorised by timing of revenue recognition at a point in time of HK\$104,345,000 (six months ended 30 June 2022: HK\$166,063,000).

5. OTHER INCOME, GAINS AND LOSSES, NET

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	66	12
Foreign exchange differences, net	840	1,480
Loss on disposal/written off of property, plant and equipment	(574)	(813)
Fair value change on financial assets at fair value through profit or loss (not held for trading), net	(47,841)	(50,769)
Government grant (<i>Note</i>)	–	592
Dividend income from wealth management products	–	167
Others	2,418	718
	<u>2,418</u>	<u>718</u>
	<u>(45,091)</u>	<u>(48,613)</u>

Note: For the six months ended 30 June 2022, the Group recognised concession of approximately HK\$592,000 in respect of Covid-19-related subsidies, which is related to Employment Support Scheme provided by The Government of Hong Kong Special Administrative Region. There are no unfulfilled conditions relating to the grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	364	707
Interest on bank and other borrowings	3,798	19,951
Interest on margin loans payables	–	12
	<u>–</u>	<u>12</u>
	<u>4,162</u>	<u>20,670</u>

7. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	1,399	1,916
Depreciation of right-of-use assets	9,173	10,744
Amortisation of intangible assets	308	503
Employee benefits expenses (including directors' remuneration):		
Salaries, wages and other benefits	47,090	52,854
Pension scheme contributions	3,726	3,305
Equity-settled share option expenses	4,561	8,855
	<u>55,377</u>	<u>65,014</u>

8. INCOME TAX

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% (six months ended 30 June 2022: 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 were entitled to a tax rate of 15%.

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	—	1,831
Current tax — PRC Corporate Income Tax		
Provision for the period	22	119
	<u>22</u>	<u>1,950</u>
Deferred tax	<u>—</u>	<u>—</u>
	<u>22</u>	<u>1,950</u>

9. DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 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 six months ended 30 June 2023 and 2022 are based on the following data:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	<u>(83,951)</u>	<u>(88,066)</u>
	'000	'000
Weighted average number of ordinary shares for the purpose 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 six months ended 30 June 2023 and 2022 do 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 six months ended 30 June 2023, the Group did not incur construction costs in relation to machineries for QR code business (six months ended 30 June 2022: construction costs of HK\$301,000), and incurred HK\$1,158,000 (six months ended 30 June 2022: HK\$1,577,000) for acquisition of property, plant and equipment. Property, plant and equipment with aggregate carrying amount of HK\$574,000 were disposed of/written off during the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$2,042,000).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current assets		
Unlisted equity investments, at fair value (<i>Note (a)</i>)		
Company A	35,276	35,690
Company B	–	–
Company C	4,263	20,276
Company D	12,493	14,371
Company E	45,517	70,000
Company F	22,954	22,946
Company G	12,732	15,282
Company H	22,058	–
Company I	30,000	–
	185,293	178,565
Private equity investment fund (<i>Note (b)</i>)	6,545	5,564
	191,838	184,129
Current assets		
Listed equity investment held for trading, at fair value (<i>Note (c)</i>)	6,200	7,521
Wealth management products (<i>Note (d)</i>)	–	8,635
	6,200	16,156

Notes:

- (a) As at 30 June 2023, the unlisted equity investments relate to investments in nine (31 December 2022: seven) private entities, which were intended to hold for long-term strategic purpose at the time of acquisition. The investees 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.

On 28 February 2023, Morning Win Limited, an indirect wholly-owned subsidiary of the Group, entered into a subscription agreement, to subscribe 13 equity shares of Company H at a consideration of HK\$25,000,000. The acquisition was completed on 28 February 2023.

On 28 February 2023, Winning Surprise Limited an indirect wholly-owned subsidiary of the Group, entered into a subscription agreement, to subscribe 2,000 equity shares of Company I at a consideration of HK\$30,000,000. The acquisition was completed on 28 February 2023.

- (b) 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.
- (c) 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.

Evergrande Vehicle resumed trading on 28 July 2023. The directors consider the fair value as at 30 June 2023 amounting to HK\$6,200,000 which approximate to the quoted market price on 28 July 2023.

- (d) 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.

