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

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “Board”) of Touyun Biotech Group Limited (the “Company”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024, together with comparative figures for the year ended 31 December 2023 as below:

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

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from treasury investment	4		
Fair value gain/(loss) on financial assets at fair value through profit or loss held for trading, net		4,565	(894)
Interest income from money lending business		3,101	1,502
Revenue from sales of goods and services rendered	4	152,299	198,032
Cost of sales		(89,495)	(142,036)
Gross profit		62,804	55,996
Provision for impairment loss on trade receivables, net		(2,838)	(2,314)
Provision for impairment loss on other receivables, net		(1,066)	(166)
Reversal of/(provision for) impairment loss on loan and interest receivables	14	1,598	(2,729)
Other income, gains and losses, net	5	(30,532)	(174,834)
Selling and distribution expenses		(15,439)	(23,707)
Administrative expenses		(100,453)	(118,007)
Finance costs	6	(10,106)	(7,432)
Loss before tax	7	(88,366)	(272,585)
Income tax credit	8	326	16
Loss for the year		(88,040)	(272,569)
Loss for the year attributable to:			
— Owners of the Company		(88,107)	(268,939)
— Non-controlling interests		67	(3,630)
		(88,040)	(272,569)
Loss per share attributable to owners of the Company			
— Basic and diluted	10	HK(3.14) cents	HK(9.58) cents

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year	<u>(88,040)</u>	<u>(272,569)</u>
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>541</u>	<u>1,546</u>
Other comprehensive income for the year, net of tax	<u>541</u>	<u>1,546</u>
Total comprehensive loss for the year	<u>(87,499)</u>	<u>(271,023)</u>
Total comprehensive (loss)/income attributable to:		
Owners of the Company	<u>(87,566)</u>	<u>(267,393)</u>
Non-controlling interests	<u>67</u>	<u>(3,630)</u>
	<u>(87,499)</u>	<u>(271,023)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Non-current assets</i>			
Property, plant and equipment	<i>11</i>	202,980	218,379
Right-of-use assets	<i>11</i>	77,196	92,252
Intangible assets		–	–
Goodwill		–	–
Loan receivables	<i>14</i>	188	199
Financial assets at fair value through profit or loss	<i>12</i>	95,902	134,026
		376,266	444,856
<i>Current assets</i>			
Inventories		24,585	15,249
Trade receivables	<i>13</i>	22,284	27,139
Prepayments, contract costs, deposits and other receivables		40,880	41,509
Loan and interest receivables	<i>14</i>	15,236	42,551
Financial assets at fair value through profit or loss	<i>12</i>	53,327	1,543
Restricted bank deposits		1,424	–
Cash and cash equivalents		16,317	34,493
		174,053	162,484
<i>Current liabilities</i>			
Trade payables	<i>15</i>	12,528	17,961
Contract liabilities		22,156	18,883
Other payables and accruals		49,697	50,952
Margin loans payable	<i>18</i>	2,164	–
Lease liabilities		10,129	14,461
Bank and other borrowings	<i>16</i>	339,318	164,894
Amount due to a director	<i>17</i>	97,192	94,392
Amount due to a shareholder of the Company	<i>17</i>	24,632	18,658
Tax payable		167	512
		557,983	380,713
Net current liabilities		(383,930)	(218,229)
Total assets less current liabilities		(7,664)	226,627

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
<i>Non-current liabilities</i>			
Bank and other borrowings	16	26,807	191,450
Lease liabilities		6,171	14,104
		<u>32,978</u>	<u>205,554</u>
Net (liabilities)/assets		<u>(40,642)</u>	<u>21,073</u>
Equity			
Equity attributable to owners of the parent			
Share capital	19	112,238	112,238
Deficits		(195,438)	(113,086)
		<u>(83,200)</u>	<u>(848)</u>
Non-controlling interests		<u>42,558</u>	<u>21,921</u>
Total (deficit)/equity		<u>(40,642)</u>	<u>21,073</u>

NOTES:

1. GENERAL AND BASIS OF PREPARATION

(a) Corporate and group 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 beneficiaries, including Mr. Wang Liang and his family members, are considered as the controlling shareholders of the Company. The principal place of business of the Company is located at 12th Floor, Kwan Chart Tower, 6 Tonnochy Road, Wanchai, Hong Kong. During the year, the principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are (i) provision of QR codes on product packaging and solutions 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.

(b) Basis of preparation

The Group incurred a net loss of HK\$88,040,000 during the year ended 31 December 2024 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$383,930,000 and the Group was in net liabilities position of HK\$40,642,000. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group has developed and implemented the following liquidity plans to address the going concern issue:

- (i) For borrowings which will be maturing before 31 December 2025, the Group is actively negotiating with banks/lenders before they fall due to secure their renewals so as to ensure that the necessary funds of the Group will be in place to meet the Group’s working capital and other financial requirements in the future;
- (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 owed by the Group to them which amounted to HK\$121,824,000 as at 31 December 2024 or extend the repayment date of 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 of 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 31 December 2024. Accordingly, the 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.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong and in compliance with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules” respectively).

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the Company's functional currency. All values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the 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 year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SEGMENT INFORMATION

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

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

QR code business segment	—	Provision of QR code on product packaging and solutions, 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 profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that finance costs, and head office and corporate income and expenses are excluded from such measurement.

There was no inter-segment sale or transfer during the year (2023: Nil). Central income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers, who are executive directors of the Company, for assessment of segment performance.

