

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



Touyun Biotech Group Limited
透雲生物科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1332)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of directors (the “Board”) of Touyun Biotech Group Limited (the “Company”, formerly known as China Touyun Tech Group Limited) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 together with comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
	<i>Notes</i>	2022	2021
		HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
Revenue from treasury investment			
Fair value losses on financial assets at fair value through profit or loss held for trading, net		(1,600)	(13,490)
Interest income from money lending business		1,827	3,287
Interest income from margin financing		–	6,325
Commission and service income		–	1,432
Dividend income from financial assets at fair value through profit or loss held for trading		–	7
Revenue from sales of goods and services rendered	4	166,063	139,197
Cost of sales		(107,725)	(84,780)
Gross profit		58,338	54,417
(Provision for)/reversal of impairment loss of trade receivable, net		(312)	343
Other income, gains and losses, net	5	(48,613)	(44,632)
Selling and distribution expenses		(10,283)	(8,576)
Administrative expenses		(64,995)	(62,298)
Finance costs	6	(20,670)	(8,689)
Loss before tax	7	(86,308)	(71,874)
Income tax	8	(1,950)	(200)
Loss for the period		(88,258)	(72,074)

	Six months ended 30 June	
	2022	2021
<i>Note</i>	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss attributable to		
— Owners of the Company	(88,066)	(61,372)
— Non-controlling interests	(192)	(10,702)
	<u>(88,258)</u>	<u>(72,074)</u>
Loss per share attributable to owners of the Company		
— Basic and diluted	HK(3.14) cents	HK(2.20) cents
	<u>(88,258)</u>	<u>(72,074)</u>
Loss for the period		
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(5,674)	(1,168)
	<u>(5,674)</u>	<u>(1,168)</u>
Other comprehensive loss for the period, net of tax		
	<u>(5,674)</u>	<u>(1,168)</u>
Total comprehensive loss for the period	<u>(93,932)</u>	<u>(73,242)</u>
Total comprehensive loss attributable to:		
— Owners of the Company	(93,740)	(62,540)
— Non-controlling interests	(192)	(10,702)
	<u>(93,932)</u>	<u>(73,242)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
<i>Non-current assets</i>			
Property, plant and equipment	11	310,452	327,361
Right-of-use assets		111,372	108,589
Intangible assets		1,074	1,624
Goodwill		–	–
Loan and interest receivables	14	5,033	–
Financial assets at fair value through profit or loss	12	268,168	318,937
		696,099	756,511
<i>Current assets</i>			
Inventories		40,910	32,766
Trade and bills receivables	13	86,108	66,287
Prepayments, deposits and other receivables		37,528	35,167
Loan and interest receivables	14	68,624	40,043
Financial assets at fair value through profit or loss	12	25,893	33,756
Cash and cash equivalents		35,046	60,198
		294,109	268,217
<i>Current liabilities</i>			
Trade payables	15	52,634	37,875
Contract liabilities		18,830	23,477
Other payables and accruals	16	52,467	62,755
Lease liabilities		18,523	14,413
Other borrowings	17	334,357	292,611
Amount due to a director	18	93,780	92,630
Amount due to a shareholder	18	3,000	–
Margin loans payables	19	–	3,633
Tax payable		3,976	2,167
		577,567	529,561
Net current liabilities		(283,458)	(261,344)
Total assets less current liabilities		412,641	495,167

		30 June 2022	31 December 2021
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
<i>Non-current liabilities</i>			
Lease liabilities		<u>10,673</u>	<u>8,122</u>
		<u>10,673</u>	<u>8,122</u>
Net assets		<u>401,968</u>	<u>487,045</u>
Equity			
Equity attributable to owners of the Company			
Share capital	21	112,238	112,238
Reserves		<u>272,794</u>	<u>357,679</u>
		385,032	469,917
Non-controlling interests		<u>16,936</u>	<u>17,128</u>
Total equity		<u>401,968</u>	<u>487,045</u>

Notes:

1. CORPORATE INFORMATION

Touyun Biotech Group Limited (formerly known as 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 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\$88,258,000 for the six months ended 30 June 2022. At 30 June 2022, the Group’s current liabilities exceeded its current assets by approximately HK\$283,458,000, including advances from a director and a shareholder, and unsecured borrowings from independent third parties of which the aggregate carrying amounts were approximately to HK\$431,137,000.

