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

2023
Annual Report

Contents

Corporate Information

DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Ha Kee Choy Eugene *(Chairman)*
Mr. Cheung Wing Ping
Mr. To Shing Chuen

NOMINATION COMMITTEE

Mr. Wang Liang *(Chairman)*
Mr. Du Dong
Mr. Cheung Wing Ping
Mr. Ha Kee Choy Eugene
Mr. To Shing Chuen

REMUNERATION COMMITTEE

Mr. To Shing Chuen *(Chairman)*
Mr. Wang Liang
Mr. Du Dong
Mr. Cheung Wing Ping
Mr. Ha Kee Choy Eugene

AUTHORISED REPRESENTATIVES

Mr. Du Dong
Mr. Wang Liang

COMPANY SECRETARY

Ms. Li On Lok

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

12/F, Kwan Chart Tower
6 Tonnochy Road
Wanchai, Hong Kong

INDEPENDENT AUDITORS

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal share registrar and transfer office

MUFG Fund Services (Bermuda) Limited
4th Floor
North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Hong Kong branch share registrar and transfer office

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

www.touyunbiotech.com.hk

STOCK CODE

1332

To our shareholders,

On behalf of the board of directors (the "Board" and "Directors" respectively) of Touyun Biotech Group Limited (the "Company") and its subsidiaries (collectively the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2023.

OUR GOAL, VALUES AND STRATEGIES

At Touyun Biotech, we embrace the culture of continuous pursuit of providing humanity with nutritious, healthy, and environmentally-friendly food sources through the exploration of life sciences and the development of production technologies. After obtaining the Generally Recognized As Safe (GRAS) certification from the Food and Drug Administration (FDA) in the United States of America, our Chlamydomonas reinhardtii has successively passed the food safety reviews in Singapore, Hong Kong and the National Health Commission of the PRC. Chlamydomonas reinhardtii is sparking a new trend of staple food across the globe.

The Group's goal, values and strategies are set out below:

1. Our goal is to become a major player in improving the quality of human health and contributing to the carbon neutrality of the planet.

2. Our values are to provide healthy food, promote healthy concepts and adopting environmental-friendly methods of production.

3. Our strategies include: i) in terms of the consumer market, establishing two product series, including the trendy FMCG series and the professional series, and developing various sales channels and ways of cooperation both online and offline. We expect to achieve substantial sales and deepen consumers' awareness and acceptance of Chlamydomonas reinhardtii and its derivatives through a series of market campaigns to enhance the market exposure of our products and brand in 2023; ii) in terms of the industrial market, actively developing industrial clients to promote Chlamydomonas reinhardtii's entry into more segments and consumer scenarios; iii) strengthening product and process research and development to improve production efficiency and reduce energy consumption.

BUSINESS REVIEW

For the year ended 31 December 2023, the Group recorded revenue of approximately HK$198.6 million (2022: HK$315.8 million), representing a decrease of approximately 37.1% as compared to the last year. The decrease in turnover was primarily attributable to the decrease in sales orders of packaging products.

The loss for the year ended 31 December 2023 was approximately HK$272.6 million (2022: HK$202.7 million), representing an increase of approximately 34.5% as compared to financial year 2022.

The increase in loss was mainly because of (i) decrease of revenue due to order reduction; and (ii) impairment of property, plant and equipment and right-of-use assets. The impairment of property, plant and equipment and right-of-use assets is a non-cash item and does not affect the cash flow of the Group's operations.

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

Chairman's Statement

PROSPECTS

With big health being an emerging industry with huge market potential, Touyun Biotech's chlamydomonas reinhardtii products serve as excellent raw materials for health supplements and functional foods as they are characterized by their rich nutrients that are editable, easy for absorption, and highly safe. Therefore, in the next following years, our business operation will focus on further expanding the selection of chlamydomonas reinhardtii strains, developing application scenarios and end-user products, and improving and optimizing the production process.

Based on the chlamydomonas reinhardtii noodles and nutritional supplements that were already available in the market before 2022, we 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.

Following our active expansion of offline distribution channels in the PRC market, our products have successfully penetrated into end markets, including over 2,000 supermarkets, convenience stores, and dining outlets, which will provide a solid foundation for our business growth in 2024.

As our end-user products gradually become known and accepted by consumers in the market, the manufacturers from the food and health supplement sectors are also drawn to actively approach us to discuss their intention of cooperation in using the chlamydomonas reinhardtii powder as a food ingredient. In 2024, we plan to increase marketing activities, and continue to actively expand the industrial customer base, so as to achieve breakthroughs in the sales of chlamydomonas reinhardtii raw materials.

APPRECIATION

I would like to express, on behalf of the Board, my sincere appreciation to the management and all staff for their dedication and valuable contributions. I also wish to thank all of our fellow Directors for their valuable contribution and shareholders and valued partners for their generous support. We are looking forward to overcoming the challenges with their combined efforts and achieving the Group's success in the future.

Wang Liang
Chairman

Hong Kong, 28 March 2024

Management Discussion and Analysis

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Chairman's Statement and the Management Discussion and Analysis of this report. Description of possible risks and uncertainties that the Group may be facing can be found in the Corporate Governance Report. Also, the financial risk management objectives and policies of the Group are disclosed in note 38 to the consolidated financial statements. In addition, discussions on the Group's environmental policies, compliance with relevant laws and regulations and relationship with its key stakeholders which have a significant impact on the Group are also contained in the Corporate Governance Report and Environmental, Social and Governance Report.

FINANCIAL REVIEW AND PROSPECTS

For the year ended 31 December 2023, the Group recorded revenue of approximately HK$198.6 million (2022: HK$315.8 million), representing a decrease of approximately 37.1% as compared to the last year. The decrease in turnover was primarily attributable to the decrease in sales orders of packaging products.

The loss for the year ended 31 December 2023 was approximately HK$272.6 million (2022: HK$202.7 million), representing an increase of approximately 34.5% as compared to financial year 2022.

The increase in loss was mainly because of (i) decrease of revenue due to order reduction; and (ii) impairment of property, plant and equipment and right-of-use assets. The impairment of property, plant and equipment and right-of-use assets is a non-cash item and does not affect the cash flow of the Group's operations.

In future years, the management will reassess at the end of each reporting period the recoverable amounts of property, plant and equipment and right-of-use assets when necessary, and if the recoverable amounts are higher than the carrying amounts, the previously recognised impairment loss may be reversed. Details please refer to note 2(h) to the consolidated financial statements.

QR code business

Revenue from QR code business was approximately HK$70.8 million (2022: HK$99.4 million), representing a decrease of approximately 28.8% as compared with last year and the segment loss was approximately HK$28.0 million during the year ended 31 December 2023 (2022: HK$9.0 million). The decrease of revenue and the increase of segment loss of QR code business for the year ended 31 December 2023 were primarily attributable to the decrease of sales orders from customers.

Packaging products business

The packaging products business reported in a revenue of approximately HK$106.9 million for the year ended 31 December 2023 (2022: HK$211.3 million), representing a decrease of approximately 49.4% as compared with last year. A segment loss of approximately HK$1.7 million was recorded during the year ended 31 December 2023 (2022: segment profit of HK$18.1 million), such segment loss was due to the significantly drop in sales orders in 2023.

Treasury investment business

During the year, the Group recorded a fair value loss of approximately HK$0.9 million on financial assets at fair value through profit or loss held for trading, compared to the fair value loss of approximately HK$9.9 million in the previous year. Fair value loss of financial assets at fair value through profit or loss not held for trading amounting to approximately HK$99.5 million was recognised during the year ended 31 December 2023 (2022: HK$140.3 million).

Chlamydomonas reinhardtii products business

During the year, the Chlamydomonas reinhardtii products business recorded a turnover of approximately HK$20.3 million (2022: HK$12.6 million). The increase of turnover comparing with last year is mainly due to the increase of sales in the PRC, and a segment loss of approximately HK$106.1 million (2022: HK$9.4 million), representing an increase of segment loss of HK$96.7 million, which mainly resulted from impairment of property, plant and equipment.

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.

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's financial position was actively and regularly reviewed throughout the year. As at 31 December 2023, the Group had outstanding (i) approximately HK$280.2 million (2022: HK$320.5 million) unsecured other borrowings and approximately HK$76.2 million (2022: HK$59.6 million) secured bank borrowings, bearing interest ranging from 0.42%–0.67% per month (2022: 0.42%–1% per month), repayable within one to two years (2022: one to three years) and denominated in Renminbi ("RMB") and Hong Kong dollars ("HK$"); (ii) amount due to a Director of approximately HK$94.4 million (2022: HK$95.5 million) which was unsecured, interest-free and repayable on demand; and (iii) amount due to a Shareholder of the Company of HK$18.7 million (2022: HK$11 million) which was unsecured, interest-free and repayable on demand. As at 31 December 2023, the Group had cash balances amounting to approximately HK$34.5 million (2022: HK$128.1 million). The gearing ratio (net borrowings to shareholders' equity) was approximately 20.6 (2022: 1.26). The increase of gearing ratio was primarily due to net loss incurred by the Group.

* for identification purpose only

SHARE CAPITAL

There was no movement of the share capital during the year ended 31 December 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the year.

CAPITAL COMMITMENTS

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

PLEDGE OF ASSETS

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

In addition, the Group's buildings and leasehold lands which had an aggregate carrying value of HK$22.1 million and HK$64.0 million respectively were pledged to secure bank borrowings of approximately HK$76.2 million as at 31 December 2023.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any contingent liabilities (2022: Nil).

FINANCE LEASE OBLIGATIONS

As at 31 December 2023, the Group has no outstanding obligations under finance lease (2022: Nil).

FOREIGN EXCHANGE RISK

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

EMPLOYEES

As at 31 December 2023, the Group employed approximately 563 full-time employees in Hong Kong and the PRC and 5 part-time employees in Hong Kong (2022: Full-time: 570; Part-time: 8). The Group's remuneration policy is commensurate with merit, qualification and competence of its employees. In addition to salary and year-end bonus, the relevant remuneration packages also comprised of share options scheme, provident fund contribution, medical and life insurance.

UPDATE ON USE OF PROCEED IN RELATION TO FUND RAISING ACTIVITIES

The Company would like to provide an update in respect of the use of the net proceeds in relation to the past fund raising activities as at 31 December 2023:

Reference is made to the announcements of the Company dated 10 August 2016, 9 November 2016, 18 November 2016, 24 January 2017, 21 February 2017, 3 October 2017, 10 November 2017, 31 August 2018, 13 March 2020, 14 April 2020, 17 July 2020 and 12 April 2021 in relation to the placing/subscription of shares and issue of convertible bond (collectively refer as to "Announcements"). Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

	Intended use of proceeds	**Actual use of proceeds**
(1)	The Company raised HK$406.1 million net proceeds from the placing of shares in November 2016 and the net proceeds were intended to be used as follow:	
	(a) An amount of HK$263.4 million was used for the redemption of the Promissory Note.	An amount of HK$263.4 million was utilised for the full redemption of the Promissory Note in the principal amount of HK$258 million and payment of accrued interest.
	(b) An amount of HK$142.7 million is for the expansion and development of its QR code business:	
	(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;	(i) The Acquisition was completed in March 2017 and an amount of HK$63 million was fully used towards the Acquisition.
	(ii) approximately HK$14.4 million for the acquisition of plant and equipment (the "Plant and Equipment Acquisition");	(ii) An amount of HK$14.4 million was fully used towards the Plant and Equipment Acquisition.
	(iii) approximately HK$58.7 million for research and development, recruitment of technical staff and other personnel and other working capital needs for QR codes business (the "Research & Development"); and	(iii) An amount of HK$58.7 million was fully utilised in the Research & Development.
	(iv) approximately HK$6.6 million for the purchase of transportation and office supplies to support the "Finding the origins of the edible goods program" in different provinces in the PRC (the "Purchase of Transportation and Supplies").	(iv) An amount of HK$3.2 million was utilised in the Purchase of Transportation and Supplies; and the remaining HK$3.4 million has not yet been utilised and is expected to be utilised in 2024 and applied for the same purpose as disclosed in the Company's announcements.

* For identification purposes only

	Intended use of proceeds	Actual use of proceeds
(2)	An amount of net proceeds of US$39.6 million (equivalent to HK$309.4 million) was raised from issue of US$40 million 7% interest 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	An amount of HK$172.5 million was fully utilised for the expansion and development of QR codes business.
	(b) An amount of HK$30.8 million was used for general working capital of corporate office.	An amount of HK$30.8 million was fully utilised for general working capital of corporate office.
(3)	An amount of net proceeds of HK$49.88 million was raised from subscription of new shares in March 2020 and applied as general working capital of the Group.	An amount of HK$49.88 million was fully utilised as general working capital of the Group.
(4)	An amount of net proceeds of HK$49.98 million was raised from subscription of new shares in April 2020 and applied as general working capital of the Group.	An amount of HK$49.98 million was fully utilised as general working capital of the Group.
(5)	An amount of net proceeds of HK$19.98 million was raised from subscription of new shares in July 2020 and the Group intends to apply 70% of the net proceeds as repayment of interest of the CB and the remaining 30% of the net proceeds are applied as general working capital of the Group.	70% of the net proceeds was fully utilised as repayment of interest of the CB and 30% of the net proceeds was fully utilised as general working capital of the Group.
(6)	An amount of net proceeds of HK$28.18 million was raised from subscription of new shares in April 2021 and applied as general working capital of the Group.	An amount of HK$28.18 million was fully utilised as general working capital of the Group.

Management Discussion and Analysis

SIGNIFICANT INVESTMENT HELD

As at 31 December 2023, the Group held unlisted equity investments and private equity investment fund of approximately HK$134.0 million and HK$1.5 million respectively, details of which were set out as follows:

Nature of investments	Number of shares held as at 31 December 2023	Percentage of shareholding as at 31 December 2023 %	Fair value change for year ended 31 December 2023 HK$'000	Fair value as at 31 December 2023 HK$'000	Fair value as at 31 December 2022 HK$'000	Percentage to the Group's total assets as at 31 December 2023 %	Investment cost HK$'000	Net profit/(loss) of the investee HK$'000	*Notes*
Financial assets at fair value through profit or loss									
Unlisted Investments									
Freewill Holdings Limited ("Freewill")	14,550,000	2.95	-	-	–	-	80,025	(34)	(a)
Co-Lead Holdings Limited ("Co-Lead")	363	2.56	(13,005)	22,685	35,690	3.73	145,200	(35,626)	(a)
FreeOpt Holdings Limited ("FreeOpt")	1,500,000	17.61	(40,000)	30,000	70,000	4.94	150,000	(10,143)	(a)
Imagi Brokerage Limited ("Imagi")	17,000,000	2.97	(5,225)	10,057	15,282	1.66	25,000	(8,681)	(a)
Seekers Partners Limited ("Seekers")	9,108,328	0.10	(17,994)	2,282	20,276	0.38	53,217	(302,564)	(b)
Simagi Finance Company Limited ("Simagi")	13,000,000	11.08	(4,652)	9,719	14,371	1.60	65,000	6,405	(a)
Triton Algae Innovations, Ltd. ("Triton")	1,215,278	3.73	(8,059)	14,887	22,946	2.45	27,300	(31,091)	(b)
Green River Associates Limited ("Green River")	13	5.10	(10,104)	14,896	–	2.45	25,000	(351,989)	(a)
Tre 29 Investment (Holdings) Limited ("Tre 29")	2,000	10.29	(500)	29,500	–	4.86	30,000	8,618	(a)
			(99,539)	134,026	178,565	22.07	600,742		

Notes:

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

(a) Based on its management accounts for year ended 31 December 2023.

(b) Based on its management accounts for period ended 30 September 2023.

On 22 November 2022, 上海透雲物聯網科技有限公司 ("SHTY"), an indirect wholly-owned subsidiary of the Group, entered into a fund contract with 中信証券股份有限公司 (the "Custodian") and 上海靈鶴資產管理合夥企業(有限合夥)(the "Investment Manager"), pursuant to which SHTY agreed to subscribe for 5,000,000 shares of a private equity investment fund (the "Fund") at a consideration of RMB5,000,000 (equivalent to approximately HK$5,466,000). The Fund was governed by contractual relationships between and among SHTY, the Custodian and the Investment Manager with no legal entity was formed SHTY can sell shares of the Fund to the Investment Manager at market value any time after one year from the date of subscription. The Fund was established on 17 November 2022 and would be expired on 16 November 2032, with return in dividend derived from investments in financial products. The fund had been sold during the year ended 31 December 2023.

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

Freewill is principally engaged in the business of investment holding.

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

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

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

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

Simagi is principally engaged in the money lending businesses.

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

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

Tre 29 is principally engaged in securities investment.

High interest rate environment, the conflict in the Middle East region and ongoing Russia-Ukraine war all point to continued risks and uncertainties heading into year 2024. Facing with the threat to global economy, the management would closely monitor the investment portfolio from time to time to assess and manage actively the risks involved.

Directors' Profile

EXECUTIVE DIRECTORS

Mr. WANG Liang, aged 38, has been appointed as an Executive Director and authorised representative of the Company since 1 September 2016 and 31 December 2021 respectively. He also has been appointed as the Chairman of the Board since 23 January 2017. He is the Chairman of the Nomination Committee and a member of the Executive Committee and the Remuneration Committee. He also serves as a Director of several subsidiaries of the Company. As Chairman, Mr. Wang is mainly responsible for leading the Board and managing its work to ensure that the Board effectively operates and fully discharges its responsibilities. In addition, he is also in charge of the business of provision of QR codes on product packaging, Chlamydomonas reinhardtii products business and related business intelligence IT solutions. Mr. Wang holds a bachelor's degree in physics from Imperial College of Science, Technology and Medicine, University of London and a master's degree in international finance from The University of Westminster. He has extensive experience in the international finance and project management. He had been working in international investment banks and responsible for clients' project management, projects merger and acquisition and various initial public offerings. Mr. Wang was an executive director (from January 2014 to February 2016), a chairman (from August 2014 to February 2016), a non-executive director (from February 2016 to August 2016) and a vice-chairman (from February 2016 to August 2016) of King International Investment Limited (formerly known as Life Healthcare Group Limited) (stock code: 928). He was also an executive director of China Ever Grand Financial Leasing Group Co., Ltd. (formerly known as PME Group Limited) (stock code: 379) from December 2012 to December 2014.

Mr. DU Dong, aged 38, has been appointed as an Executive Director of the Company since 15 December 2016. He is a member of the Executive Committee, the Nomination Committee and the Remuneration Committee. He also serves as a Directors of several subsidiaries of the Company. Mr. Du is responsible for the daily management of the Group, recommending strategies to the Board, and determining and implementing operational decision. He holds a bachelor's degree of Science (Honors) in Computing Studies (Information Systems) from Hong Kong Baptist University. Mr. Du has extensive experience in investment, capital market, financing, merger and acquisitions of different projects with various investment banks and professional parties. He had been working in listed companies and responsible for investment, financing, projects merger and acquisition, covering coal mining, iron mining and gold mining, terminal and logistic services industry, education industry, financing lease industry and internet industry, etc. Mr. Du has a strong network in the capital market of Hong Kong and the PRC. He was a vice president of China Ever Grand Financial Leasing Group Co., Ltd (formerly known as PME Group Limited) (stock code: 379) from November 2013 to December 2016. He was an assistant to CEO of Theme International Holdings Limited (stock code: 990) from July 2010 to November 2013.

NON-EXECUTIVE DIRECTORS

Mr. CHEN Hui, aged 60, has been appointed as a Non-executive Director of the Company since 15 December 2016. He was also a member of the Nomination Committee before 31 December 2021. Mr. Chen has over 18 years solid experience in information technology. He is an expert in software and hardware engineering, automation and control, and possesses extensive knowledge in Internet of Thing and various sensors. He has been involved in development and application of nearly 40 patents. Mr. Chen appointed as a President of 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 from 2011 to June 2021. He was a general manager of 質尊溯源電子科技有限公司 from 2009 to 2011, a general manager of 上海質尊電子科技有限公司 from 2004 to 2009, and a legal representative of 上海華暉自控設備有限公司 from 2000 to 2004.

Ms. TIAN Yuze, aged 32, has been appointed as an Non-executive Director of the Company since 7 April 2020. Ms. Tian holds a bachelor's degree in Economics (International Economics and Trade) from Beijing Institute of Petrochemical Technology, and a master degree of science from Nottingham Trent University. She has been working as a business manager in various entities, responsible for operation strategic planning, global marketing strategies and execution. She has extensive experience and exposure in international trade, sales and supply and business management in both PRC and overseas markets.

Mr. ZHANG Lele, aged 40, has been appointed as a Non-executive Director of the Company since 13 November 2020. He holds a bachelor of engineering in electrical engineering (information and communication engineering) from The Hong Kong University of Science and Technology. He also hold a master of business administration in finance from Cheung Kong Graduate School of Business. Mr. Zhang has extensive experience in business advisory to enterprise risk management, investment and capital market, as well as corporate restructuring. Mr. Zhang currently is a chief operation officer of a PRC company engaged in international auction business.

Mr. JIA Wenjie, aged 38, has been appointed as a Non-executive Director of the Company since 13 November 2020. He holds a bachelor of science in electrical engineering from the University of Notre Dame. Mr. Jia possess extensive experience in computer programming, information technology industry as well as corporate management. He was a program manager of Microsoft Corporation from 2009 to 2014. He was vice-president of Shanghai TY Technology Co., Ltd (a wholly owned subsidiary of the Company) from 2014 to 2016, responsible for products design, product development and strategic management. He is currently the founder and chief executive officer of a PRC entity engaged in information technology business in the PRC.

* *For identification purpose only*

Directors' Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEUNG Wing Ping, aged 57, has been appointed as an Independent Non-executive Director of the Company since 11 August 2015. He is also a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. He holds a bachelor's degree in accountancy with honours from the City University of Hong Kong. He is a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over 20 years of experience in auditing and accounting. He was formerly an executive director of Goldstone Investment Group Limited (formerly known as Eagle Ride Investment Holdings Limited) (stock code: 901) from June 2011 to November 2013, an independent non-executive director and an executive director of Mason Group Holdings Limited (formerly known as Mason Financial Holdings Limited) (stock code: 273) from October 2009 to July 2013 and July 2013 to September 2016 respectively, an independent non-executive director of Arta TechFin Corporation Limited (formerly known as Freeman Fintech Corporation Limited) (stock code: 279) from August 2013 to September 2019, and an independent non-executive director of China Shandong Hi-Speed Financial Group Limited (formerly known as China Innovative Finance Group Limited) (stock code: 412) from April 2015 to May 2020. He was an independent non-executive director of Oshidori International Holdings Limited (stock code: 622) from May 2015 to August 2022. The shares of these companies are listed on the Stock Exchange.

Mr. HA Kee Choy Eugene, aged 67, has been appointed as an Independent Non-executive Director of the Company since 26 November 2014. He is also the Chairman of the Audit Committee, a member of the Nomination Committee and the Remuneration Committee. He holds a master's degree in business administration and is a fellow member of the Association of Chartered Certified Accountants. He has over 30 years of experience in the finance and banking industry and acts or acted as director of a number of private and listed companies in Hong Kong. Mr. Ha is the director of a certified public accountants corporate practice in Hong Kong. He is currently an independent non-executive director of Esprit Holdings Limited (stock code: 330). He was an independent non-executive director of International Entertainment Corporation (stock code: 1009) from 15 May 2017 to 31 March 2022. The shares of these companies are listed on the Main Board of the Stock Exchange.

Mr. TO Shing Chuen, aged 73, has been appointed as an Independent Non-executive Director of the Company since 26 November 2014. He is also the Chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee. Mr. To holds a bachelor's degree in arts and has over 20 years of experience in the fields of trading, garment and leather. He enjoys excellent relationship with PRC companies. He was an independent non-executive director of China Shandong Hi-Speed Financial Group Limited (formerly known as China Innovative Finance Group Limited) (stock code: 412) from 31 January 2002 to 14 May 2020.

Mr. HU Guohua, aged 50, has been appointed as an Independent Non-executive Director of the Company since 13 November 2020. He obtained a bachelor's degree in food chemistry and a master's degree in food engineering from Nanchang University (南昌大學) in 1995 and 1998, respectively. Mr. Hu subsequently obtained a doctorate degree in biochemical engineering from the East China University of Science and Technology (華東理工大學) in 2006. Mr. Hu is experienced in biological ingredients production and processed food. In addition to his academic qualifications, Mr. Hu was named as one of the leading talents in science and technology (科技領軍人才) by Suzhou Industrial Park (蘇州工業園區) in 2010. Mr. Hu is the secretary general of the Professional Committee of Sweet Flavouring (甜味劑專業委員會), which is one of the Professional Committees of China Food Additives & Ingredients Association (中國食品添加劑和配料協會).

Mr. Hu currently is an independent non-executive director of Anhui JinHe Industrial Co. Ltd (SHE: 002597), a company listed on the Shenzhen Stock Exchange; Zhejiang Shengda Bio-pharm Co., Ltd (SHA: 603079), a company listed on the Shanghai Stock Exchange and Green Future Food Hydrocolloid Marine Science Company Limited (stock code: 1084), a company whose shares are listed on the Stock Exchange.

The Directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of corporate management services. The Group is principally engaged in the (i) provision of QR codes on product packaging and solutions and advertising display services; (ii) the manufacture and sale of packaging products; (iii) investments and trading in securities and money lending, and (iv) production and sale of Chlamydomonas reinhardtii, micro-algae and related products.

Details of the principal activities of the Company's subsidiaries are set out in note 40 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 and the state of affairs of the Company and of the Group as at 31 December 2023 are set out in the financial statements on pages 78 to 81.

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 162. The summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no pre-emptive rights provision in the Companies Act 1981 of Bermuda (as amended from time to time) or in the Company's Bye-laws.

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

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

BORROWINGS

Particulars of borrowings of the Group at 31 December 2023 are set out in note 28 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had no reserve available for distribution to shareholders as calculated in accordance with the Companies Act 1981 of Bermuda (as amended from time to time). The Company's share premium account in the amount of approximately HK$1,907,658,000 may be distributed in the form of fully paid bonus share.

DIVIDEND POLICY

In considering the payment of dividends, the Board shall maintain adequate cash reserves for meeting its working capital requirements and strike a proper balance between future business growth and rewarding the Shareholders of the Company.

Provided that the daily working capital needs of the Group can be satisfied and funding has been reserved for future development, the Company intends to maintain a relatively stable dividend distribution ratio. However, the Company's dividend distribution record in the past does not necessarily imply that the same level of dividends may be declared or paid by the Company in the future.

In proposing any dividend payout, the Board shall take into account the financial performance and cash flow situation of the Group, future expansion plans and capital requirements, interests of Shareholders, contractual restrictions on payment of dividends, taxation considerations, statutory and regulatory restrictions, general economic conditions, business cycle of the Group's business and any other factors that the Board may consider relevant.

The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's Memorandum and Articles of Association.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted in the aggregate for approximately 41.6% of total revenue for the year and sales to the largest customer included therein amounted to approximately 18.1%. Purchases from the Group's five largest suppliers accounted in the aggregate for approximately 60.2% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 23.7%.

None of the Directors, their close associates or shareholders, who to the knowledge of the Directors own more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest customers or suppliers.

RELATED PARTY TRANSACTION

Details to transactions between the Group and parties regarded as "Transactions and Balances with Related Parties" under applicable accounting principles are set out in note 34 to the consolidated financial statements. Save for those disclosed above, no transaction disclosed herein constitutes connected transaction or continuing connected transaction of the Company which is subject to, among other things, reporting, announcement or independent shareholders' approval requirement under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS

The Directors of the Company during the year and up to the date of this report were as follows:

Executive Directors:
Mr. Wang Liang *(Chairman)*
Mr. Du Dong

Non-executive Directors:
Mr. Chen Hui
Ms. Tian Yuze
Mr. Zhang Lele
Mr. Jia Wenjie

Independent Non-executive Directors:
Mr. Cheung Wing Ping
Mr. Ha Kee Choy Eugene
Mr. To Shing Chuen
Mr. Hu Guohua

In accordance with Bye-law 84 of the Company's Bye-laws, Mr. Wang Liang, Mr. Du Dong, Mr. Chen Hui, Mr. Ha Kee Choy Eugene and Mr. To Shing Chuen will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the Independent Non-executive Directors, Mr. Cheung Wing Ping, Mr. Ha Kee Choy Eugene, Mr. To Shing Chuen, and Mr. Hu Guohua the written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Board has reviewed their independence based on such confirmations and considers all of them to remain independent during their term of office.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors of the Company are set out under the section headed "Directors' Profile".

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the annual general meeting has a service contract with any company in the Group which is not terminable by such company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REMUNERATION DETAILS

Details of the Directors' remuneration and the five highest paid employees' remuneration in the Group are set out in notes 9 and 10 to the consolidated financial statements respectively.

EMPLOYEES

As of 31 December 2023, the Group had a total of approximately 568 (2022: 578) full-time and part-time employees in Hong Kong and China. The Group's employment contracts with its employees cover terms such as position, term of employment, wage, employee benefits and liabilities for breaches, and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, pensions, performance bonus, share options and other employee benefits. Remuneration is determined with reference to the performance, skills, qualifications, experience of the employee concerned and the prevailing industry practice.

The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. The total remuneration of the employees consisted of basic salary, cash bonus and share-based incentives. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence.

