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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 2025
AND
CHANGE IN USE OF PROCEEDS

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 2025, together with comparative figures for the year ended 31 December 2024 as below:

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

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i> (Re-presented)
CONTINUING OPERATIONS			
Revenue from treasury investments	4		
Fair value (loss)/gain on financial assets at fair value through profit or loss held for trading, net		(5,234)	4,565
Interest income from money lending business		256	3,101
Revenue from sales of goods and services rendered	4	71,948	91,932
Cost of sales		(48,994)	(62,496)
Gross profit		22,954	29,436
Reversal of/(provision for) impairment loss on trade receivables, net		252	(2,341)
(Provision for)/reversal of impairment loss on loan and interest receivables, net	14	(1,756)	1,598
Other income, gains and losses, net	5	128,900	(32,951)
Selling and distribution expenses		(8,689)	(8,990)
Administrative expenses		(67,927)	(63,883)
Finance costs	6	(21,182)	(9,693)
Profit/(loss) before tax	7	47,574	(79,158)
Income tax (expense)/credit	8	(11)	326
Profit/(loss) for the year from continuing operations		<u>47,563</u>	<u>(78,832)</u>

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000 (Re-presented)
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations		<u>13,735</u>	<u>(9,208)</u>
Profit/(loss) for the year		<u>61,298</u>	<u>(88,040)</u>
Profit/(loss) for the year attributable to owners of the Company:			
— from continuing operations		11,632	(78,899)
— from discontinued operations		<u>15,167</u>	<u>(9,208)</u>
		<u>26,799</u>	<u>(88,107)</u>
Profit/(loss) for the year attributable to non-controlling interests:			
— from continuing operations		35,931	67
— from discontinued operations		<u>(1,432)</u>	<u>—</u>
		<u>34,499</u>	<u>67</u>
		<u>61,298</u>	<u>(88,040)</u>
Earnings/(loss) per share attributable to owners of the Company from continuing and discontinued operations:			
— Basic earnings/(loss) per share	<i>10</i>	HK0.95 cents	HK(3.14) cents
— Diluted earnings/(loss) per share		<u>HK0.95 cents</u>	<u>HK(3.14) cents</u>
Earnings/(loss) per share attributable to owners of the Company from continuing operations:			
— Basic earnings/(loss) per share	<i>10</i>	HK0.41 cents	HK(2.81) cents
— Diluted earnings/(loss) per share		<u>HK0.41 cents</u>	<u>HK(2.81) cents</u>
Earnings/(loss) per share attributable to owners of the Company from discontinued operations:			
— Basic earnings/(loss) per share	<i>10</i>	HK0.54 cents	HK(0.33) cents
— Diluted earnings/(loss) per share		<u>HK0.54 cents</u>	<u>HK(0.33) cents</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Re-presented)
Profit/(loss) for the year	61,298	(88,040)
Other comprehensive (loss)/income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(1,888)	541
Recycling of cumulative translation difference upon disposal of foreign operations	<u>(1,128)</u>	<u>—</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(3,016)</u>	<u>541</u>
Total comprehensive income/(loss) for the year	<u>58,282</u>	<u>(87,499)</u>
Total comprehensive income/(loss) for the year attributable to equity shareholders of the Company:		
— from continuing operations	9,603	(77,737)
— from discontinued operations	<u>14,180</u>	<u>(9,829)</u>
	<u>23,783</u>	<u>(87,566)</u>
Total comprehensive income/(loss) for the year attributable to non-controlling interests:		
— from continuing operations	35,931	67
— from discontinued operations	<u>(1,432)</u>	<u>—</u>
	<u>34,499</u>	<u>67</u>
	<u>58,282</u>	<u>(87,499)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<i>Non-current assets</i>			
Property, plant and equipment	<i>11</i>	178,806	202,980
Right-of-use assets	<i>11</i>	63,386	77,196
Intangible assets		–	–
Goodwill		–	–
Loan receivables	<i>14</i>	199	188
Financial assets at fair value through profit or loss	<i>12</i>	278,968	95,902
		<u>521,359</u>	<u>376,266</u>
<i>Current assets</i>			
Inventories		18,241	24,585
Trade receivables	<i>13</i>	9,461	22,284
Prepayments, contract costs, deposits and other receivables		48,981	40,880
Tax recoverable		967	–
Loan and interest receivables	<i>14</i>	15,632	15,236
Financial assets at fair value through profit or loss	<i>12</i>	–	53,327
Restricted bank deposits		–	1,424
Cash and cash equivalents		5,063	16,317
		<u>98,345</u>	<u>174,053</u>
<i>Current liabilities</i>			
Trade payables	<i>15</i>	7,806	12,528
Contract liabilities		5,555	22,156
Other payables and accruals		40,045	49,697
Margin loans payable	<i>18</i>	–	2,164
Lease liabilities		3,531	10,129
Bank and other borrowings	<i>16</i>	409,740	339,318
Amount due to a director	<i>17</i>	99,052	97,192
Amount due to a shareholder of the Company	<i>17</i>	25,553	24,632
Tax payable		167	167
		<u>591,449</u>	<u>557,983</u>
Net current liabilities		<u>(493,104)</u>	<u>(383,930)</u>
Total assets less current liabilities		<u>28,255</u>	<u>(7,664)</u>

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
<i>Non-current liabilities</i>			
Bank and other borrowings	<i>16</i>	–	26,807
Long service payment payable		511	–
Lease liabilities		353	6,171
		<u>864</u>	<u>6,171</u>
		<u>864</u>	<u>32,978</u>
Net assets/(liabilities)		<u>27,391</u>	<u>(40,642)</u>
Equity			
Equity attributable to owners of the parent			
Share capital	<i>19</i>	112,238	112,238
Deficits		(163,336)	(195,438)
		(51,098)	(83,200)
Non-controlling interests		78,489	42,558
Total equity/(deficit)		<u>27,391</u>	<u>(40,642)</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 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) the manufacture and sale of packaging products; and (ii) investments and trading in securities and money lending, and (iii) production and sale of *Chlamydomonas reinhardtii*, micro-algae and related products. The Group was also engaged in the provision of QR codes on product packaging and solutions services business, which was a separate reportable segment of the Group presented in its previously issued consolidated financial statements for prior years and was discontinued during the year ended 31 December 2025.

(b) Basis of preparation

At 31 December 2025, the Group had net current liabilities of approximately HK\$493,104,000. The current liabilities of the Group as at 31 December 2025 include bank and other borrowings and advances from a director and a shareholder of the Company, with aggregate carrying amount of approximately HK\$534,345,000, while the Group’s cash and cash equivalents as at 31 December 2025 amounted to only approximately HK\$5,063,000. As at 31 December 2025, the Group’s other borrowings of approximately HK\$176,144,000 had been due for immediate payment. In addition, as set out in note 16, the Group’s bank and other borrowings with carrying amounts of HK\$53,679,000 as at 31 December 2025, with no event of default, contained a default clause that the Group will be required for repayment of the outstanding balance of the original borrowings and interest payables in the event of default. 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) The Group is negotiating 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 actively obtain additional new sources of financing (such as additional advances from directors of the Company) as and when needed, and maintain 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, including those in default and with cross-default terms. The Group has been negotiating with one of its lenders (the “Lender”) for the extension of loans with principal amounts of RMB60,000,000 (equivalent to HK\$66,048,000) and RMB90,000,000 (equivalent to HK\$99,072,000) which were overdue since maturity dates of 7 June 2025 and 11 December 2025 respectively. Up to the date of this announcement, no formal extension agreement has been reached;
- (iii) 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\$124,605,000 as at 31 December 2025 or extend the advances until the Group has excess cash to repay;

- (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 reducing its 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 of the Group 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 2025. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

However, material uncertainties exist as to whether the directors of the Company are able to implement the abovementioned mitigation measures as described above. The cash flow forecast prepared for the purposes of the going concern assessment has incorporated assumptions about future events and conditions that are subject to inherent uncertainties. 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 effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2025.

