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Touyun Biotech Group Limited
透雲生物科技集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1332)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “Board”) of Touyun Biotech Group Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	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		(455)	(1,274)
Interest income from money lending business		1,675	296
Revenue from sales of goods and services rendered			
Cost of sales	4	73,047	104,345
		(41,108)	(68,437)
Gross profit		31,939	35,908
(Provision for)/reversal of impairment loss of trade receivables, net		(1,696)	187
Provision for impairment loss of loan and interest receivables		(851)	–
Other income, gains and losses, net	5	(8,323)	(45,091)
Selling and distribution expenses		(8,579)	(11,406)
Administrative expenses		(58,393)	(59,539)
Finance costs	6	(4,462)	(4,162)

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss before tax	7	(49,145)	(85,081)
Income tax credit/(expense)	8	<u>326</u>	<u>(22)</u>
Loss for the period		<u>(48,819)</u>	<u>(85,103)</u>
Loss attributable to			
— Owners of the Company		(47,969)	(83,951)
— Non-controlling interests		<u>(850)</u>	<u>(1,152)</u>
		<u>(48,819)</u>	<u>(85,103)</u>
Loss per share attributable to owners of the Company			
— Basic and diluted	10	<u>HK(1.71) cents</u>	<u>HK(2.99) cents</u>
Loss for the period		<u>(48,819)</u>	<u>(85,103)</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>552</u>	<u>925</u>
Other comprehensive income for the period, net of tax		<u>552</u>	<u>925</u>
Total comprehensive loss for the period		<u>(48,267)</u>	<u>(84,178)</u>
Total comprehensive loss attributable to:			
— Owners of the Company		(47,417)	(83,026)
— Non-controlling interests		<u>(850)</u>	<u>(1,152)</u>
		<u>(48,267)</u>	<u>(84,178)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
<i>Non-current assets</i>			
Property, plant and equipment	11	206,319	218,379
Right-of-use assets		83,642	92,252
Intangible assets		–	–
Goodwill		–	–
Loan receivables	14	205	199
Financial assets at fair value through profit or loss	12	124,025	134,026
		414,191	444,856
<i>Current assets</i>			
Inventories		15,294	15,249
Trade receivables	13	31,850	27,139
Prepayments, contract costs, deposits and other receivables		40,881	41,509
Loan and interest receivables	14	55,870	42,551
Financial assets at fair value through profit or loss	12	–	1,543
Cash and cash equivalents		13,757	34,493
		157,652	162,484
<i>Current liabilities</i>			
Trade payables	15	17,998	17,961
Contract liabilities		22,458	18,883
Other payables and accruals	16	47,378	50,952
Lease liabilities		12,927	14,461
Bank and other borrowings	17	245,217	164,894
Amount due to a director	18	97,192	94,392
Amount due to a shareholder of the Company	18	21,403	18,658
Tax payable		181	512
		464,754	380,713
Net current liabilities		(307,102)	(218,229)
Total assets less current liabilities		107,089	226,627

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
<i>Non-current liabilities</i>			
Bank and other borrowings	17	123,970	191,450
Lease liabilities		8,693	14,104
		<u>132,663</u>	<u>205,554</u>
Net (liabilities)/assets		<u>(25,574)</u>	<u>21,073</u>
Equity			
Equity attributable to owners of the Company			
Share capital	19	112,238	112,238
Deficits		(158,883)	(113,086)
		<u>(46,645)</u>	<u>(848)</u>
Non-controlling interests		<u>21,071</u>	<u>21,921</u>
Total (deficit)/equity		<u>(25,574)</u>	<u>21,073</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS INFORMATION

Corporate information

Touyun Biotech Group Limited (the “Company”) was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability on 24 October 2011. The principal place of business of the Company is located at 12th Floor, Kwan Chart Tower, 6 Tonnochy Road, Wan Chai, Hong Kong.