At 30 June 2022, certain of the Group’s other borrowings have been either past due or repayable on demand, and hence are due for immediate payment as at 30 June 2022. The amount immediately payable by the Group, taken into account (a) outstanding principal, and (b) interests accrued but unpaid, were approximately to HK\$199,475,000 (equivalent to RMB169,780,000) and HK\$8,979,000 (equivalent to RMB7,642,000), respectively.

In preparing the unaudited interim condensed consolidated financial statements, the directors of the Company have given careful consideration of the future liquidity of the Group. The management of the Group has been taking active measures to mitigate the liquidity burden and improve the financial position of the Group. Below is an elaboration of the mitigation measures being or to be implemented to enhance the Group’s liquidity and financial position and optimize its operational performance.

1. Active negotiations with the existing lenders for restructuring of the loans to release the limitation imposed and extend the repayment schedule of such borrowings to the Group. In the opinion of the directors of the Company, the existing lenders of those past due borrowings, in respect of which there were delay in loan principal and interest repayments, will not enforce their rights of requesting for immediate repayment;

2. Active negotiations with financial institutions with a view to obtaining new financing at reasonable cost for repayment to the existing lenders and/or additional working capital. As confirmed by the directors of the Company, certain financial institutions have indicated their intention to grant new loans and borrowings to the Group;
3. Better utilization of the internal available cash and profits generated from the Group's operations to finance its ongoing operations and to streamline existing business scales based on the resources currently available;
4. Taking more active measures to reduce operating costs and administrative expenses and, if appropriate, exploring the possibility of generating additional cash through realization of non-core asset items for the purpose of repayment to lenders and/or addition of working capital; and
5. Exploring the market in Mainland China of sales of the Group's *Chlamydomonas reinhardtii* and related products to improve the liquidity, profitability and revenue of the Group.

The directors of the Company 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 2022. 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 2021.

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 2021, 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 2022 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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.

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 powder 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 2021: 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Group's revenue	38,249	57,230	123,792	81,885	-	-	4,022	82	166,063	139,197
Fair value losses on financial assets at fair value through profit or loss ("FVTPL") held for trading, net	-	-	-	-	(1,600)	(13,490)	-	-	(1,600)	(13,490)
Interest income from money lending business	-	-	-	-	1,827	3,287	-	-	1,827	3,287
Interest income from margin financing	-	-	-	-	-	6,325	-	-	-	6,325
Commission and service income	-	-	-	-	-	1,432	-	-	-	1,432
Dividend income from financial assets at fair value through profit or loss held for trading	-	-	-	-	-	7	-	-	-	7
Segment revenue	<u>38,249</u>	<u>57,230</u>	<u>123,792</u>	<u>81,885</u>	<u>227</u>	<u>(2,439)</u>	<u>4,022</u>	<u>82</u>	<u>166,290</u>	<u>136,758</u>
Segment results	<u>(4,560)</u>	<u>7,315</u>	<u>13,134</u>	<u>2,356</u>	<u>111</u>	<u>(5,316)</u>	<u>(5,051)</u>	<u>(584)</u>	<u>3,634</u>	<u>3,771</u>
Corporate and unallocated income, gains and losses									(49,190)	(47,489)
Corporate and unallocated expenses									(20,082)	(19,467)
Finance costs									(20,670)	(8,689)
Loss before tax									<u>(86,308)</u>	<u>(71,874)</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, interest income from money lending business and margin financing, dividend income on investment portfolio and commission and service income.

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

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Manufacturing and sales of packaging products	123,792	81,885
Provision of QR code packaging products and solutions	38,249	57,221
Advertising display service income	–	9
Manufacturing and sale of <i>Chlamydomonas reinhardtii</i> products	4,022	82
	<u>166,063</u>	<u>139,197</u>
Fair value losses on financial assets at fair value through profit or loss held for trading, net*	(1,600)	(13,490)
Interest income from money lending business	1,827	3,287
Interest income from margin financing	–	6,325
Commission and service income	–	1,432
Dividend income from financial assets at fair value through profit or loss held for trading	–	7
	<u>166,290</u>	<u>136,758</u>

* During the six months ended 30 June 2021, the gross proceeds from disposal of listed equity investments classified as financial assets at fair value through profit or loss held for trading were approximately HK\$1,605,000.