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 HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards ("HKFRS"), 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 2025. 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 an HKFRS Accounting Standard that are mandatorily effective for the current year

The Group has applied the following amendments to an HKFRS Accounting Standard issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 Lack of Exchangeability

Amendments to HKAS 21 specify how to assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking.

The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the consolidated financial information.

3. SEGMENT INFORMATION

The Group has three reportable segments in its continuing operations. 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:

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

The executive directors of the Company, who are the chief operating decision maker (“CODM”), monitor 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 (2024: 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 CODM, for assessment of segment performance.

An operating segment regarding QR code business was classified as discontinued operations in the current year. The segment information reported in this Note does not include any amounts for the discontinued operations, which are described and disclosed in more detail in Note 21.

	Packaging products business		Treasury investment business		Chlamydomonas reinhardtii products business		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group’s revenue	62,277	75,847	-	-	9,671	16,085	71,948	91,932
Fair value (loss)/gain on financial assets at fair value through profit or loss held for trading, net	-	-	(5,234)	4,565	-	-	(5,234)	4,565
Interest income from money lending business	-	-	256	3,101	-	-	256	3,101
Segment revenue	<u>62,277</u>	<u>75,847</u>	<u>(4,978)</u>	<u>7,666</u>	<u>9,671</u>	<u>16,085</u>	<u>66,970</u>	<u>99,598</u>
Segment results	<u>(9,203)</u>	<u>(7,424)</u>	<u>122,724</u>	<u>(13,870)</u>	<u>(27,170)</u>	<u>(12,966)</u>	<u>86,351</u>	<u>(34,260)</u>
Corporate and unallocated income, gains and losses, net							1,433	(9,711)
Corporate and unallocated expenses							(19,028)	(25,494)
Finance costs							(21,182)	(9,693)
Profit/(loss) before tax							<u>47,574</u>	<u>(79,158)</u>

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

	Packaging products business		Treasury investment business		Chlamydomonas reinhardtii products business		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
								(Re-presented)
Other segment information:								
Fair value (gain)/loss of financial assets at fair value through profit or loss (not held for trading), net								
— operating segment	-	-	(129,742)	23,763	-	-	(129,742)	23,763
— unallocated	-	-	-	-	-	-	526	14,361
							<u>(129,216)</u>	<u>38,124</u>
Depreciation of property, plant and equipment								
— operating segment	331	208	-	-	11,371	11,980	11,702	12,188
— unallocated	-	-	-	-	-	-	19	18
							<u>11,721</u>	<u>12,206</u>
Depreciation of right-of-use assets								
— operating segment	7,226	9,532	-	-	1,744	1,966	8,970	11,498
— unallocated	-	-	-	-	-	-	1,479	2,093
							<u>10,449</u>	<u>13,591</u>
Government grant	-	-	-	-	(221)	(1,023)	(221)	(1,023)
Capital expenditure	-	792	-	-	1,101	2,217	1,101	3,009
Bank interest income	(10)	(54)	-	-	(2)	(3)	(12)	(57)
(Gain)/loss on disposal/written off of property, plant and equipment	-	3	-	-	(1,715)	-	(1,715)	3
(Reversal of)/provision for impairment loss on trade receivables, net	-	(111)	-	-	(252)	2,452	(252)	2,341
Loss/(gain) on early termination of lease	375	(169)	-	-	-	-	375	(169)
Provision for/(reversal of) impairment loss on loan and interest receivables	-	-	1,756	(1,598)	-	-	1,756	(1,598)
Provision for impairment loss on property, plant and equipment	-	-	-	-	2,698	-	2,698	-
Provision for impairment loss on right-of-use assets	1,884	-	-	-	917	-	2,801	-
Provision for impairment loss on inventories	-	-	-	-	3,539	-	3,539	-

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

	2025 HK\$'000	2024 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Packaging products business segment		
— Hong Kong and the PRC	16,261	28,329
— Europe		
— Switzerland	13,589	6,665
— Netherlands	8,890	14,721
— Others	11,648	14,154
— North and South America	3,472	3,058
— Others	8,417	8,920
	62,277	75,847
Treasury investment business segment		
— Hong Kong and the PRC	(4,978)	7,666
Chlamydomonas reinhardtii products business segment		
— Hong Kong and the PRC	9,671	16,085
Total revenue of segments	66,970	99,598

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:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Hong Kong	3,145	10,563
The PRC	239,047	263,364
	242,192	273,927

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

Information about major customers

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Packaging products business segment:		
Customer A	9,461	22,951
Customer B (<i>note</i>)	<u>8,696</u>	<u>N/A</u>

Note: Revenue derived from this customer in 2024 was less than 10% of the Group's revenue for 2024.

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 (loss)/gain 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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Manufacturing and sales of packaging products	62,277	75,847
Manufacturing and sales of <i>Chlamydomonas reinhardtii</i> products	<u>9,671</u>	<u>16,085</u>
	71,948	91,932
Fair value (loss)/gain on financial assets at fair value through profit or loss held for trading, net (<i>note</i>)	(5,234)	4,565
Interest income from money lending business	<u>256</u>	<u>3,101</u>
	<u>66,970</u>	<u>99,598</u>

Note: During the year ended 31 December 2025, the gross proceeds from the disposal of listed equity investment funds classified as financial assets at fair value through profit or loss of continuing operations for the year were HK\$24,128,000 (2024: nil).

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Re-presented)
Continuing operations		
At a point in time basis		
Manufacturing and sales of packaging products	62,277	75,847
Manufacturing and sales of Chlamydomonas reinhardtii products	<u>9,671</u>	<u>16,085</u>
	<u><u>71,948</u></u>	<u><u>91,932</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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Bank interest income	12	57
Rental income	2,402	2,775
Imputed interest income on property rental deposits	9	16
Fair value gain/(loss) on financial assets at fair value through profit or loss (not held for trading), net		
— Unlisted equity investments	53,243	(38,124)
— Listed equity investments	75,973	—
Foreign exchange differences, net	(684)	694
Government grant	221	1,023
Gain/(loss) on disposal/written off of property, plant and equipment, net	1,715	(3)
Impairment loss on property, plant and equipment	(2,698)	—
Impairment loss on right-of-use assets	(2,801)	—
(Loss)/gain on early termination of lease	(375)	169
Others	<u>1,883</u>	<u>442</u>
	<u><u>128,900</u></u>	<u><u>(32,951)</u></u>
Discontinued operations		
Bank interest income	1	7
Loss on disposal/written off of property, plant and equipment, net	(1,152)	(1,030)
Gain on early termination of lease	—	107
Gain on lease modification	<u>—</u>	<u>31</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 HK\$'000	2024 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Interest on lease liabilities	431	827
Interest on bank and other borrowings	20,707	8,862
Interest on margin loans payable	44	4
	<u>21,182</u>	<u>9,693</u>
Discontinued operations		
Interest on lease liabilities	82	251
Interest on bank and other borrowings	106	162
	<u>188</u>	<u>413</u>

7. PROFIT/(LOSS) BEFORE TAX

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Auditor's remuneration	1,400	1,530
Cost of inventories sold (<i>note</i>)	45,455	61,952
Provision of impairment loss on inventories (included in cost of services and inventories sold)	3,539	544
Depreciation of property, plant and equipment	11,721	12,218
Depreciation of right-of-use assets	10,449	13,591
Short-term lease payments	972	2,002
Legal and professional fee (included in administrative expenses)	3,303	3,429
Transportation expenses	1,406	1,488
Employee benefits expenses (including Directors' remuneration):		
Wages and salaries	34,643	36,555
Pension scheme contributions (including long service payment)	3,774	3,423
Equity-settled share option expenses	1,483	1,915
	<u>39,900</u>	<u>41,893</u>
(Reversal of over-provision of)/equity-settled share option expenses (<i>note 20</i>):		
Other participants	<u>(197)</u>	<u>1,724</u>
Discontinued operations		
Depreciation of property, plant and equipment	556	1,090
Depreciation of right-of-use assets	889	2,577

Note:

Included in cost of inventories sold are cost of purchased materials of HK\$31,643,000 (2024: HK\$41,178,000).