During the period, the principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are (i) provision of QR codes on product packaging and solutions; (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\$48,819,000 for the six months ended 30 June 2024. At 30 June 2024, the Group had net current liabilities and net liabilities of approximately HK\$307,102,000 and HK\$25,574,000 respectively.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group has developed and implemented the following liquidity plan to address the going concern issue:

- (i) The Group has negotiated with financial institutions with a view to obtaining new financing at reasonable cost for repayment to the existing lenders and/or additional working capital;
- (ii) The Group will closely communicate with Mr. Wang Liang, a director of the Company and Ms. Qiao Yanfeng, a shareholder of the Company to request for undertaking that they would not demand repayment of the amounts due to them with aggregate amounts of HK\$118,595,000 or extend the advances until the Group has excess cash to repay;
- (iii) The Group will actively obtain additional new sources of financing (such as additional advances from directors of the Company) as and when needed;
- (iv) The Group is further exploring the market in Mainland China for sales of the Group’s *Chlamydomonas reinhardtii* and related products to improve the liquidity, profitability and revenue of the Group, together with applying cost control measures in cost of sales, administrative expenses and capital expenditures, to increase the Group’s internally generated funds and operating cash inflows in coming years continuously; and
- (v) The Group will also continue to seek for other alternatives to increase its working capital such as disposing of the Group’s unlisted investments included in financial assets at fair value through profit or loss, if needed.

The directors of the Company are confident that, after the abovementioned measures progressively take effect, the financial condition of the Group will be restored and the uncertainties relating to going concern will be properly addressed. The directors of the Company therefore hold the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 30 June 2024. 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 2023.

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, 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 2023, 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 2024 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Significant changes in significant judgements and key sources of estimation uncertainty

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

3. OPERATING SEGMENT INFORMATION

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted 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 2023: 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Group's revenue	26,025	26,504	41,494	61,033	-	-	5,528	16,808	73,047	104,345
Fair value losses on financial assets at fair value through profit or loss ("FVTPL") held for trading, net	-	-	-	-	(455)	(1,274)	-	-	(455)	(1,274)
Interest income from money lending business	-	-	-	-	1,675	296	-	-	1,675	296
Segment revenue	<u>26,025</u>	<u>26,504</u>	<u>41,494</u>	<u>61,033</u>	<u>1,220</u>	<u>(978)</u>	<u>5,528</u>	<u>16,808</u>	<u>74,267</u>	<u>103,367</u>
Segment results	<u>(13,213)</u>	<u>(14,986)</u>	<u>(2,655)</u>	<u>1,338</u>	<u>847</u>	<u>(1,424)</u>	<u>(9,775)</u>	<u>(7,078)</u>	<u>(24,796)</u>	<u>(22,150)</u>
Corporate and unallocated income, gains and losses									(7,759)	(46,928)
Corporate and unallocated expenses									(12,128)	(11,841)
Finance costs									<u>(4,462)</u>	<u>(4,162)</u>
Loss before tax									<u>(49,145)</u>	<u>(85,081)</u>

4. REVENUE

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

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Manufacturing and sales of packaging products	41,494	61,033
Provision of QR code packaging products and solutions		
QR code packaging products	2,644	7,066
QR code solutions	20,849	17,179
	<u>23,493</u>	<u>24,245</u>
Maintenance service income	2,532	2,259
Manufacturing and sale of Chlamydomonas reinhardtii products	5,528	16,808
	<u>73,047</u>	<u>104,345</u>
Fair value losses on financial assets at fair value through profit or loss held for trading, net	(455)	(1,274)
Interest income from money lending business	1,675	296
	<u>74,267</u>	<u>103,367</u>

The revenue within the scope of HKFRS 15 for the six months ended 30 June 2024 were categorised by timing of revenue recognition at a point in time of HK\$70,515,000 (six months ended 30 June 2023: HK\$102,086,000) and over time of HK\$2,532,000 (six months ended 30 June 2023: HK\$2,259,000).