The revenue within the scope of HKFRS 15 for the six months ended 30 June 2022 were categorised by timing of revenue recognition at (i) a point in time of HK\$166,063,000 (six months ended 30 June 2021: HK\$139,188,000) and (ii) over time of nil (six months ended 30 June 2021: HK\$9,000).

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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Bank interest income	12	36
Foreign exchange differences, net	1,480	25
Loss on disposal of property, plant and equipment	(813)	(125)
Fair value loss on embedded derivative in CB	–	(25,560)
Fair value change on financial assets at fair value through profit or loss (not held for trading), net	(50,769)	(21,990)
Government grant (<i>Note</i>)	592	–
Dividend income from wealth management products	167	–
Other service income	–	1,984
Others	718	998
	<u>(48,613)</u>	<u>(44,632)</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.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest expense on CB	–	6,700
Interest on lease liabilities	707	506
Interest on other borrowings	19,951	5,008
Interest on margin loans payables	12	1,483
	<u>20,670</u>	<u>13,697</u>
Less: Interest capitalised into construction in progress	–	(5,008)
	<u>20,670</u>	<u>8,689</u>

7. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	1,916	1,944
Depreciation of right-of-use assets	10,744	5,734
Amortisation of intangible assets	503	1,128
Employee benefits expenses (including directors' remuneration):		
Salaries, wages and other benefits	52,854	47,538
Pension scheme contributions	3,305	2,776
Equity-settled share option expenses	8,855	7,980
	<u>65,014</u>	<u>58,294</u>

8. INCOME TAX

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%.

Accordingly, for the six months ended 30 June 2022 and 2021, the Hong Kong Profits Tax of Qualipak Manufacturing Limited, a subsidiary of the Group, 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 2021: 25%) of the assessable profits except for 上海透雲物聯網科技有限公司 (Shanghai TY Technology Co. Ltd.*) ("SHTY") and 透雲物聯網科技(北京)有限公司 (TY Technology (Beijing) Co. Ltd.*), ("BJTY"), two indirect wholly-owned subsidiaries of the Group. Both companies obtained the High-new Technology Certificate for the years from 2021 to 2023 and were entitled to a tax rate of 15%.

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	1,831	334
Over-provisions in respect of previous year	—	(156)
Current tax — PRC Corporate Income Tax		
Provision for the period	119	22
	<u>1,950</u>	<u>200</u>
Deferred tax	—	—
	<u>1,950</u>	<u>200</u>

* For identification purposes only

9. DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of basic and diluted loss per share attributable to owners of the Company for the six months ended 30 June 2022 and 2021 are based on the following data:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company	<u>(88,066)</u>	<u>(61,372)</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>2,785,759</u>

The computation of diluted loss per share for the six months ended 30 June 2022 and 2021 do 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 six months ended 30 June 2022, the Group incurred construction costs of HK\$301,000, in relation to machineries for QR code business (six months ended 30 June 2021: construction costs of HK\$93,481,000, including the capitalized borrowing costs of HK\$5,008,000, primarily related to the production plant for *Chlamydomonas reinhardtii*, micro-algae and related products), and HK\$1,577,000 (six months ended 30 June 2021: HK\$818,000) for acquisition of property, plant and equipment. Property, plant and equipment with aggregate carrying amount of HK\$2,042,000 were disposed during the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$2,296,000).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current assets		
Unlisted equity investments, at fair value (<i>Note (a)</i>)		
Company A	41,406	59,708
Company B	–	–
Company C	19,441	27,000
Company D	15,502	29,504
Company E	136,527	144,479
Company F	29,041	33,246
Company G	26,251	25,000
	<u>268,168</u>	<u>318,937</u>
Current assets		
Listed equity investment held for trading, at fair value (<i>Note (b)</i>)	16,000	17,600
Wealth management products (<i>Note (c)</i>)	9,893	16,156
	<u>25,893</u>	<u>33,756</u>

Notes:

- (a) As at 30 June 2022, the unlisted equity investments relate to investments in seven (31 December 2021: 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.
- (b) As at 30 June 2022, the Group did not have any pledge of financial assets at fair value through profit or loss. As at 31 December 2021, certain financial assets at fair value through profit or loss of approximately HK\$17,600,000 were pledged to a securities brokerage company to secure the margin loans payable of HK\$3,633,000.
- (c) Included in wealth management products are the Group's investments in four wealth management products (31 December 2021: two) provided by financial institutions in the PRC, of which were approximately to HK\$1,880,000 (equivalent to RMB1,600,000), HK\$1,762,000 (equivalent to RMB1,500,000), HK\$353,000 (equivalent to RMB300,000) and HK\$5,898,000 (equivalent to RMB5,020,000), respectively. These wealth management products had no maturity dates, with return in dividend derived from investments in financial products, bonds and currencies.