	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
Group's revenue	60,367	70,800	75,847	106,909	-	-	16,085	20,323	152,299	198,032
Fair value gain/(loss) on financial assets at fair value through profit or loss held for trading, net	-	-	-	-	4,565	(894)	-	-	4,565	(894)
Interest income from money lending business	-	-	-	-	3,101	1,502	-	-	3,101	1,502
Segment revenue	<u>60,367</u>	<u>70,800</u>	<u>75,847</u>	<u>106,909</u>	<u>7,666</u>	<u>608</u>	<u>16,085</u>	<u>20,323</u>	<u>159,965</u>	<u>198,640</u>
Segment results	<u>(9,461)</u>	<u>(27,964)</u>	<u>(7,424)</u>	<u>(1,725)</u>	<u>(13,870)</u>	<u>(94,598)</u>	<u>(12,966)</u>	<u>(106,097)</u>	<u>(43,721)</u>	<u>(230,384)</u>
Corporate and unallocated income, gains and losses, net									(9,712)	(3,463)
Corporate and unallocated expenses									<u>(24,827)</u>	<u>(31,306)</u>
Finance costs									<u>(10,106)</u>	<u>(7,432)</u>
Loss before tax									<u>(88,366)</u>	<u>(272,585)</u>

Management makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as management does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

	QR code business		Packaging products business		Treasury investment business		Chlamydomonas reinhardtii products business		Total	
	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
Other segment information:										
Fair value loss of financial assets at fair value through profit or loss (not held for trading), net										
— operating segment	-	-	-	-	23,763	91,480	-	-	23,763	91,480
— unallocated									14,361	8,059
									<u>38,124</u>	<u>99,539</u>
Depreciation of property, plant and equipment										
— operating segment	1,090	1,957	208	417	-	-	11,992	16,070	13,290	18,444
— unallocated									18	18
									<u>13,308</u>	<u>18,462</u>
Depreciation of right-of-use assets										
— operating segment	2,577	2,918	9,532	10,099	-	-	1,966	2,100	14,075	15,117
— unallocated									2,093	2,724
									<u>16,168</u>	<u>17,841</u>
Government grant	-	(466)	-	-	-	-	(1,023)	(144)	(1,023)	(610)
Research and development expenses	18,403	20,207	-	-	-	-	2,515	2,086	20,918	22,293
Capital expenditure	622	2,502	792	-	-	-	2,250	14,631	3,664	17,133
Bank interest income	(7)	(34)	(54)	(65)	-	-	(3)	(27)	(64)	(126)
Amortisation of intangible assets	-	282	-	-	-	-	-	-	-	282
Loss on disposal/written off of property, plant and equipment	1,031	1,971	2	48	-	-	-	26	1,033	2,045
Provision for/(reversal of) impairment loss on trade receivables, net	497	2,135	(111)	110	-	-	2,452	69	2,838	2,314
Provision for impairment loss on other receivable	1,066	166	-	-	-	-	-	-	1,066	166
(Reversal of)/provision for impairment loss on loan and interest receivables	-	-	-	-	(1,598)	2,729	-	-	(1,598)	2,729
Provision for impairment loss on property, plant and equipment	-	1,200	-	-	-	-	-	66,733	-	67,933
Provision for impairment loss on right-of-use assets	-	-	-	-	-	-	-	10,812	-	10,812
Provision for impairment loss on inventories	-	-	-	-	-	-	544	14,517	544	14,517
Written off of inventories	-	-	-	-	-	-	-	2,626	-	2,626

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
QR code business segment		
— the PRC	<u>60,367</u>	<u>70,800</u>
Packaging products business segment		
— Hong Kong and the PRC	28,329	47,510
— Europe	35,540	43,443
— North and South America	3,058	6,275
— Others	<u>8,920</u>	<u>9,681</u>
	75,847	106,909
Treasury investment business segment		
— Hong Kong and the PRC	<u>7,666</u>	<u>608</u>
Chlamydomonas reinhardtii products business segment		
— Hong Kong and the PRC	<u>16,085</u>	<u>20,323</u>
Total revenue of segment	<u><u>159,965</u></u>	<u><u>198,640</u></u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	10,563	11,682
The PRC	<u>269,613</u>	<u>298,949</u>
	<u><u>280,176</u></u>	<u><u>310,631</u></u>

The non-current asset information above is based on the locations of the assets.

Information about major customers

Revenue derived from customers in the packaging products business segment which individually accounted for more than 10% of the Group's revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Packaging products business segment:		
Customer A	<u><u>22,901</u></u>	<u><u>35,657</u></u>

4. REVENUE

An analysis of revenue

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Manufacturing and sales of packaging products	75,847	106,909
Provision of QR code packaging products and solutions		
QR code packaging products	6,328	13,620
QR code solutions	48,596	51,790
	<u>54,924</u>	<u>65,410</u>
Maintenance service income	5,443	5,390
Manufacturing and sales of <i>Chlamydomonas reinhardtii</i> products	16,085	20,323
	<u>152,299</u>	198,032
Fair value gain/(loss) on financial assets at fair value through profit or loss held for trading, net (<i>note</i>)	4,565	(894)
Interest income from money lending business	3,101	1,502
	<u><u>159,965</u></u>	<u><u>198,640</u></u>

Note: During the year ended 31 December 2024, the gross proceeds from the disposal of private equity investment funds classified as financial assets at fair value through profit or loss for the year were HK\$3,248,000 (2023: listed equity investment, wealth products listed and private equity investment funds of HK\$5,731,000 and HK\$8,635,000 HK\$15,275,000 respectively).

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(a) On a point of time basis		
Manufacturing and sales of packaging products	75,847	106,909
Provision of QR code packaging products and solutions	54,924	65,410
Manufacturing and sales of Chlamydomonas reinhardtii products	<u>16,085</u>	<u>20,323</u>
	<u>146,856</u>	<u>192,642</u>
(b) On over time basis		
Maintenance service income	<u>5,443</u>	<u>5,390</u>
	<u><u>152,299</u></u>	<u><u>198,032</u></u>

The Group's customer base is diversified and information about major customers is disclosed in note 3.

5. OTHER INCOME, GAINS AND LOSSES, NET

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	64	126
Rental income	2,859	2,962
Imputed interest income on property rental deposits	16	14
Fair value loss on financial assets at fair value through profit or loss (not held for trading), net		
— Unlisted equity investments	(38,124)	(99,539)
Foreign exchange differences, net	687	885
Government grant	1,023	610
Loss on disposal/written off of property, plant and equipment, net	(1,033)	(2,045)
Impairment loss of property, plant and equipment	—	(67,933)
Impairment loss of right-of-use assets	—	(10,812)
Written off of trade payables	240	—
Waiver of other payables	2,145	—
Gain on early termination of lease	276	—
Gain on lease modification	31	—
Others	<u>1,284</u>	<u>898</u>
	<u><u>(30,532)</u></u>	<u><u>(174,834)</u></u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on lease liabilities	1,078	934
Interest on bank and other borrowings	9,024	6,498
Interest on margin loans payable	4	–
	<u>10,106</u>	<u>7,432</u>