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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	38	66
Rental income	1,510	1,492
Foreign exchange differences, net	469	840
Loss on disposal/written off of property, plant and equipment	(853)	(574)
Fair value change on financial assets at fair value through profit or loss (not held for trading), net	(10,001)	(47,841)
Government grant (<i>note</i>)	217	–
Others	297	926
	<u>(8,323)</u>	<u>(45,091)</u>

Note: For the six months ended 30 June 2024, the Group recognised concession of approximately HK\$217,000 (equivalent to RMB200,000) related to subsidy granted by Changzhi Municipal People's Government, as incentives for the Group's economic contributions at Luchang District, Changzhi City, Shanxi Province, the PRC.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	592	364
Interest on bank and other borrowings	3,870	3,798
	<u>4,462</u>	<u>4,162</u>

7. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	8,801	9,699
Depreciation of right-of-use assets	8,347	9,173
Amortisation of intangible assets	–	308
Employee benefits expenses (including directors' remuneration):		
Salaries, wages and other benefits	40,265	47,090
Pension scheme contributions	3,284	3,726
Equity-settled share option expenses	1,620	4,561
	<u>45,169</u>	<u>55,377</u>

8. INCOME TAX

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

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

In accordance with the PRC Corporate Income Tax Law, the PRC Corporate Income Tax is calculated at a statutory rate of 25% (six months ended 30 June 2023: 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 2023 to 2026 and were entitled to a tax rate of 15%.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	–	–
Over-provision in respect of prior period	(344)	–
Current tax — PRC Corporate Income Tax		
Provision for the period	18	22
	<u> </u>	<u> </u>
	(326)	22
Deferred tax	–	–
	<u> </u>	<u> </u>
Income tax (credit)/expense	(326)	22
	<u> </u>	<u> </u>

9. DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 2024 and 2023 are based on the following data:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	(47,969)	(83,951)
	<u> </u>	<u> </u>
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,805,952	2,805,952
	<u> </u>	<u> </u>

The computation of diluted loss per share for the six months ended 30 June 2024 and 2023 do not assume the exercise of share options since their assumed exercise would result in a decrease in loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group incurred HK\$1,352,000 (six months ended 30 June 2023: HK\$1,158,000) for acquisition of property, plant and equipment. Property, plant and equipment with aggregate carrying amount of HK\$1,431,000 were disposed of/written off during the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$574,000).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current assets		
Unlisted equity investments, at fair value (<i>Note (a)</i>)		
Company A	17,405	22,685
Company B	–	–
Company C	1,584	2,282
Company D	8,362	9,719
Company E	38,651	30,000
Company F	13,557	14,887
Company G	9,128	10,057
Company H	12,118	14,896
Company I	23,220	29,500
	124,025	134,026
Current assets		
Private equity investment fund (<i>Note (b)</i>)	–	1,543

Notes:

- (a) As at 30 June 2024, the unlisted equity investments relate to investments in nine (31 December 2023: nine) 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) On 27 September 2023, 上海透雲物聯網科技有限公司 entered into a fund contract with 嘉興浚景私募基金管理有限公司 (the “Investment Manager”) and 國泰君安證券股份有限公司 (the “Custodian”), pursuant to which 上海透雲物聯網科技有限公司 agreed to subscribe for 1,500,000 shares of a private equity investment fund (the “Fund”) at a consideration of RMB1,500,000 (equivalent to approximately HK\$1,641,000). The Fund was governed by contractual relationships between and among 上海透雲物聯網科技有限公司, the Custodian and the Investment Manager. 上海透雲物聯網科技有限公司 can sell shares of the Fund to the Investment Manager at market value any time after one year from the date of subscription. The Fund was established on 29 September 2023 and would be expired on 27 September 2043, with return in dividend derived from investments in financial products. Mr. Jia Wenjie (“Mr. Jia”), the Non-executive Director of the Group, and Ms. Zeng Xiaomeng (“Ms. Zeng”), spouse of Mr. Wang Liang, the Executive Director and substantial shareholder of the Group had indirect interest in the Investment Manager. The investment in the Fund was approved by the board of directors of 上海透雲物聯網科技有限公司 on 15 September 2023. During the period ended 30 June 2024, 上海透雲物聯網科技有限公司 subscribed additional 4,500,000 shares of the Fund at a consideration of RMB4,500,000 (equivalent to approximately HK\$4,882,000). All of the Fund with fair value amounting to RMB5,490,000 (equivalent to approximately HK\$5,956,000) had been sold before April 2024, and the total sales proceeds of RMB5,490,000 (equivalent to approximately HK\$5,956,000) were received during the period ended 30 June 2024.