13. TRADE AND BILLS RECEIVABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade and bills receivables — non-margin financing	88,419	68,286
Less: Impairment loss allowance	(2,311)	(1,999)
	<u>86,108</u>	<u>66,287</u>

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:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 1 month	43,862	28,547
1 to 2 months	20,603	16,266
2 to 3 months	7,064	12,569
Over 3 months	14,579	8,905
	<u>86,108</u>	<u>66,287</u>

14. LOANS 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 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Unsecured loan and interest receivables	73,657	40,043
Less: Impairment loss allowance	—	—
	<u>73,657</u>	<u>40,043</u>
Analysed for reporting purpose as:		
Current portion	68,624	40,043
Non-current portion	5,033	—
	<u>73,657</u>	<u>40,043</u>

As at 30 June 2022, unsecured loan and interest receivables of HK\$73,657,000 (31 December 2021: HK\$40,043,000) are unsecured and will be matured within two years (31 December 2021: 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 2022	31 December 2021
Unsecured loan and interest receivables	<u>7.5% to 8%</u>	<u>3%</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 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 1 month	33,876	28,306
1 to 2 months	5,736	6,719
2 to 3 months	1,945	1,434
Over 3 months	11,077	1,416
	<u>52,634</u>	<u>37,875</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 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Other payables	42,556	50,606
Accruals	9,911	12,149
	52,467	62,755

Other payables and accruals are non-interest bearing and are normally settled within three months. Included in other payables are construction payables of HK\$29,922,000 (31 December 2021: HK\$45,461,000), for the construction of the Chlamydomonas reinhardtii and related products facilities in Lucheng District, Changzhi City, Shanxi Province, PRC.

17. OTHER BORROWINGS

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Unsecured loan payable	324,601	291,202
Loan interest payable	9,756	1,409
	334,357	292,611

The amount represents unsecured borrowings from independent third parties bearing interest ranging from 0.4% to 1% per month (31 December 2021: 0.5% to 1% per month) and are repayable within one year (31 December 2021: repayable within one year).

As at 30 June 2022, certain of the Group's other borrowings are either past due or repayable on demand, and hence are due for immediate payment as at 30 June 2022. The amounts immediately payable by the Group, taking into account (a) outstanding principal, and (b) interest accrued but unpaid, were approximately HK\$199,475,000 (equivalent to RMB169,780,000) (31 December 2021: HK\$94,102,000 (equivalent to RMB77,000,000)) and HK\$8,979,000 (equivalent to RMB7,642,000) (31 December 2021: HK\$1,409,000 (equivalent to RMB1,153,000)), respectively.

18. AMOUNTS DUE TO A DIRECTOR/A SHAREHOLDER

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

19. MARGIN LOANS PAYABLES

As at 31 December 2021, the margin loans payables were secured by the listed equity securities held under the margin accounts, with a total market value of approximately HK\$17,600,000, and repayable within one year.

The Group's variable-rate margin loans payable are mainly subject to interest ranged from 12% to 24% per annum as at 31 December 2021. The range of effective interest rates are equal to contractual interest rates.

20. CONVERTIBLE BOND

Amount represented the convertible bond (the "CB") issued by the Company to China Huarong International Holdings Limited (the "CB Holder") pursuant to an agreement (the "CB Agreement") entered into between the Company and the CB Holder on 3 October 2017 (maturity date was 10 November 2019) and an amendment deed to the CB Agreement (the "Amendment Deed") on 21 July 2020.

Pursuant to the Amendment Deed with the CB Holder, the maturity date of the CB was extended 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"). The conversion price was amended as HK\$0.8 per share, subject to anti-dilutive adjustments. Interest of the CB was charged at 12% per annum from 10 November 2019 to the Revised Maturity Date.