8. INCOME TAX

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Current tax — Hong Kong Profits Tax		
Over-provision in respect of prior year	–	(344)
Current tax — PRC Corporate Income Tax		
Provision for the year	<u>11</u>	<u>18</u>
	<u><u>11</u></u>	<u><u>(326)</u></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% (2024: 25%) on the assessable profits of the group entities in the PRC.

9. DIVIDEND

The directors of the Company do not recommend, declare or pay any dividend in respect of the year (2024: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) From continuing operations and discontinued operations

The calculations of basic and diluted earnings/(loss) per share attributable to owners of the Company for the years ended 31 December 2025 and 2024 are based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Re-presented)
Earnings/(loss):		
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share from continuing and discontinued operations	<u>26,799</u>	<u>(88,107)</u>
	2025 Number of shares '000	2024 Number of shares '000
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	2,805,952	2,805,952
Effect of dilutive potential ordinary shares arising from: share options issued by the Company	<u>2,428</u>	<u>–</u>
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	<u>2,808,380</u>	<u>2,805,952</u>
Earnings per share:		
Basic earnings/(loss) per share (<i>HK cents</i>)	<u>0.95</u>	<u>(3.14)</u>
Diluted earnings/(loss) per share (<i>HK cents</i>)	<u>0.95</u>	<u>(3.14)</u>

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

The denominators used for the purposes of calculating basic and diluted earnings/(loss) per share from continuing, discontinued and continuing and discontinued operations are the same figures and are disclosed in the table above.

(b) From continuing operations

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Re-presented)
Earnings/(loss):		
Earnings/(loss) for the purposes of basic and diluted earnings/ (loss) per share from continuing operations	<u>11,632</u>	<u>(78,899)</u>
	2025 Number of shares '000	2024 Number of shares '000
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	2,805,952	2,805,952
Effect of dilutive potential ordinary shares arising from: share options issued by the Company	<u>2,428</u>	<u>—</u>
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	<u>2,808,380</u>	<u>2,805,952</u>
Earnings per share:		
Basic earnings/(loss) per share (HK cents)	<u>0.41</u>	<u>(2.81)</u>
Diluted earnings/(loss) per share (HK cents)	<u>0.41</u>	<u>(2.81)</u>

(c) From discontinued operations

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Re-presented)
Earnings/(loss):		
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share from discontinued operations	<u>15,167</u>	<u>(9,208)</u>
	2025 Number of shares '000	2024 Number of shares '000
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	2,805,952	2,805,952
Effect of dilutive potential ordinary shares arising from: share options issued by the Company	<u>2,428</u>	<u>—</u>
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	<u>2,808,380</u>	<u>2,805,952</u>
Earnings per share:		
Basic earnings/(loss) per share (<i>HK cents</i>)	<u>0.54</u>	<u>(0.33)</u>
Diluted earnings/(loss) per share (<i>HK cents</i>)	<u>0.54</u>	<u>(0.33)</u>

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

As at 31 December 2025, the ownership certificates for buildings with aggregate carrying amount of HK\$112,064,000 (equivalent to RMB101,804,000) (2024: HK\$126,192,000 (equivalent to RMB117,686,000)) have not been obtained. The Group is in the process of applying for the building ownership certificates. Besides, buildings with carrying amount of HK\$20,270,000 (equivalent to RMB18,414,000) (2024: HK\$20,895,000 (equivalent to RMB19,486,000)) and machinery with carrying amount of HK\$53,675,000 (equivalent to RMB48,670,000) (2024: HK\$36,894,000 (equivalent to RMB34,407,000)) were pledged as securities of the Group's bank borrowings as at 31 December 2025.

As at 31 December 2025, the Group had buildings of carrying amount of HK\$112,064,000 (equivalent to RMB101,804,000) (2024: HK\$126,192,000 (equivalent to RMB117,686,000)), plant and machinery of carrying amount of HK\$55,808,000 (equivalent to RMB50,698,000) (2024: HK\$60,735,000 (equivalent to RMB55,808,000)), and equipment of carrying amount of HK\$10,069,000 (equivalent to RMB9,147,000) (2024: HK\$10,788,000 (equivalent to RMB10,060,000)), leasehold lands of carrying amount of HK\$60,501,000 (equivalent to RMB54,961,000) (2024: HK\$61,262,000 (equivalent to RMB57,133,000)) belonging to the Chlamydomonas reinhardtii products business segment located in Lucheng District, Changzhi City, Shanxi Province, the People's Republic of China.

For the years ended 31 December 2025 and 2024, each of the packaging products and Chlamydomonas Reinhardtii products business segments recorded segment loss. Accordingly, the management of the Group concluded that there was impairment indication for property, plant and equipment and right-of-use assets of the Group used in these businesses and hence performed impairment assessment as at the end of the reporting period to estimate the recoverable amounts of these assets.

The impairment assessments of the non-current assets belonging to the Chlamydomonas reinhardtii products business segment were based on the valuations from an independent professional qualified valuer as at 31 December 2025 and 2024, whereby the recoverable amounts of the items of property, plant and equipment and right-of-use assets were estimated individually and have been determined based on the higher of their value in use or fair values less costs of disposal.

For the year ended 31 December 2025, the independent professional qualified valuer determined the recoverable amounts of the buildings, leasehold lands, plant and machinery and equipment belonging to the Chlamydomonas reinhardtii products business segment were HK\$112,064,000 (equivalent to RMB101,804,000), HK\$60,501,000 (equivalent to RMB54,961,000), HK\$55,808,000 (equivalent to RMB50,698,000 and HK\$10,069,000 (equivalent to RMB9,147,000) respectively, all of which were determined by reference to their fair value less cost of disposal. These impairment assessments resulted in the recognition of impairment loss amounting to HK\$2,698,000 and HK\$917,000 for the year ended 31 December 2025 to write down the carrying amounts of the property, plant and equipment and right-of-use assets respectively belonging to the Chlamydomonas reinhardtii products business segment to their recoverable amounts as at 31 December 2025, which have been recognised in profit or loss for the year ended 31 December 2025. In addition, an impairment loss of HK\$1,884,000 was made during the year ended 31 December 2025 on right-of-use assets.

For the year ended 31 December 2024, the independent professional qualified valuer determined the recoverable amounts of the buildings, leasehold lands, plant and machinery and equipment belonging to the Chlamydomonas reinhardtii products business segment were HK\$126,192,000 (equivalent to RMB117,686,000), HK\$60,501,000 (equivalent to RMB54,961,000), HK\$55,808,000 (equivalent to RMB50,698,000) and HK\$10,069,000 (equivalent to RMB9,147,000) respectively, all of which were determined by reference to their fair value less cost of disposal, which were close to their carrying values. Accordingly, no provision of impairment was provided for the year ended 31 December 2024.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets		
Unlisted equity investments, at fair value (<i>note (i)</i>)		
Company A (<i>note (ii)</i>)	10,382	10,196
Company B (<i>note (iii)</i>)	–	–
Company C (<i>note (iv)</i>)	653	1,218
Company D (<i>note (v)</i>)	6,579	7,830
Company E (<i>note (vi)</i>)	64,510	28,544
Company F (<i>note (vii)</i>)	–	526
Company G (<i>note (viii)</i>)	14,485	10,987
Company H (<i>note (ix)</i>)	18,290	11,651
Company I (<i>note (x)</i>)	48,610	24,950
Company J (<i>note (xi)</i>)	17,669	–
Listed equity investments, at fair value	97,790	–
	<u>278,968</u>	<u>95,902</u>
Current assets		
Listed equity investments held for trading, at fair value	–	51,180
Wealth management products (<i>note (xii)</i>)	–	2,147
	<u>–</u>	<u>53,327</u>