13. TRADE RECEIVABLES

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	45,763	39,356
Less: Impairment loss allowance	(13,913)	(12,217)
	<u>31,850</u>	<u>27,139</u>

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

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

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 1 month	17,683	18,368
1 to 2 months	7,191	4,828
2 to 3 months	4,321	2,290
Over 3 months	2,655	1,653
	<u>31,850</u>	<u>27,139</u>

14. LOAN AND INTEREST RECEIVABLES

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

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Unsecured loan and interest receivables	59,655	45,479
Less: Impairment loss allowance	(3,580)	(2,729)
	<u>56,075</u>	<u>42,750</u>
Analysed for reporting purpose as:		
Current portion	55,870	42,551
Non-current portion	205	199
	<u>56,075</u>	<u>42,750</u>

As at 30 June 2024, unsecured loan and interest receivables of HK\$56,075,000 (31 December 2023: HK\$42,750,000) are unsecured and will be matured within 1–5 years (31 December 2023: 1–6 years).

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 2024	31 December 2023
Unsecured loan and interest receivables	<u>6%–7%</u>	<u>6%</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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 1 month	10,594	8,892
1 to 2 months	1,179	3,020
2 to 3 months	1,348	312
Over 3 months	4,877	5,737
	17,998	17,961

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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Other payables	32,350	34,040
Accruals	15,028	16,912
	47,378	50,952

Other payables and accruals are non-interest bearing and are normally settled with three months. Included in other payables are construction payables of HK\$17,885,000 (31 December 2023: HK\$20,089,000), for the construction of the Chlamydomonas reinhardtii and related products facilities in Lucheng District, Changzhi City, Shanxi Province, PRC.

17. BANK AND OTHER BORROWINGS

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Secured bank borrowings	68,992	76,161
Unsecured other borrowings	300,195	280,183
	<u>369,187</u>	<u>356,344</u>

Analysed for reporting purpose as:

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Current portion	245,217	164,894
Non-current portion	123,970	191,450
	<u>369,187</u>	<u>356,344</u>

The Group's secured bank borrowings as at 30 June 2024 are secured by way of the following:

- a. mortgages over the Group's buildings which had an aggregate carrying value at the end of the reporting period of HK\$20,879,000 (equivalent to RMB19,373,000) (31 December 2023: HK\$22,085,000 (equivalent to RMB20,188,000)); and
- b. mortgages over the Group's leasehold lands which had an aggregate carrying value at the end of the reporting period of HK\$62,255,000 (equivalent to RMB57,751,000) (31 December 2023: HK\$63,961,000 (equivalent to RMB58,465,000)).

Secured bank borrowings carry interest at rates ranging from 0.40% to 0.63% per month (31 December 2023: 0.42% to 0.67%) and are repayable within one to two years (31 December 2023: repayable within one to two years). Unsecured other borrowings carry interest ranging from 0.42% to 1.00% per month (31 December 2023: 0.42% to 0.58% per month) and are repayable within one to two years (31 December 2023: repayable within one to two years).

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

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

19. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary share of HK\$0.04 each		
Authorised:		
At 31 December 2023 and 30 June 2024	<u>12,500,000</u>	<u>500,000</u>
Issued and fully paid:		
At 31 December 2023 and 30 June 2024	<u>2,805,952</u>	<u>112,238</u>

20. SHARE OPTION SCHEME

The Company adopted a share option scheme (the “2012 Scheme”) which became effective on 18 May 2012 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the 2012 Scheme include (i) any director, officer, employee, consultant, professional, customer, supplier (whether of goods or services), agent, partner or adviser of or contractor to any member of the Group or its Related Group or a company in which the Group holds an interest or a subsidiary of such company (collectively the “Eligible Group”); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include the Eligible Group; or (iii) a company beneficially owned by the Eligible Group. The 2012 Scheme was already expired on 17 May 2022. On 2 June 2022, a new share option scheme (the “2022 Scheme”) was passed by way of an ordinary resolution in the annual general meeting. The 2022 Scheme does not impose minimum period requirement, each grant will be considered on an individual basis to achieve the purpose of the 2022 Scheme including retaining human resources that are valuable to the growth and development of the Group if the grantees are required to hold the share options for a certain period of time prior to vesting.