The employees in Hong Kong are enrolled in the Mandatory Provider Fund under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Monthly contributions are made by the Group which are 5% of the monthly income of the employees as stipulated under the relevant requirements (if applicable), with the maximum contributions of HK$1,500 monthly. No forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) were used to reduce the existing level of contributions and no forfeited contribution was available as at 31 December 2023 and 2022 to reduce future years' contributions.

The emoluments of the Directors and senior management of the Group are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Total employee costs for the year, including directors' emoluments, amounted to approximately HK$63.3 million (2022: HK$76.3 million).

REMUNERATION POLICY

The remuneration policy for employees of the Group is formulated based on the merit, qualifications and competence of each individual employee which are reviewed regularly in order to provide compensation packages at market rates sufficient to reward successful performance and attract, retain and motivate employees. The Company has adopted a share option scheme as a long-term incentive to eligible employees and Directors, details of which are set out in note 32 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 31 December 2023, details of the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) (the "SFO")) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in shares of the Company (long positions)

Name of directors	Capacity in which interests are held	Number of shares held	Approximate percentage
Mr. Wang Liang (Note 1)	Beneficial owner	617,500,000	22.01
Ms. Tian Yuze	Beneficial owner	146,455,135	5.22
Mr. Jia Wenjei	Beneficial owner	1,000,000	0.04

Note:

1. Ms. Qiao Yanfeng ("Ms. Qiao", a substantial shareholder of the Company and Mr. Wang Liang's mother) is deemed to be interested in 150,000,000 shares through TY Technology Group Limited which is in turn owned as to 90% by Wise Tech Enterprises Incorporated (wholly-owned by Ms. Qiao) and 10% by Truthful Bright International Holding Limited (wholly-owned by Ms. Qiao). Mr. Wang Liang together with Ms. Qiao were interested in the aggregate of 767,500,000 shares, representing approximately 27.35% of the issued shares of the Company.

Save as disclosed above, as at 31 December 2023, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

SHARE OPTIONS

The Company adopted a new share option scheme on 2 June 2022, details of which were disclosed in the Appendix III of the circular of annual general meeting of the Company dated 29 April 2022 and are set out in note 32 to the consolidated financial statements.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 December 2023, details of the interests and short positions of every person, other than Directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity in which interests are held	Number of shares held (long position)	Approximate percentage
Mr. Wang Liang	Beneficial owner	617,500,000	22.01
Ms. Qiao Yanfeng (Note 1)	Interest in controlled corporations	150,000,000	5.35
Mr. Qin Fen	Beneficial owner	197,470,000	7.04
Ms. Tian Yuze	Beneficial owner	146,455,135	5.22

Note:

1. Ms. Qiao Yanfeng ("Ms. Qiao") is deemed to be interested in 150,000,000 shares through TY Technology Group Limited which is in turn owned as to 90% by Wise Tech Enterprises Incorporated (wholly-owned by Ms. Qiao) and 10% by Truthful Bright International Holding Limited (wholly-owned by Ms. Qiao).

Save as disclosed above, as at 31 December 2023, the Company had not been notified of any interests or short positions of any other person, other than Directors or the chief executive of the Company, in the shares or underlying shares of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, subject to the statutes, every Director of the Company shall be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may sustain or incur in the execution of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against Directors.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

During the year, to the best knowledge of the Directors, Mr. Jia, a Non-executive Director of the Company and Ms. Zeng Xiaomeng ("Ms. Zeng"), spouse of Mr. Wang Liang, an Executive Director of the Company have interests in the following business conducted through the company named below:

Name of company	Nature of interest	Description of business of the company
Biying Information Technology (Shanghai) Co., Ltd.* 必螢信息科技(上海)有限公司	Mr. Jia is the Chief Executive Officer of the company Mr. Jia and his family member hold 63% and 7% of the equity interest respectively Ms. Zeng holds 30% of the equity interest	Provision of information technology solutions and advertising display services

Save as disclosed above, none of the Directors or their respective close associates (as defined in the Listing Rules) had an interest, either directly or indirectly, which competed or was likely to compete with the businesses of the Group during the year.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float throughout the year ended 31 December 2023 and up to the date of this report as required under the Listing Rules.

INDEPENDENT AUDITORS

The financial statements have been audited by the Company's independent auditors, Moore CPA Limited (the "Auditors") who shall retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Wang Liang
Chairman

Hong Kong, 28 March 2024

* *for identification purpose only*

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance. The Board considers that sound corporate management and governance practices are essential to the Company's healthy growth under all business environments.

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2023 and up to the date of this annual report, the Company complied with all the code provisions, where applicable, as set out in the Corporate Governance Code (the "CG Code") in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except that one non-executive director did not attend the annual general meeting of the Company held on 9 June 2023 ("2023 AGM") due to other business engagement. The Company considers that the members of the Board who attended the 2023 AGM were able to sufficiently answering questions from shareholders at the 2023 AGM.

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

CORPORATE CULTURE AND STRATEGY

By recognising the importance of stakeholders at the Board level and throughout the Group, we strive to create values to the stakeholders through sustainable growth and continuous development.

The Group has set out the purpose, values and strategies to provide guidance on employees' conduct and behaviours as well as the business activities. Details show in the "Chairman's Statement".

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

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.

BOARD OF DIRECTORS

During the year under review, the Board was chaired by Mr. Wang Liang. It consisted of two executive Directors, four non-executive Directors and four independent non-executive Directors. Names and other biographical details of the members of the Board and their updated information are set out under the section headed "Directors' Profile". The Board assumes responsibility for the leadership and control of the Company and its members are collectively responsible for promoting the business of the Company by formulating the Group's overall strategies and policies, approving the business plans, evaluating the performance of the Group in pursuit of the Group's overall strategies and overseeing the management of the Group. The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The management of the Group is responsible for the day-to-day operations of the Group, and implementing the business strategies and plans formulated and approved by the Board.

All Directors have acted in good faith in the best interests of the Company and the stakeholders of the Company. Other than the statutory duties imposed on each of them, all of the Directors have exercised due care in monitoring the corporate matters of the Company and have provided grave concern, sufficient time and attention to all the significant issues and affairs of the Group.

Each of the independent non-executive Directors has made an annual confirmation to the Company concerning his or her independence pursuant to the Listing Rules. The Company considers that all the independent non-executive Directors meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules and are considered to be independent.

Set out below are details of Directors' attendance of board meetings and general meetings in 2023:

Name of Directors	Board meeting	Annual General Meeting	Extraordinary General Meeting
Executive Directors			
Wang Liang *(Chairman)*	2/2	1/1	0/0
Du Dong	2/2	1/1	0/0
Non-executive Directors			
Chen Hui	0/2	0/1	0/0
Tian Yuze	1/2	1/1	0/0
Zhang Lele	1/2	1/1	0/0
Jia Wenjei	2/2	1/1	0/0
Independent Non-executive Directors			
Cheung Wing Ping	2/2	1/1	0/0
Ha Kee Choy Eugene	2/2	1/1	0/0
To Shing Chuen	1/2	1/1	0/0
Hu Guohua	2/2	1/1	0/0

Save for regular Board meetings held during the year ended 31 December 2023, meetings of the Directors were held to discuss and transact other special businesses. The Board members are provided with appropriate and sufficient information in a timely manner to keep abreast of the Group's latest developments. All businesses transacted at the Board meetings are properly documented and recorded.

The Company provides Directors with regular updates on changes to and developments of the Group's business, and on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities to help them make informed decisions and discharge their duties and responsibilities as Directors of the Company.

Mr. Wang Liang is the son of Ms. Qiao Yanfeng, the substantial shareholder of the Company. Ms. Qiao is deemed to be interested in 150,000,000 shares of the Company. Save as disclosed herein, there is no relationship (including financial, business, family or other material/relevant relationships) between members of the Board.

During the year under review, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills as listed company directors. All Directors have provided the Company with their records of the training they received for the year. A summary of the records of their training is as follows:

Name of Directors	Type of continuous professional development programmes
Executive Directors	
Wang Liang *(Chairman)*	A
Du Dong	A
Non-executive Directors	
Chen Hui	A
Tian Yuze	A
Zhang Lele	A
Jia Wenjei	A
Independent Non-executive Directors	
Cheung Wing Ping	A
Ha Kee Choy Eugene	A
To Shing Chuen	A
Hu Guohua	A

Note:

A reading materials regarding updates on the Group's business and operation, finance, corporate governance or ethics and code of conduct

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and Chief Executive Officer are separate and not performed by the same individual to avoid power being concentrated with any one individual. The main responsibility of the Chairman is to lead the Board and manage its work to ensure that it effectively operates and fully discharges its responsibilities. The role of Chief Executive Officer has been performed collectively by all Executive Directors. The Board considers this arrangement allows contributions from all Executive Directors with different expertise and is beneficial to the continuity of the Company's policies and strategies and the interest of the Shareholders of the Company as a whole.

NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board has reviewed their independence based on such confirmation and considers all of them remaining independent.

All Non-executive Directors are appointed for a specific term of not more than three years and are subject to retirement by rotation and re-election at the annual general meeting at least once every three years pursuant to the Company's Bye-laws.

BOARD COMMITTEES

The Board has set up the Executive Committee which comprises all Executive Directors on the Board. Under its terms of reference, the Executive Committee is responsible for overseeing the management and daily operations of the Group and any other matters delegated by the Board. In addition to the Executive Committee, the Board has set up the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board does not have a Corporate Governance Committee and its functions would be carried out by the Board as a whole.

All committees of the Board have specific terms of reference clearly defining their respective powers and responsibilities. All committees are required by their terms of reference to report to the Board in relation to their decisions or recommendations. Through participating in the Company's board meetings and committees meetings, attending general meetings, and participating in continuous professional development, all Directors are able to make contribution required from them to the Board and to the development of the Company.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, Mr. Cheung Wing Ping, Mr. Ha Kee Choy Eugene and Mr. To Shing Chuen, two of whom have appropriate professional qualifications, or accounting or related financial management expertise. It is chaired by Mr. Ha Kee Choy Eugene. The principal responsibilities of the Audit Committee are to review the relationship with the auditors of the Company; review the financial information of the Group and oversee the Group's financial reporting system, internal control procedures and risk management system. The major roles and functions of the Audit Committee are set out in the terms of reference which include duties specified in the CG Code and are posted on the Company's website and on the Stock Exchange's website.

The Audit Committee held 2 meetings during the year ended 31 December 2023. Details of the attendance of the committee members are as follows:

Committee Members	Attendance
Mr. Ha Kee Choy Eugene	2/2
Mr. Cheung Wing Ping	2/2
Mr. To Shing Chuen	1/2

The major work performed by the Audit Committee during the year ended 31 December 2023 included, amongst other things, the following:

- reviewing the annual results of the Group for the financial year ended 31 December 2023 with the conclusion that the preparations of such results has complied with the applicable accounting standards;
- reviewing the interim results of the Group for the six months ended 30 June 2023; and
- reviewing the effectiveness of the Group's internal control systems and procedures and risk management system.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises two executive Directors, Mr. Wang Liang and Mr. Du Dong, and three independent non-executive Directors, Mr. Cheung Wing Ping, Mr. Ha Kee Choy Eugene and Mr. To Shing Chuen. It is chaired by Mr. To Shing Chuen. The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and members of the senior management of the Company and to determine the specific remuneration packages of all executive Directors and members of the senior management of the Company. The major roles and functions of the Remuneration Committee are set out in the terms of reference which include duties specified in the CG Code and are published on the Company's website and on the Stock Exchange's website.

The Remuneration Policy for executive Directors of the Company is determined with reference to the Group's operating results, duties and level of responsibility of the executive Directors and the prevailing market conditions which are reviewed annually in order to provide remuneration and compensation packages which are competitive to attract, retain and motivate high quality executives to serve the Group. The fee for Non-executive Directors is determined with reference to each of their duties and level of responsibility with the Company and is reviewed on an annual basis.

During 2023, the Remuneration Committee has assessed the performance of the executive Directors, reviewed and discussed, among other matters, the remuneration packages of existing Directors, the remuneration of the non-executive Directors, the existing share option scheme and the retirement benefit scheme. It has also reviewed the Remuneration Policy and its implementation. Having been delegated the responsibility, the Remuneration Committee has also determined the remuneration packages of the executive Directors of the Company.

The Remuneration Committee held 2 meetings during the year ended 31 December 2023. Details of the attendance of the committee members are as follows:

Committee Members	Attendance
Mr. Wang Liang	2/2
Mr. Du Dong	2/2
Mr. Ha Kee Choy Eugene	2/2
Mr. Cheung Wing Ping	2/2
Mr. To Shing Chuen	1/2

The remuneration of the Directors, being the senior management of the Company, by band for the year ended 31 December 2023 is set out below:

Remuneration band	Number of persons
Not more than HK$1,000,000	8
HK$1,000,001–HK$2,000,000	1
HK$2,000,001–HK$3,000,000	–
HK$3,000,001–HK$4,000,000	1

Particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to the code provision E.1.5 of the CG Code are set out in notes 9 and 10 to the consolidated financial statements in this report, respectively.

NOMINATION COMMITTEE

The Nomination Committee currently comprises two executive Directors, Mr. Wang Liang and Mr. Du Dong, and three independent non-executive Directors, Mr. Cheung Wing Ping, Mr. Ha Kee Choy Eugene and Mr. To Shing Chuen. It is chaired by Mr. Wang Liang. The major roles and functions of the Nomination Committee are set out in the terms of reference which include duties specified in the CG Code and are posted on the Company's website and on the Stock Exchange's website.

The Nomination Policy for directors is formulated with reference to the skills and experience of the Board appropriate for the requirements of the Group's business. The Nomination Committee will review the Board's structure, size and composition (including its skills, knowledge and experience) and diversity. It will assess the independence of independent non-executive Directors. It will also make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, and make recommendations on the appointment or re-appointment of Directors and succession planning for directors, including the Chairman as appropriate. It is responsible for identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.

The Nomination Committee held 2 meetings during the year ended 31 December 2023. Details of the attendance of the committee members are as follows:

Committee Members	Attendance
Mr. Wang Liang	2/2
Mr. Du Dong	2/2
Mr. Ha Kee Choy Eugene	2/2
Mr. Cheung Wing Ping	2/2
Mr. To Shing Chuen	1/2

THE BOARD'S DIVERSITY POLICY

The Board has adopted the Board Diversity Policy, which sets out the approach to the diversity of the Board. The Company recognises the importance of diversity to corporate governance and an effective Board. The Board Diversity Policy aims to set out the approach to achieve Board Diversity, so as to ensure that the Board members possess appropriate skills, experience and diverse views necessary for the business of the Company. In determining the Board composition, the Board and Nomination Committee consider a range of diversity elements, including but not limited to gender, age, cultural and educational background, professional, experience, skills and knowledge. All appointments of the Board will be made based on merit and objective criteria while taking into full account the interest of the Board's diversity.

The selection of candidates will be based on a range of diversity elements and measurable objectives which will be reviewed regularly. Such measurable objectives shall include, but be not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and/or terms of service. The final decision will be made according to the strengths of the candidate and his/her contribution that would bring to the Board. Furthermore, pursuant to code provision B.1.3 of the CG Code, the Board should review the implementation and effectiveness of the issue's policy on board diversity on an annual basis. The Nomination Committee has performed the above duties in terms of selection of candidates and review and implementation and effectiveness of the Company's diversity policy during the year. Having considered that the current Board is sufficiently diversified in terms of its skill, experience, knowledge, length of service and independence.

As at the date of this report, the Board comprises one female Director out of ten. The Board is contemplating to appoint more female directors by 31 December 2024. The Nomination Committee will proactively consider the increase in the proportion of female members when selecting and making recommendations on suitable candidates for Board membership. Through the Board Diversity Policy of the Company and the annual assessment by Nomination Committee on the Board structure, the Company could develop a pipeline of potential successors to the Board to achieve gender diversity.

The Company is committed to promoting gender diversity not only within the Board but among its workforce generally. As at the date of this report, the number of female employees of the Group accounted for 54.6% of the total workforce. The Board is of the view that the Group has achieved gender diversity among employees. The Group's recruitment strategy is underpinned by the appointment of the right employee for the right position, in order to achieve employee diversity for all employees (including the senior management) in terms of gender, age, cultural and educational background, expertise, skills and know-how.

INDEPENDENT VIEWS

The Company has maintained various measures and mechanisms to ensure that independent views and input are available to the Board. For instance, in compliance with code provision C.5.6 and C.5.9 of Appendix C1 of the Listing Rules, the Board and its committees are provided with adequate information and have separate and independent access to the senior management of the Company for purpose of making informed decisions. In particular, all members of the Board are entitled to have timely access to the information of the Group (including but not limited to management accounts, operational results and statistics, audit results and other relevant industry and market information and forecasts), as well as assistance of the Company Secretary and professional advice if necessary at the expense of the Company. Besides, the audit committee of the Company is also entitled to contact, and has discussed with, external auditors of the Company on an annual basis to discharge its duties. Board members are also encouraged to seek inputs from other members, employees, other stakeholders as well as investors (via the investor relations channels) in appropriate circumstances to ensure that difference perspectives are taken into account in the decision making process.

The implementation and effectiveness of the relevant measures and mechanisms are reviewed by the Board on an annual basis. The Board is satisfied that there are effective and sufficient formal or informal channels in place to ensure that independent views and input are reached at the Board level.

DIRECTORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate liability insurance to indemnity the Directors and senior management of the Company for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

CORPORATE GOVERNANCE FUNCTION

The Board does not have a Corporate Governance Committee. The functions that would be carried out by a Corporate Governance Committee are performed by the Board as a whole and are as follows:

1. to develop and review the Company's policies and practices on corporate governance;

2. to review and monitor the training and continuous professional development of directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Corporate Governance Policy is formulated with an emphasis on the Board's quality, effective internal control, stringent disclosure practices and transparency and accountability to all shareholders of the Company. The Board strives to comply with the code provisions and reviews its Corporate Governance Policy regularly in order to maintain high standards of business ethics and corporate governance, and to ensure the full compliance of our operations with applicable laws and regulations.

During the year, members of the Board have reviewed and discussed, among other things, the Company's policies and practices on corporate governance at board meetings. They have also reviewed and monitored the training and continuous professional development of directors, and the Company's policies and practices on compliance with legal and regulatory requirements as well as its disclosure in the Corporate Governance Report. The Board has reviewed the code of conduct applicable to employees and directors setting out the standards of behaviour that the Company expects from them and the guidelines on how they should handle different situations in business dealings with the Group.

INDEPENDENT AUDITORS' REMUNERATION

During the year under review, the remuneration paid/payable to the Company's independent auditors, Moore CPA Limited amounted to a total of approximately HK$2.06 million, of which approximately HK$1.63 million was for audit services and approximately HK$0.43 million was for non-audit services including tax and consultancy services.

COMPANY SECRETARY

Ms. Li On Lok ("Ms. Li") was appointed as the Company Secretary with effect from 2 August 2022. She also serves as the secretary of the Audit Committee, the Nomination Committee and the Remuneration Committee. Ms. Li has fulfilled the requirements under rule 3.28 of the Listing Rules. Ms. Li undertook over 15 hours of relevant professional training to update her skills and knowledge during the year.

All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary are subject to the Board's approval.

SHAREHOLDERS' RIGHTS

The following is a brief summary of certain rights of shareholders, which are subject to applicable laws and regulations, including without limitation, the Companies Act 1981 of Bermuda (as amended from time to time), the Listing Rules and the Company's Bye-laws.

1. Convening special general meeting

Members of the Company may, by a written requisition, require the directors of the Company to convene a special general meeting ("SGM") for the transaction of any business specified in such requisition. A valid requisition may be made by a member or members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company which at that date carries voting rights at general meetings of the Company. The requisition must state the purpose(s) of the requisitioned SGM, and must be signed by the requisitionist(s). The requisition may consist of several documents in like form each signed by one or more requisitionists, which must be deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. To ensure that it is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's principal place of business in Hong Kong at 12/F, Kwan Chart Tower, 6 Tonnochy Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary.

If the Directors fail to proceed to convene an SGM within 21 days from the date of deposit of the requisition, the requisitionist(s) (or any of them representing more than one-half of their total voting rights) may himself/themselves convene an SGM, which must be held within 3 months of the date of deposit of the requisition. The SGM must be convened by the requisitionist(s) in the same manner as nearly as possible as that in which the SGM would be convened by the Directors. The requisitionist(s) is/are entitled to be repaid any reasonable expenses he/they incur(s) as a result of the failure of the Directors to duly convene a SGM. These expenses will be payable by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration to such defaulting Directors in respect of their services.

2. Putting forward proposals at shareholders' meetings

Members of the Company may by a written requisition at their expense (unless the Company otherwise resolves) require the Company to:

(a) give to members of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting of the Company; and/or

(b) circulate to members of the Company entitled to receive notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that general meeting.

A valid requisition may be made by either:

(a) any number of members of the Company representing not less than one-twentieth of the total voting rights of all the members having at the date of the requisition the right to vote at the meeting to which the requisition relates; or

(b) not less than 100 members of the Company.

The requisition signed by the requisitionists (or two or more copies which between them bear the signatures of all the requisitionists) must be deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. To ensure that it is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's principal place of business in Hong Kong at 12/F, Kwan Chart Tower, 6 Tonnochy Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary,

(a) in the case of a requisition requiring notice of a resolution to be moved at an annual general meeting, not less than 6 weeks before the annual general meeting; and

(b) in the case of any other requisition, not less than one week before the general meeting.

The requisitionists must deposit or tender with the requisition a sum which is reasonably sufficient to meet the Company's expenses in giving effect to the requisition.

3. Proposing a person for election as Director

Shareholders may propose a person for election as Director, the procedures for which are available on the Company's website in the section of "Corporate Governance" under the column of "Investor Relationship".

4. Sending enquiries to the Board

Shareholders may send any enquiries to the Board by mail, email or telephone to the Company Secretary, whose contact details are as follows:

Address:	12/F, Kwan Chart Tower, 6 Tonnochy Road, Wanchai, Hong Kong
Email:	ir@touyunbiotech.com.hk
Telephone:	+852 2270 7200

The Board reviewed the implementations and effectiveness of the shareholders communication policy during the year. After review, the Board considered that the shareholders communication policy remained effective and was properly implemented given the multiple channels of communication in place during the year.

INVESTOR RELATIONS

The Company has adopted a Shareholders Communication Policy. The use and effectiveness of such policy are monitored and reviewed regularly by the Board. The Company recognises the importance of shareholders' privacy and therefore will not disclose shareholders' information without their consent, unless required by law to do so. To achieve equal access to information on the Company's latest major developments, measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website in the sub-section headed "Corporate Governance" under the section headed "Investor Relationship". In addition to financial reports, all announcements and circulars of the Company including results announcements, notices of general meetings and associated explanatory documents released by the Company to the Stock Exchange are posted on the Company's website. Shareholders should direct their questions about their shareholdings to the Company's share registrars. For enquiries about the information of the Company, shareholders may contact the Company Secretary, whose contact details are set out under the section headed "Sending enquiries to the Board" above. Shareholders are encouraged to participate in the Company's general meetings where members of the Board will be available to answer their questions.

The Company's constitutional documents are made available on the Company's website in the sub-section headed "Corporate Governance" under the section headed "Investor Relationship" and on the Stock Exchange's website. There was no significant change in them during the year under review.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and maintaining appropriate and effective risk management and internal control systems. The Company maintains an internal audit function which forms part of the permanent establishment of the Group and is internally resourced and staffed by qualified accounting personnel with suitable experience.

The internal audit function monitors the adequacy and effectiveness of the risk management and internal control systems established within the Company and its subsidiaries for safeguarding assets against unauthorized use, for maintaining proper accounting records, and for ensuring the reliability of financial information. Functional reporting and financial reporting procedures appropriate to the business of the Company's subsidiaries are established for application within the Group. These procedures are designed to enable timely and reliable functional and financial reporting by subsidiaries of the Group and to provide reasonable assurance against material misstatement, errors, losses or fraud. The work of the internal audit function is generally focused on identifying, monitoring and reporting on major risks faced by the Group, including those related to business operations, compliance with laws and regulations and financial reporting. The review of risk management and internal control systems is conducted on an ongoing basis by the internal audit function. The Board is responsible for ensuring that recommendations made by the internal audit function are properly implemented.

The Board recognizes that the Group's internal control system plays a key role in both the management of risks and the assurance of continued compliance with laws and regulations by the Group. The Audit Committee has kept under review the Group's risk management and internal control systems. During the year, the Company has also engaged a professional party to conduct a review of internal controls of the business cycles of its packaging products business, QR code business, money lending and Chlamydomonas reinhardtii, micro-algae and related products business. The review covers material controls, including financial, operational and compliance controls and risk management functions of the Group. No material internal control defect was noted in the review. Based on its review, the Audit Committee will advise the Board on the adequacy of the Group's risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The Board considers that the Group has complied with the provisions on risk management and internal controls as stipulated in the CG Code. The Board is satisfied that the Group's risk management and internal control systems including financial, operational and compliance controls and risk management functions as appropriate to the Group have been put in place.

RISKS AND UNCERTAINTIES

The Group is generally operating in an ever-changing business and economic environment. The QR codes business, packaging products manufacturing business and Chlamydomonas reinhardtii, micro-algae and related products business are affected by consumer markets which are volatile and fragile, combined with rising labour costs in the PRC. Volatility in the securities market may also affect the Company's shares investments, resulting in unrealised and realised loss. Market risk for changes in interest rates will affect loans receivable and interest-bearing borrowing. In addition to market risks, the Company is also subject to foreign currency risk, credit risk, liquidity risk and capital risk in the normal course of the Group's business. Particulars of financial risk management of the Company are set out in note 38 to the consolidated financial statements.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group continues to commit to comply with the relevant laws and regulations such as the Companies Act 1981 of Bermuda, Hong Kong Companies Ordinance (Cap. 622), Listing Rules, and laws and regulations implemented by relevant jurisdictions. The Company believes that the existing laws and regulations did not have any significant effect on the Group's activities during the year ended 31 December 2023.

ENVIRONMENTAL POLICIES

The Group has developed environmental policies for operating safely and reducing our environmental footprint. Ongoing focus on the health, safety and wellbeing of its employees is the Group's commitment to sustainable future. The Group has fully supported employees who observe the environmental policies and take care of environment.

The Group constantly strives to improves the awareness of employees with respect of energy saving, and reducing resources consumption and recycling of scrap materials. To reduce electricity consumption, lighting equipment has been replaced with energy efficient alternatives and is switched off when not in use. Staff are reminded that documents should not be printed unless necessary; printed papers are reused and two-sided printing is encouraged. Scrap materials are recycled during production. Sewage collection and treatment has been established in the factory to control water pollution.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group recognizes that its employees, customers and business associates are key elements for its commitment to a resilient and sustainable business. The Group endeavours to provide a safe workplace, where employees are treated with respect and have the potential to grow in their careers. The Group also endeavours to provide and promptly deliver a wide range of consistently high quality products and services to customers. With the building of partnership atmosphere, the Group has developed long-term relationships of loyalty and trust with suppliers and professional bodies, leading to improved products, as well as working together with them to share best practices.

INSIDE INFORMATION

The Company has adopted a Disclosure of Inside Information Policy. It sets out a framework for the release and control of inside information to ensure that the Company is able to meet its legal and regulatory obligations and requirements as a listed corporation. The Board is generally responsible for ensuring that the Group complies with its disclosure obligations regarding inside information and has established a disclosure group comprising certain Directors and members of management to assist it in determining whether any particular information is inside information and overseeing and coordinating disclosure of inside information of the Group. Inside information should be disclosed by way of an announcement in accordance with the requirements of the SFO and the Listing Rules. Before relevant information is fully disclosed to the public, the disclosure group helps the Board to ensure that such information is kept strictly confidential.

WHISTLEBLOWING AND ANTI-CORRUPTION POLICY

The Company takes a zero-tolerance attitude toward corruption, implements anti-corruption policies that apply to all staff, and rewards the whistleblowers.

The Company formulated a series of rules and measures, including such as the Code of Conduct for purpose of strictly prohibiting any offering, accepting or claiming bribery, gifts, hospitality and any other form of activity intended to affect the Company's relevant business decision for abnormal or inappropriate advantages.

The Company also opened special channels for honesty issues reporting (including via telephone, email and WeChat official account) to encourage whistleblowers to perform the honesty supervision system of the Company, and actively report cases of embezzlement, corruption and other violations of laws, regulations and the rules and measures of the Company. These whistleblowing and anti-corruption policies are reviewed on an annual basis.

For further details, please refer to the section headed "Anti-Corruption and Whistleblowing Policy" in the Environmental. Social and Governance Report of this report.

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board acknowledges that it is responsible for the preparation of financial statements of the Group and for ensuring that such financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of financial statements of the Group. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any other material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The independent auditors' opinion is not modified in respect of these matters and the statement of the independent auditors of the Company, Moore CPA Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 76 to 77.

GOING CONCERN AND MITIGATION MEASURES

Disclaimer of opinion by the Auditors and the management's position

As stated in the Independent Auditor's Report (the "Independent Auditor's Report") prepared by the Auditors and included in this report, the Auditors have issued a disclaimer of opinion in relation to the consolidated financial statements of the Group for the year ended 31 December 2023 ("Audit Qualification") due to the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. For details, please refer to the sections headed "Disclaimer of Opinion" and "Basis for Disclaimer of Opinion" in the Independent Auditor's Report.