Notes:

- (i) As at 31 December 2025, the unlisted equity investments relate to investments in ten private entities (2024: nine), which were intended to be held for long-term strategic purpose at the time of acquisition. The investee private entities are engaged in the provision of advisory and financial services, property holding, research and development and marketing of micro-algae products in the United States of America, securities brokerage and assets management, investment in securities trading and money lending.
- (ii) As at 31 December 2025, the Group's equity interest in Company A, which is principally engaged in securities trading in Hong Kong and investment holding business, was approximately 2.46% (2024: 2.56%). The investment held mainly represents financial service companies, which provide securities brokerage service and money lending business in Hong Kong.
- (iii) As at 31 December 2025, the Group's equity interest in Company B, which is principally engaged in the business of investment holding, was approximately 2.95% (2024: 2.95%). Such investment was fully impaired as at 31 December 2025 and 2024. The investment held mainly are financial service companies, which provide securities brokerage service and money lending business in Hong Kong.

- (iv) As at 31 December 2025, 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% (2024: 0.10%).
- (v) As at 31 December 2025, the Group's equity interest in Company D, which is principally engaged in money lending business, was approximately 11.08% (2024: 11.08%).
- (vi) As at 31 December 2025, the Group's equity interest in Company E, which is principally engaged in the provision of finance and money lending business in Hong Kong, was approximately 17.61% (2024: 17.61%).
- (vii) As at 31 December 2025, the Group's equity interest in Company F, which is principally engaged in research and development and marketing of microalgae products in the United States of America, was approximately 3.73% (2024: 3.73%). Such investment was fully impaired as at 31 December 2025.
- (viii) As at 31 December 2025, the Group's equity interest in Company G, which is principally engaged in securities brokerage and asset management business in Hong Kong, was approximately 2.97% (2024: 2.97%).
- (ix) As at 31 December 2025, the Group's equity interest in Company H, which is principally engaged in securities investment and investment holding business in Hong Kong, was approximately 4.20% (2024: 5.1%).
- (x) As at 31 December 2025, the Group's equity interest in Company I, which is principally engaged in securities investment and investment holding business in Hong Kong, was approximately 11.33% (2024: 10.29%).
- (xi) As at 31 December 2025, the Group's equity interest in Company J, which is principally engaged in securities investment and investment holding business, was approximately 2.09% (2024: nil). The investment held mainly represents financial service companies, which provide securities trading business in Hong Kong.
- (xii) Included in wealth management products ("WMPs") as at 31 December 2024 were the Group's investments in one WMP 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. The WMPs had been sold during the year ended 31 December 2025.

13. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	11,730	37,319
Less: Impairment loss allowance	<u>(2,269)</u>	<u>(15,035)</u>
	<u>9,461</u>	<u>22,284</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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 1 month	3,226	12,971
1 to 2 months	2,182	2,287
2 to 3 months	2,034	3,272
Over 3 months	<u>2,019</u>	<u>3,754</u>
	<u>9,461</u>	<u>22,284</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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Unsecured loan and interest receivables (<i>note a</i>)	17,751	16,555
Less: Impairment loss allowance (<i>note a</i>)	(1,920)	(1,131)
	<u>15,831</u>	<u>15,424</u>
Analysed for reporting purpose as:		
Current portion	15,632	15,236
Non-current portion	199	188

Note:

- (a) As at 31 December 2025, unsecured loan and interest receivables of approximately HK\$2,586,000 (2024: HK\$15,424,000) were due from two borrowers (2024: four borrowers) and will mature within one to four years (2024: mature within one to five 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 above-mentioned loan and interest receivables are as follows:

	Effective interests	
	rate per annum	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unsecured loan and interest receivables	<u>6%</u>	<u>6%-7%</u>

As at 31 December 2025, the remaining unsecured loan receivable with carrying amount of approximately HK\$13,245,000 (2024: nil) was due from one borrower (2024: nil) and represents the right of loan receivable with outstanding principal amount of HK\$35,123,000, which was acquired by the Group from an independent third party at consideration of HK\$15,000,000 in July 2025. This loan receivable is unsecured and interest-free, and was matured in October 2025. The directors of the Company consider that the loan receivable was credit-impaired at the date of purchase and as at 31 December 2025.

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

	<i>HK\$'000</i>
Balance at 1 January 2024	2,729
Reversal of impairment loss on unsecured loan and interest receivables	<u>(1,598)</u>
Balance at 31 December 2024 and 1 January 2025	1,131
Impairment loss on unsecured loan and interest receivables	1,756
Derecognition of impairment loss arising from the assignment of loan receivables as partial consideration of subscription of a financial asset at FVTPL	<u>(967)</u>
Balance at 31 December 2025	<u><u>1,920</u></u>

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:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	5,017	5,989
1 to 2 months	1,365	1,194
2 to 3 months	740	383
Over 3 months	<u>684</u>	<u>4,962</u>
	<u><u>7,806</u></u>	<u><u>12,528</u></u>

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

16. BANK AND OTHER BORROWINGS

(a) Bank and other borrowings

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Secured bank borrowings	53,738	68,739
Secured other borrowings	22,365	–
Unsecured other borrowings	<u>333,637</u>	<u>297,386</u>
	<u>409,740</u>	<u>366,125</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within one year or on demand	409,740	339,318
Within a period of more than one year but not more than two years	<u>–</u>	<u>26,807</u>
	409,740	366,125
Less: Amounts due for settlement within 12 months shown under current liabilities	<u>(409,740)</u>	<u>(339,318)</u>
Amounts due for settlement after 12 months shown under non-current liabilities	<u>–</u>	<u>26,807</u>

Movements in bank and other borrowings are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	366,125	356,344
New bank and other borrowings raised	105,516	91,853
Interest expenses	20,813	9,024
Repayment of bank and other borrowings	(74,486)	(75,586)
Disposal of subsidiaries	(8,850)	–
Interest paid	(9,123)	(8,619)
Exchange realignment	9,745	(6,891)
	<hr/>	<hr/>
At 31 December	<u>409,740</u>	<u>366,125</u>

The Group's secured bank borrowings as at 31 December 2025 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\$20,270,000 (equivalent to RMB18,414,000) (2024: HK\$20,895,000 (equivalent to RMB19,485,000)); and
- b. mortgages over the Group's leasehold lands which had an aggregate carrying value at the end of the reporting period of HK\$60,501,000 (equivalent to RMB54,961,000) (2024: HK\$61,262,000 (equivalent to RMB57,132,000)).
- c. mortgages over the Group's machinery which had an aggregate carrying value at the end of the reporting period of HK\$53,675,000 (equivalent to RMB48,670,000) (2024: HK\$36,894,000 (equivalent to RMB34,407,000)).

The secured other borrowings which had an aggregate carrying value at the end of the reporting period of HK\$22,365,000 were secured by shares of several indirectly-owned subsidiaries of the Company.

As at 31 December 2025, unsecured other borrowings of RMB60,000,000 (equivalent to HK\$66,048,000) and RMB90,000,000 (equivalent to HK\$99,072,000) which were overdue since maturity dates of 7 June 2025 and 11 December 2025 respectively and the Group has been negotiating with the Lender for the extension of the borrowings. See note 1 (b)(ii) for further disclosure.

