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透云科技
Ty. Technology

China Touyun Tech Group Limited

中國透雲科技集團有限公司

(Incorporated in Bermuda with limited liability)

Website: www.chinatouyun.com.hk

(Stock Code: 1332)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board of directors (the “Board”) of China Touyun Tech Group Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2020 together with comparative figures for the previous year as below:

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

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from treasury investment	4		
Fair value (losses)/gains on financial assets at fair value through profit or loss held for trading, net		(14,205)	10,074
Interest income from money lending business		1,745	1,250
Interest income from margin financing		262	–
Commission income from securities brokerage		9	–
Dividend income from financial assets at fair value through profit or loss held for trading		170	1,393
Revenue from sales of goods and services rendered	4	218,805	329,979
Cost of sales		(122,172)	(217,202)
Gross profit		96,633	112,777
Impairment loss of goodwill		–	(164,702)
Impairment loss on trade receivables, net		(272)	(3,210)
Impairment loss on loan and interest receivables	16	(6,623)	–
Other income, gains and losses, net	5	(54,188)	(28,330)
Selling and distribution expenses		(17,660)	(23,012)
Administrative expenses		(121,544)	(135,510)
Finance costs	6	(31,852)	(25,988)
Share of result of an associate		(24,458)	60,362
Loss before tax	7	(171,983)	(194,896)
Income tax	8	(6)	(4,213)
Loss for the year		(171,989)	(199,109)
Loss for the year attributable to:			
— Owners of the Company		(168,776)	(200,513)
— Non-controlling interests		(3,213)	1,404
		(171,989)	(199,109)
Loss per share attributable to owners of the Company			
— Basic and diluted	10	HK6.32 cents	HK8.19 cents

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year	<u>(171,989)</u>	<u>(199,109)</u>
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>9,906</u>	<u>602</u>
Other comprehensive income for the year, net of tax	<u>9,906</u>	<u>602</u>
Total comprehensive loss for the year	<u><u>(162,083)</u></u>	<u><u>(198,507)</u></u>
Total comprehensive loss attributable to:		
Owners of the Company	<u>(158,870)</u>	<u>(199,911)</u>
Non-controlling interests	<u>(3,213)</u>	<u>1,404</u>
	<u><u>(162,083)</u></u>	<u><u>(198,507)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<i>Non-current assets</i>			
Property, plant and equipment	<i>11</i>	150,383	29,264
Right-of-use assets		21,817	23,427
Intangible assets		10,036	10,741
Goodwill	<i>12</i>	510	–
Interests in an associate	<i>13</i>	–	209,206
Financial assets at fair value through profit or loss	<i>14</i>	320,686	249,002
		503,432	521,640
<i>Current assets</i>			
Inventories		33,741	29,571
Trade and bills receivables	<i>15</i>	58,685	54,763
Prepayments, deposits and other receivables		20,064	9,895
Loan and interest receivables	<i>16</i>	101,622	71,250
Financial assets at fair value through profit or loss	<i>14</i>	111,956	158,825
Cash and cash equivalents		142,440	40,457
		468,508	364,761
<i>Current liabilities</i>			
Trade payables	<i>17</i>	29,967	32,154
Contract liabilities		28,079	24,239
Other payables and accruals		31,236	22,612
Lease liabilities		14,251	13,929
Other borrowings	<i>18</i>	59,580	11,596
Amount due to a director	<i>19</i>	98,900	–
Margin loans payable	<i>20</i>	28,470	–
Tax payable		4,493	1,930
Derivative embedded in convertible bond	<i>21</i>	273	–
Convertible bond	<i>21</i>	112,229	225,236
		407,478	331,696
Net current assets		61,030	33,065
Total assets less current liabilities		564,462	554,705
<i>Non-current liabilities</i>			
Lease liabilities		8,093	10,138
		8,093	10,138
Net assets		556,369	544,567

	<i>Note</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Equity			
Equity attributable to owners of the parent			
Share capital	22	110,946	97,973
Reserves		377,097	443,232
		488,043	541,205
Non-controlling interests		68,326	3,362
Total equity		556,369	544,567

Notes:

1. CORPORATE AND GROUP INFORMATION

China Touyun Tech 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 year, 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, money lending, securities brokerage services and margin financing; and (iv) production and sale of chlamydomonas reinhardtii products.

During the year and pursuant to the Company’s announcements dated 6 January 2020, 21 February 2020, 14 May 2020, 28 August 2020 and 29 December 2020, an indirectly wholly-owned subsidiary was established in the People’s Republic of China (the “PRC”) in March 2020 for the purpose of engaging in the chlamydomonas reinhardtii, micro-algae and related products business. The construction for the first phase production scale is 4,000 tons/year and it was officially launched on 23 April 2020, the Group has substantially completed its construction of the manufacturing facilities of 4,000 tons/year production scale as at the date of this announcement. It is expected that the Group will commence the production of chlamydomonas reinhardtii, micro-algae and related products in 2021.

During the year, Galaxy Vantage Limited (“Galaxy Vantage”), an indirect wholly-owned subsidiary of the Company acquired 100% of the issued share capital of Hope Capital Limited (“Hope Capital”) from an independent third party (as vendor) at a consideration satisfied by issuance of 13,513 new ordinary shares of Galaxy Vantage to vendor. Upon the acquisition, the Group held an effective 83.9% equity interest in Hope Capital.

Hope Capital and its subsidiary are principally engaged in securities brokerage services, margin financing and asset management. Hope Securities Limited (a subsidiary of Hope Capital) is a licensed corporation under the Securities and Futures Ordinance 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”.

The Group considered the acquisition of Hope Capital will allow the Group to acquire a new complementary capability and participate in the brokerage and related businesses which together will form an important component of treasury investment business.

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. 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.

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 and derivative component of convertible bond, 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 2020. 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) New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16*	Covid-19-Related Rent Concessions

* Early applied by the Group

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

Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments had no impact on the consolidated financial statements in the current year as similar conclusion would have been reached without applying the optional concentration test.

Impacts on early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions

Rent concessions relating to lease contracts that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 “Leases” if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in profit or loss in the period in which the event occurs or condition that triggers the payment.

The Group has early applied the amendment in the financial year. The application has no impact to the opening retained profits at 1 January 2020. The Group recognised changes in lease payments that resulted from rent concessions of HK\$1,195,000 in profit or loss for the year.

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.

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 segment	—	Manufacture and sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units
Treasury investment segment	—	Investments and trading in securities, money lending, securities brokerage services and margin financing
Chlamydomonas reinhardtii product 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, share of result of an associate and head office and corporate income and expenses are excluded from such measurement.