13. TRADE RECEIVABLES

	30 June 2023	31 December 2022
	HK\$’000	HK\$’000
	(Unaudited)	(Audited)
Trade receivables	41,528	51,348
Less: Impairment loss allowance	(10,260)	(9,903)
	<u>31,268</u>	<u>41,445</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 and bills 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:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 1 month	20,086	23,792
1 to 2 months	7,029	6,417
2 to 3 months	1,785	8,996
Over 3 months	2,368	2,240
	31,268	41,445

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:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Unsecured loan and interest receivables	35,272	64,020
Less: Impairment loss allowance	–	–
	35,272	64,020
Analysed for reporting purpose as:		
Current portion	35,072	64,020
Non-current portion	200	–
	35,272	64,020

As at 30 June 2023, unsecured loan and interest receivables of HK\$35,272,000 (31 December 2022: HK\$64,020,000) are unsecured and will be matured within 1–6 years (31 December 2022: 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	
	30 June 2023	31 December 2022
Unsecured loan and interest receivables	<u>6%</u>	<u>7.5% to 8%</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:

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 1 month	13,241	36,785
1 to 2 months	4,097	1,634
2 to 3 months	1,053	931
Over 3 months	7,923	6,874
	<u>26,314</u>	<u>46,224</u>

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

16. OTHER PAYABLES AND ACCRUALS

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Other payables	13,480	19,605
Accruals	14,023	15,493
	<u>27,503</u>	<u>35,098</u>

Other payables and accruals are non-interest bearing and are normally settled with three months. Included in other payables are construction payables of HK\$12,728,000 (31 December 2022: HK\$18,854,000), for the construction of the Chlamydomonas reinhardtii and related products facilities in Lucheng District, Changzhi City, Shanxi Province, PRC.

17. BANK AND OTHER BORROWINGS

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Secured bank borrowings	79,258	59,645
Unsecured other borrowings	266,647	318,872
Loan interest payable	1,370	1,596
	<u>347,275</u>	<u>380,113</u>

Analysed for reporting purpose as:

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Current portion	143,627	188,821
Non-Current portion	203,648	191,292
	<u>347,275</u>	<u>380,113</u>

The Group's secured bank borrowings as at 30 June 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\$162,306,000 (equivalent to RMB147,259,000) (31 December 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\$75,909,000 (equivalent to RMB68,958,000) (31 December 2022: HK\$76,159,000 (equivalent to RMB69,673,000)).

Secured bank borrowings and unsecured other borrowings carry interest ranging from 0.42% to 0.70% per month (31 December 2022: 0.42% to 1.00% per month) and are repayable within one to three years.

18. AMOUNTS DUE TO A DIRECTOR/A SHAREHOLDER

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

19. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary share of HK\$0.04 each		
Authorised:		
At 31 December 2022 and 30 June 2023	<u>12,500,000</u>	<u>500,000</u>
Issued and fully paid:		
At 31 December 2022 and 30 June 2023	<u>2,805,952</u>	<u>112,238</u>

20. SHARE OPTION SCHEME

The Company adopted a share option scheme (the “2012 Scheme”) which became effective on 18 May 2012 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the 2012 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 already 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*
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
25/4/2022	14,314,750	1.34

As at the date of this announcement, an aggregate of 138,352,250 shares may be issued upon full exercise of all vested and unvested share options granted under the 2012 Scheme, out of which 78,135,577 shares are immediately exercisable and issuable, representing approximately 2.78% of the total number of issued shares as at the date of this announcement, and 60,216,673 shares are issuable upon vesting and full exercise of share options. The options holders should remain as eligible participants throughout the vesting period. Movements of the options granted under the 2012 Scheme, during the period were as below:

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2023
Employees					
12/12/2017	1.34	10/06/2019 to 09/06/2023	1,646,250	(1,646,250)	–
12/12/2017	1.34	10/06/2020 to 09/06/2023	1,648,750	(1,648,750)	–
12/12/2017	1.34	10/06/2021 to 09/06/2023	1,652,500	(1,652,500)	–
12/12/2017	1.34	10/06/2022 to 09/06/2023	1,652,500	(1,652,500)	–
			<u>6,600,000</u>	<u>(6,600,000)</u>	<u>–</u>
Consultant					
12/12/2017	1.34	10/06/2019 to 09/06/2023	187,500	(187,500)	–
12/12/2017	1.34	10/06/2020 to 09/06/2023	187,500	(187,500)	–
12/12/2017	1.34	10/06/2021 to 09/06/2023	187,500	(187,500)	–
12/12/2017	1.34	10/06/2022 to 09/06/2023	187,500	(187,500)	–
			<u>750,000</u>	<u>(750,000)</u>	<u>–</u>