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration	1,530	1,630
Cost of services and inventories sold (<i>note (a)</i>)	88,951	124,893
Provision of impairment loss on inventories (included in cost of services and inventories sold)	544	14,517
Written off of inventories (included in cost of services and inventories sold)	–	2,626
Depreciation of property, plant and equipment	13,308	18,462
Depreciation of right-of-use assets	16,168	17,841
Amortisation of intangible assets	–	282
Short-term lease payments	2,002	3,352
Legal and professional fee (included in administrative expenses)	3,429	1,711
Local and overseas travelling expenses	1,826	2,885
Service fee	3,429	5,541
Research and development cost (included in administrative expenses) (<i>note (b)</i>)	20,918	22,293
Employee benefits expenses (including Directors' remuneration):		
Wages and salaries	60,469	63,634
Pension scheme contributions	6,611	7,240
Equity-settled share option expenses/(reversal of over-provision of equity-settled share option expenses)	1,915	(475)
	<u>68,995</u>	<u>70,399</u>
Equity-settled share option expenses: Other participants	<u>1,724</u>	<u>3,062</u>

Notes:

- (a) Included in cost of services and inventories sold are cost of purchased materials of HK\$57,652,000 (2023: HK\$97,659,000).
- (b) Research and development cost primarily consisted of fees paid to third party consulting service providers of HK\$2,784,000 (2023: HK\$4,166,000) and employee salaries of HK\$13,917,000 (2023: HK\$16,816,000) and other expenses.

8. INCOME TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Over-provision in respect of prior year	(344)	—
Current tax — PRC Corporate Income Tax		
Provision for the year	18	—
Over-provision in respect of prior year	—	(16)
	<u>(326)</u>	<u>(16)</u>

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

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

In accordance with the PRC Corporate Income Tax Law, the PRC Corporate Income Tax is calculated at a statutory rate of 25% (2023: 25%) on the assessable profits of the group entities in the PRC 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 are entitled to a tax rate of 15%.

* For identification purpose only

9. DIVIDEND

The directors of the Company do not recommend, declare or pay any dividend in respect of the year (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 years ended 31 December 2024 and 2023 are based on the following data:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(88,107)</u>	<u>(268,939)</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>2,805,952</u>	<u>2,805,952</u>

The computation of diluted loss per share for the years ended 31 December 2024 and 2023 does not assume the exercise of share options outstanding during the years as these options had an anti-dilutive effect on the basic loss per share amounts presented.

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the year ended 31 December 2024, the Group incurred construction costs of approximately HK\$1,470,000 (2023: HK\$6,712,000) primarily related to the production plant for chlamydomonas reinhardtii, micro-algae and related products business.

The Group recorded loss for the years ended 31 December 2024 and 2023 and each of the QR code, packaging products and Chlamydomonas Reinhardtii products business segments recorded segment loss for the years ended 31 December 2024 and 2023. For the year ended 31 December 2024, the management of the Group concluded that there were impairment indicators for property, plant and equipment and right-of-use assets of the Group and hence performed impairment assessment as at the end of the reporting period to estimate the recoverable amounts of these assets. The recoverable amounts of property, plant and equipment of the Group were close to its carrying amounts. Accordingly, no provision of impairment was provided for the year ended 31 December 2024. For the year ended 31 December 2023, the management of the Group concluded that there was impairment indication for property, plant and equipment and right-of-use assets of the Group and hence performed impairment assessment as at the end of the reporting period to estimate the recoverable amounts of these assets. These impairment assessments resulted in the impairment loss amounting to HK\$66,733,000 and HK\$10,812,000 in the year ended 31 December 2023 to write down the carrying amounts of the property, plant and equipment and right-of-use assets relating to leasehold lands of chlamydomonas reinhardtii products business segment to their recoverable amounts as at 31 December 2023 and was recognised in profit or loss for the year ended 31 December 2023.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets		
Unlisted equity investments, at fair value (<i>note (i)</i>)		
Company A (<i>note (ii)</i>)	10,196	22,685
Company B (<i>note (iii)</i>)	–	–
Company C (<i>note (iv)</i>)	1,218	2,282
Company D (<i>note (v)</i>)	7,830	9,719
Company E (<i>note (vi)</i>)	28,544	30,000
Company F (<i>note (vii)</i>)	526	14,887
Company G (<i>note (viii)</i>)	10,987	10,057
Company H (<i>note (ix)</i>)	11,651	14,896
Company I (<i>note (x)</i>)	24,950	29,500
	<u>95,902</u>	<u>134,026</u>
Current assets		
Listed equity investment held for trading, at fair value	51,180	–
Wealth management products (<i>note (xi)</i>)	2,147	–
Private equity investment fund (<i>note (xii)</i>)	–	1,543
	<u>53,327</u>	<u>1,543</u>

Notes:

- (i) As at 31 December 2024, the unlisted equity investments relate to investments in nine private entities (2023: nine), which were intended to be held for long-term strategic purpose at the time of acquisition.
- (ii) As at 31 December 2024, the Group's equity interest in Company A, which is principally engaged in securities trading and investment holding business, was approximately 2.56% (2023: 2.56%).
- (iii) As at 31 December 2024, the Group's equity interest in Company B, which is principally engaged in the business of investment holding, was approximately 2.95% (2023: 2.95%). Such investment was fully impaired as at 31 December 2024 and 2023.
- (iv) As at 31 December 2024, the Group's shareholding in Company C, which is principally engaged in integrated financial services, securities brokerage services, money lending, securities and other direct investments, was approximately 0.10% (2023: 0.10%).
- (v) As at 31 December 2024, the Group's equity interest in Company D, which is principally engaged in money lending business, was approximately 11.08% (2023: 11.08%).
- (vi) As at 31 December 2024, the Group's equity interest in Company E, which is principally engaged in the provision of finance and money lending business, was approximately 17.61% (2023: 17.61%).

- (vii) As at 31 December 2024, the Group's equity interest in Company F, which is principally engaged in research and development and marketing of micro-algae products in the United States of America, was approximately 3.73% (2023: 3.73%).
- (viii) As at 31 December 2024, the Group's equity interest in Company G, which is principally engaged in securities brokerage and asset management business, was approximately 2.97% (2023: 2.97%).
- (ix) As at 31 December 2024, the Group's equity interest in Company H, which is principally engaged in securities investment and investment holding business, was approximately 5.1% (2023: 5.1%).
- (x) As at 31 December 2024, the Group's equity interest in Company I, which is principally engaged in securities investment and investment holding business, was approximately 10.29% (2023: 10.29%).
- (xi) Included in wealth management products ("WMPs") are the Group's investments in one WMPs provided by financial institutions in the PRC, of fair value of approximately HK\$2,147,000 (equivalent to RMB2,002,000) as at 31 December 2024. The wealth management product had no maturity dates, with return in dividend derived from investments in financial products, bonds and currencies.
- (xii) 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 2024 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. The Fund had been sold during the year ended 31 December 2024.

13. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	37,319	39,356
Less: Impairment loss allowance	<u>(15,035)</u>	<u>(12,217)</u>
	<u><u>22,284</u></u>	<u><u>27,139</u></u>

The Group's trading terms with its 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 aging analysis of the trade receivables at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	12,971	18,368
1 to 2 months	2,287	4,828
2 to 3 months	3,272	2,290
Over 3 months	<u>3,754</u>	<u>1,653</u>
	<u><u>22,284</u></u>	<u><u>27,139</u></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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unsecured loan and interest receivables	16,555	45,479
Less: Impairment loss allowance	(1,131)	(2,729)
	15,424	42,750
Analysed for reporting purpose as:		
Current portion	15,236	42,551
Non-current portion	188	199

As at 31 December 2024, unsecured loan and interest receivables of approximately HK\$15,424,000 (2023: HK\$42,750,000) were due from three borrowers (2023: four borrowers) and will mature within one to five years (2023: mature within one to six years).

The directors of the Company regularly review and assess the credit risk of the counterparties. Since these receivables are not past due, and there was no historical default record, the directors of the Company consider that the Group's credit risk is not significant after considering the financial background and condition of the counterparties.

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 interests rate per annum	
	2024	2023
Unsecured loan and interest receivables	6%–7%	6%

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

	<i>HK\$'000</i>
Balance at 1 January 2023	–
Provision for impairment loss on unsecured loan and interest receivables	2,729
Balance at 31 December 2023 and 1 January 2024	2,729
Reversal of impairment loss on unsecured loan and interest receivables	(1,598)
Balance at 31 December 2024	1,131

15. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	5,989	8,892
1 to 2 months	1,194	3,020
2 to 3 months	383	312
Over 3 months	4,962	5,737
	<u>12,528</u>	<u>17,961</u>

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

16. BANK AND OTHER BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Secured bank borrowings	68,739	76,161
Unsecured other borrowings	297,386	280,183
	<u>366,125</u>	<u>356,344</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year or on demand	339,318	164,894
Within a period of more than one year but not more than two years	26,807	191,450
	<u>366,125</u>	<u>356,344</u>
Less: Amounts due for settlement within 12 months shown under current liabilities	<u>(339,318)</u>	<u>(164,894)</u>
Amounts due for settlement after 12 months shown under non-current liabilities	<u>26,807</u>	<u>191,450</u>

Movements in bank and other borrowings are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	356,344	380,113
New bank and other borrowings raised	91,853	106,366
Interest expenses (<i>note 6</i>)	9,024	6,498
Repayment of bank and other borrowings	(75,586)	(130,186)
Interest paid	(8,619)	(6,755)
Exchange realignment	(6,891)	308
	<u>366,125</u>	<u>356,344</u>
At 31 December	<u>366,125</u>	<u>356,344</u>

The Group's secured bank borrowings as at 31 December 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\$20,895,000 (equivalent to RMB19,485,000) (2023: HK\$22,085,000 (equivalent to RMB20,188,000));
- b. mortgages over the Group's leasehold lands which had an aggregate carrying value at the end of the reporting period of HK\$61,262,000 (equivalent to RMB57,132,000) (2023: HK\$63,961,000 (equivalent to RMB58,465,000)); and
- c. mortgages over the Group's machinery which had an aggregate carrying value at the end of the reporting period of HK\$36,894,000 (equivalent to RMB34,407,000) (2023: Nil).

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

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

18. MARGIN LOANS PAYABLE

As at 31 December 2024, the margin loans payable were secured by the listed equity securities held under the margin accounts, with a total market value of approximately HK\$51,180,000 (2023: HK\$nil) (note 12).

	2024		2023	
	<i>HK\$'000</i>	Effective interest rate (%) <i>p.a.</i>	<i>HK\$'000</i>	Effective interest rate (%) <i>p.a.</i>
Within one year	<u>2,164</u>	<u>5%–10%</u>	<u>–</u>	<u>–</u>

The Group's variable-rate margin loans payable are mainly subject to interest ranging from 5% to 10%. The range of effective interest rates are equal to contractual interest rates.

19. SHARE CAPITAL

	Number of shares		Share capital	
	2024	2023	2024	2023
	'000	'000	HK\$'000	HK\$'000
Ordinary share of HK\$0.04 each				
Authorised:				
At beginning and end of year	<u>12,500,000</u>	<u>12,500,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
At beginning and end of year	<u>2,805,592</u>	<u>2,805,592</u>	<u>112,238</u>	<u>112,238</u>

20. SHARE OPTION SCHEME

The Company operates a share option scheme (the “2012 Scheme”) which became effective on 18 May 2012 for the purposes of, among others, (i) motivating eligible participants, including but not limited to the Directors, employees and consultants of the Group, and optimising their performance and efficiency for the benefit of the Group; (ii) attracting and retaining or otherwise maintaining on-going business relationships with the eligible participants whose contributions are, will or expected to be beneficial to the Group; and (iii) aligning the interests of the eligible participants and shareholders of the Company. Eligible participants of the 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 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.

The maximum number of unexercised share options currently permitted to be granted under the 2012 and 2022 Schemes is an amount equivalent, upon their exercise, to 10% of the shares of the Company. The maximum number of shares issuable under the 2012 and 2022 Schemes to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a Director or substantial shareholder of the Company, or to any of their associate, are subject to approval in advance by the Independent Non-executive Directors. In addition, any share options granted to a substantial shareholder or an Independent Non-executive Directors of the Company, or to any of their associate, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 14 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period shall not be more than 10 years from the date of offer of the share options.