The CB was secured by the share capital or registered capital of certain subsidiaries of the Group and certain cash/securities account and personal guarantee provided by Mr. Wang Liang, 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 was entitled to require the Company to redeem the CB in whole, or in part for the time being outstanding at the revised redemption amount (the "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 was 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 had 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. The difference of HK\$8,809,000 taking into account the costs incurred for modification was recognised as net gain on extinguishment of convertible bond in profit or loss during the year ended 31 December 2020. The effective interest rate of the debt component was 12.04% per annum after effect of Amendment Deed.

On 21 December 2020, the Company 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. On 4 May 2021, the Company repaid interest at amount of US\$850,800 (equivalent to approximately HK\$6,637,000). The CB was matured on 10 November 2021 and was fully redeemed by the Company through repayment of principal and interest amounting US\$14,180,000 and US\$850,800 (equivalent to approximately HK\$110,604,000 and approximately HK\$6,636,000), respectively.

The movement of the components of the CB for the six months ended 30 June 2022 and for the year ended 31 December 2021 is set out below:

	Debt component <i>HK\$'000</i>	Derivative component <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021	112,229	273	112,502
Finance cost — interest paid	(6,637)	–	(6,637)
Finance cost — interest charge	6,700	–	6,700
Change in fair value	–	25,560	25,560
	<hr/>	<hr/>	<hr/>
Carrying amount at 30 June 2021	112,292	25,833	138,125
Finance cost — interest paid	(6,636)	–	(6,636)
Finance cost — interest charge	4,948	–	4,948
Change in fair value	–	(25,833)	(25,833)
Redemption/repayment of CB	(110,604)	–	(110,604)
	<hr/>	<hr/>	<hr/>
Carrying amount at 31 December 2021 and 30 June 2022	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21. SHARE CAPITAL

	Number of shares <i>'000</i>	Share capital <i>HK\$'000</i>
Ordinary share of HK\$0.04 each		
Authorised:		
At 31 December 2021 and 30 June 2022	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
At 31 December 2021 and 30 June 2022	<hr/> <hr/>	<hr/> <hr/>

22. 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 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*
25/1/2017	29,925,000	1.34
12/12/2017	24,437,500	1.34
21/2/2019	126,000,000	0.48
8/10/2020	47,000,000	0.40
16/11/2020	68,900,000	0.60
25/4/2022	14,314,750	1.34

As at date of this announcement, an aggregate of 191,714,750 shares may be issued upon full exercise of all vested and unvested share options granted under the 2012 Scheme, out of which 66,100,000 shares are immediately issuable, representing approximately 2.36% of the total number of issued shares as at the date of this announcement, and 125,614,750 shares are issuable upon vesting and full exercise of share options. The options holders should remain eligible participants throughout the vesting period. Movements of the options, which were 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 2022	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2022
Employees					
25/1/2017	1.34	02/07/2018 to 01/07/2022	2,078,750	(6,250)	2,072,500
25/1/2017	1.34	02/07/2019 to 01/07/2022	2,228,750	(6,250)	2,222,500
25/1/2017	1.34	02/07/2020 to 01/07/2022	2,301,250	(6,250)	2,295,000
25/1/2017	1.34	02/07/2021 to 01/07/2022	2,338,750	(6,250)	2,332,500
			8,947,500	(25,000)	8,922,500
			8,947,500	(25,000)	8,922,500

The above options, being granted on 25 January 2017, were all vested on 2 July 2018. As at 30 June 2022, 8,922,500 (31 December 2021: 8,947,500) shares options were exercisable.

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2022	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2022
Employees					
12/12/2017	1.34	10/06/2019 to 09/06/2023	1,654,375	(8,125)	1,646,250
12/12/2017	1.34	10/06/2020 to 09/06/2023	1,656,875	(8,125)	1,648,750
12/12/2017	1.34	10/06/2021 to 09/06/2023	1,660,625	(8,125)	1,652,500
12/12/2017	1.34	10/06/2022 to 09/06/2023	1,660,625	(8,125)	1,652,500
			<u>6,632,500</u>	<u>(32,500)</u>	<u>6,600,000</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>–</u>	<u>750,000</u>
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>–</u>	<u>4,750,000</u>
Total			<u>12,132,500</u>	<u>(32,500)</u>	<u>12,100,000</u>

The above options, being granted on 12 December 2017, were all vested on 10 June 2019. As at 30 June 2022, 12,100,000 (31 December 2021: 9,096,875) share options were exercisable.