There was no inter-segment sale or transfer during the year (2019: Nil). Central revenue 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		Treasury investment		Chlamydomonas reinhardtii product business		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group's revenue	83,342	69,691	135,422	260,288	-	-	41	-	218,805	329,979
Fair value (losses)/gains on financial assets at fair value through profit or loss held for trading, net	-	-	-	-	(14,205)	10,074	-	-	(14,205)	10,074
Interest income from money lending business	-	-	-	-	1,745	1,250	-	-	1,745	1,250
Interest income from margin financing	-	-	-	-	262	-	-	-	262	-
Commission income from securities brokerage	-	-	-	-	9	-	-	-	9	-
Dividend income from financial assets at FVTPL held for trading	-	-	-	-	170	1,393	-	-	170	1,393
Segment revenue	<u>83,342</u>	<u>69,691</u>	<u>135,422</u>	<u>260,288</u>	<u>(12,019)</u>	<u>12,717</u>	<u>41</u>	<u>-</u>	<u>206,786</u>	<u>342,696</u>
Segment results	<u>(6,459)</u>	<u>(199,724)</u>	<u>5,219</u>	<u>20,514</u>	<u>(27,561)</u>	<u>12,582</u>	<u>(6,375)</u>	<u>-</u>	<u>(35,176)</u>	<u>(166,628)</u>
Corporate and unallocated income, gains and losses									(54,790)	(27,244)
Corporate and unallocated expenses									(25,707)	(35,398)
Share of result of an associate									(24,458)	60,362
Finance costs									(31,852)	(25,988)
Loss before tax									<u>(171,983)</u>	<u>(194,896)</u>
Other segment information:										
Capital expenditure										
— operating segment	1,090	785	1,194	2,878	283	-	123,229	-	125,796	3,663
— unallocated									-	-
									<u>125,796</u>	<u>3,663</u>
Interest income										
— operating segment	69	126	11	35	-	-	60	-	140	161
— unallocated									9	9,489
									<u>149</u>	<u>9,650</u>
Depreciation										
— operating segment	3,026	3,655	1,491	3,534	7	-	1	-	4,525	7,189
— unallocated									14	14
									<u>4,539</u>	<u>7,203</u>
Amortisation of intangible assets	7,437	7,935	-	-	-	-	-	-	7,437	7,935
(Gain)/loss/(written off) on disposal of property, plant and equipment, net	(515)	1,258	(129)	525	-	-	-	-	(644)	1,783
(Reversal of impairment)/impairment loss on trade receivables, net	(14)	3,210	286	-	-	-	-	-	272	3,210
Impairment loss of goodwill	-	164,702	-	-	-	-	-	-	-	164,702
Impairment loss of intangible assets	-	1,274	-	-	-	-	-	-	-	1,274
Impairment loss on loan and interest receivables	-	-	-	-	6,623	-	-	-	6,623	-

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
QR code business		
— PRC	<u>83,342</u>	<u>69,691</u>
Packaging products		
— Hong Kong and the PRC	64,932	109,501
— Europe	36,668	79,856
— North and South America	18,129	31,694
— Others	<u>15,693</u>	<u>39,237</u>
	135,422	260,288
Treasury investment		
— Hong Kong	<u>(12,019)</u>	<u>12,717</u>
Chlamydomonas reinhardtii product business		
— Hong Kong	<u>41</u>	<u>—</u>
Segment revenue	<u>206,786</u>	<u>342,696</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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	19,745	227,653
Mainland China	<u>163,001</u>	<u>44,985</u>
	<u>182,746</u>	<u>272,638</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 segment and QR code business segment which individually accounted for more than 10% of the Group's revenue is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Packaging products segment:		
Customer A	30,331	41,532
Customer B	25,936	40,273
QR code business segment:		
Customer C	<u>28,704</u>	<u>N/A</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, dividend income on investment portfolio, interest income from money lending business, interest income from margin financing and commission income from securities brokerage.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Manufacturing and sales of packaging products	135,422	260,288
Provision of QR code packaging products and solutions	82,971	68,283
Advertising display service income	371	1,408
Manufacturing and sales of chlamydomonas reinhardtii product	41	–
	218,805	329,979
Fair value (losses)/gains on financial assets at fair value through profit or loss held for trading, net (<i>note (i)</i>)	(14,205)	10,074
Interest income from money lending business	1,745	1,250
Interest income from margin financing	262	–
Commission income from securities brokerage	9	–
Dividend income from financial assets at fair value through profit or loss held for trading	170	1,393
	206,786	342,696

Note:

- (i) During the year ended 31 December 2020, the gross proceeds from the disposal of listed equity investments classified as financial assets at fair value through profit or loss for the year were approximately HK\$34,672,000 (2019: HK\$21,560,000).

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(a) At a point of time:		
Manufacturing and sales of packaging products	135,422	260,288
Provision of QR code packaging products and solutions	82,971	68,283
Manufacturing and sales of chlamydomonas reinhardtii product	41	–
Commission income from securities brokerage	9	–
	218,443	328,571
(b) By over time:		
Advertising display service income	371	1,408
	218,814	329,979

An analysis of revenue from contracts with customers by geographic markets 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	149	198
Imputed interest income from note receivable	–	9,452
Gain on partial redemption of note receivable	–	2,108
Gain on early termination of lease	122	–
Waiver of loan interest expense	1,118	–
Gain on early redemption of convertible bond (“CB”)	3	–
Fair value gain on derivative component of CB (including changes arising from early redemption of CB)	183	3,140
Gain on extinguishment of CB	8,809	–
Fair value loss on financial assets at fair value through profit or loss (not held for trading), net	(55,921)	(42,967)
Loss on deemed disposal of an associate	(15,023)	–
Foreign exchange differences, net	(1,849)	785
Covid-19-related rent concessions	1,195	–
Government grant	2,970	–
Impairment loss of intangible assets	–	(1,274)
Gain/(loss)/(written off) on disposal of property, plant and equipment, net	644	(1,783)
Others	3,412	2,011
	<u>(54,188)</u>	<u>(28,330)</u>

For year ended 31 December 2020, the Group recognised concessions of HK\$4,165,000 in respect of Covid-19-related subsidies, of which HK\$2,970,000 is related to Employment Support Scheme provided by The Government of Hong Kong Special Administrative Region and HK\$1,195,000 is related to rent concessions provided by the landlord.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest expense on CB (<i>note (i)</i>)	28,374	23,988
Interest on lease liabilities	1,234	1,271
Interest on other borrowings	3,147	729
Interest on margin loans payable	469	–
Interest on advance drawn of bills receivable	864	–
Less: Interest capitalised into construction in progress (<i>note (ii)</i>)	(2,236)	–
	<u>31,852</u>	<u>25,988</u>

Notes:

- (i) Included in interest expense on CB for the year ended 31 December 2020 was an amount of HK\$9,393,000 related to penalty interest expense for the default of repayment before the Amendment Deed (as described and defined in note 21) (2019: HK\$5,600,000).
- (ii) The finance costs have been capitalised at a rate of 1% (2019: nil) per month.

7. LOSS BEFORE TAX

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditor's remuneration	1,470	1,420
Cost of inventories sold	122,172	217,202
Depreciation of property, plant and equipment	4,539	7,203
Depreciation of right-of-use assets	16,473	16,444
Amortisation of intangible assets	7,437	7,935
Short-term lease payments	1,970	1,073
Research and development cost	20,868	17,308
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	55,677	59,128
Pension scheme contributions	1,590	1,334
	<u>57,267</u>	<u>60,462</u>
Equity-settled share option expense	<u>4,261</u>	<u>15,135</u>

8. INCOME TAX

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	–	3,200
Current tax — PRC Corporate Income Tax		
Provision for the year	–	690
Under-provision in respect of previous year	6	365
	<u>6</u>	<u>4,255</u>
Deferred tax	<u>–</u>	<u>(42)</u>
	<u>6</u>	<u>4,213</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be 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% (2019: 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 2017 to 2020 and were entitled to a tax rate of 15%.

9. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year (2019: 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 2020 and 2019 are based on the following data:

	2020	2019
	HK\$'000	HK\$'000
Loss for the year attributable to owners of the Company	<u>(168,776)</u>	<u>(200,513)</u>
	'000	'000 (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,672,412</u>	<u>2,449,328</u>

The weighted average number of ordinary shares for the purpose of calculation of basic and diluted loss per share for the year ended 31 December 2020 has included the effect of share subscription as disclosed in note 22.

The weighted average number of ordinary shares for the purpose of calculation of basic loss per share for the year ended 31 December 2019 has included the effect of share consolidation as disclosed in note 22.

The computation of diluted loss per share for the years ended 31 December 2020 and 2019 does not assume the conversion of the Company's outstanding convertible bond and 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 cost of HK\$124,025,000 (2019: Nil) primarily related to the production plant for chlamydomonas reinhardtii, micro-algae and related products business.

* For identification purpose only

12. GOODWILL

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost		
1 January	569,947	569,947
Goodwill arising from acquisition of a subsidiary	510	–
31 December	<u>570,457</u>	<u>569,947</u>
Accumulated impairment losses		
1 January	569,947	405,245
Impairment loss for the year	–	164,702
31 December	<u>569,947</u>	<u>569,947</u>
Net carrying amount		
31 December	<u>510</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 2020 and 31 December 2019.

Hope Group CGUs

The goodwill amounting to HK\$510,000 as at 31 December 2020 was resulted from the acquisition of Hope Group.

13. INTERESTS IN AN ASSOCIATE

As at 31 December 2019, the amount represented 31.38% equity interest in FreeOpt Holdings Limited (the “FreeOpt”) held by the Group. On 2 July 2020, FreeOpt effected an increase in registered capital whereby an independent third party new investor injected HK\$400,000,000 to FreeOpt. As a result, the Group’s interest in FreeOpt was diluted from 31.38% to 17.61%. Taking into the account of the dilution of the Group’s interest in FreeOpt to less than 20% and no director of FreeOpt was appointed by the Group. Therefore, the Group ceased to have significant influence over FreeOpt and the investment in FreeOpt has been reclassified as financial assets at fair value through profit or loss from 2 July 2020. On 2 July 2020, the financial asset at fair value through profit or loss was measured at its fair value amounted to HK\$169,725,000, which was determined based on fair value of shareholding of adjusted net asset of FreeOpt; and the Group recognised a loss on deemed disposal of interests in an associate of HK\$15,023,000 in profit or loss in accordance with HKAS 28 “Investments in associates and joint ventures”, subsequent measurement on the Group’s interest in FreeOpt as financial assets at fair value through profit or loss is set out in the Group’s accounting policies.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Non-current assets		
Unlisted equity investments, at fair value (<i>Note (i)</i>)		
Company A (<i>Note (ii)</i>)	89,023	100,618
Company B	–	4,025
Company C	43,040	37,360
Company D (<i>Note (iii)</i>)	38,163	59,275
Company E (<i>Note (iv)</i>)	–	47,724
Company F (<i>Note (v)</i>)	150,460	–
	<u>320,686</u>	<u>249,002</u>
Current assets		
Listed equity investments held for trading, at fair value (<i>Note (vi)</i>)	<u>111,956</u>	<u>158,825</u>

Notes:

- (i) As at 31 December 2020, the unlisted equity investments relate to investments in five private entities (2019: five), which were intended to hold 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, investment in securities trading and money lending.
- (ii) As at 31 December 2020, the shareholding was diluted to 2.76% as Company A issued additional shares to another investors during the year ended 31 December 2020.
- (iii) As at 31 December 2020, the shareholding was diluted to 12.12% as Company D issued additional shares to another investor during the year ended 31 December 2020.
- (iv) On 4 August 2020, the Group entered into a sales and purchase agreement with Company E to buy back a total of 360 shares (representing 8% equity shareholding) of Company E at a cash consideration of HK\$42,120,000.

- (v) On 2 July 2020, Company F (being FreeOpt) (see note 13) effected an increase in registered capital whereby an independent third party new investor injected HK\$400,000,000 to Company F. As a result, the Group's interest in Company F was diluted from 31.38% to 17.61% and the Group ceased to have significant influence over Company F. The interest in Company F has then been reclassified from interests in an associate to financial assets at fair value through profit or loss in the opinion of the directors of the Company. Further details are set out in note 13.
- (vi) As at 31 December 2020, certain financial assets at FVTPL of approximately HK\$65,529,000 (2019: Nil) of the Group were pledged to a securities brokerage company to secure the margin loans payable of approximately HK\$28,470,000 (2019: Nil), details of which are set out in note 20.

15. TRADE AND BILLS RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables — margin financing	23,583	–
Trade and bills receivables — non-margin financing	36,638	58,855
Less: Impairment loss allowance	(1,536)	(4,092)
	58,685	54,763

As at 31 December 2020, trade receivables of HK\$23,583,000 (2019: Nil) were arisen from margin loans to individual third parties for securities trading in Hong Kong. The margin loans to securities margin clients are secured by clients' pledged securities with fair value of HK\$87,392,000 (2019: Nil). The pledged securities are listed equity securities in Hong Kong. The margin loans are repayable on demand subsequent to settlement date and carry interest typically 12% to 24% per annum as at 31 December 2020 (2019: Nil). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients. Therefore, no impairment loss for trade receivables (margin financing) was recognised during the year (2019: Nil).

The Group's trading terms with other customers (non-margin financing) 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 and bills receivable balances (non-margin financing). Trade and bills receivables (non-margin financing) are non-interest-bearing.

An aged analysis of the trade and bills receivables (non-margin financing) as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	23,288	32,151
1 to 2 months	7,192	12,904
2 to 3 months	2,452	1,617
Over 3 months	2,170	8,091
	35,102	54,763

16. 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Unsecured loan and interest receivables	108,245	71,250
Less: allowance for impairment	(6,623)	–
	<u>101,622</u>	<u>71,250</u>
Analysed for reporting purpose as:		
Current portion	<u>101,622</u>	<u>71,250</u>

As at 31 December 2020, unsecured loan and interest receivables of HK\$108,245,000 are unsecured and will be matured 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	
	2020	2019
Unsecured loan and interest receivables	<u>6% to 10%</u>	<u>10%</u>

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

	<i>HK\$'000</i>
Balance at 1 January 2019 and 2020	–
Impairment losses recognised for unsecured loan and interest receivables	<u>6,623</u>
Balance at 31 December 2020	<u><u>6,623</u></u>

17. 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	20,362	22,564
1 to 2 months	3,799	3,390
2 to 3 months	1,266	161
Over 3 months	4,540	6,039
	<u>29,967</u>	<u>32,154</u>

Trade payables of HK\$1,083,000 represents the payables to the securities clearing house arising from the securities brokerage business, which are repayable on two business days after trade date.

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

18. OTHER BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Unsecured loan payable	58,990	11,132
Loan interest payable	590	464
	<u>59,580</u>	<u>11,596</u>

The amount represents an unsecured borrowing from an independent third party, which is bearing an interest rate of 1% per month (2019: 10% per annum) and is repayable within one year.

19. AMOUNT DUE TO A DIRECTOR

The amount is payable to the Company's director, which is unsecured, non-interest bearing and repayable within one year.