Due to breach of loan covenants and/or occurrence of default events (including the breach of cross default clauses), certain bank and other borrowings with the aggregate carrying amount of approximately HK\$229,823,000, in which the aggregate amount of HK\$176,144,000 was past due, and aggregate amounts of HK\$53,679,000 carry interest at rates ranging from 0.42% to 1% per month were repayable within one year from the end of reporting date based on the agreed scheduled repayments set out in the respective loan agreements had been due for immediate payment.

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

The amounts are unsecured, non-interest bearing, non-trade nature 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 (note 12).

	2025		2024	
	Effective interest rate	Effective interest rate		
	HK\$'000	(%) p.a.	HK\$'000	(%) p.a.
Within one year	<u>-</u>	<u>-</u>	<u>2,164</u>	<u>5%-10%</u>

19. SHARE CAPITAL

	Number of shares		Share capital	
	2025	2024	2025	2024
	'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 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 share option scheme (the “2022 Scheme”) was passed by way of an ordinary resolution in the annual general meeting. On 13 June 2025, the 2022 Scheme was terminated and a new share option scheme (the “2025 Scheme”) was passed by way of an ordinary resolution in the annual general meeting. No further options may be granted under 2022 Scheme, but the provision of the 2022 Scheme shall remain in force and effect to the extent necessary to give effect to the exercise of any options granted prior to its termination or otherwise as may be required in accordance with the provisions of the 2022 Scheme. Options granted under the 2022 Scheme prior to such termination shall continue to be valid and exercisable in accordance with the rules of the 2022 Scheme. The 2025 Scheme does not impose minimum period requirement, each grant will be considered on an individual basis to achieve the purpose of the 2025 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, 2022 and 2025 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, 2022 and 2025 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.

Pursuant to the 2012, 2022 and 2025 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
8/10/2020	47,000,000	0.40
16/11/2020	68,900,000	0.60
25/4/2022	14,314,750	1.34
30/9/2024	279,000,000	0.20

Movements of the options granted under the 2012, 2022 and 2025 Scheme, during the year were as follows:

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

As at 31 December 2025, no (2024: 5,000,000) share options were exercisable.

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2024	Lapsed/ Cancelled during the year	Number of options outstanding at 31 December 2024	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2025
Employees							
16/11/2020	0.60	16/11/2022 to 15/11/2027	3,399,993	-	3,399,993	-	3,399,993
16/11/2020	0.60	16/11/2023 to 15/11/2027	3,399,993	-	3,399,993	-	3,399,993
16/11/2020	0.60	16/11/2024 to 15/11/2027	3,400,014	-	3,400,014	-	3,400,014
			<u>10,200,000</u>	<u>-</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 2025, 60,200,000 (2024: 60,200,000) share options were exercisable.

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2024	Lapsed/ Cancelled during the year	Number of options outstanding at 31 December 2024	Lapsed/ cancelled during the year*	Number of options outstanding at 31 December 2025
Employees							
25/4/2022	1.34	25/4/2023 to 24/4/2026	3,531,000	–	3,531,000	(3,228,500)	302,500
25/4/2022	1.34	25/4/2023 to 24/4/2027	2,437,500	(418,750)	2,018,750	(1,868,750)	150,000
25/4/2022	1.34	25/4/2024 to 24/4/2027	2,437,500	(418,750)	2,018,750	(1,868,750)	150,000
25/4/2022	1.34	25/4/2025 to 24/4/2027	2,437,500	(418,750)	2,018,750	(1,868,750)	150,000
25/4/2022	1.34	25/4/2026 to 24/4/2027	2,437,500	(418,750)	2,018,750	(1,868,750)	150,000
			<u>13,281,000</u>	<u>(1,675,000)</u>	<u>11,606,000</u>	<u>(10,703,500)</u>	<u>902,500</u>

As at 31 December 2025, 752,500 (2024: 7,568,500) share options were exercisable.

Date of grant	Exercise price* HK\$	Exercisable period	Number of options outstanding at 1 January 2024	Granted during the year	Lapsed/ Cancelled during the year	Number of options outstanding at 31 December 2024	Lapsed/ cancelled during the year*	Number of options outstanding at 31 December 2025
Directors								
30/9/2024	0.20	1/1/2026 to 31/12/2028	–	3,929,400	–	3,929,400	(166,500)	3,762,900
30/9/2024	0.20	1/1/2027 to 31/12/2028	–	3,929,400	–	3,929,400	(166,500)	3,762,900
30/9/2024	0.20	1/1/2028 to 31/12/2028	–	3,941,200	–	3,941,200	(167,000)	3,774,200
			<u>–</u>	<u>11,800,000</u>	<u>–</u>	<u>11,800,000</u>	<u>(500,000)</u>	<u>11,300,000</u>
Employees								
30/9/2024	0.20	1/1/2026 to 31/12/2028	–	17,049,600	–	17,049,600	(266,400)	16,783,200
30/9/2024	0.20	1/1/2027 to 31/12/2028	–	17,049,600	–	17,049,600	(266,400)	16,783,200
30/9/2024	0.20	1/1/2028 to 31/12/2028	–	17,100,800	–	17,100,800	(267,200)	16,833,600
			<u>–</u>	<u>51,200,000</u>	<u>–</u>	<u>51,200,000</u>	<u>(800,000)</u>	<u>50,400,000</u>
Other Participants (Note)								
30/9/2024	0.20	1/1/2026 to 31/12/2028	–	71,928,000	–	71,928,000	(66,600,000)	5,328,000
30/9/2024	0.20	1/1/2027 to 31/12/2028	–	71,928,000	–	71,928,000	(66,600,000)	5,328,000
30/9/2024	0.20	1/1/2028 to 31/12/2028	–	72,144,000	–	72,144,000	(66,800,000)	5,344,000
			<u>–</u>	<u>216,000,000</u>	<u>–</u>	<u>216,000,000</u>	<u>(200,000,000)</u>	<u>16,000,000</u>

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 2025, no (2024: nil) share options were exercisable.

* Lapsed share option was due to termination of employment or cooperative relationship. As the individual is no longer an employee nor service provider, the share options were lapsed.

The fair values of the share options granted on 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\$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	8 October 2020	16 November 2020	25 April 2022	30 September 2024
Closing price of the shares	HK\$0.36	HK\$0.53	HK\$0.90	HK\$0.171
Exercise price	HK\$0.40	HK\$0.60	HK\$1.34	HK\$0.20
Dividend yield	Nil	Nil	Nil	Nil
Expected volatility	92.04%	94.06%	85.88% to 92.38%	91%
Risk-free interest rate	0.42%	0.33%	2.52% to 2.57%	2.51%
Fair value per share option	HK\$0.255 to HK\$0.283	HK\$0.348 to HK\$0.386	HK\$0.443 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 2025, the Group recognised an expense of approximately HK\$1,286,000 (2024: HK\$3,639,000) as equity-settled share based payments in the consolidated statement of profit or loss with reference to their respective vesting period.

21. DISCONTINUED OPERATIONS

On 6 March 2025, the Group entered into a sale and purchase agreement with an independent third party (“the Purchaser”) to sell its 30% of the shares of Fortune Road International Limited (“Fortune Road”), at a cash consideration of RMB5,000,000 (equivalents to HK\$5,334,000).

Subsequently, on 6 May 2025, the Group entered into another sale and purchase agreement to sell its remaining 70% equity interest in Fortune Road to the Purchaser of Fortune Road for a consideration of RMB13,000,000 (equivalents to HK\$14,040,000), resulting in a loss of control over Fortune Road. This disposal was undertaken to enhance the Group’s liquidity and strengthen its overall financial position.

Management has assessed the above transactions under HKFRS 10 and concluded that they are not linked transactions, as each disposal was negotiated independently with distinct contractual terms and commercial rationale.

The principal business and activities of Fortune Road and its subsidiaries (collectively referred to as the “Disposal Group”) were the provision of QR codes on product packaging and solutions services in the PRC (the “QR code business”). The QR code business comprised the whole “QR code business” reportable segment of the Group presented in the previously issued consolidated financial statements of the Group. Upon the completion of the disposal of the Disposal Group on 29 August 2025, the Group ceased to engage in the QR code business.