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2022	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2022
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.

The above options, being granted on 21 February 2019, were all vested on 21 February 2020. As at 30 June 2022, 54,000,000 (31 December 2021: 36,000,000) share options were exercisable.

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2022	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2022
Employees					
8/10/2020	0.40	08/10/2023 to 07/10/2028	11,750,000	–	11,750,000
8/10/2020	0.40	08/10/2024 to 07/10/2028	11,750,000	–	11,750,000
8/10/2020	0.40	08/10/2025 to 07/10/2028	11,750,000	–	11,750,000
8/10/2020	0.40	08/10/2026 to 07/10/2028	11,750,000	–	11,750,000
			<u>47,000,000</u>	<u>–</u>	<u>47,000,000</u>

The above options, being granted on 8 October 2020, will be all vested on 8 October 2023. As at 30 June 2022, no share options were exercisable (31 December 2021: Nil).

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2022	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2022
Employees					
16/11/2020	0.60	16/11/2022 to 15/11/2027	5,099,992	(533,333)	4,566,659
16/11/2020	0.60	16/11/2023 to 15/11/2027	5,099,992	(533,333)	4,566,659
16/11/2020	0.60	16/11/2024 to 15/11/2027	5,100,016	(533,334)	4,566,682
			<u>15,300,000</u>	<u>(1,600,000)</u>	<u>13,700,000</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>65,300,000</u>	<u>(1,600,000)</u>	<u>63,700,000</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.

The above options, being granted on 16 November 2020, will be all vested on 16 November 2022. As at 30 June 2022, no share options were exercisable (31 December 2021: Nil).

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2022	Granted during the period	Lapsed/cancelled during the period	Number of options outstanding at 30 June 2022
Employees						
25/4/2022	1.34	25/4/2023 to 24/4/2026	–	4,314,750	–	4,314,750
25/4/2022	1.34	25/4/2023 to 24/4/2027	–	2,500,000	–	2,500,000
25/4/2022	1.34	25/4/2024 to 24/4/2027	–	2,500,000	–	2,500,000
25/4/2022	1.34	25/4/2025 to 24/4/2027	–	2,500,000	–	2,500,000
25/4/2022	1.34	25/4/2026 to 24/4/2027	–	2,500,000	–	2,500,000
			–	14,314,750	–	14,314,750

The above options, being granted on 25 April 2022, will be all vested on 25 April 2023. As at 30 June 2022, no share options were exercisable.

The fair value of the share options granted on 25 January 2017, 12 December 2017, 21 February 2019, 8 October 2020, 16 November 2020 and 25 April 2022 are determined using the Binomial Option Pricing Model (the “Model”), was HK\$17,892,000, HK\$17,950,000, HK\$27,504,000, HK\$12,731,000, HK\$25,407,000 and HK\$6,929,000 respectively. The inputs into the Model and the estimated fair value of the share options are as follows:

	25 January 2017	12 December 2017	21 February 2019	8 October 2020	16 November 2020	25 April 2022
Closing price of the shares	HK\$1.14*	HK\$1.22*	HK\$0.42*	HK\$0.36	HK\$0.53	HK\$0.90
Exercise price	HK\$1.34*	HK\$1.34*	HK\$0.48*	HK\$0.40	HK\$0.60	HK\$1.34
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility	93.19%	87.92%	94.36%	92.04%	94.06%	85.88% to 92.38%
Risk-free interest rate	1.289%	1.582%	1.423%	0.42%	0.33%	2.52% to 2.57%
Fair value per share option	HK\$0.572* to HK\$0.612*	HK\$0.716* to HK\$0.744*	HK\$0.216* to HK\$0.22*	HK\$0.255 to HK\$0.283	HK\$0.348 to HK\$0.386	HK\$0.451 to HK\$0.545

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

During the six months ended 30 June 2022, the Group recognised an expense of HK\$8,855,000 (six months ended 30 June 2021: HK\$7,980,000) 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.

23. CAPITAL COMMITMENTS

As at 30 June 2022, the Group did not have any capital commitment (31 December 2021: Nil).