“Related Group” means (i) each of the substantial shareholders of the Company, and (ii) each associate and substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the Company or of a substantial shareholder referred to in (i) above, and (iii) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (ii) above, and (iv) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iii) above, and (v) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iv) above.

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

Date of grant	Number of share options granted*	Exercise price/ Adjusted exercise price*
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

Movements of the options granted under the 2012 and 2022 Scheme, during the period were as follows:

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2024	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2024
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>(24,000,000)</u>	<u>–</u>
Other participants (Note)					
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>(30,000,000)</u>	<u>–</u>
Total			<u>54,000,000</u>	<u>(54,000,000)</u>	<u>–</u>

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

As at 30 June 2024, no share options were exercisable (31 December 2023: 54,000,000).

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2024	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2024
Employees					
8/10/2020	0.40	08/10/2023 to 07/10/2028	2,500,000	–	2,500,000
8/10/2020	0.40	08/10/2024 to 07/10/2028	2,500,000	–	2,500,000
8/10/2020	0.40	08/10/2025 to 07/10/2028	2,500,000	–	2,500,000
8/10/2020	0.40	08/10/2026 to 07/10/2028	2,500,000	–	2,500,000
			<u>10,000,000</u>	<u>–</u>	<u>10,000,000</u>

As at 30 June 2024, 2,500,000 share options were exercisable (31 December 2023: 2,500,000).

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2024	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2024
Employees					
16/11/2020	0.60	16/11/2022 to 15/11/2027	3,399,993	–	3,399,993
16/11/2020	0.60	16/11/2023 to 15/11/2027	3,399,993	–	3,399,993
16/11/2020	0.60	16/11/2024 to 15/11/2027	3,400,014	–	3,400,014
			<u>10,200,000</u>	<u>–</u>	<u>10,200,000</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>60,200,000</u>	<u>–</u>	<u>60,200,000</u>

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

As at 30 June 2024, 40,133,318 share options were exercisable (31 December 2023: 40,133,318).

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2024	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2024
Employees					
25/4/2022	1.34	25/4/2023 to 24/4/2026	3,531,000	–	3,531,000
25/4/2022	1.34	25/4/2023 to 24/4/2027	2,437,500	(362,500)	2,075,000
25/4/2022	1.34	25/4/2024 to 24/4/2027	2,437,500	(362,500)	2,075,000
25/4/2022	1.34	25/4/2025 to 24/4/2027	2,437,500	(362,500)	2,075,000
25/4/2022	1.34	25/4/2026 to 24/4/2027	2,437,500	(362,500)	2,075,000
			<u>13,281,000</u>	<u>(1,450,000)</u>	<u>11,831,000</u>

As at 30 June 2024, 7,681,000 share options were exercisable (31 December 2023: 5,968,500).

The fair value of the share options granted on 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\$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:

	21 February 2019	08 October 2020	16 November 2020	25 April 2022
Closing price of the shares	HK\$0.42*	HK\$0.36	HK\$0.53	HK\$0.90
Exercise price	HK\$0.48*	HK\$0.40	HK\$0.60	HK\$1.34
Dividend yield	Nil	Nil	Nil	Nil
Expected volatility	94.36%	92.04%	94.06%	85.88% to 92.38%
Risk-free interest rate	1.423%	0.42%	0.33%	2.52% to 2.57%
Fair value per share option	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 2024, the Group recognised an expense of HK\$1,620,000 (six months ended 30 June 2023: HK\$4,561,000) as equity-settled share based payments in the condensed consolidated statement of profit or loss with reference to their respective vesting period.