The Directors are of the opinion that subsequent to the Measures being or to be developed and implemented by the Group, the financial condition by the Group will be restored and the uncertainties relating to going concern will be properly addressed. Therefore, the Directors 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 2023 after assessing, inter alia, the Measures that are being or to be actively taken to mitigate the liquidity pressure and improve the financial positive of the Group. As such, the Directors' opinion is that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2023 on a going concern basis.

Notwithstanding the Directors' explanation to the Auditors, the Auditors were of the view that the material uncertainties were not comprehensively addressed with sufficient appropriate audit evidence to conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements. As the validity of the consolidated financial statements having been prepared on a going concern basis depends on the outcome of the Measures taken by the Directors, in the Directors' opinion, it would be difficult for the Directors to provide such evidence until the results of the measures become observable.

Audit Committee's view on the Audit Qualification

The Audit Committee has reviewed the basis for the audit issue, the management's view thereto and the Measures being or to be developed and implemented by the management to support the going concern assumptions used in the preparation of the consolidated financial statements. After assessing the Measures being or to be developed and implemented by the management to mitigate the liquidity burden, optimise the operations and improve the financial position of the Group, the Audit Committee concurs with the management's view and basis for forming such view with respect to adopting going concern assumptions in the preparation of the consolidated financial statements for the year ended 31 December 2023.

The Audit Committee had also discussed with the Auditors and understood their rationale in respect of the uncertainties relating to going concern which led to the Audit Qualification, and was of the view that the Audit Qualification would not be issued in the next financial year if the results of the mitigation measures are achieved and become observable and sufficient appropriate evidence thereto is provided, and without new negative factors that are unforeseeable as of today that may result in the Audit Qualification solely on going concern.

Mitigation measures to resolve the Audit Qualification

The Group has been taking active measures to mitigate the liquidity burden and improve the financial position with a view to resolving the audit issue (the "Measures"), details of which are summarised as follows:

1. For borrowings which will be maturing before 31 December 2024, the Group is actively negotiating with banks/lenders before they fall due to secure their renewals so as to ensure that the necessary funds will be in place to meet the Group's working capital and financial requirements in the future;

2. 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$113,050,000 or extend the advances until the Group has excess cash to repay;

3. The Group will actively obtain additional new sources of financing (such as additional advances from directors of the Company) as and when needed;

4. The Group is further exploring the market in Mainland China of sales of the Group's Chlamydomonas reinhardtii and related products to improve the liquidity, profitability and revenue of the Group, together with applying cost control measures in cost of sales, administrative expenses and capital expenditures, to increase the Group's internally generated funds and operating cash inflows in coming years continuously; and

5. 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 are confident that, after the Measures progressively take effect, the financial condition of the Group will be restored and the uncertainties relating to going concern will be properly addressed. The Directors therefore hold the view that the Group will have sufficient working capital to meet its financial obligations as when they fall due for the next twelve months from 31 December 2023.

Impact of the Audit Qualification

Should the Group be unable to continue to operate as a going concern, 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.

CONSTITUTIONAL DOCUMENTS

Upon the Shareholders' approval by way of a special resolution at the 2023 Annual General Meeting (held on 6 June 2023), the Company has adopted the Amended and Restated Memorandum and the Amended and Restated Articles of Association. Details of the changes made in both of the documents can be found in the Shareholders' Circular dated 28 April 2022. An up-to-date consolidated version of the Company's Memorandum and Articles of Association has been posted on both the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

ABOUT THIS REPORT

This is the eighth Environmental, Social and Governance ("ESG") Report of Touyun Biotech Group Limited. It discloses the Group's ESG-related risks, as well as its management approaches and performance. For details of corporate governance, please refer to page 22 of the Annual Report.

REPORTING STANDARD AND PRINCIPLES

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Listing Rules on the Main board of the Stock Exchange of Hong Kong Limited under the reporting principles of materiality, quantitative and consistency and based on the actual situation of the Company.

REPORTING PERIOD AND BOUNDARY

This report focuses on disclosure of the environmental and social performance of the Group for the period from 1 January 2023 to 31 December 2023. Unless otherwise stated, the contents of this report cover the Group's businesses that are officially in operation, including the packaging business in Zhongshan, the QR code business in Shanghai and Beijing, and the Chlamydomonas Reinhardtii products in Shanxi.

CHAIRMAN'S STATEMENT

In 2023, the global economy recovered from the pandemic but maintained relatively weak momentum. With the collective efforts of all employees, the Group remained committed to business ethics by adhering to legal compliance and clean operation in its business activities. The Group firmly pursued the path of sustainable development through continuously strengthening its management and organizational structure.

We actively responded to climate change by implementing energy-saving and emission-reduction measures and setting annual targets to gradually reduce carbon emissions. By strict implementing the "Sewage Management Procedure", we actively pushed forwarded sewage treatment projects and further enhanced treatment measures to minimize the impact of our operations on the environment. In addition, through monitoring cases and implementing control measures, we effectively reduced the impact of noise on the surrounding environment.

Apart from optimizing supplier management control procedures and strengthening supply chain management, we have developed green procurement plans tailored to each of our businesses, encouraging the inclusion of more environmentally friendly and sustainable products in our supply chain. We also highly emphasized product quality and safety. During the year, we initiated the Chlamydomonas Reinhardtii HACCP plan to ensure the hygiene and safety of food additives through the control of the entire production process from raw and auxiliary material acceptance to fermentation, packaging, and finished product warehousing.

Employee health and safety are of paramount importance. We improved the occupational safety and health management system and implemented multiple new management systems for operations in confined space, with improvements and enhancements in occupational disease prevention and control measures. We established and continuously improved our talent development system to ensure that employees could receive adequate training and development opportunities. We also enhanced integrity and ethics training for employees, emphasizing corporate social responsibility and ethical values. During the year, the average training time per employee reached 28.86 hours, with a training coverage rate of 80%.

Our employees are encouraged to actively participate in volunteer activities and invest resources in charitable donations and other public welfare campaigns, which is in alignment with our corporate culture of "when you drink water, think of its source and giving back to the society". In the future, the Group will continue to uphold the sustainable development philosophy, and assume its corporate social responsibilities while fully creating value to its stakeholders, so as to achieve mutual benefits for the society, environment, corporate employees, and partners through assistance and collaboration.

Executive Director (Chairman)
Wang Liang

28 March 2024

Environmental, Social and Governance Report

BOARD STATEMENT

The Group is committed to operating in an environmentally and socially responsible manner to create long-term value. The Board has the responsibility to lead the Group's sustainability governance, and exercises oversight of relevant material issues. The Company Secretary regularly reports to the Board on the progress of significant ESG issues in order to ensure the implementation of sustainable development strategies and policies, and assists the Board in performing its relevant responsibilities, including:

i. to understand and keep abreast of the current status of the Company's sustainable development governance;

ii. to supervise, review and follow up on the progress of implementation of sustainable development related objectives on a regular basis;

iii. to make arrangements for the implementation and improvement of sustainable development issues, and to assess, prioritize and manage important ESG matters; and

iv. to review risks and opportunities related to sustainable development that have a potentially significant impact on the Group, so as to assess the effectiveness of the current ESG management mechanism and to make timely adjustments.

The Board is fully aware of its responsibility to ascertain the truthfulness of this report. This report fairly presents the performance and impact of the Group in relevant respects. The Board has reviewed this report and confirms that the contents are accurate, true and complete.

MATERIALITY ASSESSMENT

The Group attaches great importance to effective communication with stakeholders. Through different channels, we listen to the voices of different stakeholders such as customers, employees, suppliers, investors and the community in order to understand the major impacts on them and actively respond to their concerns. Below is a list of stakeholders and their concerns (i.e., the prioritized material issues in bold), the corresponding communication channels and the corresponding actions taken by the Group during the year.

Stakeholders	Issues of concern	Communication channels	Actions taken by the Group in 2023
Customers	• **Environmental Protection** • **Quality Assurance** • Customer Satisfaction • Information Protection • Clean Operation	• Customer Satisfaction Survey • Official Website • Press Releases • Regular Review on the Updates of Laws and Regulations of Environmental Protection Department	• Improved "One-stop Marketing Solution" • Average Customer Satisfaction of 95% • Accredited with International Certification • Quality Control • Anti-corruption Training
Employees	• **Health and Safety** • Training and Development • Welfare	• Training • Health Check • Internal Communication	• Provision of Occupational Development and Safety Training • Fair and Equal Treatment of Every Employee • Diversified Employee Activities
Suppliers	• Procurement of Raw Materials • Integrity	• Regular Examination	• Formulated Social Responsibility Guidelines for Suppliers • Conducted Supplier Assessment
Shareholders/ Investors	• **Corporate Governance** • Company Operations • Risk Management • Intellectual Property Protection • Compliance	• Annual General Meeting • Financial Report • ESG Report	• Registered 7 Computer Software Copyrights • Established Internal Policies to Protect Intellectual Property Rights
Community	• Community Investment	• Volunteers • Caring for Community Activities • Voluntary Donation	• Donated RMB3,000 • 65 hours of volunteer activities • Participated in Public Welfare and Charity Activities

ENVIRONMENTAL MANAGEMENT

The Group considers environmental sustainability as a key factor for success and is committed to maintaining the environmental performance in our operational locations by strictly adhering to the local environmental laws and regulations. We adopt a slew of measures to improve energy efficiency and reduce emissions, striving to minimize its carbon footprint. The Group has developed its internal "Environmental Operation Control Procedures" to identify and control environmental factors in daily operations and production processes, and regular surveillance ensures exhaust gas, noise, wastewater, and waste disposals comply with relevant regulations.

In order to establish a sound environmental management system, the Group's Zhongshan Plant has developed the "Environmental Management Manual" based on the ISO9001:2015 and ISO14001:2015 standards, which defines the environmental management structure and responsibilities at all levels, and is subject to annual reviews to ensure the effectiveness and applicability of the environmental management policy.

Duties of Environmental Management of Each Responsible Party

General Manager	• Responsible for appointing a senior officer for environmental management who formulates, revises and reviews the environmental management policies, and convenes regular environmental, health and safety review meetings
	• Responsible for allocating resources such as human resources, technology and financial resources to ensure efficient operation of the environmental management system
	• Responsible for reviewing the environmental management system at least once a year to ensure the continued applicability, adequacy and effectiveness of the system
Senior Officer of Environmental Management	• Responsible for establishing, implementing and maintaining the requirements of the Environmental Management System
	• Responsible for reporting to the General Manager regarding the operation of the Environmental Management System for review and providing the basis for the improvement of the Environmental Management System
Human Resources Department	• Responsible for organizing all departments to identify environmental factors, as well as formulating, supervising, reviewing, adjusting and modifying the Company's environmental management plan
	• Responsible for determining the qualification of important environmental positions and organizing training
	• Assisting the senior officer of environmental management in conducting internal audits of the Company's Environmental Management System and organizing relevant departments to prepare management review materials
Administration Department	• Responsible for obtaining, updating and identifying environmental laws and regulations and other requirements
	• Responsible for the external communication of environmental information with regulatory authorities and the local environmental protection bureau
	• Responsible for managing the Company's environmental protection work and organizing the designated emergency response plan

RESPONSE TO CLIMATE CHANGE

Extreme weather events and policy changes caused by climate change can affect the normal operations of the Group and may have financial implications. Therefore, the Group identifies the risks that may arise from climate change in order to respond accordingly.

Types	Climate-related risks	Potential financial impact
Physical risks	Acute • Rising intensity of extreme weather events (e.g. hurricanes, floods, hailstorms, droughts, etc.) Chronic • Continued increase in temperature • Rising sea levels • More frequent occurrence of extreme weather events	• Impacted production lines and office operations (such as water and power outages) leading to reduced income • Damage to production lines and office facilities leading to increased maintenance costs • Increased safety hazards in facilities affecting employee health and leading to increased insurance costs
Transition risk	Policy and legal risk	
	• Compulsory disclosure of climate change-related information • Stricter laws, regulations, and emission reduction policies • Litigation risk	• Increased emission reduction and compliance costs • Increased costs due to fines for non-compliance
	Technological transformation risk	
	• Research and development of low-carbon alternatives for products and services • Investment in low-carbon technologies	• Increased costs due to research and investment in low-carbon technologies
	Market risk	
	• Changes in consumer behavior • Increased costs of fuel (such as energy, fuel, etc.)	• Decreased demand for environmentally unfriendly goods and services due to changes in consumer behavior • Increased costs due to rising fuel prices
	Reputation risk	
	• Consumer preference shift • Concerns or negative feedback from stakeholders	• Failure to align with stakeholders' expectations on climate change response, resulting in damaged reputation and reduced revenue

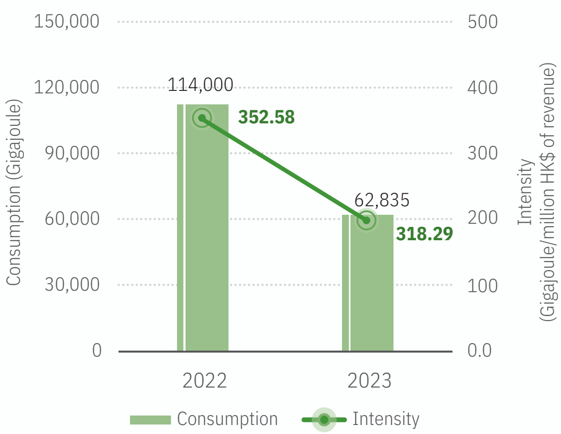
The Group's management team will continue to identify and manage climate change risks and opportunities, and gradually implement strategies that are in line with industry practices, thereby mitigating the impact of climate change on its business. The Group actively formulates climate change policies, promotes energy-saving and emission reduction measures, and sets carbon reduction targets:

- Reducing carbon emissions in accordance with short-term and medium-term targets that are consistent with science or industry practice and in line with its long-term commitments, with a view to contributing to national "Dual Carbon" goals;
- Encouraging its employees, suppliers and customers to minimize carbon emissions in their daily business activities;
- Adopting green measures in the Group's operation, including waste reduction, energy and water conservation measures;
- Incorporating climate change considerations in its procurement processes and encouraging the use of low or zero-carbon and energy-efficient products and materials;
- Taking climate change into account when planning the location and design of new projects and facilities;
- Assessing the financial and other risks and opportunities associated with climate change and the impact of climate change on its operations;
- Ensuring that procedures and measures are in place to prevent or minimize damage caused by climate change and to take advantage of opportunities that may arise;
- Reporting on its climate risks and opportunities in accordance with the framework of the Task Force on Climate-Related Financial Disclosures;
- Incorporating climate change and extreme weather events into its corporate risk management processes and business continuity plans;
- Ensuring that relevant information and resources are available to enable monitoring and regular review of the impact of climate change on employees and business operations; and reporting annually on the progress on achieving the objectives.

ENERGY CONSUMPTION

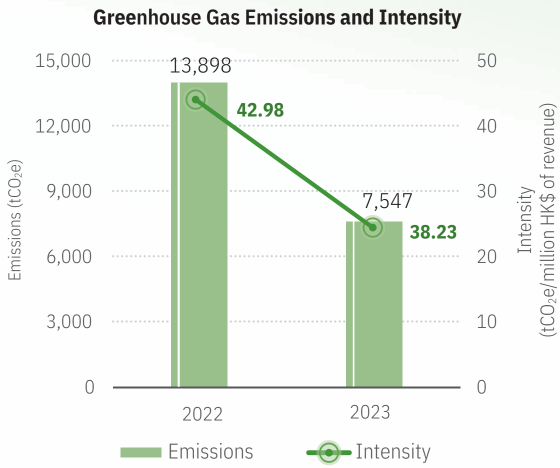
The energy consumed by the Group mainly includes electricity and steam consumed in office premises and plant operations, as well as fuel consumed for vehicle transportation. During the year, the total energy consumed by the Group was 62,834.78 GJ, with an energy consumption intensity of 318.29 GJ/million HK$ of revenue.

Total Energy Consumption and Intensity



GREENHOUSE GAS EMISSIONS

In order to effectively monitor the implementation of emission reduction measures and promptly improve our emission reduction plan, we closely monitor and measures carbon emissions from operations. The Group's greenhouse gas emissions in 2023 comprised direct emissions from vehicle fuel combustion (Scope 1) and indirect emissions from purchased electricity and steam (Scope 2). During the year, the greenhouse gas emissions of the Group amounted to approximately 7,546.70 tCO_2e, including direct greenhouse gas emissions of approximately 18.17 tCO_2e and indirect greenhouse gas emissions of approximately 7,528.53 tCO_2e, with an emission intensity of 38.23 tCO_2e/million HK$ of revenue. In 2023, due to business contraction and a decrease in the proportion of commercial vehicle usage, both direct and indirect emissions experienced a significant decline.



ENERGY CONSERVATION AND EMISSION REDUCTION

The Group actively responds to the national dual-carbon policy and has launched comprehensive energy conservation and emission reduction measures internally. We closely monitor energy consumption and strive to reduce it in order to minimize greenhouse gas emissions. The packaging business in Zhongshan has customized the "2023 Annual Energy Conservation, Consumption Reduction and Emission Reduction Targets" based on actual conditions to provide guidance for energy conservation and emission reduction efforts. The following are the main energy conservation measures adopted:

Energy Conservation Measures	Regularly evaluate and summarize the Company's energy conservation efforts to identify areas for improvement and strengthen management in neglected areas, providing a basis for future energy conservation work.
	Conduct training on energy conservation and consumption reduction, and actively raise awareness through promotional and educational activities, post energy-saving slogans within the Company to foster a positive atmosphere for energy conservation and emission reduction.
	Electricity consumption is strictly controlled through implementing quotas to limit power consumption, optimizing energy efficiency and consumption monitoring.
	Appropriate energy conservation management methods are developed based on the Company's production and operation status, optimizing energy conservation management systems, and ensuring that energy-saving measures are aligned with our actual circumstances and are effectively implemented.

To ensure the effectiveness of energy conservation and emission reduction efforts, the packaging business in Zhongshan has set electricity-saving and emission reduction targets for the factory premises.

Electricity-saving target

- Under the same production capacity, the Company plans to reduce electricity consumption by 2% in 2023 compared to 2022. This means that the target electricity consumption for 2023 is 382,200 kWh, a decrease from the actual consumption of 390,000 kWh in the previous year

Emission reduction target

- The Company plans to reduce greenhouse gas emissions by 2% in 2023 compared to 2022

PACKAGING MATERIALS

The packaging materials used by the Group are mainly carboard boxes, wooden boxes and tin cans. With the reporting scope, the consumption of packaging materials for the Group is as follows:

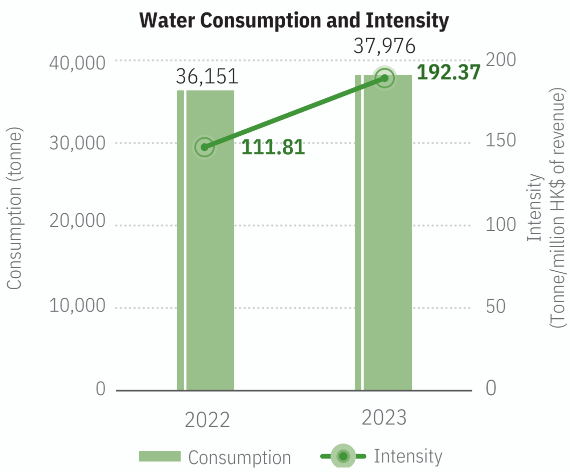
	Unit	2022	2023	Year-over-year change
Plastic bags	tonnes	4.80	1.86	–61%
Cardboard boxes	tonnes	159.23	122.01	–23%
Wooden boxes	tonnes	16.24	2.49	–85%
Tin cans	tonnes	3.48	5.55	59%
Self-adhesive labels for external packaging of tins and cans	tonnes	0.15	0.00	–100%
Packaging straps	tonnes	0.58	0.01	–99%
Tapes	tonnes	0.41	0.02	–96%

The Group aims to continue reducing consumption of packaging materials (using 2020 as the base year) and maximize the utilization efficiency of packaging materials without impairing the quality of finished products, including using plastic transfer boxes for multiple times, using online platforms to reduce paper waste, tracking the packaging by using QR code for sorting, recycling and reuse, and changing the design to reduce the use of materials.

WATER RESOURCES MANAGEMENT

The Group is well aware that water resources are one of the most valuable resources on Earth. Therefore, we place great importance on water resource management and integrate the concept of water conservation into various aspects of our business. The Group has actively implemented multiple water-saving measures, including improving the utilization rate of recycled water and identifying projects with water-saving potential. To further enhance our employee's awareness of water conservation and uphold the principle of "Pride in Conservation, Shame in Waste," we conduct water conservation campaigns throughout the Company to reduce unnecessary water waste. We have also set water consumption quotas for each department and implemented a system of rewards and penalties.

The Group uses water mainly for domestic and industrial purposes. During 2023, the Group consumed 37,976 tonnes of water in total, with a water consumption intensity of 192.37 tonnes/million HK$ of revenue.



SEWAGE TREATMENT

The Group strictly controls sewage discharge by adhering to relevant national laws, regulations and discharge permit management system. We have established a "Sewage Management Procedure" to regulate the discharge of industrial and domestic sewage so as to minimize the potential environmental impact.


排污许可证
证书编号：91442000MA4W1DBJXC001P
单位名称：确福达包装制造（中山)有限公司
注册地址：中山市三角镇金三大道东 10 号之一南水工业园二期安立邦高新产业园 F 栋整栋及 G 栋整栋
法定代表人：林孝文
生产经营场所地址：中山市三角镇金三大道东 10 号之一南水工业园二期安立邦高新产业园 F 栋整栋及 G 栋整栋
行业类别：纸和纸板容器制造，塑料包装箱及容器制造，金属包装容器及材料制造
统一社会信用代码：91442000MA4W1DBJXC
有效期限：自 2023 年 08 月 14 日至 2028 年 08 月 13 日止
发证机关：（盖章）中山市生态环境局
发证日期：2023 年 08 月 09 日
中华人民共和国生态环境部监制
中山市生态环境局印制

We require all departments to implement cleaner production practices through improving production processes, minimize wastewater discharge volume and concentration, increase wastewater recycling rate, and encourage rainwater reuse. Each department is required to establish a separate rain and sewage diversion network within their premises. Initially, rainwater will enter the rainwater network, while domestic wastewater from offices and production workshops must be directed to septic tanks before being discharged into the sewage network. Additionally, industrial wastewater discharge should meet the inlet water quality requirements of the wastewater treatment facilities. The Electrical Engineering Maintenance Department is responsible for the management and maintenance of facilities related to sewage discharge and underground rainwater pipeline networks. The Group's goal is to ensure that the sewage management procedures comply with all relevant regulations.

Shanxi Chlamydomonas Reinhardtii Project — Sewage Treatment

- Sewage testing — the "collection and pre-sedimentation device + acid neutralization adjustment + coagulation and air flotation adjustment + flocculation and sedimentation + heavy metal capture + photocatalytic reaction + micro-electrolysis reaction + electrochemical oxidation + activated adsorption + deep purification" process is used for the treatment of sewage, which then enters the sewage treatment equipment for secondary treatment
- Fermentation tank rinsing wastewater — rinsing wastewater first goes through a mechanical grid for solid-liquid separation before entering the equalization tank for adjustment of water quantity and quality. Then, the wastewater is pumped into an air flotation tank to remove suspended and colloidal particles before entering a lift tank, and then pumped into an ozone reactor for treatment with ozone before entering an ozone destruction tank. After that, the wastewater is pumped into an anaerobic device to remove most of the organic matter and suspended solids. The treated water then goes to an A/O tank for denitrification and removal of ammonia nitrogen and COD. After passing through an MBR membrane for filtration, the upper clarified liquid enters the final sedimentation tank to remove phosphorus and other indicators and then enters a disinfection tank for disinfection before final discharge. Any excess sludge is sent to a thickener for dewatering before it is transported for disposal
- Pure water equipment and recycling water tank drainage — water is collected to be used for plant greening and road sprinkling to reduce dust
- Domestic sewage — discharged through the municipal sewerage network into the municipal sewage treatment plant after pre-treatment in the plant's septic tanks

AIR EMISSIONS

The Group's emissions of exhaust gases primarily come from the combustion of fuel in its own vehicles. The specific emission data for the year 2023 is as follows:

Type of exhaust gas	Unit	2022	2023	Year-over-year change
Sulphur oxides (SO_x)	Kg	0.20	0.10	–50%
Nitrogen oxides (NO_x)	Kg	14.05	9.73	–31%
Particulate matter (PM)	Kg	1.17	0.82	–30%

To reduce air emissions, the Group encourages employees to adopt green commuting practices and utilize environmentally friendly modes of transportation whenever possible, such as public buses and bicycles, aiming to reduce the use of vehicles of the Company and minimize exhaust emissions. Our goal is to achieve 100% compliance with emission regulations, ensuring that no instances of non-compliant emissions occur.

WASTE MANAGEMENT

The Group has developed a "Waste Management Plan" to ensure its compliance with national and local requirements for waste collection and disposal. We classify waste into general waste and hazardous waste based on the Directory of National Hazardous Wastes and the specific circumstances of the Company, and strive to recycle reusable waste such as paper, waste PVC, and scrap iron wire. The management measures for such two primary categories of waste are as follows:

General Waste

- General waste is sorted, collected, and labeled before being stored at designated locations for regular disposal by environmental authorities
- Production and office waste are timely sorted and transferred
- Recyclable waste is collected and delivered to qualified recycling centres for recycling

Hazardous Waste

- The management department has established a "List of Hazardous Solid Waste" to focus on the management of the hazardous waste generated by each department
- Hazardous waste is specially labeled, sorted, and centrally transferred to designated locations. Storage in the open air is strictly forbidden
- The management department ensures the separate storage, timely disposal, and delivery of hazardous waste to qualified units in accordance with the requirements of competent government authorities, with the records of transfer and disposal being kept.

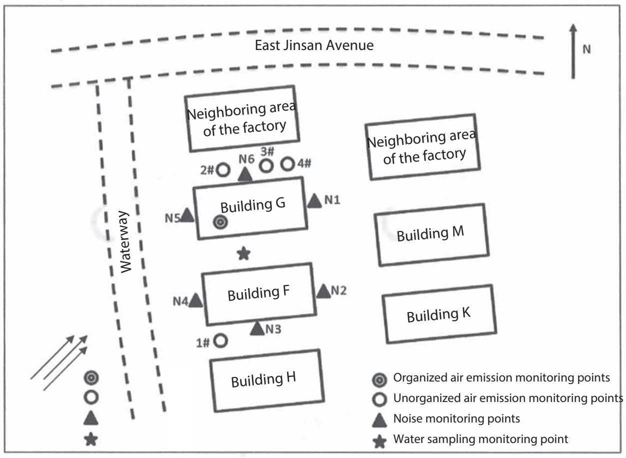
During the year, the Group generated a total of 0.17 tonnes of hazardous waste, including waste engine oil, waste halftone, and waste activated carbon; and a total of 8.60 tonnes of general waste, such as iron, paper waste and other scrap materials. The Group aims to reduce the generation of non-production non-hazardous waste.

NOISE CONTROL

Various production equipment and facilities of the Group generate noise during operations. In order to minimize the impact of industrial noise on the surrounding environment, we have engaged a qualified third-party monitoring agency to monitor the noise levels around the factory area. The monitoring is conducted during both daytime and nighttime periods. The results of the monitoring consistently comply with the relevant threshold requirements specified in the "Emission Standard for Industrial Enterprises Noise at Boundary" (GB 12348-2008).

Noise Monitoring in the Packaging Business in Zhongshan

Monitoring point distribution map:



For the monitoring around Building F and G of Anlibang High-Tech Industrial Park (安立邦高新產業園), a total of six monitoring points (N1 to N6) have been set up. Noise monitoring is conducted during both daytime and nighttime periods to assess the environmental noise levels at the boundary. All monitoring results have been found to be below the threshold values specified for the Class 3 sound environment functional zones set out in the "Emission Standard for Industrial Enterprises Noise at Boundary" (GB 12348-2008).

Noise Control	
1	Selecting low-noise equipment and adopting measures such as vibration and noise reduction and sound insulation in workshops
2	Strengthening the maintenance of equipment to reduce unnecessary friction and vibration, so that it is in good operating condition
3	Reasonably arranging working hours to reduce frequent equipment start-up
4	Establishing a clear accountability system to strengthen the management of key noise-generating equipment, including air compressors and cranes, ensuring normal operation of these equipment; and closing the doors and windows of the equipment room to reduce noise spillage
5	Notifying adjacent units in advance and taking preventive measures in the case of special construction operations

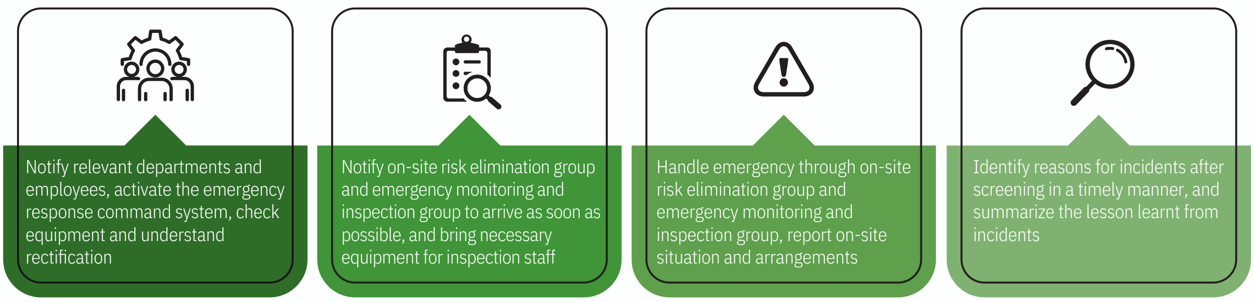
ECOLOGICAL ENVIRONMENTAL PROTECTION

The Group places great emphasis on ecological environmental protection and is committed to minimizing the impact of its business or production on the environment. The Group's plants in Shanxi and Zhongshan have established the "Environmental Protection Management Regulations" and the "Environmental Operation Control Procedures" respectively to strengthen the prevention and control of environmental pollutants, such as exhaust gas, sewage, solid waste, and noise, and further enhance the management of environmental protection facilities. By combining relevant national environmental protection laws and regulations, relevant systems, and the actual situation of the plants, we comprehensively manage and control the generation of pollutants and ensure their emissions meet national and local standards. The Group conducted detailed classification of sources of exhaust gas, sewage, solid waste, and noise generated during the operation stage and established prevention and control measures for different pollution sources. After engaging a qualified third-party company to monitor the air, sewage, solid waste and noise emissions in the plant, all emissions from the Group's plant in Shanxi have met the standards.