24. PLEDGE OF ASSETS

As at 30 June 2022, the Group did not have any pledge of assets. As at 31 December 2021, the Group's margin loans payables of HK\$3,633,000 were secured by the listed equity securities, held under the margin accounts, with a total market value of approximately HK\$17,600,000.

25. CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any contingent liabilities (31 December 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a loss attributable to the shareholders of the Company of HK\$88.1 million for the six months ended 30 June 2022, representing an increase in loss of 43.5% as compared to the loss attributable to the shareholders of the Company of HK\$61.4 million for the six months ended 30 June 2021. The increase in loss was mainly due to (i) the decrease in gross profit due to the emergence of the fifth wave of the COVID-19 pandemic during the period; (ii) the decrease in interest income from margin financing and money lending; (iii) the increase in finance costs, administrative expenses and selling and distribution expenses; and (iv) the increase in fair value loss on financial assets at fair value through profit or loss (not held for trading).

During the six months ended 30 June 2022, the Group recorded a revenue of approximately HK\$166.3 million (six months ended 30 June 2021: HK\$136.8 million), representing an increase of approximately 21.6% as compared to the corresponding period of last year. The Group's overall gross profit margin was 35.1% (six months ended 30 June 2021: 39.1%).

FINANCIAL REVIEW AND PROSPECT

QR code business

Revenue from QR code business was HK\$38.2 million and its segment loss was HK\$4.6 million during the six months ended 30 June 2022 (six months ended 30 June 2021: Revenue of HK\$57.2 million and segment profit of HK\$7.3 million). Revenue was decreased by 33.2% as compared with the corresponding period last year. The decrease in segment profit was mainly due to the decrease in revenue primarily from the impact of COVID-19.

Packaging products business

The packaging products business reported a revenue of HK\$123.8 million for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$81.9 million), representing an increase of 51.2% as compared with the corresponding period of last year. A segment profit of HK\$13.1 million was recorded during the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$2.4 million). The increase in segment profit was mainly due to increase in revenue primarily from increase in sale orders from major customers.

Treasury investment business

During the period, the Group recorded fair value loss of HK\$1.6 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\$13.5 million. Fair value loss of financial assets at fair value through profit or loss not held for trading amounting to HK\$50.8 million was recognised during the period (six months ended 30 June 2021: HK\$22.0 million), it was mainly due to the fair value of 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\$4.0 million (six months ended 30 June 2021: HK\$82,000) and a segment loss of HK\$5.1 million (six months ended 30 June 2021: HK\$0.6 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 2022 (six months ended 30 June 2021: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position was actively reviewed throughout the period. As at 30 June 2022, the Group had outstanding (i) approximately HK\$334.4 million (31 December 2021: HK\$292.6 million) in unsecured other borrowing bearing interest ranging from 0.4%–1% per month (31 December 2021: 0.5%–1% per month), repayable within one year and denominated in Renminbi ("RMB"); and (ii) amount due to a director of approximately HK\$93.8 million (31 December 2021: HK\$92.6 million) and amount due to a shareholder of approximately HK\$3.0 million (31 December 2021: nil), which are unsecured, interest-free and repayable on demand. As at 30 June 2022, the Group had cash balances amounting to approximately HK\$35.0 million (31 December 2021: HK\$60.2 million). The gearing ratio (net borrowing to shareholders' equity) was approximately 0.99 (31 December 2021: 0.67). The increase in gearing ratio was primarily due to increase in the short term loan and recorded a significant loss during the period.

SHARE CAPITAL

There is no movement of share capital as at 30 June 2022.

PLEDGE OF ASSETS

As at 30 June 2022, the Group did not have any pledge of assets. As at 31 December 2021, the Group's margin loans payables of HK\$3,633,000 were secured by the listed equity securities, held under the margin accounts, with a total market value of approximately HK\$17,600,000.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any contingent liabilities (31 December 2021: Nil).

CAPITAL COMMITMENTS

As at 30 June 2022, the Group did not have any capital commitment (31 December 2021: Nil).