Accordingly, the results of operations of the QR code business are presented as discontinued operations. The loss for the year from the discontinued operations is set out below. The comparative figures in the Group’s consolidated statement of profit or loss and other comprehensive income have been restated to re-present the operations of the QR code business as discontinued operations.

The financial performance and cashflow information of the discontinued operations presented below are for the year ended 31 December 2025 and 2024.

	2025 HK\$’000	2024 <i>HK\$’000</i>
Loss of the QR code business for the period/year	(9,140)	(9,208)
Gain on disposal of the Disposal Group	<u>22,875</u>	<u>–</u>
	<u><u>13,735</u></u>	<u><u>(9,208)</u></u>

The financial performance and cashflow information of the discontinued operations of the QR code business for the period from 1 January to 29 August 2025 and for the year ended 31 December 2024, which have been included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, were as follows:

	Period ended 29/8/2025 HK\$'000	Year ended 31/12/2024 HK\$'000
Revenue from sales of goods and services rendered		
Provision of QR code packaging products and solutions:		
QR code packaging products	3,925	6,328
QR code solutions and maintenance service	<u>20,901</u>	<u>54,039</u>
	24,826	60,367
Cost of sales	<u>(13,165)</u>	<u>(26,999)</u>
Gross profit	11,661	33,368
Provision for impairment loss of trade receivables, net	(144)	(496)
Provision for impairment loss of other receivables, net	–	(1,066)
Other income, gains and losses, net	(1,181)	2,418
Selling and distribution expenses	(2,816)	(6,449)
Administrative expenses	(16,472)	(36,570)
Finance costs	<u>(188)</u>	<u>(413)</u>
Loss before taxation	(9,140)	(9,208)
Income tax expense	<u>–</u>	<u>–</u>
Loss for the period/year from discontinued operations	<u>(9,140)</u>	<u>(9,208)</u>
Gain on disposal of the Disposal Group	<u>22,875</u>	–
	<u>13,735</u>	<u>(9,208)</u>
Cash flows from discontinued operations		
Net cash outflow from operating activities	(4,761)	(2,513)
Net cash inflow/(outflow) from investing activities	1,366	(1,604)
Net cash inflow from financing activities	<u>1,202</u>	<u>3,644</u>
Net cash outflow	<u>(2,193)</u>	<u>(473)</u>

The net liabilities of the Disposal Group at the date of the disposal were as follows:

	At 29 August 2025 <i>HK\$'000</i>
Assets	
Property, plant and equipment	922
Right-of-use assets	2,908
Inventories	2,866
Trade receivables	8,459
Prepayments	12,646
Deposits and other receivables	216
Cash and cash equivalents	<u>1,888</u>
	<u><u>29,905</u></u>
Liabilities	
Trade payables	(9,096)
Accruals and other payables	(8,257)
Contract liabilities	(11,940)
Lease liabilities	(3,083)
Interest-bearing bank and other borrowings	<u>(8,850)</u>
	<u><u>(41,226)</u></u>
Net liabilities disposed of	(11,321)
Consideration received	
Cash	<u>14,040</u>
Gain on disposal	
Consideration received	14,040
Net liabilities disposed of	11,321
Non-controlling interests	(3,131)
Cumulative exchange gain in respect of the subsidiaries reclassified from equity to profit or loss upon disposal	1,128
Expenses directly attributable to the disposal	<u>(483)</u>
Gain on disposal	<u>22,875</u>
Net cash inflow arising on disposal	
Cash consideration	14,040
Less: cash and cash equivalents disposed of	<u>(1,888)</u>
	<u><u>12,152</u></u>

22. SUBSEQUENT EVENT

Subsequent to the end of the reporting period, the Company drew down two other borrowings on 12 January 2026 and 2 February 2026, in the amounts of HK\$6,000,000 and HK\$20,000,000 respectively, in total HK\$26,000,000 (“New Other Borrowings”) under the same facility letter.

The facility letter contains a cross default clause. As a default under other borrowing arrangements had already occurred in 2025 and had not been waived, the cross default clauses were triggered. Consequently, upon drawdown, the New Other Borrowings and its interest payables became due for immediate repayment.

The New Other Borrowings were originally repayable within one year from the respective drawdown dates, but became due for immediate repayment upon drawdown as a result of the triggering of the cross default clauses. The New Other Borrowings are secured by a pledge over the shares of certain subsidiaries and the assets of those subsidiaries. As at the date of this announcement, the lender has not issued any demand or taken any enforcement action in respect of these amounts.

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 2025.

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 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory 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, at 31 December 2025, the Group had net current liabilities of approximately HK\$493,104,000. The current liabilities of the Group as at 31 December 2025 include bank and other borrowings and advances from a director and a shareholder of the Company, with aggregate carrying amount of approximately HK\$534,345,000, while the Group's cash and cash equivalents as at 31 December 2025 amounted to only approximately HK\$5,063,000. As at 31 December 2025, the Group's other borrowings of approximately HK\$176,144,000 had been due for immediate payment. In addition, as set out in note 29 to the consolidated financial statements, the Group's bank and other borrowings with carrying amounts of HK\$53,679,000 as at 31 December 2025, with no event of default, contained a default clause that the Group will be required for repayment of the outstanding balance of the original borrowings and interest payables in the event of default. These conditions, along with other matters as set forth in note 1(b) to the consolidated financial statements, 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 and appropriateness of which depends on the feasibility of the plans and measures being taken by the directors of the Company to improve the liquidity position of the Group, as described in note 1(b) to the consolidated financial statements, and whether there is adequate support for the assumptions underlying the cash flow forecast prepared by management for the purposes of the going concern assessment performed by management. We have not been provided the supporting bases for the feasibility of these plans and measures and reasonableness of the assumptions adopted, including the assumptions about (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, including those in default and with cross-default terms; (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 capital expenditures; (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 and there were no alternative audit procedures that we can perform. 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 2025 the Group recorded revenue of continuing operations of approximately HK\$67.0 million (2024: HK\$99.6 million), representing a decrease of approximately 32.7% as compared to the last year. The decrease in turnover was primarily attributable to the decrease in sales orders.

The profit for the year ended 31 December 2025 was approximately HK\$61.3 million (2024: loss for the year of HK\$88.0 million), representing an improvement of approximately HK\$149.3 million as compared to financial year 2024.

The improvement in profit for the year was mainly because of significant gain on fair value on financial assets at fair value through profit or loss (not held for trading).

The Group has disposed the QR code business segment during the year ended 31 December 2025 and recorded a gain of disposal of approximately HK\$22.9 million. This disposal has strengthened the cash flow of the Group, allowed the Group to improve its liquidity and allow the Group to reallocate its resources for future development of other major business operations.

CONTINUING OPERATIONS

Packaging products business

The packaging products business reported in a revenue of approximately HK\$62.3 million for the year ended 31 December 2025 (2024: HK\$75.8 million), representing a decrease of approximately 17.8% as compared with last year. A segment loss of approximately HK\$9.2 million was recorded during the year ended 31 December 2025 (2024: HK\$7.4 million), such segment loss was due to the decrease in sales orders in 2025.

Treasury investment business

During the year, the Group recorded a fair value loss of approximately HK\$5.2 million on financial assets at fair value through profit or loss held for trading, compared to the fair value gain of approximately HK\$4.6 million in the previous year. Fair value gain of financial assets at fair value through profit or loss not held for trading amounting to approximately HK\$129.2 million was recognised during the year ended 31 December 2025 (2024: fair value loss of HK\$38.1 million).