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2023
Directors					
12/12/2017	1.34	10/06/2019 to 09/06/2023	1,187,500	(1,187,500)	–
12/12/2017	1.34	10/06/2020 to 09/06/2023	1,187,500	(1,187,500)	–
12/12/2017	1.34	10/06/2021 to 09/06/2023	1,187,500	(1,187,500)	–
12/12/2017	1.34	10/06/2022 to 09/06/2023	1,187,500	(1,187,500)	–
			<u>4,750,000</u>	<u>(4,750,000)</u>	<u>–</u>
Total			<u>12,100,000</u>	<u>(12,100,000)</u>	<u>–</u>

As at 30 June 2023, no share options were exercisable (31 December 2022: 12,100,000).

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2023
Employees					
21/2/2019	0.48	21/02/2020 to 20/02/2024	8,000,000	–	8,000,000
21/2/2019	0.48	21/02/2021 to 20/02/2024	8,000,000	–	8,000,000
21/2/2019	0.48	21/02/2022 to 20/02/2024	8,000,000	–	8,000,000
			<u>24,000,000</u>	<u>–</u>	<u>24,000,000</u>
Other participants (<i>Note</i>)					
21/2/2019	0.48	21/02/2020 to 20/02/2024	10,000,000	–	10,000,000
21/2/2019	0.48	21/02/2021 to 20/02/2024	10,000,000	–	10,000,000
21/2/2019	0.48	21/02/2022 to 20/02/2024	10,000,000	–	10,000,000
			<u>30,000,000</u>	<u>–</u>	<u>30,000,000</u>
Total			<u>54,000,000</u>	<u>–</u>	<u>54,000,000</u>

Note: The above other participants represented 2 business consultants of the Group. Each participants were 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 30 June 2023, 54,000,000 (31 December 2022: 54,000,000) share options were exercisable.

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2023
Employees					
8/10/2020	0.40	08/10/2023 to 07/10/2028	9,000,000	–	9,000,000
8/10/2020	0.40	08/10/2024 to 07/10/2028	9,000,000	–	9,000,000
8/10/2020	0.40	08/10/2025 to 07/10/2028	9,000,000	–	9,000,000
8/10/2020	0.40	08/10/2026 to 07/10/2028	9,000,000	–	9,000,000
			<u>36,000,000</u>	<u>–</u>	<u>36,000,000</u>

As at 30 June 2023, no share options were exercisable (31 December 2022: Nil).

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2023
Employees					
16/11/2020	0.60	16/11/2022 to 15/11/2027	4,266,660	–	4,266,660
16/11/2020	0.60	16/11/2023 to 15/11/2027	4,266,660	–	4,266,660
16/11/2020	0.60	16/11/2024 to 15/11/2027	4,266,680	–	4,266,680
			<u>12,800,000</u>	<u>–</u>	<u>12,800,000</u>
Other participants (<i>Note</i>)					
16/11/2020	0.60	16/11/2022 to 15/11/2027	16,666,666	–	16,666,666
16/11/2020	0.60	16/11/2023 to 15/11/2027	16,666,666	–	16,666,666
16/11/2020	0.60	16/11/2024 to 15/11/2027	16,666,668	–	16,666,668
			<u>50,000,000</u>	<u>–</u>	<u>50,000,000</u>
Total			<u>62,800,000</u>	<u>–</u>	<u>62,800,000</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 technology consultant, strategic financial planning consultant and sales and marketing consultant – South Asia Region 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 advisory 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 networking related to the Group's businesses and explore the new potential customers in South Asia Region to the Group, and whose contribution are expected to be beneficial to the Group.

As at 30 June 2023, 20,933,326 share options were exercisable (31 December 2022: 20,933,326).

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2023
Employees					
25/4/2022	1.34	25/4/2023 to 24/4/2026	3,902,250	–	3,902,250
25/4/2022	1.34	25/4/2023 to 24/4/2027	2,475,000	(37,500)	2,437,500
25/4/2022	1.34	25/4/2024 to 24/4/2027	2,475,000	(37,500)	2,437,500
25/4/2022	1.34	25/4/2025 to 24/4/2027	2,475,000	(37,500)	2,437,500
25/4/2022	1.34	25/4/2026 to 24/4/2027	2,475,000	(37,500)	2,437,500
			<u>13,802,250</u>	<u>(150,000)</u>	<u>13,652,250</u>

As at 30 June 2023, 6,339,750 share options were exercisable (31 December 2022: Nil).