20. MARGIN LOANS PAYABLE

As at 31 December 2020, the margin loans payable was secured by the listed equity securities held under the margin accounts, with a total market value of approximately HK\$65,529,000 (note 14).

	2020		2019	
	<i>HK\$'000</i>	Effective interest rate (%) p.a.	<i>HK\$'000</i>	Effective interest rate (%) p.a.
Within one year	<u>28,470</u>	<u>12%–20%</u>	<u>–</u>	<u>–</u>

The Group's variable-rate margin loans payable are mainly subject to interest ranged from 12% to 20%. The range of effective interest rates are equal to contractual interest rates.

21. CONVERTIBLE BOND

On 3 October 2017, the Company and China Huarong International Holdings Limited (the “Subscriber” or “CB Holder”) entered into an agreement (the “CB Agreement”), pursuant to which the Company has conditionally agreed to issue, and the Subscriber 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) will 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 is 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 bears 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) subject to an automatic extension to the third anniversary of the Issue Date (i.e. 10 November 2020) if the following conditions are satisfied (the “Maturity Date”):

- (i) the revenue for the six months ending 30 June 2019 as shown in the unaudited consolidated accounts of SHTY shall be not less than RMB500 million; and
- (ii) the total debt of SHTY as at 30 June 2019 as shown in its unaudited consolidated accounts for the six months ended 30 June 2019 shall not be more than 40% of its total assets.

On 10 November 2019, condition (i) above had not been satisfied and the maturity date of the CB had not been extended to the third anniversary of the Issue Date. (i.e. 10 November 2020).

The initial conversion price is HK\$1.968 per share (adjusted for the effect of share consolidation as disclosed in note 22), subject to anti-dilutive adjustments. The CB Holder has the right to convert the principal amount of the CB into fully-paid ordinary shares of the Company at any time during the period beginning on, and including, the date falling on the 180th day from the Issue Date and ending on, the Maturity Date.

In the situation where the CB is not redeemed on the Maturity Date, the conversion right attaching to the CB will revive and/or will continue to be exercisable up to, and including, on the date upon which the full amount of the moneys payable in respect of the CB has been duly received by the CB Holder.

Unless previously redeemed, converted or purchased and cancelled, the Company shall, redeem all the outstanding CB on the Maturity Date at an amount equal to the Redemption Amount*. The Company may give notice to redeem in whole, or in part, such CB for the time being outstanding at the Redemption Amount after the 180th calendar day after the Issue Date. Unless previously redeemed, converted or purchased and cancelled, the CB Holder may give notice to redeem in whole, or in part, such CB for the time being outstanding at the Redemption Amount upon occurrence of two consecutive breaches of certain financial covenants as set forth in the CB Agreement.

- * Redemption Amount is defined as an amount equal to the aggregate of (a) the aggregate principal amount of such outstanding CB held by the relevant CB Holder; (b) any accrued but unpaid interest on such outstanding CB on the relevant redemption date; (c) if the sum of the amounts referred in paragraphs (a) and (b) above plus interest already paid on such outstanding CB falls short of making up a return equal to an internal rate of return of 10.0% on the aggregate principal amount of the outstanding CB calculated from the Issue Date until the redemption date, such additional amount which would make up an internal rate of return of 10.0% on the aggregate principal amount of the outstanding CB; and (d) (in respect of any redemption made as a result of any events of default) any default interest accrued but unpaid.

The net proceeds of the CB was HK\$309,439,000, after netting off the issuance cost of HK\$2,561,000.

On initial recognition, the CB contains two components, debt component and derivative (including conversion and early redemption options) component. Since the Redemption Amount, the principal payable on the Maturity Date are denominated and settled in United States dollars (“US\$”) which is not same as the Company’s functional currency which is HK\$, the conversion option will 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 does not meet the definition of an equity instrument in accordance with the applicable accounting standards. The effective interest rate of the debt component is 13.08%. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

On 31 August 2018, the Company redeemed US\$13.0 million in principal amount of the convertible bond at the Redemption Amount of approximately US\$13.6 million together with the relevant interest up to 31 August 2018 of approximately US\$0.3 million in accordance with the terms of the convertible bond. Upon completion of the redemption, the outstanding principal amount of the convertible bond is US\$27.0 million.

During the year ended 31 December 2018, the Group failed to comply with certain financial covenants of the CB Agreement. As a result of such breach of the financial covenants, the CB Holder has the rights to serve written notice to the Company demand immediate repayment of the CB within 3 months from the date of the notice served. Hence, the CB in principal amount of HK\$210,600,000 at the Redemption Amount of HK\$219,461,000 has been classified as a current liability as at 31 December 2018.

During the year ended 31 December 2019, the Group repaid principal and interest amounting to US\$420,000 and US\$1,915,000 (equivalent to HK\$3,276,000 and HK\$14,937,000) respectively. As at 31 December, 2019, the CB had been past due which is due for immediate payment.

As at 31 December 2019, the amount immediately payable by the Group, taken into account (a) outstanding principal; (b) interest accrued but unpaid; (c) additional interest to make up an internal rate of return of 10.0% on the aggregate principal amount of the outstanding CB; and (d) default interest at a rate of 18% per annum, was approximately US\$28,876,000 (equivalent to HK\$225,236,000).

In March 2020, the Company repaid the CB principal and interest at amounts of US\$6,000,000 and US\$587,000 (equivalent to HK\$46,800,000 and HK\$4,580,000) respectively, US\$20,580,000 (equivalent to HK\$160,524,000) of the principal amount of the CB remained outstanding. In May and July 2020, the Company repaid interest of US\$642,000 and US\$1,814,700 (equivalent to HK\$5,008,000 and HK\$14,155,000) respectively.

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 is charged at 12% per annum from 10 November 2019 to the Revised Maturity Date. The conversion price is amended as HK\$0.8 per share, subject to anti-dilutive adjustments. The convertible bond is 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, a director of the Company.

The conditions precedent in Amendment Deed were fulfilled on 10 August 2020, and accordingly the Amendment Deed became effective on 10 August 2020. According to the Amendment Deed, CB Holder is entitled to require the Company to redeem the CB in whole, or in part for the time being outstanding at the revised redemption amount (“Revised Redemption Amount”)* from 10 October 2020. Details of these are set out in the Company’s announcement dated 21 July 2020.

* Revised Redemption Amount is defined as an amount equal to the aggregate of (a) the aggregate principal amount of such outstanding CB held by the relevant CB Holder; (b) any accrued but unpaid interest on such outstanding CB on the relevant redemption date; and (c) in respect of any redemption made pursuant to the occurrence of events of default any default interest of 18% per annum accrued but unpaid from the due date.

According to the Amendment Deed, the contractual terms of the convertible bond have been modified, such as extending the tenure, change in exercise price of the conversion options, the revised terms resulted in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original debt component of convertible bond with carrying amount of approximately HK\$175,517,000 (equivalent to approximately US\$22,502,000) as at 10 August 2020 (i.e. effective date of Amendment Deed) and the recognition of new debt component of convertible bond with fair value of HK\$164,916,000 and new derivative component of convertible bond with fair value of HK\$456,000 as at 10 August 2020 and incurred costs of HK\$1,336,000 for modification of convertible bond. The difference of HK\$8,809,000 taking into account the costs incurred for modification is recognised as net gain on extinguishment of convertible bond in profit or loss. The effective interest rate of the debt component is 12.04% per annum after effect of Amendment Deed.

