透雲生物
Ty Biotech

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

2024
Annual Report

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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

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court
22 Victoria Street
PO Box HM1179
Hamilton HMEX
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

Chairman's Statement

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 2024.

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

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

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

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

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.

In 2024, Chlamydomonas reinhardtii produced by the Group has expanded into new application scope and area such as vegan fish, shrimp, and plant-based milk after the Notice No. 0009 of Wei Shi Xin Zhong Zi [2024] from the National Health Commission (國家衛生健康委員會衛食新終字[2024]第0009號通知) was obtained regarding to the white strain of Chlamydomonas reinhardtii.

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 2025, we will be launching a variety of new products using the green and white strain of Chlamydomonas reinhardtii designed to meet the diverse needs of our customers. These initiatives are designed to enhance customer experiences, drive operational efficiency, and solidify our position as a leader in the industry, 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, 26 March 2025

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 40 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 2024, the Group recorded revenue of approximately HK$160.0 million (2023: HK$198.6 million), representing a decrease of approximately 19.4% as compared to the last year. The decrease in turnover was primarily attributable to the decrease in sales orders.

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

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

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

QR code business

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

Packaging products business

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

Treasury investment business

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

Chlamydomonas reinhardtii products business

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

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

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

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

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's financial position was actively and regularly reviewed throughout the year. As at 31 December 2024, the Group had outstanding (i) approximately HK$297.4 million (2023: HK$280.2 million) unsecured other borrowings and approximately HK$68.7 million (2023: HK$76.2 million) secured bank borrowings, bearing interest ranging from 0.29%–1% per month (2023: 0.42%–0.67% per month), repayable within one to two years (2023: one to two years) and denominated in Renminbi ("RMB") and Hong Kong dollars ("HK$"); (ii) amount due to a Director of approximately HK$97.2 million (2023: HK$94.4 million) which was unsecured, interest-free and repayable on demand; and (iii) amount due to a Shareholder of the Company of HK$24.6 million (2023: HK$18.7 million) which was unsecured, interest-free and repayable on demand. As at 31 December 2024, the Group had cash balances amounting to approximately HK$16.3 million (2023: HK$34.5 million). The gearing ratio (net borrowings to total capital) was approximately 113% (2023: 94%). The increase of gearing ratio was primarily due to net loss incurred by the Group.

* for identification purpose only

SHARE CAPITAL

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

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

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

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

CONTINGENT LIABILITIES

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

FINANCE LEASE OBLIGATIONS

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

FOREIGN EXCHANGE RISK

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

EMPLOYEES

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

SUBSEQUENT EVENTS

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

CHANGE OF ADDRESS OF BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 1 January 2025 the Company's Bermuda principal share registrar and transfer office has been changed to Appleby Global Corporate Services (Bermuda) Limited at Canon's Court, 22 Victoria Street, PO Box HM 1179, Hamilton HM EX, Bermuda. Meanwhile, the Company's branch share registrar and transfer office in Hong Kong is still maintained by Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harbour Road, Hong Kong.

UPDATE ON USE OF PROCEED IN RELATION TO FUND RAISING ACTIVITIES

The Company would like to provide an update in respect of the use of the net proceeds in relation to the past fund raising activities as at 31 December 2024:

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

	Intended use of proceeds	Actual use of proceeds
(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 2025 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.

SIGNIFICANT INVESTMENT HELD

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

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

Notes:

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

(a) Based on its interim report for six months ended 30 September 2024.

(b) Based on its management accounts for year ended 31 December 2024.

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

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

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

EXECUTIVE DIRECTORS

Mr. WANG Liang, aged 40, 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 39, 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.