The fair value of the share options granted on 12 December 2017, 21 February 2019, 8 October 2020, 16 November 2020 and 25 April 2022 are determined using the Binomial Option Pricing Model (the "Model"), was 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	08 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 six months ended 30 June 2023, the Group recognised an expense of HK\$4,561,000 (six months ended 30 June 2022: HK\$8,855,000) as equity-settled share based payments in the condensed consolidated statement of profit or loss with reference to their respective vesting period.

* The price has been adjusted for the effect of share consolidation implemented in August 2019.

21. PLEDGE OF ASSETS

As at 30 June 2023, except for the pledge of assets mentioned in note 17, the Group's equity interests in Qualid Limited and its subsidiaries were pledged to secure a revolving loan facility of HK\$30 million. The Group has not utilised any amount of the revolving loan facility as at 30 June 2023 and 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a loss attributable to the shareholders of the Company of HK\$84.0 million for the six months ended 30 June 2023, representing a decrease in loss of 4.7% as compared to the loss attributable to the shareholders of the Company of HK\$88.1 million for the six months ended 30 June 2022. The decrease in loss was mainly resulted from decrease in revenue due to reduce in orders from major customers and off set by decrease in finance costs.

During the six months ended 30 June 2023, the Group recorded a revenue of approximately HK\$103.4 million (six months ended 30 June 2022: HK\$166.3 million), representing a decrease of approximately 37.8% as compared to the corresponding period of last year. The Group's overall gross profit margin was 34.4% (six months ended 30 June 2022: 35.1%).

FINANCIAL REVIEW AND PROSPECT

QR code business

Revenue from QR code business was HK\$26.5 million and its segment loss was HK\$15.0 million during the six months ended 30 June 2023 (six months ended 30 June 2022: Revenue of HK\$38.2 million and segment loss of HK\$4.6 million). Revenue was decreased by 30.6% as compared with the corresponding period last year. The increase in segment loss was mainly due to the decrease in revenue primarily from reduce in orders.

Packaging products business

The packaging products business reported a revenue of HK\$61.0 million for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$123.8 million), representing a decrease of 50.7% as compared with the corresponding period of last year. A segment profit of HK\$1.3 million was recorded during the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$13.1 million). The decrease in segment profit was mainly due to the decrease in revenue primarily from decrease in sale orders from major customers.

Treasury investment business

During the period, the Group recorded fair value loss of HK\$1.3 million on financial assets at fair value through profit or loss held for trading, compared to corresponding period in last year amounted to a fair value loss of HK\$1.6 million. Fair value loss of financial assets at fair value through profit or loss not held for trading amounting to

HK\$47.8 million was recognised during the period (six months ended 30 June 2022: HK\$50.8 million), it was mainly due to the fair value of the assets of the Group's unlisted investments decreased during the period.

Chlamydomonas reinhardtii products business

During the period, the Chlamydomonas reinhardtii products business recorded a revenue of HK\$16.8 million (six months ended 30 June 2022: HK\$4.0 million) and a segment loss of HK\$7.1 million (six months ended 30 June 2022: HK\$5.1 million), such increase in segment loss was mainly due to the increase in administrative expenses and selling and distribution expenses.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position was actively reviewed throughout the period. As at 30 June 2023, the Group had outstanding (i) approximately HK\$268.0 million (31 December 2022: HK\$320.5 million) unsecured other borrowings and approximately HK\$79.3 million (31 December 2022: HK\$59.6 million) secured bank borrowings, bearing interest ranging from 0.42%–0.7% per month (31 December 2022: 0.42%–1% per month), repayable within one to three years (31 December 2022: one to three years) and denominated in Renminbi ("RMB"); (ii) amount due to a Director of approximately HK\$94.4 million (31 December 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\$11 million (31 December 2022: HK\$11 million) which was unsecured, interest-free and repayable on demand. As at 30 June 2023, the Group had cash balances amounting to approximately HK\$40.1 million (31 December 2022: HK\$128.1 million). The gearing ratio (net borrowings to shareholders' equity) was approximately 2.02 (31 December 2022: 1.26). 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 share capital during the six months ended 30 June 2023.