ENVIRONMENTAL EMERGENCY MANAGEMENT

Environmental emergency management is an important aspect of the Group's operations. We have developed emergency response procedures to identify and assess risk of emergencies and to be prepared for emergencies, so as to mitigate the risks and associated impacts of such events.

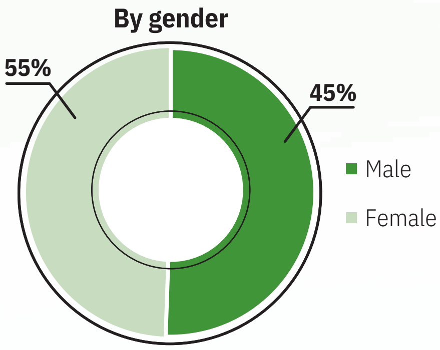
General Procedures for Emergency Response

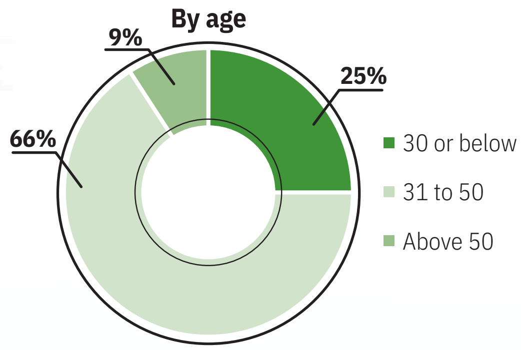


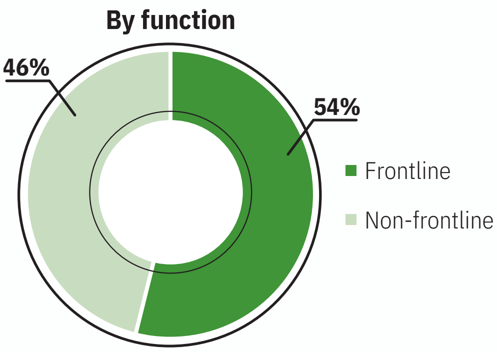
Regarding the packing business in Zhongshan, the Group has established a series of handling procedures for environmental emergencies such as the "Environmental Emergency Management Procedures", "Environment Emergency Plan" and "Emergency Response Plan". In addition, our plant in Zhongshan has set up different working groups for environmental emergencies, subordinate risk elimination, logistics insurance and communication and liaison, to provide unified direction during emergencies. The working groups are required to implement safety requirements, formulate emergency plans, organize emergency drills and exercises on a regular basis, conduct on-site command and handling of emergencies, and put forward solutions in a timely manner.

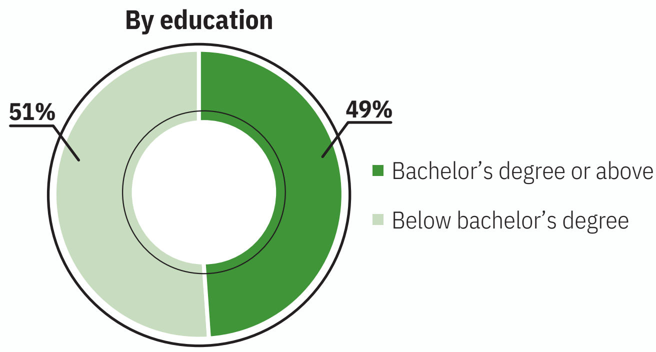
TALENT MANAGEMENT

The Group takes promoting all-round development of employees as one of our important development goals. To protect the rights and interests of employees and their physical and mental health, we create an inclusive, equal, trustworthy and harmonious working environment, so as to achieve organic integration of the Group's values with those of employees. As of 31 December 2023, the Group had a total of 482 employees, all of whom are from Mainland China. Please refer to the "Performance Data Summary" for details of employees.





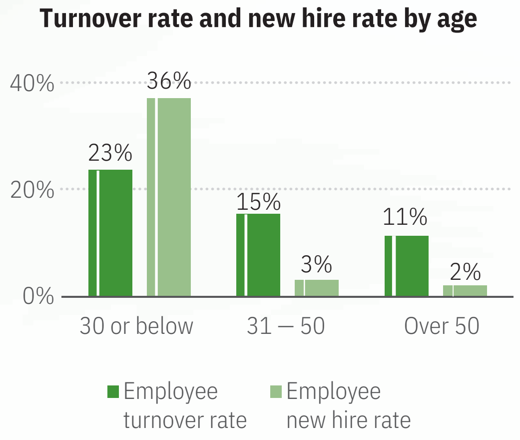


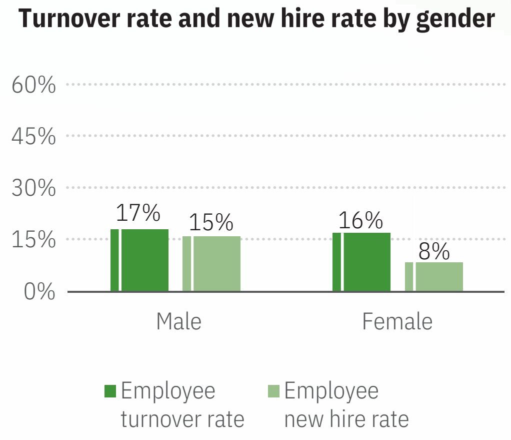


A reasonable and efficient talent management system is an important guarantee for proper functioning of an enterprise. The Group strictly complies with the "Production Safety Law of the PRC, the Law of the PRC on the Prevention and Control of Occupational Diseases and other relevant laws and regulations. At the same time, the Group has established management regulations and implementation rules covering all employees based on its own development, including labor contract, salary, insurance and benefits, leaves, performance appraisal and vocational training, so as to improve the employment management system and regulate employment practices in accordance with the relevant laws.

The Group conducted an internal inspection on legal employment during the year to regulate employment practices such as recruitment, promotion and signing and termination of labor contracts, with the aim of protecting the legitimate rights of our employees. In an open recruitment approach, the Group adheres to the principle of treating all employees equally and fairly. The Group strictly prohibits child labor or any form of forced and compulsory labor and pays attention to ensuring compliance with employment laws. In addition, the Group strictly implements the regulations on maternity leave and lactation leave for female employees to protect their rights and interests.

During the year, the total turnover rate of the Group's employees was approximately 16% and the total new hire rate was approximately 11%. The following chart illustrates the turnover rate and new hire rate by age and gender:





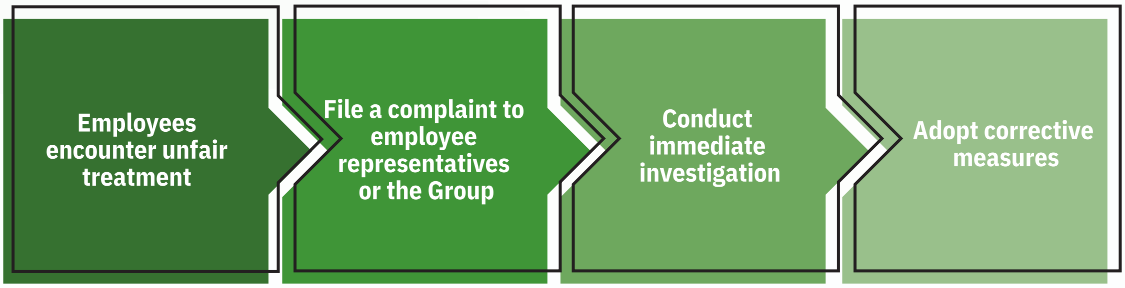
The Group strictly complies with the relevant labor laws and regulations in the places where it operates. To ensure the Group's stringent compliance with international and local labor laws and regulations and maintain the Company's competitiveness, we have developed the "Social Responsibility Management Manual". The manual also sets out the Group's social responsibility policies related to child labor, forced labor, equal employment, anti-discrimination and harassment, and respect for human rights to regulate the following aspects:

- Prohibit the use of child or forced labor and do not accept any suppliers or subcontractors who uses child or forced labor
- Respect the freedom of employees and workers and prohibit any form of forced labour
- Provide employees with safe and healthy working and living conditions to ensure their safety and health
- Respect employee's freedom of association and right to collective bargaining
- Respect the basic human rights of employees and prohibit any form of humiliation of employees
- Provide an equal and fair working environment and prohibit any form of discrimination
- Arrange reasonable production schedule and reasonable working hours and rest periods for employees
- Offer reasonable salaries and benefits that can at least meet the basic needs of employees

RIGHTS AND REMUNERATION

We are committed to creating an inclusive, fair and harmonious working environment. Employees can provide feedback to the Group on unreasonable, non-compliant and illegal incidents through the grievance and complaint mechanism. Employees' representatives and the management of the Group will deal directly with unreasonable treatment experienced by employees, handle every complaint in a timely manner, and protect the rights and interests of employees. During the year, employees' complaints were handled in a timely and effective manner.

General Procedures for Handling Employee Complaints



The Group has formulated a comprehensive remuneration management system to enable employees to give full play to their personal abilities, enhance job satisfaction, sense of belonging to the work environment and recognition of their contributions to the work. Employees' bonus is closely related to operating conditions of the Group, performance of the employee's department and individual performance. We provide employees with excellent benefit packages, and continuously improve welfare protection such as remuneration, insurance, welfare subsidies, paid holidays and long-term incentives, and help employees achieve their personal value.

EMPLOYEE COMMUNICATION

The Group encourages its employees to engage in an equal dialogue with the Company regarding any issues related to the Group or their work. The packaging business in Zhongshan regularly holds employee representative meetings. These employee representatives are elected through democratic elections among the employees, and act as a bridge between the employees and management of the Group by listening to employee opinions and report the same to the Group on the work reports, development plans and other matters of the Company.

The current channels for communication with employees include:

- Employee representative meetings
- Employee seminars
- Employee satisfaction surveys
- Complaint e-mails and hotlines

EMPLOYEE CARE

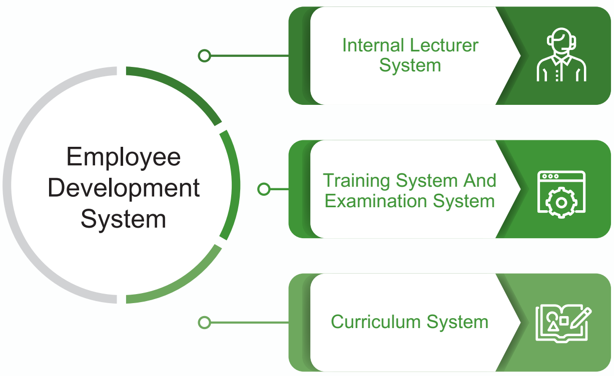
The Group organizes and carries out diversified, multi-level and multi-channel corporate culture activities in a timely manner, taking the needs of employees as a priority and focusing on core values of the Group. It helps to meet the needs of employees in various aspects such as welfare protection, ideology building and work-life balance, and enhance their job recognition and sense of belonging. We organized a number of team-building activities to enrich the spiritual and cultural life of employees, so as to promote their mental and physical health.

The packaging business in Zhongshan has initiated training for female health ambassadors. Professional instructors are specially invited to provide specialized training to these five female health ambassadors four times per quarter. These ambassadors promptly convey the acquired knowledge about hygiene to the production line employees, making a positive contribution to promoting women's health, fostering harmonious families, and creating a harmonious corporate atmosphere.

EMPLOYEE TRAINING AND DEVELOPMENT

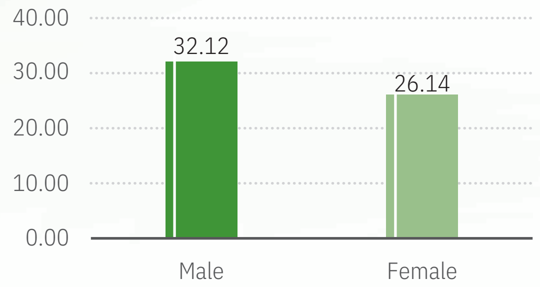
The Group has continuously enhanced its talent development channels by establishing an employee development system, assisting employees at different career stages to gradually grow and develop into experts or business supervisors in their respective fields. The system is supported by the curriculum system, training system, examination system, and internal lecturer system, and is further categorized into five major classes, i.e., internship employee development system, new employee development system, on-the-job development system, internal employee training system, and external expansion training system.

The Group has developed detailed training plans and offers a wide range of training courses to employees to promote horizontal mobility and vertical growth, and tap into their potential. The courses cover not only induction training and pre-job preparation for new employees but also targeted training in areas such as food safety, production safety, facility and equipment operation procedures and fire safety. We assess the effectiveness of the corresponding training courses through question and answer sessions, written tests, on-site evaluations, and other methods to ensure that trained employees accumulate knowledge and apply it accurately.

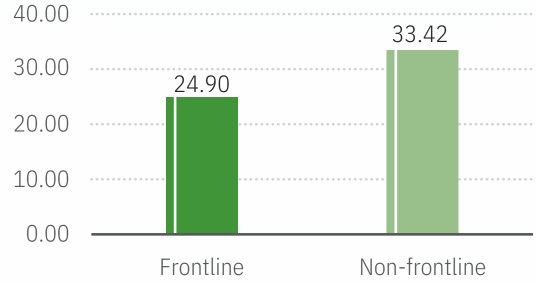


During the year, the average training hours and percentage of employees who received trainings by gender and function are as follows:

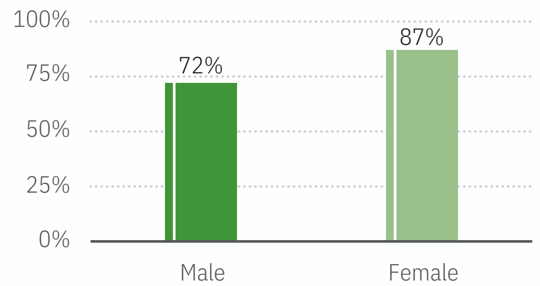
Average training hours of employees trained by gender (hours)



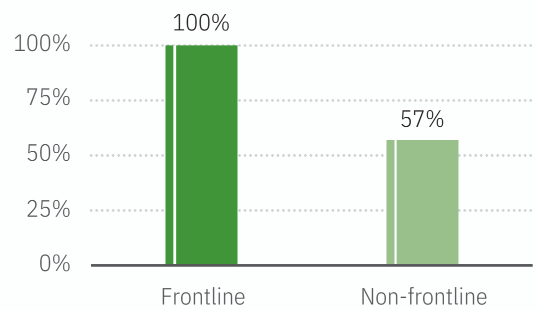
Average training hours of employees trained by function (hours)



Percentage of employees by gender



Percentage of employees by function

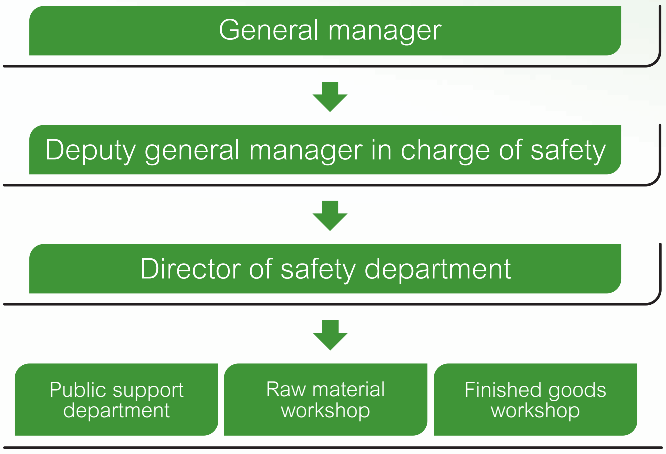


OCCUPATIONAL HEALTH AND SAFETY

The Group adheres to the policy of "safety first, prevention-oriented, comprehensive governance". On the basis of strict compliance with the laws related to occupational health, we have formulated and improved a number of internal regulations, including the "Occupational Hazard Prevention and Control Responsibility System," "Occupational Hazard Notification System" and "Occupational Hazard Prevention and Control Promotion and Education Training System". We have established an "Occupational Hazard System" and a "Production Safety Manual" with reference to the new version of the ISO9001 standard. The Occupational Hazard System covers the notification and declaration system for occupational hazards, the prevention and control system for occupational health hazard, the publicity, education and training system for occupational health, and the maintenance and repair system for occupational hazard protection facilities. The Safety Production Manual covers the "Safety Code for All Employees", the "Safety Education System", the "Safety Review System", the "Safety Production Responsibility System", etc. It also includes various management systems for casualty accidents, fire safety, dangerous goods, as well as the operation rules for forklifts and elevators.

The Group has established a health and hygiene management system for employees, and improved the basic system of occupational safety management. The organizational structure of safety management is led by the general manager, with support from the heads of each of the accounting department, the production office, the administrative department and the human resources department, production manager, and customs clearance director. The head of each department is responsible for coordinating management, while the supervisor of each division keeps an eye on the safety of employees at work. Personnel engaged in special operations of the Group have obtained valid qualifications such as the Special Equipment Safety Management and Operator Certificate of the People's Republic of China, Forklift Operator Certificate and Safety Manager Certificate.

The Group has established the "Safety Organization Setup and Personnel Allocation Management System". According to the system, a specialized safety management structure shall be set up after the project is completed and put into operation. In this structure, the general manager serves as the primary person responsible for safety, who shall appoint a deputy general manager to oversee safety work. The Group has appointed a dedicated director of the safety and environmental protection department to take charge of safety work, and in each of the four construction stages, a part-time safety officer is appointed to be responsible for safety inspections and supervision in their respective stages.



OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT MEASURES

The Group continuously improves its occupational disease prevention and control work. Relevant personnel organize a comprehensive inspection of all premises of the Group each month to ensure the normal operation of implemented measures. For identified hazards and issues, responsible individuals will be promptly assigned, and a specific timeframe is designated for rectification. In addition, the Group has engaged a qualified occupational health technical service agency to conduct regular testing and evaluation of occupational hazards in the workplace. The results of such hazard testing are displayed on the notice board in the workshop for all employees, providing timely information on the consequences of hazards. Warning signs are also installed in key areas to enhance employee awareness of occupational disease risks. We provide appropriate personal protective equipment to employees exposed to occupational hazards, and guide them on correct usage and wearing. Furthermore, regular on-site supervision and inspections are conducted to ensure the health and safety of employees.

To further enhance the safety of personnel engaged in operations in confined space, the Group has implemented seven management systems related to operations in confined space during this year, including the "Emergency Management System for Operations in Confined Space", "Safety Training and Education System for Site Managers, Guardians, Operators and Emergency Rescue Personnel of Operations in Confined Space", "Approval System for Operations in Confined Space" and "On-site Safety Management System for Operations in Confined Space". These systems regulate various processes from prevention to specific operations. By establishing reliable preventive measures and emergency plans, providing training to relevant personnel, implementing on-site supervision and other methods, the Group aims to minimize potential incidents of personal injury and property loss resulting from operations in confined space.

In terms of occupational health surveillance, the Group has kept sound occupational health records and occupational health surveillance files. The Group also arranges onboarding physical examination for new employees and annual physical examination for all employees, and requires them to sign the "Health Notification Statement" at the same time, so that employees can understand their physical conditions and reduce the risk of occupational diseases or diseases caused by overexertion. During the year, there were no cases of occupational diseases found through examinations, and there were no related occupational contraindications identified.

	2021	2022	2023
Number of work-related injuries	0	1	0
Percentage of work-related injuries (%)	0	0.2%	0
Lost days due to work-related injuries	0	10	0
Work-related fatalities	0	0	0

OCCUPATIONAL HEALTH AND SAFETY TRAINING

To comprehensively improve the occupational disease prevention and control competence of employees, the Group participates in planned training programs for key personnel and management staff responsible for occupational health each year. They are required to pass an assessment and obtain certification for their job positions. At the beginning of this year, the Group conducted training and education on knowledge of occupational health prevention and control for all staff to enhance their awareness of occupational disease prevention and control responsibilities, legal consciousness, and obtain knowledge of occupational diseases.

In order to further enhance the effectiveness of training, the Group promotes knowledge of occupational disease prevention and control in a targeted way through various forms such as pre-shift and post-shift meetings, notice boards, and training sessions, with increased efforts on promoting awareness of the Occupational Disease Prevention and Control Law and relevant laws and regulations. Through these promotional activities, we aim to raise employees' understanding of the importance of occupational disease prevention and control, and create a favorable working environment for conducting occupational disease prevention and control work.

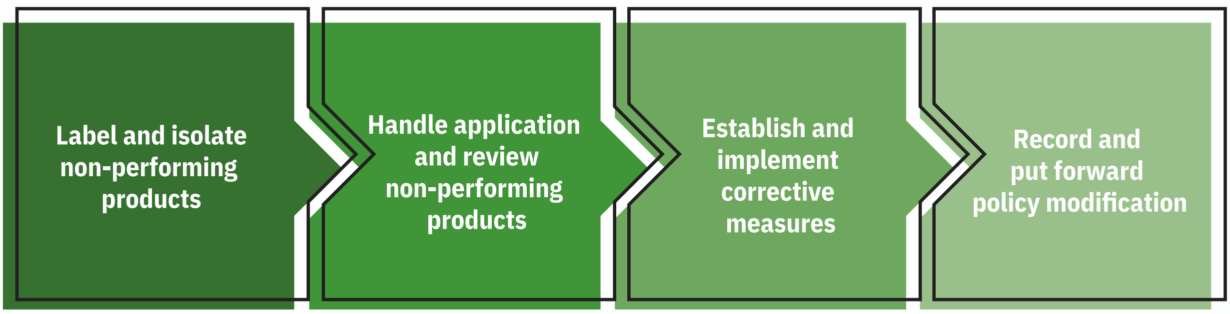
In the future, the Group will continue to adhere to the principle of "prevention-oriented, combining prevention and control", and will take effective measures to make greater contributions to the health and development of our employees, so as to deliver a better performance on occupational health.

QUALITY CONTROL

The Group upholds the philosophy of "Quality First", and regards product quality as the lifeline of corporate development. We are consistently committed to product innovation and upgrade to meet customers' expectations for high-quality, stability, health, and safety. The quality management system of the Group's QR code business in Shanghai and Beijing has acquired ISO 9001:2015 certification. The Group incorporates sustainable development elements into its research and development, procurement, sales and service processes. Throughout the production and operation processes, the Group strictly adheres to relevant laws and regulations to ensure the provision of reliable products to customers.

The Group has developed the Product and Service Control Management Procedures to comprehensively control various factors that may affect product quality during the production process. This procedure ensures effective control and continuous improvement of these factors. In order to standardize the disposal procedures for non-performing products, we have formulated internal policies such as "Control Procedures for Non-performing Products" and "Control Procedures for Corrective and Preventive Measures". Once non-performing products are identified by inspectors, the review team will promptly intervene and take appropriate actions based on the specific circumstances, such as rework, retirement or return to suppliers. To ensure proper handling of the issues, the Legal and Internal Control Department implements measures to carry out review and issue investigation and accountability, and revise and improve internal policies based on the review results.

Procedures for Control of Non-conforming Products



In order to further implement the quality management system, the packaging business in Zhongshan has formulated the "Quality and Environmental Management Manual" to clearly define the requirements for quality management. According to this manual, the General Manager should be responsible for formulating quality policies and objectives every year, which are disaggregated to various departments for enforcement, and conducting regular sampling and monitoring to ensure the achievement of targets. If the targets have not been met, they should further analyze the causes of the issues for constant improvement and optimization. During the year, there were no recalls of the Group's products for safety and health reasons.

SUPPLIER MANAGEMENT

In order to strengthen the safety of the supply chain, the Group continued to optimize the supply chain process by establishing a dedicated supply chain safety management system, and the procurement business department is responsible for managing suppliers, so as to ensure safety, health and high quality in all processes, while improving internal control and customer satisfaction. During the year, the Group had established business relationships with 119 suppliers located in the PRC.

The Group upholds strict standards for screening, monitoring, and managing suppliers. A series of measures are taken to mitigate supply chain risks and ensure stable supply of high-quality raw materials. To achieve this, the "Supplier and Procurement Control Procedures" has been developed for the Group's packaging business in Zhongshan, which clearly defines the procedures for supplier (such as raw and auxiliary material suppliers, traders, and contractors) selection, annual evaluations, and regular management, and provides a comprehensive management framework to control the procurement process related to suppliers, to ensure that qualified and effective control measures are incorporated in the procurement process.

Supplier selection

- An existing supplier is selected from the Qualified Suppliers List
- The Supplier Questionnaire is issued to newly identified suppliers for preliminary evaluation

Supplier annual review

- The purchasing department organizes cross-departmental on-site review of suppliers' quality, engineering and other performances
- Suppliers that are found to not meet our standard in the initial inspection are identified
- Suppliers who fail to make improvements will be removed

Supplier management

- Supplier performance reviews are conducted on a monthly basis or on schedule
- Unqualified suppliers will be removed from the Qualified Suppliers List or given assistance for improvements
- Purchased materials which fail to meet the Company's specifications, will be dealt with according to the agreed requirements

The QR code business in Shanghai and Beijing has formulated the "Suppliers and Procurement Control Procedures", where various suppliers are specifically required to provide relevant quality management system certification or production licenses, and acceptance is granted only after they meet the sample test requirements. In addition, our regular supplier performance tests are continuously evaluating their performance.

To strengthen quality control at source, our Shanxi factory has implemented a stringent "Supplier Control Procedure" for suppliers of raw and auxiliary materials. The suppliers are strictly and effectively managed in terms of their qualifications, procurement processes, quality inspections, and storage and usage procedures. The Group has developed the "Procurement Management System and Process" to regulate the its procurement workflow and enhance procurement efficiency, so as to guarantee smooth production and maximize cost reduction, thereby offering greater financial support to the Company.

Supplier Management	➢ Certificate and ticket claiming system ➢ Hold full business licences and production permits ➢ Provide quality assurance reports from a third party company, an individual inspection report of the current batch of products
Material Management	➢ The raw materials used are food-grade in accordance with all national standards ➢ The packaging materials in contact with the products are pharmaceutical-grade ➢ Inspections and tests are strictly carried out to ensure compliance with relevant quality standards ➢ The "Incoming Material Release Form" is issued only after passing all inspections

The Group places great importance on the effective implementation of social responsibility by its suppliers, and has developed the "Supplier and Procurement Control Procedures", which explicitly outlines the social responsibility assessment and second-party reviews conducted for all suppliers of the Company. The Group has established an office to supervise the standardized and scientific evaluation and review procedures for suppliers' social responsibility management. If a supplier were found to intentionally use child or forced labor, or commit other serious violations of labor laws or social responsibility management systems, we will immediately terminate the cooperation relationship. For suppliers who have obtained SA8000 certification, passed evaluations by internationally recognized purchasers, or have been designated by specific customers, the factory may adopt a mechanism of exemption from social responsibility inspections.

Evaluation and Review Procedures

- Review the social responsibility documents and performance of suppliers
- Establish a social responsibility file for suppliers
- Require suppliers to sign a social responsibility commitment letter
- Arrange at least one on-site review of suppliers each year
- Evaluate the social responsibility performance of suppliers and follow up improvement measures

GREEN PROCUREMENT

The Group actively identifies the risk that may be generated by each link of the supply chain with the environment and the society, and has developed a series of procedures to guide suppliers to adopt sustainable development measures and enhance internal sustainability management capabilities.

The packaging business in Zhongshan

It has formulated the Social Responsibility Guidelines for Suppliers, "Procurement Policies and Procedures" and "Standards for Selection of Suppliers" which defines expectations of suppliers in terms of the environment and the society, such as the prohibition of child labor and the provision of equal employment opportunities to employees of different genders, races and religions. Suppliers are also required to provide relevant documents such as environmental impact reports, pollutant discharge statements and registration forms, production safety education and training records to prevent potential risk.

The QR code business in Shanghai and Beijing

It has developed the "Supplier and Procurement Control Procedures" to ensure that suppliers can understand the "Business Social Compliance Initiative (BSCI)" and gradually improve and effectively implement it according to the standards. The Company keeps a social responsibility file for each supplier and keeps information such as social commitment responsibility letter, social responsibility assessment records, business license, social responsibility related certification, improvement plan and follow-up records to help monitor each supplier and its performance.