FINANCE LEASE OBLIGATIONS

As at 30 June 2022, the Group has no outstanding obligations under finance lease (31 December 2021: 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 2022 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 2022, 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 2022, the Group had a total workforce of approximately 568 full time employees in Hong Kong and Mainland China and 8 part time employees in Hong Kong (31 December 2021: full time: 509; 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 INVESTMENTS HELD

As at 30 June 2022, the Group held listed investments, unlisted investments and investment in wealth management products of approximately HK\$16.0 million, HK\$268.2 million and HK\$9.9 million respectively, details of which were set out as follows:

Nature of investments	Number of	Percentage of	Fair value	Fair value/carrying amount		Percentage	Investment	Net	Notes
	shares held	shareholding	change for	as at	as at	to the			
	as at	as at	period ended	as at	as at	Group's	cost	profit/(loss)	
	30 June	30 June	30 June	30 June	31 December	total assets		of the	
	2022	2022	2022	2022	2021	as at		investee	
		%	HK\$'000	HK\$'000	HK\$'000	30 June	HK\$'000	HK\$'000	
Financial assets at fair value through profit or loss									
<i>Unlisted Investments</i>									
Freewill Holdings Limited ("Freewill")	14,550,000	2.95	-	-	-	-	80,025	-	(a)
Co-Lead Holdings Limited ("Co-Lead")	363	2.56	(18,302)	41,406	59,708	4.18	145,200	(1,177,345)	(a)
FreeOpt Holdings Limited ("FreeOpt")	1,500,000	17.61	(7,952)	136,527	144,479	13.79	150,000	(40,265)	(a)
Imagi Brokerage Limited ("Imagi")	17,000,000	2.97	1,251	26,251	25,000	2.65	25,000	17,311	(a)
Seekers Partners Limited ("Seekers")	9,108,328	0.50	(7,559)	19,441	27,000	1.96	53,217	(622,870)	(b)
Simagi Finance Company Limited ("Simagi")	13,000,000	12.12	(14,002)	15,502	29,504	1.57	65,000	(229,857)	(a)
Triton Algae Innovations, Ltd. ("Triton")	1,215,278	3.73	(4,205)	29,041	33,246	2.93	27,300	(8,291)	(a)
			<u>(50,769)</u>	<u>268,168</u>	<u>318,937</u>	<u>27.08</u>	<u>545,742</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 period ended 30 June 2022.
- (b) Based on its management accounts for period ended 31 March 2022.

Nature of investments	Number of shares held as at 30 June 2022	Percentage of shareholding as at 30 June 2022	Unrealised	Dividends	Fair value		Percentage to the Group's total assets as at 30 June 2022	Investment cost	Net profit/(loss) of the investee	Note
			loss on fair value change for period ended 30 June 2022	received for period ended 30 June 2022	as at 30 June 2022	as at 31 December 2021				
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	
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>(1,600)</u>	<u>-</u>	<u>16,000</u>	<u>17,600</u>	<u>1.62</u>	<u>15,058</u>	<u>(5,784,023)</u>	(c)

Note:

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

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

The Group also invested in wealth management products of approximately HK\$9.9 million (equivalent to RMB8.4 million) as at 30 June 2022.

Freewill is principally engaged in the business of investment holding.

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

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

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

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

Simagi is principally engaged in the money lending businesses.

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

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

In an uncertain world with unprecedented change in the second half of 2022, the management would continuously review and maintain resilient investment portfolios to weather the likely bouts of volatility.

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 2022:

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.
(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.

* For identification purposes only

Intended use of proceeds**Actual use of proceeds**

- | | |
|---|--|
| (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 2022 and applied for the same purpose as disclosed in the Announcements. |
- (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; | An amount of HK\$172.5 million was fully utilised for the expansion and development of QR codes business. |
| (b) An amount of HK\$30.8 million were used for general working capital of corporate office. | An amount of HK\$30.8 million was fully utilised for general working capital of corporate office. |

Intended use of proceeds	Actual use of proceeds
(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.	An amount of HK\$49.88 million was fully utilised 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.	An amount of HK\$49.98 million was fully utilised 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.	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.
(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.	An amount of HK\$28.18 million was fully utilised as general working capital of the Group.

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 2022 except one non-executive director did not attend the annual general meeting of the Company held on 2 June 2022 (“2022 AGM”) due to other business engagement. The Company considers that the members of the Board who attended the 2022 AGM were able to sufficiently answering questions from shareholders at the 2022 AGM.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors. 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 2022.

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 2022.

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 2022 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.hkex.com.hk) and the Company (www.touyunbiotech.com.hk). The 2022 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, 26 August 2022

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