On 21 December 2020, the Group repaid principal and interest amounting to US\$6,400,000 and US\$1,322,000 (equivalent to HK\$49,920,000 and HK\$10,314,000) respectively.

The movement of the components of the convertible bond for the years ended 31 December 2020 and 2019 is set out below:

	2020			2019		
	Debt component HK\$'000	Derivative component HK\$'000	Total HK\$'000	Debt component HK\$'000	Derivative component HK\$'000	Total HK\$'000
At 1 January	225,236	–	225,236	219,461	3,140	222,601
Finance cost-interest paid	(23,743)	–	(23,743)	(14,937)	–	(14,937)
Repayment of CB	(46,800)	–	(46,800)	(3,276)	–	(3,276)
Finance cost-interest charge	20,824	–	20,824	23,988	–	23,988
Change in fair value	–	–	–	–	(3,140)	(3,140)
Extinguishment of CB	(175,517)	–	(175,517)	–	–	–
Carrying amount at 10 August/31 December	–	–	–	225,236	–	225,236
CB raised	164,916	456	165,372	–	–	–
Finance cost-interest paid	(10,314)	–	(10,314)	–	–	–
Repayment of CB	(49,920)	–	(49,920)	–	–	–
Finance cost-interest charge	7,550	–	7,550	–	–	–
Gain on early redemption of CB	(3)	–	(3)	–	–	–
Change in fair value	–	(183)	(183)	–	–	–
Carrying amount at 31 December	112,229	273	112,502	225,236	–	225,236
Classified as:						
Current liability	112,229	273		225,236	–	
Non-current liability	–	–		–	–	
	<u>112,229</u>	<u>273</u>		<u>225,236</u>	<u>–</u>	

22. SHARE CAPITAL

	Number of shares		Share capital	
	2020 '000	2019 '000	2020 HK\$'000	2019 HK\$'000
Ordinary share of HK\$0.04 each				
Authorised:				
At beginning of year	12,500,000	50,000,000	500,000	500,000
Share consolidation (Note 1)	<u>–</u>	<u>(37,500,000)</u>	<u>–</u>	<u>–</u>
At 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	2,449,328	9,797,311	97,973	97,973
Share consolidation (Note 1)	<u>–</u>	<u>(7,347,983)</u>	<u>–</u>	<u>–</u>
Share subscription (Note 2)	135,135	–	5,406	–
Share subscription (Note 3)	135,135	–	5,406	–
Share subscription (Note 4)	<u>54,054</u>	<u>–</u>	<u>2,161</u>	<u>–</u>
At end of year	<u>2,773,652</u>	<u>2,449,328</u>	<u>110,946</u>	<u>97,973</u>

Notes:

- (1) 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.
- (2) On 13 March 2020, the Company entered into a share subscription agreement with an independent third party of the Company, Ms. Tian Yuze (who was subsequently appointed as a non-executive Director of the Company on 7 April 2020), in relation to the subscription for 135,135,135 new shares of the Company at HK\$0.37 per share. The gross proceeds and net proceeds from the subscription are HK\$50,000,000 and HK\$49,876,000 respectively. The proceeds are applied as general working capital of the Group.
- (3) On 14 April 2020, the Company further entered into a share subscription agreement with an independent third party, Ngai Shun, in relation to the subscription for 135,135,135 new shares of the Company at HK\$0.37 per share. The gross proceeds and net proceeds from the subscription are HK\$50,000,000 and HK\$49,987,000 respectively. The proceeds are applied as general working capital of the Group.
- (4) On 17 July 2020, the Company entered into a share subscription agreement with an independent third party, Liu Jing (劉靜), in relation to the subscription for 54,054,054 new shares of the Company at HK\$0.37 per share. The gross proceeds and net proceeds from the subscription are HK\$20,000,000 and HK\$19,984,000 respectively. 70% and 30% of the proceeds are applied as repayment to the interest of convertible bond and general working capital of the Group respectively.

23. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) 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 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 Scheme became effective on 18 May 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

“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	0.36
16/11/2020	68,900,000	0.53

As at date of this announcement, an aggregate of 193,050,000 shares may be issued upon full exercise of all vested and unvested share options granted under the Scheme, out of which 51,183,125 shares are immediately issuable, representing approximately 1.85% of the total number of issued shares as at the date of this announcement, and 141,866,875 shares are issuable upon vesting and full exercise of share options. The options holders should be remained as eligible participants throughout the vesting period. 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 2019	Adjustment on share consolidation	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2019	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2020
Employees								
25/01/2017	1.34	02/07/2018 to 01/07/2022	21,602,500	(16,201,875)	(1,953,125)	3,447,500	(350,000)	3,097,500
25/01/2017	1.34	02/07/2019 to 01/07/2022	21,602,500	(16,201,875)	(1,953,125)	3,447,500	(350,000)	3,097,500
25/01/2017	1.34	02/07/2020 to 01/07/2022	21,602,500	(16,201,875)	(1,953,125)	3,447,500	(350,000)	3,097,500
25/01/2017	1.34	02/07/2021 to 01/07/2022	21,602,500	(16,201,875)	(1,953,125)	3,447,500	(350,000)	3,097,500
			<u>86,410,000</u>	<u>(64,807,500)</u>	<u>(7,812,500)</u>	<u>13,790,000</u>	<u>(1,400,000)</u>	<u>12,390,000</u>

The above options were vested on 2 July 2018. As at 31 December 2020, 9,292,500 (2019: 6,895,000) shares options were exercisable.

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2019	Adjustment on share consolidation	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2019	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2020
Employees								
12/12/2017	1.34	10/06/2019 to 09/06/2023	18,612,500	(13,959,375)	(78,125)	4,575,000	(2,479,375)	2,095,625
12/12/2017	1.34	10/06/2020 to 09/06/2023	18,612,500	(13,959,375)	(78,125)	4,575,000	(2,479,375)	2,095,625
12/12/2017	1.34	10/06/2021 to 09/06/2023	18,612,500	(13,959,375)	(78,125)	4,575,000	(2,479,375)	2,095,625
12/12/2017	1.34	10/06/2022 to 09/06/2023	18,612,500	(13,959,375)	(78,125)	4,575,000	(2,479,375)	2,095,625
			<u>74,450,000</u>	<u>(55,837,500)</u>	<u>(312,500)</u>	<u>18,300,000</u>	<u>(9,917,500)</u>	<u>8,382,500</u>
Directors								
12/12/2017	1.34	10/06/2019 to 09/06/2023	5,125,000	(3,843,750)	-	1,281,250	-	1,281,250
12/12/2017	1.34	10/06/2020 to 09/06/2023	5,125,000	(3,843,750)	-	1,281,250	-	1,281,250
12/12/2017	1.34	10/06/2021 to 09/06/2023	5,125,000	(3,843,750)	-	1,281,250	-	1,281,250
12/12/2017	1.34	10/06/2022 to 09/06/2023	5,125,000	(3,843,750)	-	1,281,250	-	1,281,250
			<u>20,500,000</u>	<u>(15,375,000)</u>	<u>-</u>	<u>5,125,000</u>	<u>-</u>	<u>5,125,000</u>

The above options were vested on 10 June 2019. As at 31 December 2020, 6,753,750 (2019: 5,856,250) share options were exercisable.