Chlamydomonas reinhardtii products business

During the year, the Chlamydomonas reinhardtii products business recorded a turnover of approximately HK\$9.7 million (2024: HK\$16.1 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\$27.2 million (2024: HK\$13.0 million), representing an increase of segment loss of HK\$14.2 million, which mainly reflected idle capacity costs recognised during the production suspension, together with the absence of an inventory impairment reversal that had benefited the prior year.

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 Group has secured a significant long-term commercial cooperation through a Strategic Cooperation Agreement signed on 23 October 2025 with a Sales Consortium. This agreement underpins the Company’s revenue visibility for the coming years, targeting a minimum aggregate purchase of RMB1 billion for our core Chlamydomonas reinhardtii and related products between 2026 and 2028.

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.

Discontinued operation

QR code business

Revenue from QR code business was HK\$24.8 million and its segment loss was HK\$9.1 million during the year ended 31 December 2025 (2024: Revenue of HK\$60.4 million and segment loss of HK\$9.2 million). The QR code business has been discontinued in the current period after the disposal of Fortune Road. Details of which were disclosed in the circular of special general meeting of the Company dated 28 May 2025.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's financial position was actively and regularly reviewed throughout the year. As at 31 December 2025, the Group had outstanding (i) approximately HK\$333.6 million (2024: HK\$297.4 million) unsecured other borrowings, approximately HK\$22.4 million (2024: nil) secured other borrowings and approximately HK\$53.7 million (2024: HK\$68.7 million) secured bank borrowings, bearing interest ranging from 0.36%-1% per month (2024: 0.29%-1% per month), repayable within one year (2024: one to two years) and denominated in Renminbi ("RMB") and Hong Kong dollars ("HK\$"); (ii) amount due to a Director of approximately HK\$99.1 million (2024: HK\$97.2 million) which was unsecured, interest-free and repayable on demand; and (iii) amount due to a Shareholder of the Company of HK\$25.6 million (2024: HK\$24.6 million) which was unsecured, interest-free and repayable on demand. As at 31 December 2025, the Group had cash balances amounting to approximately HK\$5.1 million (2024: HK\$16.3 million). The gearing ratio (net borrowings to total capital) was approximately 94% (2024: 113%). The decrease of gearing ratio was primarily due to the improvement of profit made by the Group.

SHARE CAPITAL

There was no movement of the share capital during the year ended 31 December 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 6 March 2025, the Group disposed of 30% equity interest in Fortune Road International Limited ("Fortune Road"), a whollyowned subsidiary of the Group, at a cash consideration of HK\$5,333,000 (equivalent to RMB5,000,000) to an independent third party. Details are set out in the Company's announcements dated 6 March 2025.

On 6 May 2025, the Group has entered a conditional disposal agreement with a substantial shareholder of Fortune Road to further dispose the 70% equity interest in Fortune Road at a cash consideration of HK\$13,867,000 (equivalent to RMB13,000,000) (the "70% Disposal"). Details of which were disclosed in the circular of special general meeting of the Company dated 28 May 2025. As at 31 December 2025, the 70% Disposal has been completed and the Group does not hold any interest in Fortune Road.

There were no other disposals, or any material acquisitions and disposals of any subsidiaries, associated companies and joint ventures during the year ended 31 December 2025.

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\$20.3 million, HK\$60.5 million and HK\$53.7 million respectively were pledged to secure bank borrowings of approximately HK\$53.7 million as at 31 December 2024. In addition, the Group's equity interests in certain subsidiaries were pledged to secure two other borrowings of HK\$22.4 million as at 31 December 2025.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any contingent liabilities (2024: Nil).

FINANCE LEASE OBLIGATIONS

As at 31 December 2025, the Group has no outstanding obligations under finance lease (2024: 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.

BREACH OF LOAN AGREEMENTS AND CROSS DEFAULTS UNDER CERTAIN LOAN FACILITIES

As at 31 December 2025, the Group's other borrowings of approximately HK\$176,144,000 had been due for immediate payment. In addition, as set out in note 16, the Group's bank and other borrowings with carrying amounts of HK\$53,679,000 as at 31 December 2025, with no event of default, contained a default clause that the Group will be required for repayment of the outstanding balance of the original borrowings and interest payables in the event of default.

As at the date of this announcement, the relevant lenders have not issued any demand or taken any enforcement action in respect of these amounts.

EMPLOYEES

As at 31 December 2025, the Group employed approximately 296 full-time employees in Hong Kong and the PRC (2024: Full-time: 485; Part-time: 2). 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.

In accordance with the rules and regulations in the PRC, we participate in the applicable housing provident funds and various social insurance plans for employees initiated by local and provincial governments. The Group and the PRC-based employees are required to make monthly contributions to these plans calculated as a specific percentage of the employees' salaries.

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 2025:

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.

As of the date of this announcement, except for HK\$3.4 million which was originally intended to be utilised for the Purchase of Transportation and Supplies remains unused (the "Remaining Proceeds"), the net proceeds from the Placing has been utilised in accordance with the purpose disclosed in the 2016 Placing announcements.

The Board hereby announces that after careful consideration, the Board has resolved to change the use of Remaining Proceeds to repayment of outstanding loans and payables.

Intended use of proceeds	Actual use	Unutilised net	Revised use of
	of proceeds	proceeds up to	Remaining
	HK\$ million	31 December 2025	Proceeds
	HK\$ million	HK\$ million	HK\$ million
(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:			
(a) An amount of HK\$263.4 million was used for the redemption of the Promissory Note.	263.4	–	–
(b) An amount of HK\$142.7 million is for the expansion and development of its QR code business:			
(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;	63	–	–
(ii) approximately HK\$14.4 million for the acquisition of plant and equipment (the “Plant and Equipment Acquisition”);	14.4	–	–
(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	58.7	–	–
(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”).	3.2	3.4	–
(v) repayment of loans and other payables	–	–	3.4

* for identification purpose only.

Intended use of proceeds	Actual use of proceeds <i>HK\$ million</i>	Unutilised net proceeds up to 31 December 2025 <i>HK\$ million</i>	Revised use of Remaining Proceeds <i>HK\$ million</i>
(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	172.5	–	–
(b) An amount of HK\$30.8 million was used for general working capital of corporate office.	30.8	–	–
(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.	49.88	–	–
(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.	49.88	–	–
(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.	19.98	–	–
(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.	28.18	–	–

REASON FOR CHANGE OF USE OF PROCEEDS

The allocation designated for the Purchase of Transportation and Supplies was originally intended to support the “Finding the Origins of the Edible Goods” program. This program had previously demonstrated operational synergy with the Group’s QR code business segment. However, following the completion of the disposal of Fortune Road International Limited, a former subsidiary of the Company (as detailed in the Company’s circular dated 28 May 2025), the QR code business was discontinued. Consequently, the related synergy ceased to exist, rendering it unfeasible for the Company to proceed with the edible goods traceability initiative.

As a result, the Remaining Proceeds have since been classified as idle financial resources within the Group. In light of the Group’s current cash flow position and scheduled loan repayments, the Board considers it in the best interest of the Group to reallocate the Remaining Proceeds towards the repayment of loans and payables.

The Board expects that the unutilised net proceeds shall be fully utilised by 31 December 2026.

SIGNIFICANT INVESTMENT HELD

As at 31 December 2025, the Group held listed investments and unlisted investments of approximately HK\$97.8 million, HK\$181.2 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 2025 is set out below:

Nature of investments	Number of shares held as at 31 December 2025	Percentage of shareholding as at 31 December 2025	Fair value change for year ended 31 December 2025	Fair value		Percentage to the Group’s total assets		Investment Cost	Net profit/ (loss) of the investee	Notes
				as at 31 December 2025	as at 31 December 2024	as at 31 December 2025	as at 31 December 2025			
Financial assets at fair value through profit or loss										
<i>Listed Investment</i>										
Oshidori International Holdings Limited (“Oshidori”)	130,326,000	2.11	75,980	97,744	21,764	15.77	22,235	147,542	(a)	
<i>Unlisted Investments</i>										
FreeOpt Holdings Limited (“FreeOpt”)	1,500,000	17.61	35,966	64,510	28,544	10.41	150,000	195,728	(b)	
Tre-29 Investment (Holdings) Limited (“Tre-29”)	<u>2,625</u>	<u>11.33</u>	<u>23,660</u>	<u>48,610</u>	<u>24,950</u>	<u>7.84</u>	<u>40,000</u>	149,555	(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 June 2025.
- (b) Based on its management accounts for year ended 31 December 2025.