The exercise price of share options is determinable by the Directors, but may not be less than the highest of (i) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of an issued ordinary share of the Company on the date of offer of the share options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Pursuant to the 2012 and 2022 Schemes, 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
30/09/2024	279,000,000	0.20

Movements of the options granted under the 2012 and 2022 Schemes, during the year were as follows:

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ Cancelled during the year	Number of options outstanding at 31 December 2023	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2024
Employees							
21/02/2019	0.48	21/02/2020 to 20/02/2024	8,000,000	–	8,000,000	(8,000,000)	–
21/02/2019	0.48	21/02/2021 to 20/02/2024	8,000,000	–	8,000,000	(8,000,000)	–
21/02/2019	0.48	21/02/2022 to 20/02/2024	8,000,000	–	8,000,000	(8,000,000)	–
			<u>24,000,000</u>	<u>–</u>	<u>24,000,000</u>	<u>(24,000,000)</u>	<u>–</u>
Other Participants (Note)							
21/02/2019	0.48	21/02/2020 to 20/02/2024	10,000,000	–	10,000,000	(10,000,000)	–
21/02/2019	0.48	21/02/2021 to 20/02/2024	10,000,000	–	10,000,000	(10,000,000)	–
21/02/2019	0.48	21/02/2022 to 20/02/2024	10,000,000	–	10,000,000	(10,000,000)	–
			<u>30,000,000</u>	<u>–</u>	<u>30,000,000</u>	<u>(30,000,000)</u>	<u>–</u>

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

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

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ Cancelled during the year	Number of options outstanding at 31 December 2023	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2024
Employees							
08/10/2020	0.40	8/10/2023 to 7/10/2028	9,000,000	(6,500,000)	2,500,000	–	2,500,000
08/10/2020	0.40	8/10/2024 to 7/10/2028	9,000,000	(6,500,000)	2,500,000	–	2,500,000
08/10/2020	0.40	8/10/2025 to 7/10/2028	9,000,000	(6,500,000)	2,500,000	–	2,500,000
08/10/2020	0.40	8/10/2026 to 7/10/2028	9,000,000	(6,500,000)	2,500,000	–	2,500,000
			<u>36,000,000</u>	<u>(26,000,000)</u>	<u>10,000,000</u>	<u>–</u>	<u>10,000,000</u>

As at 31 December 2024, 5,000,000 (2023: 2,500,000) share options were exercisable.

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ Cancelled during the year	Number of options outstanding at 31 December 2023	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2024
Employees							
16/11/2020	0.60	16/11/2022 to 15/11/2027	4,266,660	(866,667)	3,399,993	–	3,399,993
16/11/2020	0.60	16/11/2023 to 15/11/2027	4,266,660	(866,667)	3,399,993	–	3,399,993
16/11/2020	0.60	16/11/2024 to 15/11/2027	4,266,680	(866,666)	3,400,014	–	3,400,014
			<u>12,800,000</u>	<u>(2,600,000)</u>	<u>10,200,000</u>	<u>–</u>	<u>10,200,000</u>
Other Participants (Note)							
16/11/2020	0.60	16/11/2022 to 15/11/2027	16,666,666	–	16,666,666	–	16,666,666
16/11/2020	0.60	16/11/2023 to 15/11/2027	16,666,666	–	16,666,666	–	16,666,666
16/11/2020	0.60	16/11/2024 to 15/11/2027	16,666,668	–	16,666,668	–	16,666,668
			<u>50,000,000</u>	<u>–</u>	<u>50,000,000</u>	<u>–</u>	<u>50,000,000</u>

Note: The above other participants represented 3 consultants of the Group, namely technology consultant, strategic financial planning consultant and sales and marketing consultant — South Asia Region. 26,000,000, 12,000,000 and 12,000,000 share options were granted to them respectively. The Company considered that (i) technology consultant would be able to provide the latest information technology industry updates related to the Group's business and business advice for business improvements for the Group; (ii) strategic financial planning consultant would 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 would be able to provide the sales network related to the Group's businesses and introduce the new potential customers in South Asia Region to the Group, and whose contributions were expected to be beneficial to the Group.

As at 31 December 2024, 60,200,000 (2023: 40,133,318) share options were exercisable.

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ Cancelled during the year	Number of options outstanding at 31 December 2023	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2024
Employees							
25/4/2022	1.34	25/4/2023 to 24/4/2026	3,902,250	(371,250)	3,531,000	–	3,531,000
25/4/2022	1.34	25/4/2023 to 24/4/2027	2,475,000	(37,500)	2,437,500	(418,750)	2,018,750
25/4/2022	1.34	25/4/2024 to 24/4/2027	2,475,000	(37,500)	2,437,500	(418,750)	2,018,750
25/4/2022	1.34	25/4/2025 to 24/4/2027	2,475,000	(37,500)	2,437,500	(418,750)	2,018,750
25/4/2022	1.34	25/4/2026 to 24/4/2027	2,475,000	(37,500)	2,437,500	(418,750)	2,018,750
			<u>13,802,250</u>	<u>(521,250)</u>	<u>13,281,000</u>	<u>(1,675,000)</u>	<u>11,606,000</u>

As at 31 December 2024, 7,568,500 (2023: 5,968,500) share options were exercisable.

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/Cancelled during the year	Number of options outstanding at 31 December 2023	Granted during the year	Lapsed/Cancelled during the year	Number of options outstanding at 31 December 2024
Directors								
30/09/2024	0.20	1/1/2026 to 31/12/2028	-	-	-	3,929,400	-	3,929,400
30/09/2024	0.20	1/1/2027 to 31/12/2028	-	-	-	3,929,400	-	3,929,400
30/09/2024	0.20	1/1/2028 to 31/12/2028	-	-	-	3,941,200	-	3,941,200
			-	-	-	11,800,000	-	11,800,000
Employees								
30/09/2024	0.20	1/1/2026 to 31/12/2028	-	-	-	17,049,600	-	17,049,600
30/09/2024	0.20	1/1/2027 to 31/12/2028	-	-	-	17,049,600	-	17,049,600
30/09/2024	0.20	1/1/2028 to 31/12/2028	-	-	-	17,100,800	-	17,100,800
			-	-	-	51,200,000	-	51,200,000
Other Participants (Note)								
30/09/2024	0.20	1/1/2026 to 31/12/2028	-	-	-	71,928,000	-	71,928,000
30/09/2024	0.20	1/1/2027 to 31/12/2028	-	-	-	71,928,000	-	71,928,000
30/09/2024	0.20	1/1/2028 to 31/12/2028	-	-	-	72,144,000	-	72,144,000
			-	-	-	216,000,000	-	216,000,000

Note: The above “other participants” represented 14 service providers of the Group, who work for the Group as independent contractors where the continuity and frequency of their services are akin to those of employees in providing management services, marketing and promotion services for the Group’s Chlamydomonas reinhardtii, micro-algae and related products business. Around 1,000,000 to 20,000,000 share options were granted to each of them respectively. The Company considered that the benefits from the services provided by the relevant Grantees for the effectiveness of the Group’s operation and the long-term business development are beneficial to the Group.