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

21. PLEDGE OF ASSETS

As at 30 June 2024, except for the pledge of assets mentioned in note 17, the Group did not have other pledge of assets.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a loss attributable to the shareholders of the Company of HK\$48.0 million for the six months ended 30 June 2024, representing a decrease in loss of 42.9% as compared to the loss attributable to the shareholders of the Company of HK\$84.0 million for the six months ended 30 June 2023. The decrease in loss was mainly resulted from effective cost control and decrease in fair value loss of financial asset at fair value through profit or loss not held for trading.

During the six months ended 30 June 2024, the Group recorded a revenue of approximately HK\$74.3 million (six months ended 30 June 2023: HK\$103.4 million), representing a decrease of approximately 28.1% as compared to the corresponding period of last year. The Group's overall gross profit margin was 43.7% (six months ended 30 June 2023: 34.4%).

FINANCIAL REVIEW AND PROSPECT

QR code business

Revenue from QR code business was HK\$26.0 million and its segment loss was HK\$13.2 million during the six months ended 30 June 2024 (six months ended 30 June 2023: Revenue of HK\$26.5 million and segment loss of HK\$15.0 million). Revenue was slightly decreased by 1.9% as compared with the corresponding period last year. The decrease in segment loss was mainly due to decrease in labour cost.

Packaging products business

The packaging products business reported a revenue of HK\$41.5 million for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$61.0 million), representing a decrease of 32.0% as compared with the corresponding period of last year. A segment loss of HK\$2.7 million was recorded during the six months ended 30 June 2024 (six months ended 30 June 2023: segment profit of HK\$1.3 million). The segment loss was mainly due to the decrease in revenue primarily from decrease in sale orders from major customers.

Treasury investment business

During the period, the Group recorded fair value loss of HK\$0.5 million on financial assets at fair value through profit or loss held for trading, compared to corresponding period in last year amounted to a fair value loss of HK\$1.3 million. Fair value loss of financial assets at fair value through profit or loss not held for trading amounting to HK\$10.0 million was recognised during the period (six months ended 30 June 2023: HK\$47.8 million), it was mainly due to the fair value of the assets of the Group's unlisted investments decreased during the period.

Chlamydomonas reinhardtii products business

During the period, the Chlamydomonas reinhardtii products business recorded a revenue of HK\$5.5 million (six months ended 30 June 2023: HK\$16.8 million) and a segment loss of HK\$9.8 million (six months ended 30 June 2023: HK\$7.1 million), such increase in segment loss was mainly due to the decrease in sales.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position was actively reviewed throughout the period. As at 30 June 2024, the Group had outstanding (i) approximately HK\$300.2 million (31 December 2023: HK\$280.2 million) unsecured other borrowings and approximately HK\$69.0 million (31 December 2023: HK\$76.2 million) secured bank borrowings, bearing interest ranging from 0.4%–1.0% per month (31 December 2023: 0.42%–0.67% per month), repayable within one to two years (31 December 2023: one to two years) and denominated in Renminbi ("RMB"); (ii) amount due to a Director of approximately HK\$97.2 million (31 December 2023: HK\$94.4 million) which was unsecured, interest-free and repayable on demand; and (iii) amount due to a Shareholder of the Company of HK\$21.4 million (31 December 2023: HK\$18.7 million) which was unsecured, interest-free and repayable on demand. As at 30 June 2024, the Group had cash balances amounting to approximately HK\$13.8 million (31 December 2023: HK\$34.5 million). The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the condensed consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the condensed consolidated statement of financial position plus net borrowings. The gearing ratio was approximately 108% (31 December 2023: 94%). The increase in the gearing was resulted primarily from the increase of net borrowings for the operating expense for the Group.

SHARE CAPITAL

There was no movement of share capital during the six months ended 30 June 2024.