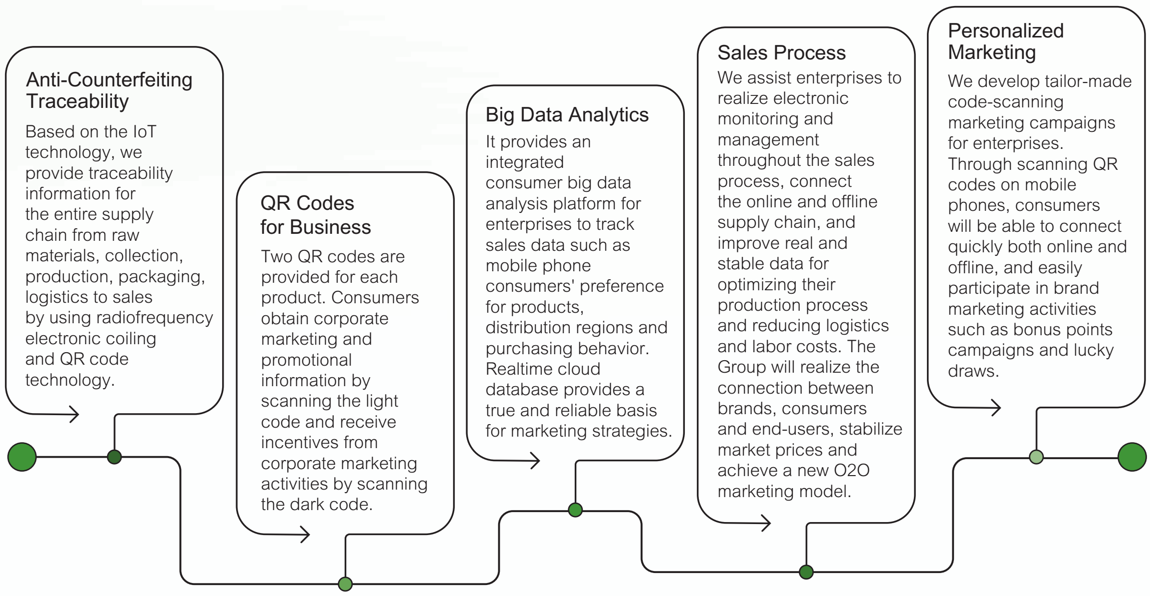
The plant in Shanxi

In order to reduce its impact on the environment and protect natural resources, it has developed a "Green Procurement Policy" that explicitly requires all purchases to comply with relevant environmental laws and regulations. In addition, the plant has introduced green material specifications and chooses environmentally friendly materials that can be recycled or reused while ensuring economic efficiency, to reduce its impact on the environment.

PRODUCT INNOVATION

Focusing on technological innovation and product innovation, the Group is committed to introducing industry-leading products and services, and continues to deliver more creative and forward-looking solutions for the society. Upholding "Internet of Things" as our core strategic goal and vision, we have improved the one-stop marketing plan for the QR code business to assist businesses in building brands that are closer to consumers.

One-stop marketing solutions



The Chlamydomonas Reinhardtii products of the Group have been approved by the National Health Commission and recognized by the National Food Safety Standards and Monitoring and Assessment Department (國家食品安全標準與監測評估司) as a new food ingredient. The Group has obtained a food production license for Chlamydomonas Reinhardtii and an additional food production license for Chlamydomonas Reinhardtii solid beverage upon approval by the Changzhi Administration for Market Regulation (長治市市場監督管理局). The Group is actively developing new applications for Chlamydomonas Reinhardtii, such as Chlamydomonas Reinhardtii noodles, stone cakes (石頭餅), and meal replacement powders. The Group has developed a HACCP plan for the production of Chlamydomonas Reinhardtii to ensure the hygiene and safety of food additives through the control of the entire production process from raw and auxiliary material acceptance, storage, weighing, fermentation, spray drying, internal packaging, external packaging, and finished product warehousing.

CUSTOMER SATISFACTION

The Group continuously makes targeted improvements from the perspective of customers to continuously improve customer satisfaction. We strive to deliver high-quality products and excellent services and exceed customer expectations. The packaging business in Zhongshan has a "Customer Complaint Handling Process", which clearly states that upon receiving customer complaints, the relevant department is responsible for analyzing the cause, formulating and updating measures and implementing solutions.

We also require that relevant departments maintain communication with customers, and listen to their opinions and make corresponding adjustments. During the year, the customer satisfaction rate for the QR code business in Shanghai and Beijing reached 95%, the customer satisfaction rate for the packaging business in Zhongshan reached 95% and the customer satisfaction rate for the Chlamydomonas Reinhardtii business in Shanxi reached 100%. The Group optimizes internal procedures based on customers' feedback, and implements improvement measures in order to effectively provide customers with services that are beyond their expectations. During the year, the Group did not receive any material complaints about its products or services.

PROTECTION OF INTELLECTUAL PROPERTY AND PRIVACY

The Group respects intellectual property rights and strictly complies with national laws and regulations[1] related to intellectual property rights. To build a safe innovation system and protect our intellectual property rights, we have established internal policies such as the "Intellectual Property Management System", the "Customer Property Management Procedures" and the "Source Code Management Regulations". In the event of any infringement of the Group's patents, we enforce legal liability to protect the research and development results and maintain internal innovation. During the year, the QR code business in Shanghai and Beijing registered 7 computer software copyrights.

To protect our customers' privacy rights and maintain the security of their information, we have established the "Procedures for Protecting Customer Confidentiality and Ownership" to ensure that all responsible persons fulfill their confidentiality obligations. Through strict controls, we prevent disclosure of customer information. We pay attention to confidentiality details during the handover of samples and technical data. The recipient in the engineering department shall mark "confidential" on the handover document if necessary and takes measures to isolate and secure the confidential information. In addition, when sending inspection results, we require employees to process the results without connecting to the Internet to avoid leaking information externally through the network. In addition, the QR codes business in Shanghai and Beijing has obtained ISO27001: 2013 Information Security Management System Certification to ensure that our data is properly protected.

Division of responsibilities for customer privacy protection

1 For the relevant laws and regulations, please refer to the section headed "Laws and Regulations"

ANTI-CORRUPTION AND WHISTLEBLOWING POLICY

The Group maintains a zero-tolerance approach towards any form of corruption and bribery, consistently abides by all applicable laws and regulations, adheres to lawful and compliant operations, and is committed to being an honest, trustworthy, fair and clean corporate citizen. To manage the professional ethics of employees, the Group has developed the internal "Code of Conduct for Employees' Integrity" and the "Code of Conduct for Directors and Employees", which clearly stipulate that all employees, including directors and management, shall not accept gifts and cash, and strictly prohibit illegal trading activities such as accepting bribes, repaying debts and rebates. The Group firmly opposes unfair competition, and all employees are required to sign the "Letter of Commitment to Legal Compliance and Employees' Commitment" to strive to create a fair, transparent and win-win business environment.

To strengthen internal control mechanisms, and uphold the business philosophy of law-abiding, integrity and quality service, the Group has formulated institutional documents such as the "Control Procedures on Anti-Corruption/Anti-Bribery" and the "Employee Misconduct Concern Policy". The "Control Procedures on Anti- Corruption/Anti-Bribery" apply to internal operations and to customers, suppliers, service providers, and contractors who have business dealings with the Company, which strengthens supervision and management of key areas and positions that are prone to corruption. We also require employees in important positions to sign the "Anti-Bribery/Anti-Corruption Commitment" and fulfill the commitments outlined therein.

The management department of the Company is designated by the Group as the department responsible for supervising and managing the fulfillment of the commitment of combating commercial bribery. We attach equal stress on symptoms and root causes and keep records of the actual situation of practicing integrity. We have also improved the whistleblowing mechanism by setting up a whistleblowing box for the prevention of commercial bribery and publicizing the whistleblowing hotline to ensure smooth feedback. The management department conducts on-site inspections of other departments to promptly identify signs of commercial bribery and study preventive measures.

The Group organizes regular training sessions aimed at strengthening our integrity culture and creating a clean and upright working environment. For example, for the packaging business in Zhongshan, the anti-corruption and anti-bribery integrity training conducted covers all employees in order to learn about the internal anti-corruption and integrity control procedures of the Group, principles of anti-corruption and anti-bribery, honest communication, business ethics, confidentiality and ownership protection, fair competition (anti-monopoly), etc., and oral examinations are conducted for assessment of employees' understanding of the training content.

COMMUNITY INVESTMENT

The Group actively serves the community by carrying out various social welfare activities. During the year, the Group invested RMB3,000 in public welfare and charity activities such as donations, contributions, project grants and scholarships, and our employees participated in volunteer activities for a total of 65 hours. These activities included engaging employees in environmental conservation efforts, such as the Jitoukou Water Gate River Protection Campaign, which involved cleaning river channels and taking preventive measures to mitigate the risk of flooding.

LAWS AND REGULATIONS

The Group has established and implemented internal policies related to environmental, social and governance issues to ensure our business operations are in compliance with applicable laws and regulations. The following table sets forth the relevant laws and regulations:

Aspects	Applicable laws and regulations	Compliance status during the year
Resources Consumption	• Energy Conservation Law of the PRC • Cleaner Production Promotion Law of the PRC	The Group did not identify any illegal activities or incidents related to resource consumption that had a material impact on the Group, including improper use of water resources, violations of energy usage regulations, and other related matters.
Emissions	• Environmental Protection Law of the PRC • Atmospheric Pollution Prevention and Control Law of the PRC • Emission Limits of Air Pollutants • Emission Limits of Water Pollutants	The Group was not aware of any legal or regulatory issues related to the exhaust and greenhouse gas emissions, sewage into water or soil, or generation of hazardous or non-hazardous waste that had a significant impact on the Group.
Employment and Labor Standards	• Labor Law of the PRC • Labor Contract Law of the PRC • Labor Protection Law • Law of the PRC on the Protection of Minors • Law of the PRC on the Protection of Women's Rights and Interests	The Group has not violated any laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, anti-discrimination, prevention of child and forced labor, nor was there any material penalty imposed for non-compliance with labor-related laws.
Health and Safety	• Production Safety Law of the PRC • Law of the PRC on Prevention and Control of Occupational Diseases	The Group did not identify any major incidents related to occupational health and safety management, nor did it have any cases of work-related fatalities or major production safety incidents.
Product Responsibility	• Patent Law of the PRC	The Group was not aware of any non-compliance of health and safety, advertising, labelling and privacy matters related to products and services.
Anti-corruption	• Criminal Law of the PRC • Anti-Unfair Competition Law of the PRC	The Group was not aware of any non-compliance with laws and regulations that would have a significant impact on the Group relating to bribery, extortion, fraud and money laundering and was not involved in any corruption cases.

PERFORMANCE DATA SUMMARY

		2023	2022
Environmental	**Resources Consumption**		
	Electricity (kWh)	3,676,586.80	7,858,931
	Gasoline (Liter)	6,828.62	13,887.64
	Total energy intensity (Gigajoule/million HK$ of revenue)	318.29	352.58
	Tap water (Tonne)	37,976.00	36,151
	Water intensity (Tonne /million HK$ of revenue)	192.37	111.81
	Greenhouse Gas Emissions		
	Direct emissions (Scope I) (tCO_2e)	18.17	36.93
	Indirect emissions (Scope II) (tCO_2e)	7,528.53	13,861.19
	Total greenhouse gas emissions (tCO_2e)	7,546.70	13,898.12
	Emission intensity (tCO_2e/million HK$ of revenue)	38.23	42.98
	Air Emission		
	Nitrogen oxides (Kilogram)	9.73	14.05
	Sulfur oxides (Kilogram)	0.10	0.20
	Suspended particulate matter (Kilogram)	0.82	1.17
	Waste		
	Hazardous waste (Tonne)	0.17	0.14
	General waste (recycled) (Tonne)	8.60	11.37
	General waste (disposed) (Tonne)	0	0.50
	Intensity of general waste (Tonne/million HK$ of revenue)	0.044	0.037
	Packaging Materials		
	Plastic bags (Tonne)	1.86	4.80
	Cardboard boxes (Tonne)	122.01	159.23
	Wooden boxes (Tonne)	2.49	16.24
	Tins and cans (Tonne)	5.55	3.48
	Self-adhesive labels for packaging of tins and cans (Tonne)	0	0.15
	Packaging straps (Tonne)	0.01	0.58
	Tapes (Tonne)	0.02	0.41
	Intensity of packaging material (Tonne/million HK$ of revenue)	0.67	0.57

		2023	2022
Employees	**Total Number**	482	503
	Gender Distribution		
	Male	219	221
	Female	263	282
	Type of Employment Distribution		
	Full-time	482	503
	Part-time	0	0
	Function Distribution		
	Frontline	258	293
	Non-frontline	224	210
	Age Distribution		
	≤30	120	113
	31–50	317	350
	> 50	45	40
	Geographical Distribution		
	Zhongshan	210	240
	Shanghai	121	117
	Beijing	48	48
	Changzhi	103	98

		2023	2022
Employees	**Turnover — By Age**		
	Turnover Number		
	≤30	27	25
	31–50	46	44
	> 50	5	2
	Turnover Rate		
	≤30	23%	22%
	31–50	15%	13%
	> 50	11%	5%
	Turnover — By Gender		
	Turnover Number		
	Male	37	31
	Female	41	40
	Turnover Rate		
	Male	17%	14%
	Female	16%	14%
	New Hire — By Age		
	New Hires		
	≤30	43	42
	31–50	10	67
	> 50	1	0
	New Hire Rate		
	≤30	36%	37%
	31–50	3%	19%
	> 50	2%	0%

		2023	2022
Employees	**New Hire — By Gender**		
	New Hires		
	Male	33	37
	Female	21	72
	New Hire Rate		
	Male	15%	17%
	Female	8%	26%
	Employee Training Performance — By Gender		
	Percentage of Employees Trained		
	Male	72%	90%
	Female	87%	92%
	Average Training Hours		
	Male	32.12	30.38
	Female	26.14	24.24
	Employee Training Performance — By Function		
	Percentage of Employees Trained		
	Frontline	100%	100%
	Non-frontline	57%	79%
	Average Training Hours		
	Frontline	24.90	23.27
	Non-frontline	33.42	32.04

		2023	2022
Employees	**Occupational Safety and Health Training**		
	Total person-times of participating training courses	591	1,130
	Total training hours	560	1,460
	Occupational Safety and Health Performance		
	Number of work-related injuries	0	1
	Lost days due to work-related injuries	0	10
	Work-related fatalities	0	0
Community	**Public Welfare Input**		
	Charitable donations (RMB ten thousand)	0.3	0.5
	Volunteer work (Hours)	65	64

REPORT CONTENT INDEX

Key Performance Indicators	HKEx ESG Reporting Guide Requirements	Section/Remarks
Governance Structure		
Mandatory Disclosure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Board Statement
Reporting Principles		
Mandatory Disclosure	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: (a) Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. (b) Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. (c) Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Reporting Standards and Principles
Reporting Boundary		
Mandatory Disclosure	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Period and Boundary

Key Performance Indicators	HKEx ESG Reporting Guide Requirements		Section/Remarks
A. ENVIRONMENTAL			
Aspect A1: Emissions	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste		Environmental Management
	KPI A1.1	Types of emissions and respective emissions data	Air Emissions, Sewage Treatment
	KPI A1.2	Direct (Scope I) and Indirect emissions (Scope II), Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. based on per unit of production volume or per facility)	Greenhouse Gas Emissions
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. based on per unit of production volume or per facility)	Waste Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. based on per unit of production volume or per facility)	Waste Management
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Energy Conservation and Emission Reduction; Air Emissions; Sewage Treatment
	KPI A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Waste Disposal

Key Performance Indicators	HKEx ESG Reporting Guide Requirements		Section/Remarks
Aspect A2: Use of Resources	**General Disclosure** Policies on the efficient use of resources, including energy, water and other raw materials		Environmental Management
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in' 000s) and intensity (e.g. based on per unit of production volume or per facility)	Energy Consumption
	KPI A2.2	Water consumption in total and intensity (e.g. based on per unit of production volume or per facility)	Water Resources Management
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Energy Conservation and Emission Reduction Water Resources Management Packaging Materials
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Water Resources Management
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Packaging Materials
Aspect A3: Environment and Natural Resources	**General Disclosure** Policies on minimizing the issuer's significant impact on the environment and natural resources		Environmental Emergency Management Ecological Environment Protection Noise Control
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental Emergency Management Ecological Environment Protection Noise Control
Aspect A4: Climate Change	**General Disclosure** Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer		Response to Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Response to Climate Change

Key Performance Indicators	HKEx ESG Reporting Guide Requirements		Section/Remarks
B. SOCIAL			
Aspect B1: Employment	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare		Rights and Interests and Remuneration Packages Employee Care Employee Communication
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Talent Management
	KPI B1.2	Employee turnover rate by gender, age group and geographical region	Talent Management
Aspect B2: Health and Safety	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards		Occupational Health and Safety
	KPI B2.1	Number and rate of work-related fatalities	Occupational Safety and Health Management Measures
	KPI B2.2	Lost days due to work injury	Occupational Safety and Health Management Measures
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Occupational Safety and Health Management Measures Occupational Health and Safety Training

Key Performance Indicators	HKEx ESG Reporting Guide Requirements		Section/Remarks
Aspect B3: Development and Training	**General Disclosure** Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities		Employee Training and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Employee Training and Development
	KPI B3.2	Average training hours completed per employee by gender and employee category	Employee Training and Development
Aspect B4: Labour Standards	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour		Talent Management
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Talent Management
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	Talent Management
Aspect B5: Supply Chain Management	**General Disclosure** Policies on managing environmental and social risks of the supply chain		Supplier Management
	KPI B5.1	Number of suppliers by geographical region	Supplier Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supplier Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supplier Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Green Procurement

Key Performance Indicators	HKEx ESG Reporting Guide Requirements		Section/Remarks
Aspect B6: Product Responsibility	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress		Quality Control
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Quality Control
	KPI B6.2	Number of products and service related complaints received and how they were dealt with	Customer Satisfaction
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Protection of Intellectual Property and Privacy
	KPI B6.4	Description of quality assurance process and recall procedures	Quality Control
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Protection of Intellectual Property and Privacy
Aspect B7: Anti-corruption	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering		Anticorruption and Whistleblowing Policy
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anticorruption and Whistleblowing Policy
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anticorruption and Whistleblowing Policy
	KPI B7.3	Description of anti-corruption training provided to directors and staff	Anticorruption and Whistleblowing Policy

Key Performance Indicators	HKEx ESG Reporting Guide Requirements		Section/Remarks
Aspect B8: Community Investment	**General Disclosure** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests		Community Investment
	KPI B8.1	Focus areas of contribution	Community Investment
	KPI B8.2	Resources contributed to the focus area	Community Investment

Independent Auditor's Report

MOORE

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大華馬施雲
會計師事務所有限公司

Independent Auditor's Report to the Members of Touyun Biotech Group Limited

(Incorporated in Bermuda with limited liability)

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") set out on pages 78 to 161, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR DISCLAIMER OF OPINION

As set out in note 1(b) to the consolidated financial statements, the Group incurred a net loss of approximately HK$272,569,000 for the year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$218,229,000. The current liabilities of the Group as at 31 December 2023 include bank and other borrowings and advances from a director and a shareholder of the Company, with aggregate carrying amounts of approximately HK$277,944,000, while the Group's cash and cash equivalents as at 31 December 2023 amounted to only approximately HK$34,493,000. These conditions, along with other matters as set forth in note 1(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the measures taken by the directors of the Company, as described in note 1(b) to the consolidated financial statements, which are subject to material uncertainties, including (i) the successful negotiations with the banks/lenders for the renewal of or extension for repayment of outstanding borrowings; (ii) the successful obtaining of additional new sources of financing as and when needed; (iii) 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; (iv) the repayments from borrowers for loan and interest receivables in accordance with respective loan agreements; (v) successful realisation of part of the Group's unlisted investments to increase the working capital; (vi) successfully strengthening and implementing measures aiming at improving the working capital and cash flows of the Group, including closely monitoring the general administrative expenses and operating costs, 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 take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group. Accordingly, we have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of the management's use of the going concern basis of accounting in the preparation of the consolidated financial statements. Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and to issue an auditor's report in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Moore CPA Limited
Certified Public Accountants

Leung Man Chung
Practising Certificate Number: P08074

Hong Kong, 28 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue from treasury investment	5		
Fair value loss on financial assets at fair value through profit or loss held for trading, net		**(894)**	(9,899)
Interest income from money lending business		**1,502**	2,390
Revenue from sales of goods and services rendered	5	**198,032**	323,334
Cost of sales		**(142,036)**	(195,706)
Gross profit		**55,996**	127,628
Provision for impairment loss on trade receivables, net	38(b)	**(2,314)**	(7,904)
Provision for impairment loss on other receivables		**(166)**	–
Provision for impairment loss on loan and interest receivables	22	**(2,729)**	–
Other income, gains and losses, net	6	**(174,834)**	(135,066)
Selling and distribution expenses		**(23,707)**	(26,431)
Administrative expenses		**(118,007)**	(128,249)
Finance costs	7	**(7,432)**	(21,652)
Loss before tax	8	**(272,585)**	(199,183)
Income tax credit/(expense)	11	**16**	(3,473)
Loss for the year		**(272,569)**	(202,656)
Loss for the year attributable to:			
— Owners of the Company		**(268,939)**	(198,065)
— Non-controlling interests		**(3,630)**	(4,591)
		(272,569)	(202,656)
Loss per share attributable to owners of the Company	13		
— Basic and diluted		**HK(9.58) cents**	HK(7.06) cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	2023 HK$'000	2022 HK$'000
Loss for the year	**(272,569)**	(202,656)
Other comprehensive income/(loss)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**1,546**	(14,739)
Other comprehensive income/(loss) for the year, net of tax	**1,546**	(14,739)
Total comprehensive loss for the year	**(271,023)**	(217,395)
Total comprehensive loss attributable to:		
Owners of the Company	**(267,393)**	(212,804)
Non-controlling interests	**(3,630)**	(4,591)
	(271,023)	(217,395)

Consolidated Statement of Financial Position

31 December 2023

	Notes	**2023 HK$'000**	2022 HK$'000
Non-current assets			
Property, plant and equipment	14	**218,379**	290,570
Right-of-use assets	15	**92,252**	90,712
Intangible assets	16	**–**	277
Goodwill	17	**–**	–
Loan receivables	22	**199**	–
Financial assets at fair value through profit or loss	18	**134,026**	184,129
		444,856	565,688
Current assets			
Inventories	19	**15,249**	35,613
Trade receivables	20	**27,139**	41,445
Prepayments, contract costs, deposits and other receivables	21	**41,509**	36,677
Loan and interest receivables	22	**42,551**	64,020
Financial assets at fair value through profit or loss	18	**1,543**	16,156
Cash and cash equivalents	23	**34,493**	128,098
		162,484	322,009
Current liabilities			
Trade payables	24	**17,961**	28,319
Contract liabilities	25	**18,883**	17,184
Other payables and accruals	26	**50,952**	53,003
Lease liabilities	27	**14,461**	12,001
Bank and other borrowings	28	**164,894**	188,821
Amount due to a director	28	**94,392**	95,533
Amount due to a shareholder of the Company	28	**18,658**	11,000
Tax payable		**512**	4,135
		380,713	409,996
Net current liabilities		**(218,229)**	(87,987)
Total assets less current liabilities		**226,627**	477,701

Consolidated Statement of Financial Position

31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Bank and other borrowings	28	**191,450**	191,292
Lease liabilities	27	**14,104**	2,900
		205,554	194,192
Net assets		**21,073**	283,509
Equity			
Equity attributable to owners of the parent			
Share capital	30	**112,238**	112,238
(Deficits)/reserves	31	**(113,086)**	151,721
		(848)	263,959
Non-controlling interests		**21,921**	19,550
Total equity		**21,073**	283,509

Wang Liang
Director

Du Dong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Attributable to owners of the parent								Non-controlling interests HK$'000	Total equity HK$'000
		Issued capital HK$'000	Share premium account HK$'000 (note 31(a))	Capital reserve HK$'000 (note 31(b))	Contributed surplus HK$'000 (note 31(c))	Share option reserve HK$'000 (note 31(d))	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000		
At 31 December 2021		112,238	1,907,658*	27,049*	(34,425)*	44,810*	21,086*	(1,608,499)*	469,917	17,128	487,045
Loss for the year		–	–	–	–	–	–	(198,065)	(198,065)	(4,591)	(202,656)
Exchange differences on translation of foreign operations		–	–	–	–	–	(14,739)	–	(14,739)	–	(14,739)
Total comprehensive loss for the year		–	–	–	–	–	(14,739)	(198,065)	(212,804)	(4,591)	(217,395)
Deemed partial disposal of a subsidiary	(i)	–	–	–	–	–	–	(13)	(13)	7,013	7,000
Equity settled share-based transactions	32	–	–	–	–	6,859	–	–	6,859	–	6,859
Share options lapsed		–	–	–	–	(5,369)	–	5,369	–	–	–
Transactions with equity shareholders		–	–	–	–	1,490	–	5,356	6,846	7,013	13,859
At 31 December 2022		112,238	1,907,658*	27,049*	(34,425)*	46,300*	6,347*	(1,801,208)*	263,959	19,550	283,509

	Notes	**Attributable to owners of the parent**								**Non-controlling interests HK$'000**	**Total equity HK$'000**
		Issued capital HK$'000	**Share premium account HK$'000 (note 31(a))**	**Capital reserve HK$'000 (note 31(b))**	**Contributed surplus HK$'000 (note 31(c))**	**Share option reserve HK$'000 (note 31(d))**	**Translation reserve HK$'000**	**Accumulated losses HK$'000**	**Total HK$'000**		
At 31 December 2022		**112,238**	**1,907,658***	**27,049***	**(34,425)***	**46,300***	**6,347***	**(1,801,208)***	**263,959**	**19,550**	**283,509**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(268,939)**	**(268,939)**	**(3,630)**	**(272,569)**
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**–**	**1,546**	**–**	**1,546**	**–**	**1,546**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**–**	**1,546**	**(268,939)**	**(267,393)**	**(3,630)**	**(271,023)**
Deemed partial disposal of a subsidiary	(ii)	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**	**6,001**	**6,000**
Equity settled share-based transactions	32	**–**	**–**	**–**	**–**	**2,587**	**–**	**–**	**2,587**	**–**	**2,587**
Share options lapsed		**–**	**–**	**–**	**–**	**(9,485)**	**–**	**9,485**	**–**	**–**	**–**
Transactions with equity shareholders		**–**	**–**	**–**	**–**	**(6,898)**	**–**	**9,484**	**2,586**	**6,001**	**8,587**
At 31 December 2023		**112,238**	**1,907,658***	**27,049***	**(34,425)***	**39,402***	**7,893***	**(2,060,663)***	**(848)**	**21,921**	**21,073**

* These accounts comprise the consolidated deficits of HK$113,086,000 (2022: reserves of HK$151,721,000) in the consolidated statement of financial position.

Notes:

(i) On 7 November 2022, Era Bright Limited ("Era Bright"), an indirect non-wholly-owned subsidiary of the Group, entered into a subscription agreement with Blue River Enterprises Limited ("Blue River Enterprises"), an indirect wholly-owned subsidiary of Blue River Holdings, pursuant to which Era Bright has agreed to allot and issue 10,600 new shares to Blue River Enterprises and Blue River Enterprises has agreed to subscribe the 10,600 new shares of Era Bright at a consideration of HK$7,000,028. Such deemed partial disposal was completed on 7 November 2022 and had been accounted for as equity transaction. After the partial disposal, the Group's equity shareholding decreased from 79.22% to 73.45% and the Group retained its control in Era Bright as at 31 December 2022.

(ii) On 24 November 2023, Era Bright entered into a subscription agreement with Blue River Enterprises pursuant to which Era Bright has agreed to allot and issue 12,500 new shares to Blue River Enterprises and Blue River Enterprises has agreed to subscribe the 12,500 new shares of Era Bright at a consideration of HK$6,000,000. Such deemed partial disposal of interests in a subsidiary was completed on 24 November 2023 and had been accounted for as equity transaction of the Group. After the partial disposal, the Group's equity shareholding in Era Bright decreased from 73.45% to 67.63% and the Group retained its control in Era Bright as at 31 December 2023.