As at 31 December 2024, no (2023: nil) share options were exercisable.

The fair values of the share options granted on 21 February 2019, 8 October 2020 and 16 November 2020, 25 April 2022 and 30 September 2024, determined using the Binomial Option Pricing Model (the “Model”), were HK\$27,504,000, HK\$12,731,000, HK\$25,407,000, HK\$6,929,000 and HK\$8,732,000 respectively. The inputs into the Model and the estimated fair value of the share options are as follows:

Fair value from valuation schedule	21 February 2019	8 October 2020	16 November 2020	25 April 2022	30 September 2024
Closing price of the shares	HK\$0.42*	HK\$0.36	HK\$0.53	HK\$0.90	HK\$0.171
Exercise price	HK\$0.48*	HK\$0.40	HK\$0.60	HK\$1.34	HK\$0.20
Dividend yield	Nil	Nil	Nil	Nil	Nil
Expected volatility	94.36%	92.04%	94.06%	85.88% to 92.38%	91%
Risk-free interest rate	1.423%	0.42%	0.33%	2.52% to 2.57%	2.51%
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	HK\$0.0921 to HK\$0.1097

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

During the year ended 31 December 2024, the Group recognised an expense of approximately HK\$3,639,000 (2023: HK\$2,587,000) as equity-settled share based payments in the consolidated statement of profit or loss with reference to their respective vesting period.

* On 12 August 2019, the Company implemented the share consolidation (“Share Consolidation”) on the basis that every four issued and unissued existing shares of a par value of HK\$0.01 each in the share capital of the Company be consolidated into one consolidated ordinary share of HK\$0.04 each. The exercise price has been adjusted for the effect of Share Consolidation accordingly.

21. SUBSEQUENT EVENT

On 6 March 2025, the Group entered into a sale and purchase agreement with an independent third party to sell 30% of the shares of Fortune Road International Limited at a cash consideration of RMB5,000,000. Details are set out in the Company’s announcements dated 6 March 2025. Up to the date of this announcement, completion of the disposal has been taken place.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

Moore CPA Limited was engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of the independent auditor’s report regarding the consolidated financial statements of the Group for the year ended 31 December 2024.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Touyun Biotech Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the Group's consolidated financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

As set out in note 1(b) to the consolidated financial statements, the Group incurred a net loss of approximately HK\$88,040,000 for the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$383,930,000 and its total liabilities exceeded its total assets by approximately HK\$40,642,000. The current liabilities of the Group as at 31 December 2024 include bank and other borrowings and advances from a director and a shareholder of the Company, with aggregate carrying amount of approximately HK\$487,949,000, while the Group's cash and cash equivalents as at 31 December 2024 amounted to only approximately HK\$16,317,000. These conditions, along with other matters as set forth in note 1(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the measures taken by the directors of the Company, as described in note 1(b) to the consolidated financial statements, which are subject to material uncertainties, including (i) the successful negotiations with the banks/lenders for the renewal of or extension for repayment of outstanding borrowings; (ii) the successful maintenance of relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings; (iii) the successful obtaining of additional new sources of financing as and when needed; (iv) successfully strengthening and implementing measures aiming at improving the working capital and cash flows of the Group, including closely monitoring the general administrative expenses and operating costs; (v) successful realisation of the Group's unlisted investments to increase the working capital as and when needed, to increase the Group's internally generated funds. We were provided with an analysis by the management in respect of the Group's going concern assessment. However, such analysis is not sufficiently detailed for us to assess the Group's plans and measures for future actions in the going concern assessment which takes into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group. Accordingly, we have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of the management's use of the going concern basis of accounting in the preparation of the consolidated financial statements. Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW AND PROSPECTS

For the year ended 31 December 2024, the Group recorded revenue of approximately HK\$160.0 million (2023: HK\$198.6 million), representing a decrease of approximately 19.4% as compared to the last year. The decrease in turnover was primarily attributable to the decrease in sales orders.

The loss for the year ended 31 December 2024 was approximately HK\$88.0 million (2023: HK\$272.6 million), representing a decrease of approximately 67.7% as compared to financial year 2023.

The decrease in loss was mainly because of (i) decrease of fair value loss on financial assets at fair value through profit or loss (not held for trading); and (ii) decrease of impairment of property, plant and equipment and right-of-use assets. The impairment of property, plant and equipment and right-of-use assets is a non-cash item and does not affect the cash flow of the Group's operations.

In future years, the management will reassess at the end of each reporting period the recoverable amounts of property, plant and equipment and right-of-use assets when necessary, and if the recoverable amounts are higher than the carrying amounts, the previously recognised impairment loss may be reversed.

QR code business

Revenue from QR code business was approximately HK\$60.4 million (2023: HK\$70.8 million), representing a decrease of approximately 14.7% as compared with last year and the segment loss was approximately HK\$9.5 million during the year ended 31 December 2024 (2023: HK\$28.0 million). The decrease of segment loss of QR code business for the year ended 31 December 2024 were primarily attributable to the cost control measures implemented in 2024.

Packaging products business

The packaging products business reported in a revenue of approximately HK\$75.8 million for the year ended 31 December 2024 (2023: HK\$106.9 million), representing a decrease of approximately 29.1% as compared with last year. A segment loss of approximately HK\$7.4 million was recorded during the year ended 31 December 2024 (2023: HK\$1.7 million), such segment loss was due to the significantly drop in sales orders in 2024.

Treasury investment business

During the year, the Group recorded a fair value gain of approximately HK\$4.6 million on financial assets at fair value through profit or loss held for trading, compared to the fair value loss of approximately HK\$0.9 million in the previous year. Fair value loss of financial assets at fair value through profit or loss not held for trading amounting to approximately HK\$38.1 million was recognised during the year ended 31 December 2024 (2023: HK\$99.5 million).