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2019	Granted during the year	Adjustment on share consolidation	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2019	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2020
Employees									
21/02/2019	0.48	21/02/2020 to 20/02/2024	-	32,000,000	(24,000,000)	-	8,000,000	-	8,000,000
21/02/2019	0.48	21/02/2021 to 20/02/2024	-	32,000,000	(24,000,000)	-	8,000,000	-	8,000,000
21/02/2019	0.48	21/02/2022 to 20/02/2024	-	32,000,000	(24,000,000)	-	8,000,000	-	8,000,000
			<u>-</u>	<u>96,000,000</u>	<u>(72,000,000)</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	-	136,000,000	(102,000,000)	(24,000,000)	10,000,000	-	10,000,000
21/02/2019	0.48	21/02/2021 to 20/02/2024	-	136,000,000	(102,000,000)	(24,000,000)	10,000,000	-	10,000,000
21/02/2019	0.48	21/02/2022 to 20/02/2024	-	136,000,000	(102,000,000)	(24,000,000)	10,000,000	-	10,000,000
			<u>-</u>	<u>408,000,000</u>	<u>(306,000,000)</u>	<u>(72,000,000)</u>	<u>30,000,000</u>	<u>-</u>	<u>30,000,000</u>

The above options were vested on 21 February 2020. As at 31 December 2020, 18,000,000 (2019: Nil) share options were exercisable.

Date of grant	Exercise price <i>HK\$</i>	Exercisable period	Number of options outstanding at 1 January 2020	Granted during the year	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2020
Employees						
08/10/2020	0.36	8/10/2023 to 7/10/2028	–	11,750,000	–	11,750,000
08/10/2020	0.36	8/10/2024 to 7/10/2028	–	11,750,000	–	11,750,000
08/10/2020	0.36	8/10/2025 to 7/10/2028	–	11,750,000	–	11,750,000
08/10/2020	0.36	8/10/2026 to 7/10/2028	–	11,750,000	–	11,750,000
			–	47,000,000	–	47,000,000

The above options will be vested on 8 October 2023.

Date of grant	Exercise price <i>HK\$</i>	Exercisable period	Number of options outstanding at 1 January 2020	Granted during the year	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2020
Employees						
16/11/2020	0.53	16/11/2022 to 15/11/2027	–	6,299,991	–	6,299,991
16/11/2020	0.53	16/11/2023 to 15/11/2027	–	6,299,991	–	6,299,991
16/11/2020	0.53	16/11/2024 to 15/11/2027	–	6,300,018	–	6,300,018
			–	18,900,000	–	18,900,000
Other participants (Note)						
16/11/2020	0.53	16/11/2022 to 15/11/2027	–	16,666,666	–	16,666,666
16/11/2020	0.53	16/11/2023 to 15/11/2027	–	16,666,666	–	16,666,666
16/11/2020	0.53	16/11/2024 to 15/11/2027	–	16,666,668	–	16,666,668
			–	50,000,000	–	50,000,000

The above options will be vested on 16 November 2022.

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 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 and HK\$25,407,000 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
Closing price of the shares	HK\$1.14*	HK\$1.22*	HK\$0.42*	HK\$0.36	HK\$0.53
Exercise price	HK\$1.34*	HK\$1.34*	HK\$0.48*	HK\$0.40	HK\$0.60
Dividend yield	Nil	Nil	Nil	Nil	Nil
Expected volatility	93.19%	87.92%	94.36%	92.04%	94.06%
Risk-free interest rate	1.289%	1.582%	1.423%	0.42%	0.33%
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\$0.064 to HK\$0.071	HK\$0.116 to HK\$0.129

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 2020, the Group recognised an expense of HK\$4,261,000 (2019: HK\$15,135,000) as equity-settled share based payments in the consolidated statement of profit or loss with reference to their respective vesting period.

Note: Other participants represented the business partners for providing marketing and promotion activities/assistance for promoting the Group’s business, whose contributions are expected to be beneficial to the Group.

* The exercise price has been adjusted for the effect of Share Consolidation as disclosed in note 22.

24. EVENTS AFTER REPORTING PERIOD

- (a) On 23 February 2021, Galaxy Vantage entered into a subscription agreement with Blue River Investments Limited (the “Subscriber”, a wholly-owned subsidiary of PYI Corporation Limited, whose shares are listed on the Main Board of the Stock Exchange with Stock Code of 0498), pursuant to which Galaxy Vantage has agreed to allot and issue 31,500 new shares to the Subscriber and the Subscriber has agreed to subscribe the 31,500 new shares of Galaxy Vantage at a consideration of HK\$100,000,000. Details of these are set out in the Company’s announcement dated 23 February 2021. As of the date of this announcement, the subscription was completed.
- (b) On 4 March 2021, the Company proposes to change the English and Chinese name of the Company from China Touyun Tech Group Limited 中國透雲科技集團有限公司 to Touyun Biotech Group Limited 透雲生物科技集團有限公司. The change of name of the Company is subject to satisfaction of the following conditions: (i) the passing of the necessary special resolution by the shareholders at the special general meeting (to be held on 31 March 2021) to approve the change of name of the Company; and (ii) the registrar of companies in Bermuda approving the change of name of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW AND PROSPECTS

For the year ended 31 December 2020, the Group recorded revenue of approximately HK\$206.8 million (2019: HK\$342.7 million), representing a decrease of approximately 39.7% as compared to the last year. The decrease in turnover was primarily attributable to (i) the decrease in revenue from packaging products business, which was due to the contraction of sales orders in 2020; and (ii) the increase in fair value loss on financial assets at fair value through profit and loss held for trading.

The loss for the year ended 31 December 2020 was HK\$172 million (2019: HK\$199.1 million), represents a decrease of 13.6% as compared to financial year 2019.

QR code business

Revenue from QR code business was HK\$83.3 million (2019: HK\$69.7 million) and its segment loss was HK\$6.5 million (2019: HK\$199.7 million) during the year ended 31 December 2020. The segment loss of QR code business for the year ended 31 December 2020 was significantly decreased by 96.7% when compared with last year, it was primarily attributable to the decrease in impairment loss on goodwill.

Packaging products business

The packaging products business reported in a revenue of HK\$135.4 million for the year ended 31 December 2020 (2019: HK\$260.3 million), representing a decrease of 48.0% as compared with last year. The decrease of revenue was largely due to the contraction of sales orders during 2020. A segment profit of HK\$5.2 million was recorded during the year ended 31 December 2020 (2019: HK\$20.5 million), representing a decrease of 74.6% as compared with last year and such decrease in segment profit was due to the contraction of sales orders in 2020.

Treasury investment business

During the year, the Group recorded fair value loss of HK\$14.2 million on financial assets at fair value through profit or loss held for trading, compared to the last year amounted to a fair value gain of HK\$10.1 million. Fair value loss of financial assets at fair value through profit or loss not held for trading amounting to HK\$55.9 million was recognised during the year ended 31 December 2020 (2019: HK\$43 million), the increase is largely due to the asset value of the Group's unlisted investments decreased during the year.

During the year, Galaxy Vantage Limited ("Galaxy Vantage"), an indirect wholly-owned subsidiary of the Company acquired 100% of the issued share capital of Hope Capital Limited ("Hope Capital") from an independent third party (as vendor) at a consideration satisfied by issuance of 13,513 new ordinary shares of Galaxy Vantage to vendor. Upon the acquisition, the Group held an effective 83.9% equity interest in Hope Capital.