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Loss before tax		**(272,585)**	(199,183)
Adjustments for:			
Bank interest income	6	**(126)**	(85)
Loan interest income		**(1,502)**	(2,390)
Depreciation of property, plant and equipment	8	**18,462**	11,887
Depreciation of right-of-use assets	8	**17,841**	19,995
Amortisation of intangible assets	8	**282**	1,256
Gain on termination of lease		**–**	(160)
Fair value losses on financial assets at fair value through profit or loss (not held for trading), net	6	**99,539**	140,266
Fair value loss on equity investment at fair value through profit or loss (held for trading), net	5	**894**	9,899
Equity-settled share option expenses	8	**2,587**	6,859
Provision of impairment loss of inventories	8	**14,517**	–
Written off of inventories	8	**2,626**	–
Finance costs	7	**7,432**	21,652
Loss on disposal/written off of property, plant and equipment, net	6	**2,045**	2,815
Impairment loss on property, plant and equipment		**67,933**	–
Impairment loss on right-of-use asset		**10,812**	–
Impairment loss on loan and interest receivables		**2,729**	–
Impairment loss of trade and other receivables, net	38(b)	**2,480**	7,904
		(24,034)	20,715
Decrease/(increase) in inventories		**3,221**	(2,847)
Decrease in trade receivables and prepayments, contract costs, deposits and other receivables		**5,972**	15,428
Decrease/(increase) in loan and interest receivables		**18,541**	(23,977)
Decrease in financial assets at fair value through profit or loss (held for trading)		**19,248**	7,701
Decrease in trade payables, contract liabilities and other payables and accruals		**(10,710)**	(25,601)

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Cash from/(used in) in operations		**12,238**	(8,581)
Interest received		**1,628**	2,475
Interest paid		**(7,689)**	(18,761)
Hong Kong profits tax refund		**1,012**	–
Hong Kong profits tax paid		**(3,543)**	(1,505)
Net cash flows from/(used in) in operating activities		**3,646**	(26,372)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(17,133)**	(12,930)
Proceeds from disposal of property, plant and equipment		**1,186**	1,149
Acquisition of financial assets at fair value through profit or loss, not held for trading		**(55,000)**	(5,465)
Net cash flows used in investing activities		**(70,947)**	(17,246)
Cash flows from financing activities			
Repayment of lease liabilities		**(16,372)**	(19,229)
Margin loan repaid		**–**	(3,633)
New bank and other borrowings raised	28(a)	**106,366**	315,904
Repayment of bank and other borrowings	28(a)	**(130,186)**	(211,314)
Proceeds from allotment of shares by a subsidiary without losing control		**6,000**	7,000
(Repayment to)/advance from a director		**(1,141)**	2,903
Advance from a shareholder of the Company		**7,658**	11,000
Net cash flows (used in)/from financing activities		**(27,675)**	102,631
Net (decrease)/increase in cash and cash equivalents		**(94,976)**	59,013
Cash and cash equivalents at beginning of year		**128,098**	60,198
Effect of foreign exchange rate changes, net		**1,371**	8,887
Cash and cash equivalents at end of year	23	**34,493**	128,098

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) provision of QR codes on product packaging and solutions and advertising display services; (ii) the manufacture and sale of packaging products; (iii) investments and trading in securities and money lending, and (iv) production and sale of Chlamydomonas reinhardtii, micro-algae and related products.

(b) Basis of preparation

The Group incurred a net loss of HK$272,569,000 during the year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by HK$218,229,000. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group has developed and implemented the following liquidity plans to address the going concern issue:

(i) For borrowings which will be maturing before 31 December 2024, the Group is actively negotiating with banks/lenders before they fall due to secure their renewals so as to ensure that the necessary funds will be in place to meet the Group's working capital and financial requirements in the future;

(ii) The Group will closely communicate with Mr. Wang Liang, a director of the Company and Ms. Qiao Yanfeng, a shareholder of the Company to request for undertaking that they would not demand repayment of the amounts due to them with aggregate amounts of HK$113,050,000 or extend the advances until the Group has excess cash to repay;

(iii) The Group will actively obtain additional new sources of financing (such as additional advances from directors of the Company) as and when needed;

(iv) The Group is further exploring the market in Mainland China of sales of the Group's Chlamydomonas reinhardtii and related products to improve the liquidity, profitability and revenue of the Group, together with applying cost control measures in cost of sales, administrative expenses and capital expenditures, to increase the Group's internally generated funds and operating cash inflows in coming years continuously; and

(v) The Group will also continue to seek for other alternatives to increase its working capital such as disposing of the Group's unlisted investments included in financial assets at fair value through profit or loss, if needed.

The directors of the Company are confident that, after the abovementioned measures progressively take effect, the financial condition of the Group will be restored and the uncertainties relating to going concern will be properly addressed. The directors of the Company therefore hold the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2023. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

However, should the Group fail to implement the abovementioned mitigation measures, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities respectively, and to provide for any further liabilities which might arise.

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

(a) Statement of compliance

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

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

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

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. 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).

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022 assessed the deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and the deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities. The net amount of deferred tax was nil (note 29) as at 1 January 2022, 31 December 2022 and 2023.

The application of the amendments has had no material impact on the Group's financial position and performance.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's material accounting policy information set out in this Note 2 to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

(c) Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Amendments to HKFRSs in issue but not yet effective *(Continued)*

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) What is meant by a right to defer settlement;

  (ii) That a right to defer must exist at the end of the reporting period;

  (iii) That classification is unaffected by the likelihood that an entity will exercise its deferral right; and

  (iv) That only if an option at the discretion of the counterparty included in the terms of a convertible liability is itself an equity instrument in accordance with HKAS 32 Financial Instrument: Presentation would not affect the current or non-current classification of the liability.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion. The amendments require retrospective application. The directors of the Company are currently assessing the impact of the amendments on the consolidated financial statements and whether existing loan agreement may require renegotiation.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(d) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20% or over the unexpired terms of the leases, if less than 5 years
Furniture, fixtures and equipment	10% to 33.3%
Motor vehicles	20% to 25%
Plant and machinery	10% to 33.3%
Buildings	4%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Leases

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office buildings and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

(g) Intangible assets other than goodwill

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The principal annual rate used for amortisation is as follows:

Patent	10%
Development costs	33.3%

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Intangible assets other than goodwill *(Continued)*

Intangible assets acquired separately *(Continued)*

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(i) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Dividend income from financial assets at fair value through profit or loss held for trading and fair value gains or losses on financial assets at fair value through profit or loss held for trading, net which are derived from the Group's ordinary course of business are presented as revenue.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9 Initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Financial instruments *(Continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "revenue" line item.

(j) Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, note receivable and other items (lease receivables) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(j) Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(j) Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(j) Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, loan and interest receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

(k) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Financial liabilities

Initial recognition and measurement

Financial liabilities, at initial recognition, are recognised at fair value.

The Group's financial liabilities include trade payables, amount due to a director, amount due to a shareholder of the Company, other payables, lease liabilities, bank and other borrowings and financial liabilities at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKFRS 9 are satisfied.

Financial liabilities at amortised cost

After initial recognition, the Group's financial liabilities that include trade payables, amount due to a director, amount due to a shareholder of the Company, other payables, lease liabilities and bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Financial liabilities *(Continued)*

Subsequent measurement *(Continued)*

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Generally, multiple embedded derivatives in a single instrument are treated as a single compound embedded derivative unless those derivatives relate to different risk exposure and are readily separate and independent of each other.

(m) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When the contractual terms of financial liability are modified such that the revised terms would result in a substantial modification from the original terms after considering qualitative factors (e.g. modifications of convertible instruments).

When the contractual terms of a convertible instrument are modified, such as extending the tenure, change in exercise price of the underlying options, the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration paid or payable, including any liabilities assumed and derivative components recognised, is recognised in profit or loss.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(n) Inventories and contract costs

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(ii) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses. Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2(q).

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(o) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2(j) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(q)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(p) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

(q) Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

A. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

B. the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

C. the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(q) Revenue recognition *(Continued)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service. Revenue excludes value added taxes and is after deduction of any trade discounts.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of packaging products and QR code packaging products

Revenue is recognised when the customers take possession of and accept the goods. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Provision of QR code solutions

Revenue is recognised at a point in time when the development of software is completed.

(iii) Maintenance services income

Maintenance services income is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

(iv) Sales of chlamydomonas reinhardtii products

Revenue is recognised at a point in time when control of the goods has transferred, being when the goods have been delivered to the customers.

(v) Gains or losses on trading of securities

Gains or losses on trading of securities are recognised on a trade date basis when the relevant transaction are executed.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(r) Government grant

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income, gains and losses”.

(s) Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(t) Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also operates a Mandatory Provident Fund Exempted Occupational Retirement Schemes Ordinance ("ORSO") retirement benefit scheme for those employees who are eligible to participate in the ORSO scheme. This scheme operates in a way similar to the MPF Scheme, except that when an employee leaves the scheme prior to his/her interest in the Group's employee contributions vesting fully, the ongoing contributions payable by the Group are reduced by the relevant amount of forfeited employer's contributions.

The employees of the Group's subsidiaries which operates in People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(u) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(u) Income tax *(Continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(u) Income tax *(Continued)*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

(v) Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated to Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(w) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(x) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Significant judgement

Revenue recognition from the provision of QR code service relating to the development of software with no alternative use at a point in time

Under HKFRS 15, revenue is recognised over time when any of the criteria set out in note 2(q) is satisfied. The management assessed criteria (A) and (B) and concluded that these criteria are not met because the development is carried out in the Group's premises. In respect of criterion (C) about whether the Group's performance create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, significant judgement is required in determining whether the terms of the contracts with customers gives the Group an enforceable right to payment for the Group for the work performed to date at all times during the contract period. The Group has considered the relevant local laws that apply to those relevant contracts, the customary business practice of the Group in the industry in which it operates and the relevant legal and regulatory environment. Based on the assessment by the directors of the Company on the foregoing factors, the Group does not have an enforceable right to payment for performance completed to date and accordingly does not satisfy criterion (C). Accordingly, revenue from the provision of QR code service relating to the development of software, which have no alternative use to the Group, is considered to be performance obligation satisfied at a point in time.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of recoverable amounts of property, plant and equipment and leasehold lands

In the absence of current prices in an active market for similar items of property, plant and equipment and leasehold lands, the Group considers information from a variety of sources when determining the recoverable amounts of its property, plant and equipment and leasehold lands based on their fair values less costs of disposal, including:

(a) current prices (including rental prices) in an active market (if available) for property, plant and equipment and leasehold lands of a different nature, condition or location, adjusted to reflect those differences;

(b) recent or past prices (including rental prices) of similar property, plant and equipment and leasehold lands on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices;

(c) an estimation of the new replacement cost of the assets from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation.

The carrying amount of leasehold lands and buildings, machinery and equipment of Chlamydomonas reinhardtii products business segment at 31 December 2023 were HK$193,077,000, HK$66,723,000 and HK$11,990,000 respectively located in Lucheng District, Changzhi City, Shanxi Province, the People's Republic of China. Further details, including the key assumptions used for the fair value measurement and sensitivity analysis, are given in note 14 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Fair value of financial instruments

The Group's unquoted investments amounting to HK$134,026,000 (2022: HK$178,565,000) as at 31 December 2023 are measured at fair values with fair values being determined using valuation techniques based on unobserved inputs.

Judgement is required and high level of estimation uncertainty is involved in the fair value measurements in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these investments. See note 37 for further disclosures.

Provision for obsolete and slow-moving inventories

The Group has a general provision policy on inventories based on ageing. The Group's sales and marketing managers review the inventory ageing listing on a periodical basis for those aged inventories. This involves a comparison of the carrying values of aged inventory items with their respective net realisable values. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether allowance needs to be made in respect of any obsolete and defective inventories identified. As at 31 December 2023, the gross carrying amount of inventories is HK$29,766,000 (2022: HK$35,613,000) and provision for impairment loss of HK$14,517,000 as at 31 December 2023 (2022: HK$ Nil).

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for trade receivables. The provision rates are based on the Group's internal credit review from the Group's historical repayment pattern and the Group's groupings of various debtors that are considered to have similar credit risk. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and adjusted to reflect changes in the forward-looking information. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually. As at 31 December 2023, the gross carrying amount of trade receivables was HK$39,356,000 (2022: HK$51,348,000) and impairment loss allowance of HK$12,217,000 was recognised as at 31 December 2023 (2022: HK$9,903,000).

Impairment allowances on loan and interest receivables

The Group measures the loss allowance based on an expected credit loss model. The allowance for ECL on the unsecured loan and interest receivables are calculated based on loss rates which are reference to the interest rates granted by similar money lending companies for similar lendings and historical data, adjusted for forward-looking futures specific to the debtors and the economic environment. Specifically, a credit loss is the present value of the difference between (i) the contractual cash flows that are due to an entity under the contract and (ii) the cash flows that the entity expects to receive. Such assessment involves a high degree of estimation uncertainty. When the actual future cash flows are less or more than expected, material ECLs or material reversal of ECLs may arise, accordingly. As at 31 December 2023, the gross carrying amount of unsecured loans and advances to customers was HK$45,479,000 (2022: HK$64,020,000) and impairment loss allowance of HK$2,729,000 as at 31 December 2023 (2022: HK$Nil).

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and unsecured loan and interest receivables are disclosed in notes 38(b) and 22.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Share-based payments

The Group measures the cost of equity-settled transactions with employees and consultants who providing similar services to employees, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield. During the year ended 31 December 2023, the Group recognised an expense of HK$2,587,000 (2022: HK$6,859,000) as equity-settled share based payments, by reference to the fair value of equity instruments at the date which they are granted. The assumptions and models used for estimating fair value for share-based payments are disclosed in note 32.

4. SEGMENT INFORMATION

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that finance costs, and head office and corporate income and expenses are excluded from such measurement.

There was no inter-segment sale or transfer during the year (2022: Nil). Central income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers for assessment of segment performance.

4. SEGMENT INFORMATION *(Continued)*

	QR code business		Packaging products business		Treasury investment business		Chlamydomonas reinhardtii products business		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Group's revenue	**70,800**	99,373	**106,909**	211,344	**–**	–	**20,323**	12,617	**198,032**	323,334
Fair value loss on financial assets at fair value through profit or loss held for trading, net	**–**	–	**–**	–	**(894)**	(9,899)	**–**	–	**(894)**	(9,899)
Interest income from money lending business	**–**	–	**–**	–	**1,502**	2,390	**–**	–	**1,502**	2,390
Segment revenue	**70,800**	99,373	**106,909**	211,344	**608**	(7,509)	**20,323**	12,617	**198,640**	315,825
Segment results	**(27,964)**	(8,983)	**(1,725)**	18,076	**(94,598)**	(138,085)	**(106,097)**	(9,419)	**(230,384)**	(138,411)
Corporate and unallocated income, gains and losses									**(3,463)**	(3,427)
Corporate and unallocated expenses									**(31,306)**	(35,693)
Finance costs									**(7,432)**	(21,652)
Loss before tax									**(272,585)**	(199,183)

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

4. SEGMENT INFORMATION *(Continued)*

	QR code business		Packaging products business		Treasury investment business		Chlamydomonas reinhardtii products business		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:										
Capital expenditure										
– operating segment	**2,502**	3,012	**–**	–	**–**	–	**14,631**	9,842	**17,133**	12,854
– unallocated									**–**	76
									17,133	12,930
Interest income										
– operating segment	**34**	63	**65**	22	**–**	–	**27**	–	**126**	85
– unallocated									**–**	–
									126	85
Depreciation of property, plant and equipment										
– operating segment	**1,957**	2,744	**417**	530	**–**	–	**16,070**	8,591	**18,444**	11,865
– unallocated									**18**	22
									18,462	11,887
Depreciation of right-of-use assets										
– operating segment	**2,918**	3,015	**10,099**	12,054	**–**	–	**2,100**	2,191	**15,117**	17,260
– unallocated									**2,724**	2,735
									17,841	19,995
Government grant										
– operating segment	**(466)**	–	**–**	(759)	**–**	–	**(144)**	(1,728)	**(610)**	(2,487)
– unallocated									**–**	(248)
									(610)	(2,735)
Research and development expenses	**20,207**	18,450	**–**	–	**–**	–	**2,086**	1,830	**22,293**	20,280
Amortisation of intangible assets	**282**	1,256	**–**	–	**–**	–	**–**	–	**282**	1,256
Loss on disposal/written off of property, plant and equipment	**1,971**	2,753	**48**	62	**–**	–	**26**	–	**2,045**	2,815
Provision for impairment loss/(reversal of impairment loss) on trade receivables, net	**2,135**	8,056	**110**	(152)	**–**	–	**69**	–	**2,314**	7,904
Provision for impairment loss on other receivable	**166**	–	**–**	–	**–**	–	**–**	–	**166**	–
Provision for impairment loss on loan and interest receivables	**–**	–	**–**	–	**2,729**	–	**–**	–	**2,729**	–
Provision for impairment loss on property, plant and equipment	**1,200**	–	**–**	–	**–**	–	**66,733**	–	**67,933**	–
Provision for impairment loss on right-of-use assets	**–**	–	**–**	–	**–**	–	**10,812**	–	**10,812**	–
Provision for impairment loss on inventories	**–**	–	**–**	–	**–**	–	**14,517**	–	**14,517**	–
Written off on inventories	**–**	–	**–**	–	**–**	–	**2,626**	–	**2,626**	–
Fair value loss/(gain) of financial assets at fair value through profit or loss										
– operating segment	**–**	(106)	**–**	–	**91,480**	130,072	**–**	–	**91,480**	129,966
– unallocated									**8,059**	10,300
									99,539	140,266

4. SEGMENT INFORMATION *(Continued)*

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

	2023 HK$'000	2022 HK$'000
QR code business segment		
– the PRC	**70,800**	99,373
Packaging products business segment		
– Hong Kong and the PRC	**47,510**	124,429
– Europe	**43,443**	68,177
– North and South America	**6,275**	8,823
– Others	**9,681**	9,915
	106,909	211,344
Treasury investment business segment		
– Hong Kong and the PRC	**608**	(7,509)
Chlamydomonas reinhardtii products business segment		
– Hong Kong and the PRC	**20,323**	12,617
Segment revenue	**198,640**	315,825

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:

	2023 HK$'000	2022 HK$'000
Hong Kong	**11,682**	11,094
The PRC	**298,949**	370,465
	310,631	381,559

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

Information about major customers

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

	2023 HK$'000	2022 HK$'000
Packaging products business segment:		
Customer A	**35,657**	70,384

5. REVENUE

An analysis of revenue

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

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

	2023 HK$'000	2022 HK$'000
Manufacturing and sales of packaging products	**106,909**	211,344
Provision of QR code packaging products and solutions		
QR code packaging products	**13,620**	27,829
QR code solutions	**51,790**	64,588
	65,410	92,417
Maintenance service income	**5,390**	6,956
Manufacturing and sales of Chlamydomonas reinhardtii products	**20,323**	12,617
	198,032	323,334
Fair value losses on financial assets at fair value through profit or loss held for trading, net (note)	**(894)**	(9,899)
Interest income from money lending business	**1,502**	2,390
	198,640	315,825

Note: During the year ended 31 December 2023, the gross proceeds from the disposal of a listed equity investment, wealth products and private equity investment funds classified as financial assets at fair value through profit or loss for the year were HK$5,731,000, HK$8,635,000 and HK$15,275,000 (2022: nil) respectively.

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

	2023 HK$'000	2022 HK$'000
(a) At a point of time		
Manufacturing and sales of packaging products	**106,909**	211,344
Provision of QR code packaging products and solutions	**65,410**	92,417
Manufacturing and sales of Chlamydomonas reinhardtii products	**20,323**	12,617
	192,642	316,378
(b) By over time		
Maintenance service income	**5,390**	6,956
	198,032	323,334

The Group's customer base is diversified and information about major customers is disclosed in note 4. Details of concentrations of credit risk are set out in note 38(b).

5. REVENUE *(Continued)*

Revenue from contracts with customers

Performance obligations

Information about the Group's performance obligations is summarised below:

Manufacturing and sales of packaging products

The Group's contracts with customers for design, development, manufacture and sale of packaging products and sale generally include one performance obligation. The Group has concluded that the performance obligation is satisfied at a point in time and revenue is recognized when the customers take possession of and accept the goods.

QR code packaging products

The revenue from QR code packaging products was recognised at a point in time when QR code stickers or machinery were delivered to customers and completed acceptance.

QR code solutions

Revenue is recognised at a point in time when the development of software is completed. A contract liability is recognised for receipt in advance for service in which revenue have not yet been recognised.

Maintenance service income

Maintenance service income is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

Chlamydomonas reinhardtii products

Revenue is recognised at a point in time when control of the goods has transferred, being when the goods have been delivered to the customers. A contract liability is recognised for receipt in advance for sales in which revenue has yet been recognised.

TRANSACTION PRICE ALLOCATED TO THE REMAINING PERFORMANCE OBLIGATION FOR CONTRACTS WITH CUSTOMER

All the Group's sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed

6. OTHER INCOME, GAINS AND LOSSES, NET

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

	Notes	**2023 HK$'000**	2022 HK$'000
Bank interest income		**126**	85
Rental income		**2,962**	1,277
Imputed interest income on property rental deposits		**14**	14
Fair value loss on financial assets at fair value through profit or loss (not held for trading), net			
— Unlisted equity investments	37	**(99,539)**	(140,372)
— Private equity investment fund		**–**	106
		(99,539)	(140,266)
Foreign exchange differences, net		**885**	2,760
Government grant (note)		**610**	2,735
Loss on disposal/written off of property, plant and equipment, net		**(2,045)**	(2,815)
Impairment loss of property, plant and equipment	14	**(67,933)**	–
Impairment loss of right-of-use assets		**(10,812)**	–
Others		**898**	1,144
		(174,834)	(135,066)

Note: Included in government grant for the year ended 31 December 2023 was an amount of HK$466,000 (equivalent to RMB422,000) related to Enterprises Support provided by The Government of Shanghai Songjiang District Economic Commission and another amount of HK$144,000 (equivalent to RMB130,000) (2022: HK$1,728,000 (equivalent to RMB1,480,000)) related to subsidy granted by Changzhi Municipal People's Government, as incentives for the Group's economic contributions at Lucheng District, Changzhi City, Shanxi Province, the PRC.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 HK$'000	2022 HK$'000
Interest on lease liabilities	**934**	1,258
Interest on bank and other borrowings	**6,498**	20,382
Interest on margin loans payable	**–**	12
	7,432	21,652

8. LOSS BEFORE TAX

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

	Notes	2023 HK$'000	2022 HK$'000
Auditor's remuneration		**1,630**	1,630
Cost of inventories sold (note)		**124,893**	195,706
Provision of impairment loss on inventories (included in cost of inventories sold)	19	**14,517**	–
Written off on inventories (included in cost of inventories sold)	19	**2,626**	–
Depreciation of property, plant and equipment	14	**18,462**	11,887
Depreciation of right-of-use assets	15	**17,841**	19,995
Amortisation of intangible assets	16	**282**	1,256
Short-term lease payments		**3,352**	3,477
Legal and professional fee (included in administrative expenses)		**1,711**	3,249
Local and overseas travelling expenses		**2,885**	3,389
Research and development cost (included in administrative expenses)		**22,293**	20,280
Employee benefits expenses (including Directors' remuneration (note 9)):			
Wages and salaries		**58,278**	68,286
Pension scheme contributions		**5,461**	4,708
(Reversal of over-provision of)/equity-settled share option expenses (note 32)		**(475)**	3,263
		63,264	76,257
Equity-settled share option expense (note 32):			
Other participants		**3,062**	3,596

Notes:

(a) Included in cost of inventories sold are cost of materials of HK$97,659,000 (2022: HK$152,119,000).

(b) Research and development cost primarily consisted of fees paid to third party consulting service providers and employee salaries and other expenses.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 HK$'000	2022 HK$'000
Fees	**1,224**	1,224
Other emoluments:		
Salaries, allowances and benefits in kind	**5,760**	6,214
Bonus	**–**	–
Pension scheme contributions	**38**	35
	7,022	7,473

9. DIRECTORS' REMUNERATION *(Continued)*

(a) Executive Directors and Non-executive Directors

Year ended 31 December 2023	**Fees HK$'000**	**Salaries, allowances and benefits in kind HK$'000**	**Pension scheme contributions HK$'000**	**Total remuneration HK$'000**
Executive Directors:				
Mr. Wang Liang	**–**	**3,600**	**2**	**3,602**
Mr. Du Dong	**–**	**1,200**	**18**	**1,218**
	–	**4,800**	**20**	**4,820**
Non-executive Directors:				
Mr. Chen Hui	**240**	**–**	**–**	**240**
Ms. Tian Yuze	**120**	**–**	**–**	**120**
Mr. Jia Wenjie	**20**	**–**	**–**	**20**
Mr. Zhang Lele	**–**	**960**	**18**	**978**
	380	**960**	**18**	**1,358**
	380	**5,760**	**38**	**6,178**

Year ended 31 December 2022	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive Directors:				
Mr. Wang Liang	–	4,200	5	4,205
Mr. Du Dong	–	1,400	18	1,418
	–	5,600	23	5,623
Non-executive Directors:				
Mr. Chen Hui	240	–	–	240
Ms. Tian Yuze	120	–	–	120
Mr. Jia Wenjie	20	–	–	20
Mr. Zhang Lele	–	614	12	626
	380	614	12	1,006
	380	6,214	35	6,629

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2022: Nil).

There was no performance related incentive payments paid or payable to the directors during the year (2022: Nil).

9. DIRECTORS' REMUNERATION *(Continued)*

(b) Independent Non-executive Directors

Year ended 31 December 2023	**Fees HK$'000**	**Share-based payments HK$'000**	**Total HK$'000**
Mr. Cheung Wing Ping	**248**	**–**	**248**
Mr. Ha Kee Choy Eugene	**248**	**–**	**248**
Mr. To Shing Chuen	**248**	**–**	**248**
Mr. Hu Guohua	**100**	**–**	**100**
	844	**–**	**844**

Year ended 31 December 2022	Fees HK$'000	Share-based payments HK$'000	Total HK$'000
Mr. Cheung Wing Ping	248	–	248
Mr. Ha Kee Choy Eugene	248	–	248
Mr. To Shing Chuen	248	–	248
Mr. Hu Guohua	100	–	100
	844	–	844

There were no other emoluments payable to the Independent Non-executive Directors during the year (2022: Nil).

During the year, no emolument was paid by the Group to any of the directors of the Company as an inducement join or upon joining the Group or as compensation for loss of office (2022: Nil).

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2022: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the three (2022: three) highest paid employees are as follows:

	2023 HK$'000	2022 HK$'000
Salaries, allowances and benefits in kind	5,829	7,777
Pension scheme contributions	231	226
	6,060	8,003

The number of the five highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2023	2022
HK$1,000,001 to HK$1,500,000	2	1
HK$1,500,001 to HK$2,000,000	1	1
HK$3,000,001 to HK$3,500,000	1	2
HK$3,500,001 to HK$4,000,000	1	–
HK$4,000,001 to HK$4,500,000	–	1

11. INCOME TAX

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

	2023 HK$'000	2022 HK$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	–	3,337
Over-provision in respect of prior year	–	(18)
Current tax — PRC Corporate Income Tax		
Provision for the year	–	154
Over-provision in respect of prior year	(16)	–
	(16)	3,473

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%.

11. INCOME TAX *(Continued)*

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents: *(Continued)*

In accordance with the PRC Corporate Income Tax Law, the PRC Corporate Income Tax is calculated at a statutory rate of 25% (2022: 25%) on the assessable profits of the group entities in the PRC except for 上海透雲物聯網科技有限公司 (Shanghai TY Technology Co. Ltd.*, "SHTY") and 透雲物聯網科技(北京)有限公司 (TY Technology (Beijing) Co., Ltd.*, "BJTY"), two indirect wholly-owned subsidiaries of the Group. Both companies obtained the High-new Technology Certificate for the years from 2021 to 2023 and are entitled to a tax rate of 15%.

* *For identification purpose only*

(b) Reconciliation between tax (credit)/expense and accounting loss at applicable tax rates:

	2023 **HK$'000**	2022 HK$'000
Loss before tax	**(272,585)**	(199,183)
Tax at applicable statutory tax rates	**(57,264)**	(34,750)
Tax effect of PRC preferential tax treatments	**1,448**	33
Income not subject to tax	**(809)**	(1,266)
Expenses not deductible for tax	**45,225**	28,223
Utilisation of tax losses brought forward	**–**	(2,810)
Tax losses not recognised	**11,400**	14,061
Over-provision in respect of prior year	**(16)**	(18)
Income tax (credit)/expense	**(16)**	3,473

12. DIVIDEND

The directors of the Company do not recommend, declare or pay any dividend in respect of the year (2022: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of basic and diluted loss per share attributable to owners of the Company for the years ended 31 December 2023 and 2022 are based on the following data:

	2023 **HK$'000**	2022 HK$'000
Loss for the year attributable to owners of the Company	**(268,939)**	(198,065)
	'000	'000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,805,952**	2,805,952

The computation of diluted loss per share for the years ended 31 December 2023 and 2022 does not assume the exercise of share options as these options had an anti-dilutive effect on the basic loss per share amounts presented.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Buildings HK$'000 (note)	Total HK$'000
Cost							
At 1 January 2022	5,372	47,451	5,905	23,880	310,853	–	393,461
Additions	329	131	1,207	6,154	5,109	–	12,930
Disposal/written off	–	(5,122)	(956)	(11,636)	–	–	(17,714)
Transfer upon completion of construction in progress	–	12,530	–	102,630	(282,498)	167,338	–
Exchange realignment	(369)	(4,214)	(214)	(2,196)	(32,814)	–	(39,807)
As at 31 December 2022 and 1 January 2023	**5,332**	**50,776**	**5,942**	**118,832**	**650**	**167,338**	**348,870**
Additions	**77**	**1,626**	**–**	**6,132**	**6,712**	**2,586**	**17,133**
Disposal/written off	**–**	**(100)**	**(427)**	**(3,848)**	**(676)**	**(582)**	**(5,633)**
Transfer from plant and machinery to inventory	**–**	**–**	**–**	**(962)**	**–**	**–**	**(962)**
Transfer upon completion of construction in progress	**–**	**54**	**–**	**1,067**	**(1,121)**	**–**	**–**
Reallocation	**–**	**4,339**	**–**	**(9,173)**	**–**	**4,834**	**–**
Exchange realignment	**(2)**	**39**	**2**	**1,377**	**247**	**139**	**1,802**
At 31 December 2023	**5,407**	**56,734**	**5,517**	**113,425**	**5,812**	**174,315**	**361,210**
Accumulated depreciation and impairment							
At 1 January 2022	5,372	45,615	4,001	11,112	–	–	66,100
Depreciation provided for the year	55	1,049	767	6,608	–	3,408	11,887
Written back on disposals/written off	–	(5,062)	(963)	(7,725)	–	–	(13,750)
Exchange realignment	(352)	(4,110)	(85)	(1,173)	–	(217)	(5,937)
As at 31 December 2022 and 1 January 2023	**5,075**	**37,492**	**3,720**	**8,822**	**–**	**3,191**	**58,300**
Depreciation provided for the year	**122**	**1,312**	**776**	**9,779**	**–**	**6,473**	**18,462**
Written back on disposals/written off	**–**	**(174)**	**(245)**	**(1,421)**	**–**	**(526)**	**(2,366)**
Transfer from plant and machinery to inventory	**–**	**–**	**–**	**(296)**	**–**	**–**	**(296)**
Impairment loss for the year	**–**	**5,515**	**–**	**26,414**	**–**	**36,004**	**67,933**
Exchange realignment	**1**	**39**	**–**	**701**	**–**	**57**	**798**
At 31 December 2023	**5,198**	**44,184**	**4,251**	**43,999**	**–**	**45,199**	**142,831**
Carrying amount							
At 31 December 2023	**209**	**12,550**	**1,266**	**69,426**	**5,812**	**129,116**	**218,379**
At 31 December 2022	257	13,284	2,222	110,010	650	164,147	290,570

Note: As at 31 December 2023, the ownership certificates for buildings with carrying amounts of HK$129,116,000 (equivalent to RMB118,023,000) (2022: HK$164,147,000 (equivalent to RMB150,168,000)) have not been obtained. The Group is in the process of applying for the building ownership certificates. Besides, these buildings with carrying amounts of HK$22,085,000 (equivalent to RMB20,188,000 (2022: HK$28,076,000 (equivalent to RMB25,685,000)) were pledged as securities of the Group's other borrowings as at 31 December 2023, as further detailed in note 28(a) to the consolidated financial statements.