Chlamydomonas reinhardtii products business

During the year, the Chlamydomonas reinhardtii products business recorded a turnover of approximately HK\$16.1 million (2023: HK\$20.3 million). The decrease of turnover comparing with last year is mainly due to the fluctuation of PRC market for new products, and a segment loss of approximately HK\$13.0 million (2023: HK\$106.1 million), representing a decrease of segment loss of HK\$93.1 million, which mainly resulted from decrease of impairment of property, plant and equipment and right-of-use assets.

On 15 January 2021, Shanxi Touyun Biotechnology Company Limited* (山西透雲生物科技有限公司) (“Shanxi Touyun”) and a Hebei Contractor entered into the Third Hand Hole and Heating Pipe Agreement in relation to the purchase and the installation of handholes and heating pipes for the production of Chlamydomonas reinhardtii, micro-algae and related products in Lucheng Economic and Technological Development Zone, Changzhuang Village, Dianshang Town, Lucheng District, Changzhi City, Shanxi Province, PRC* (山西省長治市潞城區店上鎮常莊村潞城經濟技術開發區). Hebei Contractor is a private entity established in the PRC engaging in the business of fermentation tanks contracting.

Pursuant to the Company’s announcements dated 12 August 2021 and 28 December 2021, the installation of production facilities for the manufacturing plants of 4,000 tons/year production scale was completed. After the optimization, the annual production capacity of Chlamydomonas reinhardtii will be 4,000 tons. The design of the plant, equipment and other facilities of the second phase with an annual capacity of 6,000 tons has begun, and its construction will commence anytime depending on market conditions. Pursuant to the Company’s announcements dated 13 May 2022, Shanxi Touyun has obtained the official approval from the National Health Commission of the People’s Republic of China (the “PRC”) for the use of “Chlamydomonas reinhardtii” as a new food ingredient, which is edible with unlimited quantities, which represented the official launch of Chlamydomonas reinhardtii products in the PRC market. Based on the chlamydomonas reinhardtii noodles and nutritional supplements that were already available in the market before 2022, the Company launched a series of food offerings with low glycemic index effects, including dried noodles, instant noodles, biscuits, cereal snacks, and meal replacement powders, in 2023.

* *For identification purpose only*

In 2024, Shanxi Touyun received the Notice No. 0009 of Wei Shi Xin Zhong Zi [2024] from the National Health Commission (國家衛生健康委員會衛食新終字[2024]第0009號通知) regarding the administrative license application for “Chlamydomonas reinhardtii (white strain)”, which was later renamed to “Chlamydomonas reinhardtii”. This application is substantially equivalent to the Chlamydomonas reinhardtii announced in the National Health Commission’s Announcement No. 2 of 2022 (2022年第2號公告). In another word, the white strain of Chlamydomonas reinhardtii was also approved as a food ingredient with unlimited quantities. The Company is currently developing a series of new products as such vegan fish, shrimp, and plant-based milk and continuously expanding the market and customers base.

The Board considers that there is growth potential for the Chlamydomonas reinhardtii, micro-algae products market as the population becomes more health conscious. Upon the commencement of the manufacturing facilities in Shanxi, the production and sale of Chlamydomonas reinhardtii and micro-algae related products will allow the Group to diversify its business and broaden its income streams.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group’s financial position was actively and regularly reviewed throughout the year. As at 31 December 2024, the Group had outstanding (i) approximately HK\$297.4 million (2023: HK\$280.2 million) unsecured other borrowings and approximately HK\$68.7 million (2023: HK\$76.2 million) secured bank borrowings, bearing interest ranging from 0.29%–1% per month (2023: 0.42%–0.67% per month), repayable within one to two years (2023: one to two years) and denominated in Renminbi (“RMB”) and Hong Kong dollars (“HK\$”); (ii) amount due to a Director of approximately HK\$97.2 million (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\$24.6 million (2023: HK\$18.7 million) which was unsecured, interest-free and repayable on demand. As at 31 December 2024, the Group had cash balances amounting to approximately HK\$16.3 million (2023: HK\$34.5 million). The gearing ratio (net borrowings to total capital) was approximately 113% (2023: 94%). The increase of gearing ratio was primarily due to net loss incurred by the Group.

SHARE CAPITAL

There was no movement of the share capital during the year ended 31 December 2024.

CAPITAL COMMITMENTS

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

PLEDGE OF ASSETS

The Group's buildings, leasehold lands and machinery which had an aggregate carrying value of HK\$20.9 million, HK\$61.3 million and HK\$36.9 million respectively were pledged to secure bank borrowings of approximately HK\$68.7 million as at 31 December 2024.

As at 31 December 2024, the Group's margin loans payable of HK\$2.2 million were secured by the listed equity securities, held under the margin accounts, with a total market value of approximately HK\$51.2 million.

CONTINGENT LIABILITIES

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

FINANCE LEASE OBLIGATIONS

As at 31 December 2024, the Group has no outstanding obligations under finance lease (2023: Nil).

FOREIGN EXCHANGE RISK

The Group's revenues were mainly denominated in US dollars and Renminbi while expenses were mainly in HK\$ and RMB. In view of the prevailing financial market situation, the Group did not deal in any foreign exchange hedging products for the exposure of currency risk of Renminbi during the year. However, the Group will still closely monitor fluctuations in exchange rates and actively manage the currency risk involved.

EMPLOYEES

As at 31 December 2024, the Group employed approximately 485 full-time employees in Hong Kong and the PRC and 2 part-time employees in Hong Kong (2023: Full-time: 563; Part-time: 5). The Group's remuneration policy is commensurate with merit, qualification and competence of its employees. In addition to salary and year-end bonus, the relevant remuneration packages also comprised of share options scheme, provident fund contribution, medical and life insurance.