PLEDGE OF ASSETS

As at 30 June 2023, the Group's buildings and leasehold lands which had an aggregate carrying value of HK\$162,306,000 and HK\$75,909,000 respectively (31 December 2022: HK\$164,147,000 and HK\$76,159,000 respectively) were pledged to secure a bank borrowing of approximately HK\$79.3 million (31 December 2022: HK\$59.6 million).

In addition, 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 30 June 2023 and 31 December 2022.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any contingent liabilities (31 December 2022: Nil).

CAPITAL COMMITMENTS

As at 30 June 2023, the Group did not have any capital commitment (31 December 2022: Nil).

FINANCE LEASE OBLIGATIONS

As at 30 June 2023, the Group did not have any outstanding obligations under finance lease (31 December 2022: Nil).

FOREIGN EXCHANGE RISK

Most of the Group's revenues are transacted in US dollars and Hong Kong dollars while expenses are mainly in US dollars, Hong Kong dollars and Renminbi. In view of the prevailing financial market situation, the Group did not engage in any foreign exchange hedging products for the exposure of currency risk of Renminbi during the period. The Group still monitors fluctuations in exchange rates closely and manages the currency risk involved actively.

EVENTS AFTER THE REPORTING PERIOD

From 30 June 2023 to the date of this announcement, there were no important events after the reporting period which have material effect on the Group.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

For the six months ended 30 June 2023, the Group did not have any significant investments, acquisitions and disposals, or any material acquisitions and disposals of any subsidiaries, associated companies and joint ventures.

EMPLOYEES

As at 30 June 2023, the Group had a total workforce of approximately 569 full time employees in Hong Kong and Mainland China and 6 part-time employees in Hong Kong (31 December 2022: Full-time: 570; part time: 8). The Group remunerates its staff based on their merit, qualification, competence and prevailing market salaries trend. In addition to salary and year-end bonus, the remuneration packages also comprised of share option scheme, provident fund contributions, medical and life insurances.

SIGNIFICANT INVESTMENT HELD

As at 30 June 2023, the Group held listed investments, unlisted investments and investment in private equity fund of approximately HK\$6.2 million, HK\$185.3 million and HK\$6.5 million respectively, details of which were set out as follows:

Nature of investments	Number of	Percentage of	Fair value	Fair value/carrying amount		Percentage to	Investment	Net profit/ (loss) of the investee	Notes
	shares held as at 30 June 2023	shareholding as at 30 June 2023 %	change for period ended 30 June 2023 HK\$'000	as at 30 June 2023 HK\$'000	as at 31 December 2022 HK\$'000	the Group's total assets as at 30 June 2023 %			
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	(414)	35,276	35,690	4.68	145,200	(23,695)	(a)
FreeOpt Holdings Limited ("FreeOpt")	1,500,000	17.61	(24,483)	45,517	70,000	6.04	150,000	(14,945)	(a)
Imagi Brokerage Limited ("Imagi")	17,000,000	2.97	(2,550)	12,732	15,282	1.69	25,000	3,574	(a)
Seekers Partners Limited ("Seekers")	9,108,328	0.10	(16,013)	4,263	20,276	0.57	53,217	(498,639)	(b)
Simagi Finance Company Limited ("Simagi")	13,000,000	12.12	(1,878)	12,493	14,371	1.66	65,000	(10,880)	(a)
Triton Algae Innovations, Ltd. ("Triton")	1,215,278	3.73	8	22,954	22,946	3.05	27,300	(11,965)	(b)
Green River Associates Limited ("Green River")	13	5.10	(2,942)	22,058	-	2.93	25,000	(45,446)	(a)
Tre 29 Investment (Holdings) Limited ("Tre 29")	2,000	10.29	-	30,000	-	3.98	30,000	(5,131)	(a)
			<u>(48,272)</u>	<u>185,293</u>	<u>178,565</u>	<u>24.60</u>	<u>600,742</u>		

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 six months ended 30 June 2023.
- (b) Based on its management accounts for three months ended 31 March 2023.