As at 31 December 2023, the Group had buildings of carrying amount of HK$129,116,000 (equivalent to RMB118,023,000), plant and machinery of carrying amount of HK$66,723,000 (equivalent to RMB60,990,000) and equipment of carrying amount of HK$11,990,000 (equivalent to RMB10,960,000) respectively belonging to the Chlamydomonas reinhardtii products business segment located in Lucheng District, Changzhi City, Shanxi Province, the People's Republic of China.

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group recorded loss for the year ended 31 December 2023 and the management of the Group concluded that there was impairment indication for property, plant and equipment and right-of-use assets of the Group and hence performed impairment assessment as at the end of the reporting period to estimate the recoverable amounts of these assets. These impairment assessments result in the recognition of impairment loss amounting to HK$66,733,000 and HK$10,812,000 in the year ended 31 December 2023 to write down the carrying amounts of the property, plant and equipment and right-of-use assets relating to leasehold lands of chlamydomonas reinhardtii products business segment to their recoverable amounts as at 31 December 2023 and has been recognised in profit or loss for the year ended 31 December 2023.

In the impairment assessment of the non-current assets assessed by the management based on the valuation from an independent professional qualified valuer as at 31 December 2023, the recoverable amounts of the items of property, plant and equipment were estimated individually and have been determined based on the higher of value in use or their fair values less costs of disposal. The buildings were written down to their recoverable amount of HK$129,116,000 (equivalent to RMB118,023,000), the leasehold lands were written down to their recoverable amount of HK$63,961,000 (equivalent to RMB58,465,000), the machinery were written down to their recoverable amount of HK$66,723,000 (equivalent to RMB60,990,000), the equipment were written down to their recoverable amount of HK$11,990,000 (equivalent to RMB10,960,000), which were all determined by reference to their fair values less costs of disposal.

The costs of disposal determined by the valuer was RMB13,335,000 (approximately HK$14,588,000).

The fair value measurements of the Group's leasehold lands and buildings, machinery and equipment located at the People's Republic of China as at 31 December 2023 using significant unobservable input (Level 3) are disclosed as below.

Description	Fair value less costs of disposal at 31 December 2023 RMB'000	HK$'000	Valuation techniques	Significant unobservable inputs
Leasehold lands and buildings	176,488,000	193,077,000	Income approach	1. Market daily rent RMB0.6 to 0.8 per square meter (Including land rent) 2. Return rate — 4.5% 3. Annual growth rate — 3%
Machinery	60,990,000	66,723,000	Replacement cost	Allowance for physical deterioration and all forms of obsolescence and optimisation 7–13%
Equipment	10,960,000	11,990,000	Replacement cost	Allowance for physical deterioration and all forms of obsolescence and optimisation 2–35%

In addition, the remaining impairment loss of HK$1,200,000 was made on property, plant and equipment of QR code business as the directors of the Company are of the opinion that their recoverable amounts are minimal.

15. RIGHT-OF-USE ASSETS

	Leasehold lands (note (i)) HK$'000	Office buildings (note (ii)) HK$'000	Total HK$'000
As at 31 December 2023			
Carrying amount	**63,961**	**28,291**	**92,252**
As at 31 December 2022			
Carrying amount	76,159	14,553	90,712
For the year ended 31 December 2023			
Depreciation charge	**1,579**	**16,262**	**17,841**
For the year ended 31 December 2022			
Depreciation charge	1,667	18,328	19,995

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Expense relating to short-term leases and other leases with lease terms end within 12 months	**3,353**	3,477
Impairment loss on right-of-use assets (notes 6 and 14)	**10,812**	–
Total cash outflow for leases	**19,099**	22,706
Additions to right-of-use assets for leases	**29,908**	21,306
Derecognised upon lease termination	**–**	9,772

Notes:

(i) The Group has obtained the land use right certificates in relation to two parcels of leasehold lands situated in Lucheng District, Changzhi City, Shanxi Province, PRC, on 27 August 2021 and 22 October 2021, respectively. The costs of these two leasehold lands are HK$29,615,000 (equivalent to RMB24,233,000), with lease term of 50 years; and HK$57,667,000 (equivalent to RMB47,187,000), with lease term of 50 years, respectively, as at dates of acquisition.

As at 31 December 2023, the Group's leasehold lands with carrying amounts of HK$63,961,000 (equivalent to RMB58,465,000) (2022: HK$76,159,000 (equivalent to RMB69,673,000)) were pledged as securities of the Group's other borrowings, as further detailed in note 28(a) to the consolidated financial statements.

(ii) For both years, the Group, as a lessee, leases various offices for its operations. Lease contracts are entered into for fixed terms of 1 year to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Besides, the Group, as a lessor, leases certain of its office premises under lease arrangements. The leases for the office premises are negotiated for a term of one year.

16. INTANGIBLE ASSETS

	Patent HK$'000	Development costs (note) HK$'000	Total HK$'000
Cost			
At 1 January 2022	3,101	27,228	30,329
Exchange realignment	(327)	(2,874)	(3,201)
At 31 December 2022 and 1 January 2023	**2,774**	**24,354**	**27,128**
Exchange realignment	**2**	**20**	**22**
At 31 December 2023	**2,776**	**24,374**	**27,150**
Accumulated amortisation			
At 1 January 2022	2,443	26,262	28,705
Provided for the year	333	923	1,256
Exchange realignment	(279)	(2,831)	(3,110)
At 31 December 2022 and 1 January 2023	**2,497**	**24,354**	**26,851**
Provided for the year	**282**	**–**	**282**
Exchange realignment	**(3)**	**20**	**17**
At 31 December 2023	**2,776**	**24,374**	**27,150**
Carrying amount			
At 31 December 2023	**–**	**–**	**–**
At 31 December 2022	277	–	277

Note: The development costs are internally generated for the QR code business.

17. GOODWILL

	2023 HK$'000	2022 HK$'000
Cost		
1 January and 31 December	**569,947**	569,947
Accumulated impairment losses		
1 January and 31 December	**569,947**	569,947
Net carrying amount		
31 December	**–**	–

The goodwill had been allocated to a cash generating unit ("CGU") comprising a group of subsidiaries engaged in the provision of QR code on product packaging (the "QR Code CGU"). The allocated goodwill of QR Code CGU was fully impaired in previous years and accordingly there was nil carrying amount of goodwill in QR Code CGU as of 31 December 2023 and 2022.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$'000	2022 HK$'000
Non-current assets		
Unlisted equity investments, at fair value (note (i))		
Company A (note (ii))	**22,685**	35,690
Company B (note (iii))	**–**	–
Company C (note (iv))	**2,282**	20,276
Company D (note (v))	**9,719**	14,371
Company E (note (vi))	**30,000**	70,000
Company F (note (vii))	**14,887**	22,946
Company G (note (viii))	**10,057**	15,282
Company H (note (xiii))	**14,896**	–
Company I (note (xiv))	**29,500**	–
	134,026	178,565
Private equity investment fund (note xi)	**–**	5,564
	134,026	184,129
Current assets		
Listed equity investment held for trading, at fair value (note (ix))	**–**	7,521
Wealth management products (note (x))	**–**	8,635
Private equity investment fund (note (xii))	**1,543**	–
	1,543	16,156

Notes:

(i) As at 31 December 2023, the unlisted equity investments relate to investments of nine private entities (2022: seven), 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. Details of the fair value measurement are disclosed in note 37.

(ii) As at 31 December 2023, the Group's equity interest in Company A, which is principally engaged in securities trading and investment holding business, was approximately 2.56% (2022: 2.56%).

(iii) As at 31 December 2023, the Group's equity interest in Company B, which is principally engaged in the business of investment holding, was approximately 2.95% (2022: 2.95%).

(iv) As at 31 December 2023, 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 diluted to 0.10% (2022: 0.50%) as Company C issued additional shares to other investors during the year ended 31 December 2023.

(v) As at 31 December 2023, the Group's equity interest in Company D, which is principally engaged in money lending business, was diluted to 11.08% (2022: 12.12%) as Company D issued additional shares to other investors during the year ended 31 December 2023.

(vi) As at 31 December 2023, the Group's equity interest in Company E, which is principally engaged in the provision of finance and money lending business, was approximately 17.61% (2022: 17.61%).

(vii) As at 31 December 2023, 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% (2022: 3.73%).

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes: *(Continued)*

(viii) As at 31 December 2023, the Group's equity interest in Company G, which is principally engaged in securities brokerage and asset management business, was approximately 2.97% (2022: 2.97%).

(ix) As at 31 December 2022, the Group held 5,000,000 shares of China Evergrande New Energy Vehicle Group Ltd. ("Evergrande Vehicle") (stock code: 0708), and the fair value of the Group's investment in Evergrande Vehicle amounted to HK$7,521,000 was based on the valuation technique as detailed below. The Securities and Futures Commission issued a direction to suspend trading in the shares of Evergrande Vehicle on the Stock Exchange with effect from 1 April 2022. As at 31 December 2022, the listing of the shares of Evergrande Vehicle remained suspended. The directors assessed the fair value of Evergrande Vehicle as at 31 December 2022 to be HK$7,521,000 and adopted the market approach with reference to comparable companies engaged in the similar businesses as Evergrande Vehicle in arriving at the fair value. Significant assumptions on parameters used in the valuation, such as changes in market capitalization of comparable companies and adjusted for discounts to reflect trading suspension from 1 April 2022 to 31 December 2022, and discount for lack of marketability associated with the investment.

During the year ended 31 December 2023, the Group has sold all the shares of Evergrande Vehicle amounted to HK$5,731,000, which recognised a fair value loss of HK$1,790,000.

(x) Included in wealth management products ("WMPs") are the Group's investments in two WMPs provided by financial institutions in the PRC, of fair value of approximately HK$2,951,000 (equivalent to RMB2,700,000) and HK$5,684,000 (equivalent to RMB5,200,000), respectively as at 31 December 2022.

These WMPs had no maturity dates and the Group could sell them back to the issuing financial institutions at market value any time after the date of subscription. WMPs being held by the Group as at 31 December 2022 had been sold during the current year ended 31 December 2023.

(xi) On 22 November 2022, 上海透雲物聯網科技有限公司, an indirect wholly-owned subsidiary of the Group, entered into a fund contract with 中信証券股份有限公司 (the "Custodian") and 上海靈鶴資產管理合夥企業(有限合夥) (the "Investment Manager"), pursuant to which 上海透雲物聯網科技有限公司 agreed to subscribe for 5,000,000 shares of a private equity investment fund (the "Fund") at a consideration of RMB5,000,000 (equivalent to approximately HK$5,466,000). The Fund was governed by contractual relationships between and among 上海透雲物聯網科技有限公司, the Custodian and the Investment Manager. 上海透雲物聯網科技有限公司 can sell shares of the Fund to the Investment Manager at market value any time after one year from the date of subscription. The Fund was established on 17 November 2022 and would be expired on 16 November 2032, with return in dividend derived from investments in financial products. The Fund had been sold during the year ended 31 December 2023.

(xii) On 27 September 2023, 上海透雲物聯網科技有限公司 entered into a fund contract with 嘉興淩景私募基金管理有限公司 (the "Investment Manager") and 國泰君安證券股份有限公司 (the "Custodian"), pursuant to which 上海透雲物聯網科技有限公司 agreed to subscribe for 1,500,000 shares of a private equity investment fund (the "Fund") at a consideration of RMB1,500,000 (equivalent to approximately HK$1,641,000). The Fund was governed by contractual relationships between and among 上海透雲物聯網科技有限公司, the Custodian and the Investment Manager. 上海透雲物聯網科技有限公司 can sell shares of the Fund to the Investment Manager at market value any time after one year from the date of subscription. The Fund was established on 29 September 2023 and would be expired on 27 September 2043, with return in dividend derived from investments in financial products. Mr. Jia Wenjie ("Mr. Jia"), the Non-executive Director of the Group, and Ms. Zeng Xiaomeng ("Ms. Zeng"), spouse of Mr. Wang Liang, the Executive Director and substantial shareholder of the Group had indirect interest in the Investment Manager. The investment in the Fund was approved by the board of directors of 上海透雲物聯網科技有限公司 on 15 September 2023.

(xiii) On 28 February 2023, Morning Win Limited, an indirect wholly-owned subsidiary of the Group, entered into a subscription agreement, to subscribe for 13 equity shares of Company H at a consideration of HK$25,000,000 which is principally engaged in securities investment and investment holding. The acquisition was completed on 28 February 2023.

(xiv) On 28 February 2023, Winning Surprise Limited, an indirect wholly-owned subsidiary of the Group, entered into a subscription agreement, to subscribe for 2,000 equity shares of Company I at a consideration of HK$30,000,000 which is principally engaged in securities investment. The acquisition was completed on 28 February 2023.

19. INVENTORIES

	2023 HK$'000	2022 HK$'000
Raw materials	**2,659**	2,709
Work in progress	**4,063**	1,969
Finished goods	**8,527**	30,935
	15,249	35,613

All of the inventories are carried at lower of cost or net realisable value as at 31 December 2023 and 2022 respectively.

As at 31 December 2023, the gross carrying amount of inventories is HK$29,766,000 (2022: HK$35,613,000) and provision for impairment loss of HK$14,517,000 as at 31 December 2023 (2022: HK$ Nil), in which the provision for impairment loss for the year arose due to slow-moving inventories of certain Chlamydomonas reinhardtii, micro-algae and related products as a result of market demand.

20. TRADE RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	**39,356**	51,348
Less: Impairment loss allowance (note 38(b))	**(12,217)**	(9,903)
	27,139	41,445

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

	2023 HK$'000	2022 HK$'000
Within 1 month	**18,368**	23,792
1 to 2 months	**4,828**	6,417
2 to 3 months	**2,290**	8,996
Over 3 months	**1,653**	2,240
	27,139	41,445

Further details on the Group's credit policy and credit risk arising from trade debtors are set out in note 38(b).

21. PREPAYMENTS, CONTRACT COSTS, DEPOSITS AND OTHER RECEIVABLES

	2023 **HK$'000**	2022 HK$'000
Prepayments	**2,871**	3,986
Contract costs	**3,827**	–
Deposits	**7,528**	6,198
Value added tax recoverable	**23,085**	21,991
Other receivables	**4,364**	4,502
Less: Impairment loss allowance on other receivables	**(166)**	–
	41,509	36,677

22. 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:

	2023 **HK$'000**	2022 HK$'000
Unsecured loan and interest receivables	**45,479**	64,020
Less: Impairment loss allowance	**(2,729)**	–
	42,750	64,020
Analysed for reporting purpose as:		
Current portion	**42,551**	64,020
Non-current portion	**199**	–

As at 31 December 2023, unsecured loan and interest receivables of approximately HK$42,750,000 (2022: HK$64,020,000) were due from four borrowers (2022: three borrowers) and will mature within one to six years (2022: mature within one year).

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

The range of effective interest rates which are equal to contractual interest rates on the Group's loan and interest receivables are as follows:

	Effective interest rate per annum	
	2023	2022
Unsecured loan and interest receivables	**6%**	7.5%-8%

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

	HK$'000
Balance at 1 January 2022 and 31 December 2022	–
Provision for impairment loss on unsecured loan and interest receivables	2,729
Balance at 31 December 2023	**2,729**

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents

	2023 **HK$'000**	2022 HK$'000
Cash and bank balances	**34,493**	128,098

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$7,393,000 (2022: HK$71,929,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's major liabilities arising from financing activities, including both cash and non-cash changes.

	Lease liabilities (Note 27) HK$'000	Bank and other borrowings (Note 28(a)) HK$'000	Amount due to a director (Note 28(b)) HK$'000	Amount due to a shareholder of the Company (Note 28(b)) HK$'000	Total HK$'000
At 1 January 2023	14,901	380,113	95,533	11,000	501,547
Financing cash flows					
Repayment of lease liabilities	(16,372)	–	–	–	(16,372)
Repayment to a director	–	–	(1,141)	–	(1,141)
Advance from a shareholder of the Company	–	–	–	7,658	7,658
Repayment of bank and other borrowings, net	–	(23,820)	–	–	(23,820)
	(16,372)	(23,820)	(1,141)	7,658	(33,675)
Other changes					
Interest expenses	934	6,498	–	–	7,432
Interest paid	(934)	(6,755)	–	–	(7,689)
New leases	29,908	–	–	–	29,908
Exchange difference	128	308	–	–	436
	30,036	51	–	–	30,087
At 31 December 2023	28,565	356,344	94,392	18,658	497,959

During the year ended 31 December 2023, the non-cash changes mainly represented accrued lease payment of HK$1,560,000 (2022: HK$nil) included in "other payables and accruals" as disclosed in note 26.

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Lease liability (Note 27) HK$'000	Bank and other borrowings (Note 28(a)) HK$'000	Amount due to a director (Note 28(b)) HK$'000	Amount due to a shareholder of the Company (Note 28(b)) HK$'000	Margin loans payable HK$'000	Total HK$'000
At 1 January 2022	22,535	292,611	92,630	–	3,633	411,409
Financing cash flow						
Repayment of lease liabilities	(19,229)	–	–	–	–	(19,229)
Advance from a director	–	–	2,903	–	–	2,903
Advance from a shareholder of the Company	–	–	–	11,000	–	11,000
New bank and other borrowings raised, net	–	104,590	–	–	–	104,590
Margin loan repaid, net	–	–	–	–	(3,633)	(3,633)
	(19,229)	104,590	2,903	11,000	(3,633)	95,631
Other changes						
Interest expenses	1,258	20,382	–	–	12	21,652
Interest paid	–	(18,749)	–	–	(12)	(18,761)
New leases	21,306	–	–	–	–	21,306
Derecognised upon lease termination	(9,932)	–	–	–	–	(9,932)
Exchange difference	(1,037)	(18,721)	–	–	–	(19,758)
	11,595	(17,088)	–	–	–	(5,493)
At 31 December 2022	14,901	380,113	95,533	11,000	–	501,547

24. TRADE PAYABLES

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

	2023 HK$'000	2022 HK$'000
Within 1 month	**8,892**	18,880
1 to 2 months	**3,020**	1,634
2 to 3 months	**312**	931
Over 3 months	**5,737**	6,874
	17,961	28,319

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

25. CONTRACT LIABILITIES

	2023 HK$'000	2022 HK$'000
Contract liabilities		
Billings in advance of performance		
— QR code business (note)	**12,192**	9,062
— Packaging products business	**6,203**	8,046
— Chlamydomonas reinhardtii products business	**488**	76
	18,883	17,184

Note: QR code business include the sales of QR code packaging products and sales of QR code solutions.

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

QR code packaging products

The Group typically receives a deposit on acceptance of the customers' order. The amount of deposits on acceptance of orders is assessed on a case by case basis before work commences.

The remainder of the consideration is payable on the earlier of the delivery of the finished goods and notice from the customer to cancel the order.

When the Group receives a deposit before the Group's relevant activity commences, this will give rise to contract liabilities at the start of a contract until the revenue is recognised.

QR code solutions

The Group receives upfront deposit or initial payments from customers before the development activity commences according to the stage payment schedules in the contract. The upfront deposit or initial payments on acceptance of orders is assessed on a case by case basis before work commences. The amount received from customers gave rise to contract liabilities until revenue is recognised when the performance obligation is satisfied.

Packaging products

The Group receives payments from new customers on acceptance of new order. The remainder of the consideration is payable on the earlier of the delivery of the finished goods and the notice from the customer to cancel the order. If the customer cancels the order, then the Group is immediately entitled to receive payment for work done to date.

Chlamydomonas reinhardtii products

When the Group receives a deposit before the delivery of the goods, this will give rise to contract liabilities, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

25. CONTRACT LIABILITIES *(Continued)*

Movements in contract liabilities are as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	**17,184**	23,477
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(17,184)**	(23,477)
Increase in contract liabilities as a result of billing in advance	**6,524**	9,062
Increase in contract liabilities as a result of receiving forward sales deposits during the year	**12,359**	8,122
At 31 December	**18,883**	17,184

The amount of billings in advance of performance and forward sales deposits and instalments received are expected to be recognised as income within one year.

26. OTHER PAYABLES AND ACCRUALS

	2023 HK$'000	2022 HK$'000
Other payables	**34,040**	37,510
Accruals	**16,912**	15,493
	50,952	53,003

Other payables and accruals are non-interest-bearing and are normally settled within three months. Included in other payables are construction payables of HK$20,089,000 (2022: HK$32,855,000), for the construction of the Chlamydomonas reinhardtii and related products facilities in Lucheng District, Changzhi City, Shanxi Province, PRC.

27. LEASE LIABILITIES

	2023 HK$'000	2022 HK$'000
Lease liabilities		
Within one year	**14,461**	12,001
Within a period of more than one year but not more than two years	**14,104**	2,900
	28,565	14,901
Less: Amount due for settlement within 12 months shown under current liabilities	**(14,461)**	(12,001)
Amount due for settlement after 12 months shown under non-current liabilities	**14,104**	2,900

28. BANK AND OTHER BORROWINGS/AMOUNT DUE TO A DIRECTOR/A SHAREHOLDER OF THE COMPANY

(a) Bank and other borrowings

	2023 HK$'000	2022 HK$'000
Secured bank borrowings	**76,161**	59,645
Unsecured other borrowings	**280,183**	320,468
	356,344	380,113

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

	2023 HK$'000	2022 HK$'000
Within one year or on demand	**164,894**	188,821
Within a period of more than one year but not more than two years	**191,450**	21,862
Within a period of more than two years but not more than three years	**–**	169,430
	356,344	380,113
Less: Amounts due for settlement within 12 months shown under current liabilities	**(164,894)**	(188,821)
Amounts due for settlement after 12 months shown under non-current liabilities	**191,450**	191,292

Movements in bank and other borrowings are as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	**380,113**	292,611
New bank and other borrowings raised	**106,366**	315,904
Interest expenses	**6,498**	20,382
Repayment of bank and other borrowings	**(130,186)**	(211,314)
Interest paid	**(6,755)**	(18,749)
Exchange realignment	**308**	(18,721)
At 31 December	**356,344**	380,113

The Group's secured bank borrowings as at 31 December 2023 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$22,085,000 (equivalent to RMB20,188,000) (2022: HK$28,076,000 (equivalent to RMB25,685,000)); and

b. mortgages over the Group's leasehold lands which had an aggregate carrying value at the end of the reporting period of HK$63,961,000 (equivalent to RMB58,465,000) (2022: HK$76,159,000 (equivalent to RMB69,673,000)).

28. BANK AND OTHER BORROWINGS/AMOUNT DUE TO A DIRECTOR/A SHAREHOLDER OF THE COMPANY *(Continued)*

(a) Bank and other borrowings *(Continued)*

Secured bank borrowings carry interest at rates ranging from 0.42% to 0.67% per month (2022: 0.42% to 0.70%) and are repayable within one to two years. Unsecured other borrowings carry interest ranging from 0.42% to 0.58% per month (2022: 0.42% to 1.00% per month) and are repayable within one to two years (2022: repayable within one to three years).

(b) Amount due to a director/a shareholder of the Company

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

29. DEFERRED TAX LIABILITIES

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2023 **HK$'000**	2022 HK$'000
Deferred tax assets	**–**	–
Deferred tax liabilities	**–**	–
	–	–

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in PRC in respect of earnings generated from 1 January 2008.

29. DEFERRED TAX LIABILITIES *(Continued)*

At 31 December 2023 and 2022, no deferred tax liabilities has been recognised for withholding taxes as the Group's subsidiaries established in PRC do not have any unremitted retained earnings as at 31 December 2023 and 2022.

The Group has tax losses arising in Hong Kong of HK$497,586,000 (2022: HK$475,619,000) (subject to agreement by the Inland Revenue Department) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in the PRC of HK$335,675,000 (2022: HK$303,791,000) that will expire in one to five years for offsetting against future taxable profits. No deferred tax assets have been recognised in respect of tax losses for the years ended 31 December 2023 and 2022 as it is not considered probable that there would be sufficient future taxable profits to utilise such tax losses.

At 1 January 2022, 31 December 2022 and 2023, the Group recognised deferred tax assets related to lease liabilities amounted to HK$4,002,000, HK$2,511,000 and HK$5,197,000 respectively. At 1 January 2022, 31 December 2022 and 2023, the Group recognised a deferred tax liabilities related to right-of-use assets amounted to HK$4,002,000, HK$2,511,000 and HK$5,197,000 respectively.

After recognising a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, the net amount of deferred tax was HK$Nil as at 1 January 2022, 31 December 2022 and 2023.

At 31 December 2023, the Group has deductible temporary difference in relation to provision of impairment of property, plant and equipment, right-of-use assets, inventories, loan receivables, trade and other receivables amounted to HK$98,471,000. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

30. SHARE CAPITAL

	Number of shares		**Share capital**	
	2023	2022	**2023**	2022
	’000	’000	**HK$’000**	HK$’000
Ordinary share of HK$0.04 each				
Authorised:				
At beginning and end of year	**12,500,000**	12,500,000	**500,000**	500,000
Issued and fully paid:				
At beginning and end of year	**2,805,592**	2,805,592	**112,238**	112,238

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(a) Share premium

The application of share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

(b) Capital reserve

The Group's capital reserve represents the followings:

(i) the deemed capital contribution from the then controlling shareholder pursuant to the reorganisation in 2012;

(ii) the deemed capital contribution to a non-wholly owned subsidiary; and

(iii) the difference between the carrying amount of the non-controlling interests and the fair value of non-controlling interests pursuant to the acquisition of Hope Capital Limited in 2020.

(c) Contributed surplus

The contributed surplus of the Group represents the difference between the capital contributions from the equity holders of the subsidiaries now comprising the Group before the completion of the reorganisation in 2012 and the par value of the Company's shares issued to the then controlling shareholder for the acquisition of a subsidiary pursuant to the reorganisation.

(d) Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire after the vesting period.

32. SHARE OPTION SCHEME

The Company operates a share option scheme (the "2012 Scheme") which became effective on 18 May 2012 for the purposes of, among others, (i) motivating eligible participants, including but not limited to the Directors, employees and consultants of the Group, and optimising their performance and efficiency for the benefit of the Group; (ii) attracting and retaining or otherwise maintaining on-going business relationships with the eligible participants whose contributions are, will or expected to be beneficial to the Group; and (iii) aligning the interests of the eligible participants and shareholders of the Company. Eligible participants of the 2012 Scheme include (i) any director, officer, employee, consultant, professional, customer, supplier (whether of goods or services), agent, partner or adviser of or contractor to any member of the Group or its Related Group or a company in which the Group holds an interest or a subsidiary of such company (collectively the "Eligible Group"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include the Eligible Group; or (iii) a company beneficially owned by the Eligible Group. The 2012 Scheme was expired on 17 May 2022.

On 2 June 2022, a new share option scheme (the "2022 Scheme") was passed by way of an ordinary resolution in the annual general meeting. The 2022 Scheme does not impose minimum period requirement, each grant will be considered on an individual basis to achieve the purpose of the 2022 Scheme including retaining human resources that are valuable to the growth and development of the Group if the grantees are required to hold the share options for a certain period of time prior to vesting.