Hope Capital and its subsidiary are principally engaged in securities brokerage services, margin financing and asset management. Hope Securities Limited (a subsidiary of Hope Capital) is a licensed corporation under the Securities and Futures Ordinance 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”.

The Group considered the acquisition of Hope Capital will allow the Group to acquire a new complementary capability and participate in the brokerage and related businesses which together will form an important component of treasury investment business.

Chlamydomonas reinhardtii products business

Since 2020, the Group has continuously diversified its business segments including chlamydomonas reinhardtii, micro-algae products business. The Group has explored the business opportunities in health food industry, and given the common consciousness of healthy diet and the increasing vegan or vegetarian population in recent years, the healthy food market is growing and attracting more consumer spending. Pursuant to the Company’s announcements dated 21 February 2020, 28 August 2020 and 29 December 2020, the construction for the first phase production scale is 4,000 tons/year and it was officially launched on 23 April 2020, the Group has substantially completed its construction of the manufacturing facilities of 4,000 tons/year production scale as at the date of this announcement. The construction of the fermentation and related facilities is the first step in the Group’s diversification into chlamydomonas reinhardtii, micro-algae and related products business. It is expected that the Group will commence the production of chlamydomonas reinhardtii, micro-algae and related products in 2021. Given the trend of healthy food market in recent years, the Group considers the investment in chlamydomonas reinhardtii, micro-algae and related products business is a good opportunity for the Group to diversify its income base. During the year, the chlamydomonas reinhardtii products business recorded a turnover of HK\$41,000 (2019: Nil), and a segment loss of HK\$6.4 million (2019: Nil) which is primarily related to start-up cost such as administrative expenses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group’s financial position was prudently monitored and precisely managed throughout the year. As at 31 December 2020, the Group had outstanding (i) HK\$112.2 million (2019: HK\$225.2 million) secured convertible bond (details of this are set out in note 21); (ii) HK\$59.6 million (2019: HK\$11.6 million) unsecured other borrowing bears interest of 1% per month (2019: 10% per annum), repayable within one year; (iii) amount due to a director of HK\$98.9 million (2019: Nil) which is unsecured, interest-free and repayable within one year; and (iv) margin loans payable of HK\$28.5 million (2019: Nil) which was secured by the listed equity securities held under the margin accounts, with variable interest rate ranged from 12% to 20%. As at 31 December 2020, the Group had cash balances amounting to HK\$142.4 million (2019: HK\$40.5 million). The gearing ratio (net borrowings to shareholders’ equity) was 0.28 (2019: 0.36).

SHARE CAPITAL

On 13 March 2020, the Company entered into a share subscription agreement with an independent third party, Ms. Tian Yuze (who was subsequently appointed as a non-executive Director of the Company on 7 April 2020), in relation to the subscription for 135,135,135 new shares of the Company at HK\$0.37 per share. The gross proceeds and net proceeds from the subscription are HK\$50,000,000 and HK\$49,876,000 respectively. The proceeds is applied as general working capital of the Group.

On 14 April 2020, the Company entered into a share subscription agreement with an independent third party, Ngai Shun, in relation to the subscription for 135,135,135 new shares of the Company at HK\$0.37 per share. The gross proceeds and net proceeds from the subscription are HK\$50,000,000 and HK\$49,987,000 respectively. The proceeds is applied as general working capital of the Group.

On 17 July 2020, the Company entered into a share subscription agreement with an independent third party, Liu Jing (劉靜), in relation to the subscription for 54,054,054 new shares of the Company at HK\$0.37 per share. The gross proceeds and net proceeds from the subscription are HK\$20,000,000 and HK\$19,984,000 respectively. 70% and 30% of the proceeds are applied as repayment to the interest of convertible bond and general working capital of the Group respectively.

Details of the movement of the share capital are set out in note 22.

CONVERTIBLE BOND

In March 2020, the Company repaid the CB principal and interest at amounts of US\$6,000,000 and US\$587,000 (equivalent to HK\$46,800,000 and HK\$4,580,000) respectively, US\$20,580,000 (equivalent to HK\$160,524,000) of the principal amount of the CB remained outstanding. In May and July 2020, the Company repaid interest of US\$642,000 and US\$1,814,700 (equivalent to HK\$5,008,000 and HK\$14,155,000) respectively.

On 21 July 2020, the Company and China Huarong International Holdings Limited (the “Subscriber” or “CB Holder”) entered into a supplemental agreement to amend and restate the terms of the convertible bond issued to the Subscriber on 10 November 2017 (the “Proposed Amendments”). Details of these are set out in the Company’s announcement dated 21 July 2020. As of 21 July 2020, the outstanding convertible bond was amounted to US\$20,580,000. According to the Proposed Amendments, the US\$20,580,000 convertible bond carries interest at 12% per annum, payable semi-annually in arrears. The maturity date is extended from 10 November 2019 to 10 November 2021. The conversion price is amended as HK\$0.8 per share, subject to anti-dilutive adjustments. In additions, the Subscriber is entitled to require the Company to redeem the convertible bond in whole, or in part for the time being outstanding at the redemption amount from 10 October 2020. The convertible bond is 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, a director of the Company.

On 21 December 2020, the Group repaid principal and interest amounting to US\$6,400,000 and US\$1,322,000 (equivalent to HK\$49,920,000 and HK\$10,314,000) respectively and as of 31 December 2020, the outstanding convertible bond amounted to approximately HK\$112.2 million (2019: HK\$225.2 million).

Details of the convertible bond were set out in note 21.

CAPITAL COMMITMENTS

The Group has the following capital commitments at the end of the reporting period:

	31 December 2020 HK\$'000	31 December 2019 HK\$'000
Contracted but not provided for:		
Construction in progress	52,669	–
Equipment	<u>–</u>	<u>41</u>

PLEDGE OF ASSETS

As at 31 December 2020 and 2019, the Group's equity interest in Apex Capital Business Limited and its subsidiaries were pledged to secure the HK\$112.2 million convertible bond (2019: HK\$225.2 million).

As at 31 December 2020, the Group's margin loans payable of HK\$28.5 million (2019: Nil) were secured by the listed equity securities, held under the margin accounts, with a total market value of approximately HK\$65.5 million (2019: Nil).

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any contingent liabilities (2019: Nil).

FINANCE LEASE OBLIGATIONS

As at 31 December 2020, the Group has no outstanding obligations under finance lease (2019: Nil).

EMPLOYEES

As at 31 December 2020, the Group employed approximately 506 employees (2019: 613) in Hong Kong and Mainland China. The Group's remuneration policy is commensurate with merit, qualification and competence of employees. In addition to salary and year-end bonus, the remuneration packages also comprised of share options scheme, provident fund contribution, medical and life insurance.

FOREIGN EXCHANGE RISK

The Group's revenues were mainly denominated in US dollars and Renminbi while expenses were mainly conducted in 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 year. However, the Group will still closely monitor fluctuations in exchange rates and actively manage the currency risk involved.

UPDATE ON USE OF PROCEED 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 31 December 2020:

Reference is made to the announcements of the China Touyun Tech Group Limited (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 and 17 July 2020 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.

* *For identification purpose only*

Intended 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;
 - (ii) approximately HK\$14.4 million for the acquisition of plant and equipment (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 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”).