Oshidori principally engages in investment holdings, tactical and/or strategic investments (including property investments), provision of financial services including the Securities and Futures Commission (the "SFC") regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 8 (securities margin financing) and Type 9 (asset management); and provision of credit and lending services regulated under the Money Lenders Ordinance.

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

Tre-29 is principally engaged in investment holdings.

As an outlook for 2026, the global economy is facing more uncertain and complex economic environment, the management would take prudent approach to monitor and review the investment portfolio.

SUMMARY OF INVESTMENT POLICY

The Board has established a formal investment policy and strategy (the "Investment Policy") to govern all financial investment activities undertaken by the Group. The overarching objective is the prudent, disciplined, and value-accretive deployment of capital to generate sustainable long-term returns and enhance shareholder value, while maintaining a robust risk management framework and ensuring alignment with the Group's core business direction and financial obligations.

The Investment Policy provides a clear set of principles and guidelines governing the selection, approval, monitoring, and realisation of financial investments. The Board retains ultimate authority for approving major investments and reviews the overall strategy and compliance with policy limits. Management is responsible for continuous monitoring, due diligence, and execution. The Investment Policy is dynamic and subject to regular review by the Board and senior management to reflect evolving market conditions, the Group's financial position, and regulatory requirements.

Key quantitative limits and risk management parameters embedded in the Investment Policy include a portfolio concentration limit whereby the aggregate carrying value of the Group's financial investments shall not exceed 60% of the Group's total assets. This ensures a substantial portion of assets is reserved for core operational requirements, working capital, debt servicing, and contingency needs. Furthermore, exposure to any single investment is capped at 25% of the Group's total assets as a core diversification principle to mitigate concentration risk. To maintain financial flexibility, at least 30% of the investment portfolio by value must be allocated to highly liquid assets, primarily listed equities. The Investment Policy expressly prohibits investments in high-risk or speculative products, such as leveraged derivatives, illiquid structured products, or companies with unsatisfactory governance, poor financial transparency, or material compliance issues.

The Investment Policy also requires that every investment has a clearly defined holding rationale and exit strategy, established at inception and reviewed periodically. As an overall objective, the Company aims to achieve an average annualized return of approximately 15% for each of its investments. Other exit considerations include, among others, achievement of target returns, changes in market conditions, deterioration in investee fundamentals, or the need for portfolio rebalancing. The management conducts regular reviews of the investment portfolio, including semi-annual assessments of fair value, liquidity and risk concentrations, and adjusts the investment strategy to reflect changes in the Company's financial position, market developments and regulatory landscape. In the event of a loss, an investment is subject to a mandatory and rigorous re-evaluation upon a decline in the fair value of an investment by 50% from its initial consideration. This trigger compels a rigorous re-evaluation of the original investment thesis, the investee's long-term prospects, its potential for recovery and the opportunity cost of retaining the capital. This re-evaluation process will be conducted on a semi-annual basis for all investments as part of the Group's standard portfolio monitoring. It is a detailed exercise that assesses, inter alia, the followings: (i) an assessment of relative performance against relevant market benchmarks. A key review metric is whether the investment has underperformed the Hang Seng Index (HSI) by more than 60% over the comparable holding period; (ii) a review of the investee's financial performance and stability, including whether the investee demonstrates improvement in key financial metrics (such as revenue or profitability) compared to the corresponding period in the prior year, and whether the investee maintains total assets of not less than HK\$200 million and whether its net assets have decreased by more than HK\$500 million as compared to the last reporting period; (iii) an evaluation of the investee's scale. For listed securities, this includes monitoring whether the market capitalisation is sustained above HK\$200 million. For all investments, the total asset base is expected to be maintained above the HK\$200 million; or (iv) an assessment of the investee's recovery prospects and turnaround viability. The management is of the view that the limits set out in the re-evaluation process are reasonable and appropriate, having regard to the Group's investment objectives and portfolio size. Based on the further assessment, the management will decide whether to (i) hold the position and monitor for a turnaround, (ii) pursue an orderly divestment to maximise realised value, or (iii) exit the investment immediately to cut losses and prevent further capital erosion.

Oversight and governance are central to the Investment Policy. The Board retains ultimate authority for approving major investments and reviews the overall strategy and compliance with policy limits. Management is responsible for continuous monitoring, due diligence, and execution. The Investment Policy is dynamic and subject to regular review by the Board and senior management to reflect evolving market conditions, the Group's financial position, and regulatory requirements.

INVESTMENT PORTFOLIO INDUSTRY FOCUS AND RECOVERY RATIONALE

As at 31 December 2025, the Group's investment portfolio was concentrated in the financial services sector (including securities trading, brokerage, money lending and asset management). The management's rationale for this strategic focus and its outlook on a recovery in this industry is based on several interconnected factors.

The management believes the financial services sector offer attractive risk-adjusted return potential and serve to diversify the Group's asset base and risk profile, with the primary investment driver being financial return through capital appreciation and income generation. The foreseen recovery is underpinned by anticipated improvements in macroeconomic conditions, where the stabilisation and strengthening of global and regional economies are expected to increase capital market activity, trading volumes, and demand for financing and asset management services. This is coupled with observed signs of stabilising investor sentiment following a period of market volatility, which is a fundamental driver for the securities brokerage, trading, and investment businesses.

Recognising the inherently cyclical nature of financial markets, the management's investment strategy is positioned to capture the upside as the cycle turns from the challenging environment experienced in prior periods towards recovery. This expectation is supported by the early signs of improving financial performance in certain portfolio companies.

The investments are under continuous review and may be partially or fully realised to crystallise gains upon reaching performance targets, to manage portfolio risk, or to reallocate capital in line with the Company's evolving strategic priorities, thereby ensuring the Group actively leverages the investment's liquidity to maximise shareholder value.

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2025 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 the deviation below. Code provision F.2.2 of the Corporate Governance Code stipulates that the chairman of the board should attend the annual and special general meetings. Mr. Wang Liang, the Chairman of the Board, was unable to attend the annual and special general meetings of the Company held on 13 June 2025 (the “Meetings”) due to other business arrangements. In his absence, Mr. Du Dong, took the chair of the Meetings. Other members of the Board, chairman of each of the Audit Committee and Remuneration Committee, as well as the external auditor, who also attended the Meetings, were of sufficient calibre for answering questions at the Meetings.

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 (including treasury shares (as defined in the Listing Rules, if any)) during the year.

AUDIT COMMITTEE

The Company’s audit committee (the “**Audit Committee**”) was established with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph D.3 of Part 2 of the CG Code. The primary duties of the Audit Committee are to supervise the financial reporting process and internal control and risk management systems of the Group. As at the date of this announcement, the Audit Committee consisted of three independent non-executive Directors, namely Mr. Ha Kee Choy Eugene, Mr. Cheung Wing Ping and Mr. To Shing Chuen. The Group’s financial statements for the year ended 31 December 2025 have been reviewed by the Audit Committee, who was of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained to comply with the minimum public float percentage requirement under the Listing Rules at any time during the Reporting Period.

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 2025 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 2025 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 2025 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, 27 March 2026

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

Independent Non-executive Directors

Mr. Cheung Wing Ping

Mr. Ha Kee Choy Eugene

Mr. To Shing Chuen