32. SHARE OPTION SCHEME *(Continued)*

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

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

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

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

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

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

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

Date of grant	Number of share options granted	Exercise price/ Adjusted exercise price
25/1/2017	29,925,000	1.34
12/12/2017	24,437,500	1.34
21/2/2019	126,000,000	0.48
8/10/2020	47,000,000	0.40
16/11/2020	68,900,000	0.60
25/4/2022	14,314,750	1.34

32. SHARE OPTION SCHEME *(Continued)*

As at the date of this report, an aggregate of 83,031,000 shares, representing approximately 2.96% of the total number of issued shares as at the date of this report, may be issued upon full exercise of all vested and unvested share options granted and outstanding under the 2012 and 2022 Scheme, out of which 28,422,661 shares are immediately exercisable and issuable, representing approximately 1.01% of the total number of issued shares as at the date of this report, and 54,608,339 shares will be exercisable and issuable upon fully vested of share options, representing approximately 1.95% of the total number of issued shares as at the date of this report. Movements of the options granted under the 2012 and 2022 Scheme, during the year were as follows:

Date of grant	Exercise price* HK$	Exercisable period	Number of options outstanding at 1 January 2022	Exercised during the year	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2023
Employees								
12/12/2017	1.34	10/06/2019 to 09/06/2023	1,841,875	–	(8,125)	1,833,750	(1,833,750)	–
12/12/2017	1.34	10/06/2020 to 09/06/2023	1,844,375	–	(8,125)	1,836,250	(1,836,250)	–
12/12/2017	1.34	10/06/2021 to 09/06/2023	1,848,125	–	(8,125)	1,840,000	(1,840,000)	–
12/12/2017	1.34	10/06/2022 to 09/06/2023	1,848,125	–	(8,125)	1,840,000	(1,840,000)	–
			7,382,500	–	(32,500)	7,350,000	(7,350,000)	–
Directors								
12/12/2017	1.34	10/06/2019 to 09/06/2023	1,187,500	–	–	1,187,500	(1,187,500)	–
12/12/2017	1.34	10/06/2020 to 09/06/2023	1,187,500	–	–	1,187,500	(1,187,500)	–
12/12/2017	1.34	10/06/2021 to 09/06/2023	1,187,500	–	–	1,187,500	(1,187,500)	–
12/12/2017	1.34	10/06/2022 to 09/06/2023	1,187,500	–	–	1,187,500	(1,187,500)	–
			4,750,000	–	–	4,750,000	(4,750,000)	–

As at 31 December 2023, no shares options were exercisable (2022: 12,100,000).

32. SHARE OPTION SCHEME *(Continued)*

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

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

As at 31 December 2023, 54,000,000 (2022: 54,000,000) share options were exercisable.

Date of grant	Exercise price HK$	Exercisable period	Number of options outstanding at 1 January 2022	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2023
Employees							
08/10/2020	0.40	8/10/2023 to 7/10/2028	11,750,000	(2,750,000)	9,000,000	(6,500,000)	2,500,000
08/10/2020	0.40	8/10/2024 to 7/10/2028	11,750,000	(2,750,000)	9,000,000	(6,500,000)	2,500,000
08/10/2020	0.40	8/10/2025 to 7/10/2028	11,750,000	(2,750,000)	9,000,000	(6,500,000)	2,500,000
08/10/2020	0.40	8/10/2026 to 7/10/2028	11,750,000	(2,750,000)	9,000,000	(6,500,000)	2,500,000
			47,000,000	(11,000,000)	36,000,000	(26,000,000)	10,000,000

As at 31 December 2023, 2,500,000 (2022: Nil) share options were exercisable.

32. SHARE OPTION SCHEME *(Continued)*

Date of grant	Exercise price HK$	Exercisable period	Number of options outstanding at 1 January 2022	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2023
Employees							
16/11/2020	0.60	16/11/2022 to 15/11/2027	5,099,992	(833,332)	4,266,660	(866,667)	3,399,993
16/11/2020	0.60	16/11/2023 to 15/11/2027	5,099,992	(833,332)	4,266,660	(866,667)	3,399,993
16/11/2020	0.60	16/11/2024 to 15/11/2027	5,100,016	(833,336)	4,266,680	(866,666)	3,400,014
			15,300,000	(2,500,000)	12,800,000	(2,600,000)	10,200,000
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
			50,000,000	–	50,000,000	–	50,000,000

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 2023, 40,133,318 (2022: 20,933,326) share options were exercisable.

Date of grant	Exercise price HK$	Exercisable period	Number of options outstanding at 1 January 2022	Granted during the year	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2022
Employees								
25/4/2022	1.34	25/4/2023 to 24/4/2026	–	4,314,750	(412,500)	3,902,250	(371,250)	3,531,000
25/4/2022	1.34	25/4/2023 to 24/4/2027	–	2,500,000	(25,000)	2,475,000	(37,500)	2,437,500
25/4/2022	1.34	25/4/2024 to 24/4/2027	–	2,500,000	(25,000)	2,475,000	(37,500)	2,437,500
25/4/2022	1.34	25/4/2025 to 24/4/2027	–	2,500,000	(25,000)	2,475,000	(37,500)	2,437,500
25/4/2022	1.34	25/4/2026 to 24/4/2027	–	2,500,000	(25,000)	2,475,000	(37,500)	2,437,500
			–	14,314,750	(512,500)	13,802,250	(521,250)	13,281,000

As at 31 December 2023, 5,968,500 (2022: Nil) share options were exercisable.

32. SHARE OPTION SCHEME *(Continued)*

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

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

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

During the year ended 31 December 2023, the Group recognised an expense of approximately HK$2,587,000 (2022: HK$6,859,000) as equity-settled share based payments in the consolidated statement of profit or loss with reference to their respective vesting period.

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

33. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business		Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
					HK$'000	HK$'000	**HK$'000**	HK$'000
Era Bright	**Hong Kong**	Hong Kong	**32.37%**	26.55%	**(3,630)**	(4,591)	**21,921**	19,550

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

33. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Era Bright and subsidiaries

a.

	2023 HK$'000	2022 HK$'000
Current assets	**146,232**	152,311
Non-current assets	**36,229**	41,190
Current liabilities	**(107,615)**	(117,028)
Non-current liabilities	**(7,126)**	(2,840)
Equity attributable to owners of the Company	**(45,799)**	(54,083)
Non-controlling interests of Era Bright	**21,921**	19,550

b.

	2023 HK$'000	2022 HK$'000
Revenue	**106,639**	203,673
Expenses	**(118,247)**	(217,960)
Loss for the year	**(11,608)**	(14,287)
Loss attributable to owners of the Company	**(7,978)**	(9,696)
Loss attributable to the non-controlling interests	**(3,630)**	(4,591)
Loss for the year	**(11,608)**	(14,287)

c.

	2023 HK$'000	2022 HK$'000
Net cash (outflow)/inflow from operating activities	**(15,209)**	13,068
Net cash outflow from financing activities	**(4,468)**	(9,240)
Net cash (outflow)/inflow	**(19,677)**	3,828

d. On 7 November 2022, Era Bright issued 10,600 shares to Blue River Enterprises Limited ("Blue River Enterprises") for the consideration of HK$7,000,028. The share issuance diluted the Group's interest in Era Bright, reducing its ownership and equity interest to 73.45%. The consideration was received in cash. An amount of HK$7,013,000 (being the proportionate share of the carrying amount of the net assets of Era Bright) has been transferred to non-controlling interests. The difference of HK$13,000 between the increase in the non-controlling interests and the consideration received has been recognised in accumulated losses.

e. On 24 November 2023, Era Bright issued 12,500 shares to Blue River Enterprises for the consideration of HK$6,000,000. The share issuance diluted the Group's interest in Era Bright, reducing its ownership and equity interest to 67.63%. The consideration was received in cash. An amount of HK$6,001,000 (being the proportionate share of the carrying amount of the net assets of Era Bright) has been transferred to non-controlling interests. The difference of HK$1,000 between the increase in the non-controlling interests and the consideration received has been recognised in accumulated losses.

34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Save as disclosed elsewhere in the consolidated financial statements, the following transactions with related parties took place during the year:

(a) Key management compensation

During both years, compensation of key management personnel represents directors' remuneration and those of senior staff as stated in notes 9 and 10 respectively.

(b) Outstanding balance

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2023 **HK$'000**	2022 HK$'000
Amount due to a director (note (i)) (Note 28(b))	**94,392**	95,533
Amount due to a shareholder of the Company (note (ii)) (Note 28(b))	**18,658**	11,000

Notes:

(i) Balance represents amount due to Mr. Wang Liang, director and substantial shareholder of the Company.

(ii) Balance represents amount due to Ms. Qiao Yanfeng, shareholder of the Company with approximately 5.35% equity interest in the Company.

(c) Transactions

The Group had entered into the following transactions with a related company (note (i)) during the year ended 31 December 2023.

	2023 **HK$'000**
Consultancy services fee	**92**

Note:

(i) The related company was held as to 30% by Ms. Zeng, 63% by Mr. Jia, and as to 7% by Ms. Qiang Yuzhen, who is a family member of Mr. Jia. Mr. Jia held no equity interest in the Company as at 31 December 2023.

35. OPERATING LEASE ARRANGEMENTS

As lessee

Lease payments on short-term leases for office and office equipment in Hong Kong and the PRC are recognised as expense on a straight-line basis over the lease term as follows:

	2023 **HK$'000**	2022 HK$'000
Within one year	**3,915**	3,871

36. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 31 December 2023 and 2022, except for financial assets at fair value through profit or loss as set out in note 18, financial assets and financial liabilities of the Company and the Group are measured at amortised cost.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, loan and interest receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, lease liabilities, bank and other borrowings and amount due to a director/a shareholder of the Company, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by a director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

As at 31 December 2022, the fair value of listed equity investment without an active market classified in Level 3 of the fair value measurement hierarchy was estimated by the market approach with reference to comparable companies engaged in the similar businesses as the investee in arriving at the fair value. Significant assumptions on parameters used in the valuations, such as changes in market capitalization of comparable companies and adjusted for discounts to reflect trading suspension from 1 April 2022 to 31 December 2022, and discount for lack of marketability associated with the investment. Its fair value was determined by the management based on the valuation from an independent professional qualified valuer. The fair value of listed equity investment was based on quoted market price as at 31 December 2021.

During the year ended 31 December 2023, the Group has sold all the shares of Evergrande Vehicle amounted to HK$5,731,000, which recognised a fair value loss of HK$1,790,000.

The fair value of private equity investment fund classified in Level 2 of the fair value measurement hierarchy was determined with reference to recent transaction prices and amounted to RMB1,411,000 (equivalent to approximately HK$1,543,000).

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of two (2022: two) unlisted equity securities without an active market classified in Level 3 of the fair value measurement hierarchy was estimated by market approach on the basis of an analysis of the investee's financial position and results, risk profile and prospects and other factors, and further adjusted by a number of significant unobservable inputs including the market value of invested capital-to-total assets multiple, price-to-net assets multiple, and adjustment for a lack of marketability associated with the investment. Their fair value were estimated to be HK$30,000,000 (2022: HK$70,000,000) and HK$2,282,000 (2022: HK$20,276,000) respectively, and were determined by the management based on the valuation from an independent professional qualified valuer as at 31 December 2023 and 2022.

The fair values of one (2022: nil) unlisted equity security without an active market classified in Level 3 of the fair value measurement hierarchy was estimated by asset-based approach on the basis of an analysis of the investee's financial position and results, risk profile and prospects and other factors, and further adjusted by a number of significant unobservable inputs including lack of control discount associated with the investment. The fair value, was estimated to be HK$29,500,000, and was determined by the management based on the valuation from an independent professional qualified valuer as at 31 December 2023.

The fair value of one (2022: one) unlisted equity security (with conversion feature) without an active market classified in Level 3 of the fair value measurement hierarchy was estimated by option pricing method, using a number of significant unobservable inputs including risk free rate, expected volatility and adjustment for a lack of marketability associated with the investment. Its fair value was estimated to be HK$14,887,000 (2022: HK$22,946,000) and was determined by the management based on the valuation from an independent professional qualified valuer as at 31 December 2023 and 2022.

The fair values of remaining five (2022: four) unlisted equity securities without an active market classified in Level 3 of the fair value measurement hierarchy were estimated by market approach on the basis of an analysis of the investee's financial position and results, risk profile and prospects and other factors, and further adjusted by a number of significant unobservable inputs including the market value of invested capital-to-total assets multiple, price-to-net assets multiple, and adjustment for a lack of marketability associated with the investment. Their fair values were estimated to be HK$10,057,000 (2022: HK$15,282,000), HK$9,719,000 (2022: HK$14,371,000), HK$22,685,000 (2022: HK$35,690,000), HK$14,896,000 (2022: Nil) and one of the unlisted equity securities was fully impaired as at 31 December 2023 and 2022, respectively, and were determined by the directors of the Company as at 31 December 2023 and 2022.

The directors believe that the estimated fair values, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss and other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The following table represents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2 valuations:	Fair value measured using Level 2 i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
Level 3 valuations:	Fair value measured using significant unobservable inputs.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2023

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets at fair value through profit or loss:				
Private equity investment fund	**–**	**1,543**	**–**	**1,543**
Unlisted equity instruments	**–**	**–**	**134,026**	**134,026**

As at 31 December 2022

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss:				
Listed equity instrument	–	–	7,521	7,521
Wealth management products (note)	–	8,635	–	8,635
Private equity investment fund	–	5,564	–	5,564
Unlisted equity instruments	–	–	178,565	178,565

Note: The fair value of wealth management products is determined with reference to the mark-to-market statements published by the issuing bank as at the end of the reporting period.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Information of level 3 fair value measurements

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023 and 2022:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the inputs
Unlisted equity instruments	The value is based on market value of invested capital-to-total asset and price-to-net assets	Market value of invested capital-to-total asset multiple	0.46 to 0.59 (2022: 0.56 to 0.76)	5% increase in market value of invested capital-to-total asset multiple would result in increase in fair value by HK$2,357,000 (2022: 5% increase in market value of invested capital-to-total asset multiple would result in increase in fair value by HK$3,803,000)
		Price-to-net assets multiple	0.27 to 0.39 (2022: 0.42 to 0.56)	5% increase in price-to-net assets multiple would result in increase in fair value by HK$1,562,000 (2022: 5% increase in price-to-net assets multiple would result in increase in fair value by HK$2,122,000)
		Lack of marketability discount	15.7% (2022: 15.8%)	5% increase in lack of marketability discount would result in decrease in fair value by HK$2,045,000 (2022: 5% increase in lack of marketability discount would result in decrease in fair value by HK$3,791,000)
	Option pricing method. The value is relied on the Black-Scholes option pricing model, which requires various inputs including time to maturity, volatility and risk free rate under consideration of probability for liquidation and probability for initial public offerings ("IPO"). Implied equity value is back-solved by using the Black-Scholes option pricing model, calculated by enterprise value-to-sales ratio of comparable companies.	Probability for liquidation	80% (2022: 80%)	5% increase in probability for liquidation would result in increase in fair value by HK$565,000 (2022: 5% increase in probability for liquidation would result in increase in fair value by HK$780,000)
		Probability for IPO	20% (2022: 20%)	5% increase in probability for IPO would result in decrease in fair value by HK$566,000 (2022: 5% increase in probability for IPO would result in decrease in fair value by HK$780,000)
		Enterprise value-to-sales ratio	4.26% (2022: 5.12%)	5% increase in enterprise value-to-sales ratio would result in increase in fair value by HK$513,000 (2022: 5% increase in enterprise value-to-sales ratio would result in increase in fair value by HK$681,000)
		Time to maturity	1.08 years (2022: 1.08 years)	5% increase in time to maturity would result in decrease in fair value by HK$136,000 (2022: 5% increase in time to maturity would result in decrease in fair value by HK$124,000)
		Volatility	94.37% (2022: 77.91%)	5% increase in volatility would result in decrease in fair value by HK$267,000 (2022: 5% increase in volatility would result in decrease in fair value by HK$293,000)
		Risk free rate	4.637% (2022: 4.598%)	5% increase in risk free rate would result in decrease in fair value by HK$244,000 (2022: 5% increase in risk free rate would result in decrease in fair value by HK$487,000)
	Asset-based approach	Lack of control	19.74%	5% increase in lack of control would result in decrease in fair value by HK$518,000

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

	Assets Listed and unlisted equity instruments HK$'000
At 1 January 2022	318,937
Transfer into Level 3	17,600
Net loss from fair value adjustment recognised in profit or loss	
— Unlisted equity instruments	(140,372)
— Listed equity instruments	(10,079)
At 31 December 2022 and 1 January 2023	186,086
Acquisitions	**55,000**
Disposals	**(5,731)**
Net loss from fair value adjustment, recognised in profit or loss	
— Unlisted equity instruments	**(99,539)**
— Listed equity instrument	**(1,790)**
At 31 December 2023	**134,026**

During the year, there were no transfers of fair value measurement between Level 1 and 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2022: no transfers of fair value measurement between Level 1 and Level 2 and one transfer into Level 3 for financial assets).

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include cash and cash equivalents, trade receivables, deposits and other receivables, financial assets at fair value through profit or loss, loan and interest receivables, bank and other borrowings, trade payables, lease liabilities, other payables and amount due to a director/a shareholder of the Company. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2 to the consolidated financial statements.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, liquidity risk, equity price risk and interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below.

(a) Foreign currency risk

The Group operates in both Hong Kong and the PRC and sells its products internationally. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily through cash and bank balances arising from sales and purchases, deposits, trade and other receivables, and trade and other payables that are denominated in a currency other than the functional currency of the operations in which they relate. The currencies giving rise to this risk are primarily US$, and RMB.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of RMB. The appreciation or depreciation of RMB against HK$ may have impact on the operating results of the Group. The Group's exposure to currency risk arising from US$ against HK$ is considered by the directors as insignificant since HK$ is pledged to US$.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Foreign currency risk *(Continued)*

There are limited hedging instruments available to the Group to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. The Group may decide to enter into hedging transactions in the future and management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised monetary assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2023		2022	
	US$	**RMB**	US$	RMB
	HK$'000	**HK$'000**	HK$'000	HK$'000
Trade and other receivables	**6,225**	**483**	4,847	194
Bank balances and cash	**6,412**	**–**	17,052	1
Trade and other payables	**(5,793)**	**(864)**	–	(1,377)
Overall net exposure	**6,844**	**(381)**	21,899	(1,182)

The directors of the Company consider that the Group is exposed to minimal currency risk as HK$ is pegged to US$ which is the functional currency of certain group entities.

The following table demonstrates the sensitivity to a reasonably possible changes in the exchange rates, with all other variables held constant, of the Group's loss after tax.

	2023		2022	
	Increase/ (decrease) in rates	**Increase/ (decrease) in loss after tax HK$'000**	Increase/ (decrease) in rates	Increase/ (decrease) in loss after tax HK$'000
If RMB strengthens against HK$	**3%**	**(10)**	3%	(30)
If RMB weakens against HK$	**–3%**	**10**	–3%	30

(b) Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bank balances, other receivables, and loan and interest receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the settlement of certain trade receivables is backed by bills issued by reputable financial institutions. The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade and other receivable balances are monitored on an ongoing basis to ensure that follow-up action is taken to recover overdue debts and the Group's exposure to bad debts is not significant. The Group's maximum exposures to credit risk are the carrying amounts of trade receivables, as disclosed in note 20 to the consolidated financial statements. In addition, the Group reviews the recoverable amount of each individual debtor at the end of the reporting period to ensure that adequate impairment losses have been made for irrecoverable amounts.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

Credit risk arising from trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of reporting period, 10% (2022: 7%) and 39% (2022: 32%) of the total trade receivable were due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2023 and 2022:

	2023			2022		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Trade receivables						
Current (not past due)	1.56%	21,093	328	0.12%	27,782	34
1–180 days past due	5.69%	6,731	383	6.29%	14,616	919
181–365 days past due	92.35%	340	314	100%	2,783	2,783
More than 365 days past due	100%	11,192	11,192	100%	6,167	6,167
		39,356	12,217		51,348	9,903

Expected credit loss rates are based on actual loss experience over the past years, taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

Credit risk arising from trade receivables *(Continued)*

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	Trade receivables HK$'000
Balance at 1 January 2022	1,999
Impairment losses recognised during the year	7,904
Balance at 31 December 2022 and 1 January 2023	**9,903**
Impairment losses recognised during the year	**2,314**
Balance at 31 December 2023	**12,217**

For other receivables, in order to minimise the credit risk, directors of the Company continuously monitor the settlement status and the level of exposure to ensure that follow-up action is taken to recover overdue debts. For the purposes of internal credit management, the Group uses past due information and external credit rating to assess whether credit risk has increased significantly since initial recognition. In the opinion of the directors of the Company, the internal credit rating of other receivables is at low risk. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on ECL. The Group assessed that the ECL on other receivables and deposits with a total gross carrying amount of HK$34,812,000 as at 31 December 2023 (2022: HK$32,691,000) and recognised impairment loss allowance of HK$166,000 (2022: HK$Nil).

Credit risk arising from bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. Therefore, the ECL on bank balances is considered to be insignificant.

Credit risk arising from loan and interest receivables

The directors of the Company regularly review and assess the credit quality of the counterparties. The Group uses lifetime ECL to assess the loss allowance of loan and interest receivables. Since these receivables are assessed as good credit quality, are not past due, and have no historical default record, the directors consider that the Group's credit risk in not significant after considering the financial background and condition of the counterparties. Accordingly, the directors of the Company consider to recognise the ECL for loan and interest receivables amounted to HK$2,729,000 (2022: Nil).

(c) Liquidity risk

The Group managed the risk by matching the raising of loans or equity funding to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Weighted average interest rate	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 December 2023						
Trade payables	–	17,961	–	–	17,961	17,961
Other payables	–	34,040	–	–	34,040	34,040
Lease liabilities	5.19%	15,499	10,366	4,529	30,394	28,565
Amount due to a director	–	94,392	–	–	94,392	94,392
Amount due to a shareholder of the Company	–	18,658	–	–	18,658	18,658
Bank and other borrowings	5–8%	167,712	194,108	–	361,820	356,344
		348,262	204,474	4,529	557,265	549,960

	Weighted average interest rate	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 December 2022						
Trade payables	–	28,319	–	–	28,319	28,319
Other payables	–	37,510	–	–	37,510	37,510
Lease liabilities	5%	12,705	2,963	–	15,668	14,901
Amount due to a director	–	95,533	–	–	95,533	95,533
Amount due to a shareholder of the Company	–	11,000	–	–	11,000	11,000
Bank and other borrowings	5–12%	192,153	22,972	169,567	384,692	380,113
		377,220	25,935	169,567	572,722	567,376

The amounts disclosed in the table are the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the balance sheet date.

Although the Group has a considerable amount of financial liabilities to be settled within the next twelve month from the end of the reporting period, the directors of the Company are of the view that the Group can manage the associated liquidity risks taking into account the financial resources and the Group's cash flow projections. The Group has developed and implemented the liquidity plans, as described in note 1(b), to address the going concern issue.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(d) Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate cash at bank. The Group's cash flow interest rate results mainly from the fluctuations of market interest rates. The directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant. The Group is exposed to fair value interest rate risk in relation to fixed-rate loan and interest receivables, lease liabilities and other borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2023 HK$'000	2022 HK$'000
Interest income		
Financial assets at amortised cost	**1,628**	2,475

Interest expense on financial liabilities not measured at FVTPL:

	2023 HK$'000	2022 HK$'000
Interest expense		
Financial liabilities at amortised cost	**7,432**	21,652

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, sell assets to reduce debt or raise funding through capital markets as necessary.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the consolidated financial statements plus net borrowings.

	2023 HK$'000	2022 HK$'000
Total borrowings	**356,344**	380,113
Less: Cash and cash equivalents	**(34,493)**	(128,098)
Net borrowings	**321,851**	252,015
Total equity	**21,073**	283,509
Total capital	**342,924**	535,524
Gearing ratio	**94%**	47%

The increase in the gearing was resulted primarily from the increase of net borrowings and decrease of total equity during the year ended 31 December 2023.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Financial assets at fair value through profit or loss		**14,887**	22,946
Investments in subsidiaries	(a)	**80**	80
Total non-current assets		**14,967**	23,026
Current assets			
Prepayments and other receivables		**302**	302
Amounts due from subsidiaries	(a)	**72,903**	156,935
Amount due from a director		**179**	179
Cash and cash equivalents		**1,590**	9,194
Total current assets		**74,974**	166,610
Current liabilities			
Other payables and accruals		**7,604**	4,530
Loan from a subsidiary		**1,669**	1,651
Amounts due to subsidiaries		**81,516**	80,806
Total current liabilities		**90,789**	86,987
Net current (liabilities)/assets		**(15,815)**	79,623
Net (liabilities)/assets		**(848)**	102,649
Equity			
Share capital	30	**112,238**	112,238
Deficits	(b)	**(113,086)**	(9,589)
Total (deficit)/equity		**(848)**	102,649

Wang Liang
Director

Du Dong
Director

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

(a) During the year ended 31 December 2023, impairment loss on amounts due from subsidiaries of HK$84,522,000 (2022: reversal of impairment loss on amounts due from subsidiaries of HK$847,000) was recognised.

(b) A summary of the Company's deficits is as follows:

	Share premium account HK$'000 (note 31(a))	**Contributed surplus** HK$'000 (note 31(c))	**Share option reserve** HK$'000 (note 31(d))	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2021	1,907,658	13,387	44,810	(1,954,726)	11,129
Total comprehensive loss for the year	–	–	–	(27,577)	(27,577)
Equity settled share-based transactions	–	–	6,859	–	6,859
Share option lapsed	–	–	(5,369)	5,369	–
At 31 December 2022 and 1 January 2023	1,907,658	13,387	46,300	(1,976,934)	(9,589)
Total comprehensive loss for the year	**–**	**–**	**–**	**(106,084)**	**(106,084)**
Equity settled share-based transactions	**–**	**–**	**2,587**	**–**	**2,587**
Share option lapsed	**–**	**–**	**(9,485)**	**9,485**	**–**
At 31 December 2023	**1,907,658**	**13,387**	**39,402**	**(2,073,533)**	**(113,086)**

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation on 29 December 2011 over the previous nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda, a company may make distributions to its members out of the contributed surplus in certain circumstances.

40. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2023 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal Activities
Apex Capital Business Limited	BVI	Ordinary US$100	100 (2022: 100)	–	Investment holding
Era Bright Limited	Hong Kong	Ordinary HK$99,844,885 (2022: HK$93,844,885)	–	67.63 (2022: 73.45)	Money lending
Qualipak Manufacturing Limited	Hong Kong	Ordinary HK$100 Non-voting deferred HK$22,303,857^	–	67.63 (2022: 73.45)	Manufacture and sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units
Joy Forever Limited	Hong Kong	Ordinary HK$1	–	100 (2022: 100)	Provision of corporate management services
Shanghai TY Technology Co. Ltd. *# (上海透雲物聯網科技有限公司)	PRC	Registered RMB600,000,000 and paid up RMB302,451,020	–	100 (2022: 100)	Provision of QR codes on product packaging and business intelligence IT solutions, and online advertising display services
TY Technology (Beijing) Co., Ltd.* 透雲物聯網科技(北京)有限公司)	PRC	Registered and paid-up RMB62,000,000	–	100 (2022: 100)	Provision of QR codes on product packaging
Victor Choice Global Limited	BVI	Ordinary US$200	–	100 (2022: 100)	Investment holding
Shanxi Touyun Biotechnology Co., Ltd. 山西透雲生物科技有限公司*#	PRC	Registered and paid up USD12,000,000	–	100 (2022: 100)	Production and sale of Chlamydomonas reinhardtii, micro-algae and related products

Notes:

Registered as a wholly-owned foreign enterprise under the PRC law

* Direct translation from the Chinese name which is for identification purposes only

^ The non-voting deferred shares have restricted rights on the distribution of profits, capital and voting

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

Five-Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below.

RESULTS

The summary of the consolidated results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, has been extracted from the published audited financial statements.

	Years ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from sales of goods and services rendered	**198,032**	323,334	291,415	218,805	329,979
Revenue from treasury investment					
Fair value (losses)/gains on financial assets at fair value through profit or loss held for trading, net	**(894)**	(9,899)	(25,143)	(14,205)	10,074
Interest income from money lending business	**1,502**	2,390	3,178	1,745	1,250
Dividend income from financial assets at FVTPL held for trading	**–**	–	411	170	1,393
Interest income from margin financing	**–**	–	12,672	262	–
Commission and service income	**–**	–	972	9	–
Loss before tax	**(272,585)**	(199,183)	(122,970)	(171,983)	(194,896)
Income tax credit/(expense)	**16**	(3,473)	(971)	(6)	(4,213)
Loss for the year	**(272,569)**	(202,656)	(123,941)	(171,989)	(199,109)
Attributable to:					
Owners of the Company	**(268,939)**	(198,065)	(72,948)	(168,776)	(200,513)
Non-controlling interests	**(3,630)**	(4,591)	(50,993)	(3,213)	1,404
	(272,569)	(202,656)	(123,941)	(171,989)	(199,109)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**607,340**	887,697	1,024,728	971,940	886,401
Total liabilities	**(586,267)**	(604,188)	(537,683)	(415,571)	(341,834)
Non-controlling interests	**(21,921)**	(19,550)	(17,128)	(68,326)	(3,362)
	(848)	263,959	469,917	488,043	541,205