PLEDGE OF ASSETS

As at 30 June 2024, the Group's buildings and leasehold lands which had an aggregate carrying value of HK\$20.9 million and HK\$62.3 million respectively (31 December 2023: HK\$22.1 million and HK\$64.0 million respectively) were pledged to secure a bank borrowing of approximately HK\$69.0 million (31 December 2023: HK\$76.2 million).

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

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any contingent liabilities (31 December 2023: Nil).

CAPITAL COMMITMENTS

As at 30 June 2024, the Group did not have any capital commitment (31 December 2023: Nil).

FINANCE LEASE OBLIGATIONS

As at 30 June 2024, the Group did not have any outstanding obligations under finance lease (31 December 2023: 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 2024 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 2024, 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 2024, the Group had a total workforce of approximately 524 full time employees in Hong Kong and Mainland China and 3 part-time employees in Hong Kong (31 December 2023: Full-time: 563; part time: 5). The Group remunerates its staff based on their merit, qualification, competence and prevailing market salaries trend. In addition to salary and year-end bonus, the remuneration packages also comprised of share option scheme, provident fund contributions, medical and life insurances.

SIGNIFICANT INVESTMENT HELD

As at 30 June 2024, the Group held unlisted investments of approximately HK\$124.0 million, details of which were set out as follows:

Nature of investments	Number of shares held as at 30 June 2024	Percentage of shareholding as at 30 June 2024 %	Fair value change for period ended 30 June 2024	Fair value as at		Percentage to the Group's total assets as at 30 June 2024 %	Investment cost HK\$'000	Net profit/(loss) of the investee HK\$'000	Notes
			30 June 2024 HK\$'000	30 June 2024 HK\$'000	31 December 2023 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	(49)	(a)
Co-Lead Holdings Limited ("Co-Lead")	363	2.56	(5,280)	17,405	22,685	3.04	145,200	(125,830)	(a)
FreeOpt Holdings Limited ("FreeOpt")	1,500,000	17.61	8,651	38,651	30,000	6.76	150,000	(9,486)	(a)
Imagi Brokerage Limited ("Imagi")	17,000,000	2.97	(929)	9,128	10,057	1.60	25,000	(4,859)	(a)
Seekers Partners Limited ("Seekers")	9,108,328	0.10	(698)	1,584	2,282	0.28	53,217	(2,534,949)	(b)
Simagi Finance Company Limited ("Simagi")	13,000,000	11.08	(1,357)	8,362	9,719	1.46	65,000	2,814	(a)
Triton Algae Innovations, Ltd. ("Triton")	1,215,278	3.73	(1,330)	13,557	14,887	2.37	27,300	(44,214)	(c)
Green River Associates Limited ("Green River")	13	5.10	(2,778)	12,118	14,896	2.12	25,000	(64,536)	(a)
Tre 29 Investment (Holdings) Limited ("Tre 29")	2,000	10.29	(6,280)	23,220	29,500	4.06	30,000	(66,721)	(a)
			(10,001)	124,025	134,026	21.69	600,742		

Notes:

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

- Based on its management accounts for period ended 30 June 2024.
- Based on its management accounts for period ended 31 March 2024.
- Based on its management accounts for year ended 31 December 2023.

On 27 September 2023, 上海透雲物聯網科技有限公司 entered into a fund contract with 嘉興浚景私募基金管理有限公司 (the “Investment Manager”) and 國泰君安證券股份有限公司 (the “Custodian”), pursuant to which 上海透雲物聯網科技有限公司 agreed to subscribe for 1,500,000 shares of a private equity investment fund (the “Fund”) at a consideration of RMB1,500,000 (equivalent to approximately HK\$1,641,000). The Fund was governed by contractual relationships between and among 上海透雲物聯網科技有限公司, the Custodian and the Investment Manager with no legal entity was formed 上海透雲物聯網科技有限公司 can sell shares of the Fund to the Investment Manager at market value any time after one year from the date of subscription. The Fund was established on 29 September 2023 and would be expired on 27 September 2043, with return in dividend derived from investments in financial products. Mr. Jia Wenjie, the Non-executive Director of the Group, and Ms. Zeng Xiaomeng, spouse of Mr. Wang Liang, the Executive Director and substantial shareholder of the Group, had indirect interest in the Investment Manager. The investment in the Fund was approved by the board of directors of 上海透雲物聯網科技有限公司 on 15 September 2023. During the period ended 30 June 2024, 上海透雲物聯網科技有限公司 subscribed additional 4,500,000 shares of the Fund at a consideration of RMB4,500,000 (equivalent to approximately HK\$4,882,000). All of the Fund with fair value amounting to RMB5,490,000 (equivalent to approximately HK\$5,956,000) had been sold before April 2024, the total sales proceeds of RMB5,490,000 (equivalent to approximately HK\$5,956,000) were received during the period ended 30 June 2024.