Nature of investments	Number of shares held as at 30 June 2023	Percentage of shareholding as at 30 June 2023 %	Unrealised loss	Dividends received for period ended 30 June 2023 HK\$'000	Fair value		Percentage to the Group's total assets	Investment cost HK\$'000	Net profit/(loss) of the investee HK\$'000	Note
			on fair value change for period ended 30 June 2023 HK\$'000		as at 30 June 2023	as at 31 December 2022	as at 30 June 2023 %			
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	<u>(1,321)</u>	<u>-</u>	<u>6,200</u>	<u>7,521</u>	<u>0.82</u>	<u>15,058</u>	(32,297,380)	(c)

Note:

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

(c) Based on its annual report for year ended 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\$6.5 million as at 30 June 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.

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.

The external outlook is highly challenging. US bank failures, risk of debt default, weakening sentiment, and cooling in the labor market are driving the volatile and unstable global economy and financial investment market. Looking ahead, the management would continue to take prudent approach to monitor the investment portfolios.

UPDATE ON USE OF PROCEEDS IN RELATION TO FUND RAISING ACTIVITIES

The Company would like to provide the update in respect of the use of the net proceeds in relation to the past fund raising activities as at 30 June 2023:

Reference is made to the announcements of the Company dated 10 August 2016, 9 November 2016, 18 November 2016, 24 January 2017, 21 February 2017, 3 October 2017, 10 November 2017, 31 August 2018, 13 March 2020, 14 April 2020, 17 July 2020 and 12 April 2021 in relation to the placing/subscription of shares and issue of convertible bond (collectively refer as to “Announcements”). Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

Intended use of proceeds	Actual use of proceeds
(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 use as follow:	
(a) An amount of HK\$263.4 million was used for the redemption of the Promissory Note.	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.

Intended use of proceeds

Actual use of proceeds

- (b) An amount of HK\$142.7 million is for the expansion and development of its QR code business as to:
- | | |
|---|--|
| (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 People’s Republic of China (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; | (i) The Acquisition was completed in March 2017 and an amount of HK\$63 million were fully used towards the Acquisition. |
| (ii) approximately HK\$14.4 million for the acquisition of plant and equipment (the “Plant and Equipment Acquisition”); | (ii) An amount of HK\$14.4 million was fully used towards the Plant and Equipment Acquisition. |
| (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 packaging business (the “Research & Development”); and | (iii) An amount of HK\$58.7 million were fully utilised in the Research & Development. |
| (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”). | (iv) An amount of HK\$3.2 million were utilised in the Purchase of Transportation and Supplies and HK\$3.4 million has not yet been utilised and expected to be utilised in 2023 and applied for the same purpose as disclosed in the Announcements. |

Intended use of proceeds	Actual use of proceeds
<p>(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 convertible bond in November 2017. The Company early redeemed US\$13 million (equivalents 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:</p> <p>(a) An amount of HK\$172.5 million were used for expansion and development of QR codes business;</p> <p>(b) An amount of HK\$30.8 million were used for general working capital of corporate office.</p>	<p>An amount of HK\$172.5 million was fully utilised for the expansion and development of QR codes business.</p> <p>An amount of HK\$30.8 million was fully utilised for general working capital of corporate office.</p>
<p>(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.</p>	<p>An amount of HK\$49.88 million was fully utilised as general working capital of the Group.</p>
<p>(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.</p>	<p>An amount of HK\$49.98 million was fully utilised as general working capital of the Group.</p>
<p>(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 convertible bond and the remaining 30% of the net proceeds are applied as general working capital of the Group.</p>	<p>70% of the net proceeds was fully utilised as repayment of interest of the convertible bond and 30% of the net proceeds was fully utilised as general working capital of the Group.</p>
<p>(6) An amount of net proceeds of HK\$28.18 million was raised from subscription of new shares in April 2021 and is applied as general working capital of the Group.</p>	<p>An amount of HK\$28.18 million was fully utilised as general working capital of the Group.</p>

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023 except 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 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made on all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2023.

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 six months ended 30 June 2023.

CHANGE OF DIRECTORS’ INFORMATION

There is no change in the Directors’ information required be to disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2023 have not been audited, but have been reviewed by the Audit Committee. The Audit Committee comprises three independent non-executive Directors. The primary duties of the Audit Committee are, amongst other matters, to communicate with the management of the Company; and review the accounting principles and practices, internal control, interim and annual results of the Group.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the respective website of The Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.touyunbiotech.com.hk). The 2023 Interim Report will also be available on above 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, 25 August 2023

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

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