UPDATE ON USE OF PROCEED IN RELATION TO FUND RAISING ACTIVITIES

The Company would like to provide an update in respect of the use of the net proceeds in relation to the past fund raising activities as at 31 December 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
<p>(1) The Company raised HK\$406.1 million net proceeds from the placing of shares in November 2016 and the net proceeds were intended to be used as follow:</p> <p>(a) An amount of HK\$263.4 million was used for the redemption of the Promissory Note.</p> <p>(b) An amount of HK\$142.7 million is for the expansion and development of its QR code business:</p> <p>(i) an amount of RMB55 million (equivalent to approximately HK\$63 million) towards an acquisition (the “Acquisition”) of 透雲物聯網科技(北京)有限公司 (TY Technology (Beijing) Co., Ltd*) in the PRC by 上海透雲物聯網科技有限公司 (Shanghai TY Technology Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, under the relevant acquisition agreement dated 24 January 2017 which was completed in March 2017;</p> <p>(ii) approximately HK\$14.4 million for the acquisition of plant and equipment (the “Plant and Equipment Acquisition”);</p>	<p>An amount of HK\$263.4 million was utilised for the full redemption of the Promissory Note in the principal amount of HK\$258 million and payment of accrued interest.</p> <p>(i) The Acquisition was completed in March 2017 and an amount of HK\$63 million was fully used towards the Acquisition.</p> <p>(ii) An amount of HK\$14.4 million was fully used towards the Plant and Equipment Acquisition.</p>

* For identification purpose only

Intended use of proceeds

- (iii) approximately HK\$58.7 million for research and development, recruitment of technical staff and other personnel and other working capital needs for QR codes business (the “Research & Development”); and
- (iv) approximately HK\$6.6 million for the purchase of transportation and office supplies to support the “Finding the origins of the edible goods program” in different provinces in the PRC (the “Purchase of Transportation and Supplies”).

(2) An amount of net proceeds of US\$39.6 million (equivalent to HK\$309.4 million) was raised from issue of US\$40 million 7% interest CB in November 2017. The Company early redeemed US\$13 million (equivalent to HK\$101.4 million) in principal amount of the CB in August 2018. Therefore, the net proceeds of HK\$203.3 million were intended to use as follows:

- (a) An amount of HK\$172.5 million was used for expansion and development of QR codes business; and
- (b) An amount of HK\$30.8 million was used for general working capital of corporate office.

Actual use of proceeds

- (iii) An amount of HK\$58.7 million was fully utilised in the Research & Development.
- (iv) An amount of HK\$3.2 million was utilised in the Purchase of Transportation and Supplies; and the remaining HK\$3.4 million has not yet been utilised and is expected to be utilised in 2025 and applied for the same purpose as disclosed in the Company’s announcements.

An amount of HK\$172.5 million was fully utilised for the expansion and development of QR codes business.

An amount of HK\$30.8 million was fully utilised for general working capital of corporate office.

Intended 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.
- (4) An amount of net proceeds of HK\$49.98 million was raised from subscription of new shares in April 2020 and applied as general working capital of the Group.
- (5) An amount of net proceeds of HK\$19.98 million was raised from subscription of new shares in July 2020 and the Group intends to apply 70% of the net proceeds as repayment of interest of the CB and the remaining 30% of the net proceeds are applied as general working capital of the Group.
- (6) An amount of net proceeds of HK\$28.18 million was raised from subscription of new shares in April 2021 and applied as general working capital of the Group.

Actual use of proceeds

- An amount of HK\$49.88 million was fully utilised as general working capital of the Group.
- An amount of HK\$49.98 million was fully utilised as general working capital of the Group.
- 70% of the net proceeds was fully utilised as repayment of interest of the CB and 30% of the net proceeds was fully utilised as general working capital of the Group.
- An amount of HK\$28.18 million was fully utilised as general working capital of the Group.

SIGNIFICANT INVESTMENT HELD

As at 31 December 2024, the Group held listed investments, unlisted investments and wealth management products of approximately HK\$51.2 million, HK\$95.9 million and HK\$2.1 million respectively. An investment with a fair value of 5% or more of the Group's total assets is considered as a significant investment. A breakdown of the significant investments as at 31 December 2024 is set out below:

Nature of investments	Number of	Percentage of	Fair value	Fair value		Percentage to	Investment	Net profit/	Notes
	shares held	shareholding	change	as at	as at	the Group's			
	as at	as at	for year ended	as at	as at	total assets	cost	(loss) of the	
	31 December	31 December	31 December	31 December	31 December	31 December		investee	
	2024	2024	2024	2024	2023	2024	HK\$'000	HK\$'000	
		%	HK\$'000	HK\$'000	HK\$'000	%		HK\$'000	
Financial assets at fair value through profit or loss									
<i>Listed Investment</i>									
Hao Tian International Construction Investment Group Ltd. ("Hao Tian")	37,168,000	0.49	5,490	29,363	-	5.34	23,873	(81,000)	(a)
<i>Unlisted Investments</i>									
FreeOpt Holdings Limited ("FreeOpt")	1,500,000	17.61	<u>(1,456)</u>	<u>28,544</u>	<u>30,000</u>	<u>5.19</u>	<u>150,000</u>	9,502	(b)

Notes:

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

- (a) Based on its interim report for six months ended 30 September 2024.
- (b) Based on its management accounts for year ended 31 December 2024.

Hao Tian is an investment holding company mainly engaged in construction machinery leasing business. Hao Tian operates through five business segments, the rental and sale of construction machinery and spare part segment, the provision of asset management, securities brokerage and other financial service segment, the provision of repair and maintenance and transportation service segment, the money lending segment and the property development segment.

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

Looking forward, the global economy is facing impact from potentially seismic policy changes in the U.S. and ongoing geopolitical tensions in the Middle East and Europe. Although the future prospect of the global markets is still uncertain, the management will continue to take a prudent approach to manage the Group's investment portfolio.

CORPORATE GOVERNANCE

For the year ended 31 December 2024 and up to the date of this announcement, the Company complied with all the code provisions, where applicable, as set out in the Corporate Governance Code (the “CG Code”) in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), except that 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.

The Board will continue to review and monitor the practices of the Company with an aim to maintain and improve its high of corporate governance practices.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. In response to a specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year.

AUDIT COMMITTEE

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group’s consolidated financial statements for the year ended 31 December 2024.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Company’s auditors, Moore CPA Limited (“Moore”) to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Moore in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore on this announcement.

PUBLICATION OF 2024 ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.touyunbiotech.com.hk. The 2024 Annual Report will be available on these two websites and despatched to the shareholders of the Company in due course.

By order of the Board
Touyun Biotech Group Limited
Wang Liang
Chairman

Hong Kong, 26 March 2025

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

Executive Directors

Mr. Wang Liang (*Chairman*)
Mr. Du Dong

Non-executive Directors

Mr. Chen Hui
Ms. Tian Yuze
Mr. Zhang Lele
Mr. Jia Wenjie

Independent Non-executive Directors

Mr. Cheung Wing Ping
Mr. Ha Kee Choy Eugene
Mr. To Shing Chuen
Mr. Hu Guohua