Freewill is principally engaged in the business of investment holding.

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

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

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

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

Simagi is principally engaged in the money lending businesses.

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

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

Tre 29 is principally engaged in securities investment.

In the second half of year 2024, higher-for-longer interest rate environment and geopolitical developments including the conflicts in Ukraine-Russia and Israel-Gaza will likely continue contributing to volatility. Market conditions are expected to be tough in the foreseeable future. The management would adopt prudent strategies and balance risk management approach to monitor the Group's investment portfolio.

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 2024:

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:	

Intended use of proceeds

- (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 packaging 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 was utilised in the Purchase of Transportation and Supplies and HK\$3.4 million has not yet been utilised and expected to be utilised in 2024 and applied for the same purpose as disclosed in the Announcements.

Intended use of proceeds	Actual use of proceeds
<p>(2) An amount of net proceeds of US\$39.6 million (equivalent to HK\$309.4 million) was raised from issue of US\$40 million 7% interest convertible bond in November 2017. The Company early redeemed US\$13 million (equivalents to HK\$101.4 million) in principal amount of the CB in August 2018. Therefore, the net proceeds of HK\$203.3 million were intended to use as follows:</p> <p>(a) An amount of HK\$172.5 million were used for expansion and development of QR codes business;</p> <p>(b) An amount of HK\$30.8 million were used for general working capital of corporate office.</p>	<p>An amount of HK\$172.5 million was fully utilised for the expansion and development of QR codes business.</p> <p>An amount of HK\$30.8 million was fully utilised for general working capital of corporate office.</p>
<p>(3) An amount of net proceeds of HK\$49.88 million was raised from subscription of new shares in March 2020 and applied as general working capital of the Group.</p>	<p>An amount of HK\$49.88 million was fully utilised as general working capital of the Group.</p>
<p>(4) An amount of net proceeds of HK\$49.98 million was raised from subscription of new shares in April 2020 and applied as general working capital of the Group.</p>	<p>An amount of HK\$49.98 million was fully utilised as general working capital of the Group.</p>
<p>(5) An amount of net proceeds of HK\$19.98 million was raised from subscription of new shares in July 2020 and the Group intends to apply 70% of the net proceeds as repayment of interest of the convertible bond and the remaining 30% of the net proceeds are applied as general working capital of the Group.</p>	<p>70% of the net proceeds was fully utilised as repayment of interest of the convertible bond and 30% of the net proceeds was fully utilised as general working capital of the Group.</p>
<p>(6) An amount of net proceeds of HK\$28.18 million was raised from subscription of new shares in April 2021 and is applied as general working capital of the Group.</p>	<p>An amount of HK\$28.18 million was fully utilised as general working capital of the Group.</p>

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2024 except one non-executive director and one independent non-executive director did not attend the annual general meeting of the Company held on 7 June 2024 (“2024 AGM”) due to other business engagement. The Company considers that the members of the Board who attended the 2024 AGM were able to sufficiently answering questions from shareholders at the 2024 AGM.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 2024.

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 2024.

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 2024 have not been audited, but have been reviewed by the Audit Committee. The Audit Committee comprises three independent non-executive Directors. The primary duties of the Audit Committee are, amongst other matters, to communicate with the management of the Company; and review the accounting principles and practices, internal control, interim and annual results of the Group.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the respective website of The Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.touyunbiotech.com.hk). The 2024 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, 23 August 2024

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