Actual use of proceeds

- (i) The Acquisition was completed in March 2017 and an amount of HK\$63 million were fully used towards the Acquisition.
- (ii) An amount of HK\$14.4 million was fully used towards the Plant and Equipment Acquisition.
- (iii) An amount of HK\$58.7 million were fully utilised in the Research & Development.
- (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 2021 and applied for the same purpose as disclosed in the Announcements.

Intended use of proceeds

Actual use of proceeds

- (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:
- (a) An amount of HK\$172.5 million were used for expansion and development of QR codes business;
- (b) An amount of HK\$30.8 million were 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.
- (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 convertible bond and the remaining 30% of the net proceeds are applied as general working capital of the Group.
- 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.
- 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 convertible bond and 30% of the net proceeds was fully utilised as general working capital of the Group.

SIGNIFICANT INVESTMENT HELD

As at 31 December 2020, the Group held listed investments and unlisted investments of approximately HK\$112.0 million and HK\$320.7 million respectively, details of which were set out as follows:

Nature of investments	Number of	Percentage of	Fair value	Other	Fair value/		Percentage	Investment	Net profit/	Notes
	shares held	shareholding	change for	losses	carrying amount		to the			
	as at	as at	year ended	for year	as at	as at	Group's	cost	(loss) of the	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	HK\$'000	investee	
	2020	2020	2020	2020	2020	2019	2020	HK\$'000	HK\$'000	
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%			
Financial assets at fair value through profit or loss										
<i>Unlisted Investments</i>										
Freewill Holdings Limited ("Freewill")	14,550,000	2.95	(4,025)	-	-	4,025	-	80,025	(201,608)	(a)
Co-Lead Holdings Limited ("Co-Lead")	363	2.76	(11,595)	-	89,023	100,618	9.16	145,200	39,457	(a)
FreeOpt Holdings Limited ("FreeOpt")	1,500,000	17.61	(19,265)	(39,481)	150,460	209,206	15.48	150,000	(102,060)	(a)
Seekers Partners Limited ("Seekers")	9,108,328	0.73	5,680	-	43,040	37,360	4.43	53,217	197,524	(b)
Simagi Finance Company Limited ("Simagi")	13,000,000	12.12	(21,112)	-	38,163	59,275	3.92	65,000	76,690	(a)
			<u>(50,317)</u>	<u>(39,481)</u>	<u>320,686</u>	<u>410,484</u>	<u>32.99</u>	<u>493,442</u>		

Notes:

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

- (a) According to its management accounts for period ended 31 December 2020.
- (b) According to its management accounts for period ended 30 September 2020.

Nature of investments	Number of shares held as at 31 December 2020	Percentage of shareholding as at 31 December 2020 %	Unrealised gain/(loss) on fair value change for year ended	Dividends received for year ended	Fair value		Percentage to the Group's total assets	Investment cost	Net profit/(loss) of the investee	Notes
			31 December 2020 HK\$'000	31 December 2020 HK\$'000	as at 31 December 2020 HK\$'000	as at 31 December 2019 HK\$'000	31 December 2020 %			
Financial assets at fair value through profit or loss										
<i>Listed Investments</i>										
The Hong Kong and Shanghai Hotels, Ltd. ("HK & S Hotel")	186,500	0.01	(270)	16	1,287	1,557	0.13	1,477	(1,980,000)	(c)
Y.T. Realty Group Ltd. ("Y.T. Realty")	15,000,000	1.88	(3,000)	134	30,000	33,000	3.09	30,109	(162,465)	(c)
Imagi International Holdings Limited ("Imagi")	128,000	0.02	(22)	-	102	-	0.01	124	271,385	(c)
Planetree International Development Ltd. ("Planetree")	212,000	0.02	(36)	-	212	132	0.02	231	40,843	(c)
Oshidori International Holdings Ltd. ("Oshidori")	75,765,000	1.24	(27,163)	-	46,217	72,750	4.76	79,406	(3,725)	(d)
China Evergrande New Energy Vehicle Group Ltd. ("Evergrande Vehicle")	740,000	0.01	16,598	-	22,348	5,750	2.30	6,669	(8,570,133)	(c)
C C Land Holdings Limited ("C C Land")	375,000	0.01	(35)	7	645	-	0.07	680	588,168	(c)
China Dili Ltd. ("China Dili")	1,500,000	0.02	450	-	4,125	3,675	0.42	3,703	156,463	(d)
Eternity Technology Holdings Ltd. ("Eternity Tech")	5,400,000	1.80	(4,752)	-	7,020	11,772	0.72	8,739	19,369	(c)
			<u>(18,230)</u>	<u>157</u>	<u>111,956</u>	<u>128,636</u>	<u>11.52</u>	<u>131,138</u>		

Notes:

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

(c) According to its annual results announcement for year ended 31 December 2020.

(d) According to its interim report for six months ended 30 June 2020.

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.

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.

HK & S Hotel is principally engaged in (i) operating hotels, leasing of commercial shopping arcades and office premises located within the hotel buildings; (ii) leasing of commercial and office premises (other than those in hotel properties) and residential apartments and operates food and beverage outlets in such premises; (iii) operation of golf courses, The Peak Tram, wholesaling and retailing of food and beverage products, laundry services and the provision of management and consultancy services for clubs.

Y.T. Realty is principally engaged in (i) property investment for rental income; (ii) trading of properties; (iii) provision of property management and related consultancy services; and (iv) operation of and investment in driver training centers, as well as tunnel operation and management.

Imagi is principally engaged in computer graphic imaging businesses, cultural and entertainment businesses, as well as the investment in corporate bonds and short-term deposits for interest income. Imagi is also engaged in money lending, the investment in securities and the proprietary trading of listed securities.

Planetree is principally engaged in (i) holding and trading of debt and equity securities, as well as the provision of financing services; (ii) property investment through an associate; and (iii) leasing of properties.

Oshidori is principally engaged in investment holdings, trading and investment in securities, and the provisions of (i) securities brokerage services; (ii) placing and underwriting services; (iii) corporate financial advisory services; (iv) money lending services; (v) investment advisory and asset management services; and (vi) margin financing services.

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.

C C Land is principally engaged in (i) the development and investment of properties; (ii) the investment in securities and notes receivable, as well as the provision of financial services; (iii) the property holding business and the provision of corporate management services.

China Dili is principally engaged in the operation of agriculture wholesale markets in the PRC.

Eternity Tech is principally engaged in the research and development, manufacture and sales of printed circuit board assembly and fully-assembled electronic products.

Looking forward year 2021, along with the uncertainties and challenges arising from the COVID-19 and instabilities of global economic environment, the management will continue to adopt prudent business strategies with a balanced risk management approach to manage the investment portfolio of the Group.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for one non-executive director did not attend the annual general meeting of the Company held on 5 June 2020 (the “2020 AGM”) due to other business engagement. The Company considers that the members of the Board who attended the 2020 AGM were able to sufficiently answering questions from shareholders at the 2020 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 2020.

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 2020 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 2020 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.chinatouyun.com.hk. The 2020 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
China Touyun Tech Group Limited
Wang Liang
Chairman

Hong Kong, 26 March 2021

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

Executive Directors

Mr. Wang Liang (*Chairman*)
Mr. Du Dong
Mr. Lo Yuen Wa Peter

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