Directors' Profile

NON-EXECUTIVE DIRECTORS

Mr. CHEN Hui, aged 61, 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 33, 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 41, 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 39, 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*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEUNG Wing Ping, aged 58, 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 independent non-executive director of China Shandong Hi-Speed Financial Group Limited (stock code: 412) from April 2015 to May 2020 and 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 68, 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 was an independent non-executive director of International Entertainment Corporation (stock code: 1009) from 15 May 2017 to 31 March 2022 and an independent non-executive director of Esprit Holdings Limited (stock code: 330) from 13 December 2021 to 28 February 2025 respectively. The shares of these companies are listed on the Main Board of the Stock Exchange.

Mr. TO Shing Chuen, aged 74, 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 51, 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.

Directors' Report

The Directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2024.

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 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 42 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Company and of the Group as at 31 December 2024 are set out in the financial statements on pages 81 to 84.

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: 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 170. 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 32 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 2024 are set out in note 29 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 2024, 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 39.2% of total revenue for the year and sales to the largest customer included therein amounted to approximately 15.1%. Purchases from the Group's five largest suppliers accounted in the aggregate for approximately 58.3% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 31.8%.

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 36 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' Report

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, Ms. Tian Yuze, Mr. Jia Wenjia, Mr. Cheung Wing Ping and Mr. Hu Guohua 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 2024, the Group had a total of approximately 487 (2023: 568) 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 2024 and 2023 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$69.0 million (2023: HK$70.4 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 34 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 31 December 2024, 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	620,300,000	22.11
Mr. Du Dong (Note 2)	Beneficial owner	3,500,000	0.12
Mr. Cheung Wing Ping (Note 2)	Beneficial owner	500,000	0.02
Mr. Ha Kee Choy Eugene (Note 2)	Beneficial owner	500,000	0.02
Mr. To Shing Chuen (Note 2)	Beneficial owner	500,000	0.02
Mr. Hu Guohua (Note 2)	Beneficial owner	500,000	0.02
Mr. Zhang Lele (Note 2)	Beneficial owner	3,500,000	0.12
Ms. Tian Yuze	Beneficial owner	145,805,135	5.20
Mr. Jia Wenjie	Beneficial owner	1,000,000	0.04

Note:

1. The 620,300,000 shares included 2,800,000 share options granted to Mr. Wang Liang under the share option scheme of the Company on 30 September 2024, which will be vested on 1 January 2026. 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.

2. The interest held by these directors represents the share options granted to the Directors under the share option scheme of the Company on 30 September 2024, which will be vested on 1 January 2026.

Save as disclosed above, as at 31 December 2024, 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 34 to the consolidated financial statements.

As at 1 January 2024 and 31 December 2024, the total number of share options available for grant under the Share Option Scheme were 280,595,214 and 1,595,214, respectively.

The number of shares which were issued or may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 December 2024 divided by the weighted average number of shares of the relevant class in issue for the year ended 31 December 2024 is 9.94%.

As at the date of this report, an aggregate of 356,218,000 shares, representing approximately 12.69% 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 69,605,500 shares are immediately exercisable and issuable, representing approximately 2.48% of the total number of issued shares as at the date of this report, and 286,612,500 shares will be exercisable and issuable upon fully vested of share options, representing approximately 10.21% of the total number of issued shares as at the date of this report.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 December 2024, 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 (Note 1)	Beneficial owner	620,300,000	22.11
Ms. Qiao Yanfeng (Note 2)	Interest in controlled corporations	150,000,000	5.35
Mr. Qin Fen	Beneficial owner	197,470,000	7.04
Ms. Tian Yuze	Beneficial owner	145,805,135	5.20

Note:

1. The 620,300,000 shares included 2,800,000 share options granted to Mr. Wang Liang under the share option scheme of the Company on 30 September 2024, which will be vested on 1 January 2026.
2. 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 2024, 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.* 必瑩信息科技(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 2024 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, 26 March 2025

* *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 2024 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 and one independent non-executive director did not attend the annual general meeting of the Company held on 7 June 2024 ("2024 AGM") due to other business engagement. The Company considers that the members of the Board who attended the 2024 AGM were able to sufficiently answering questions from shareholders at the 2024 AGM.

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

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 2024:

Name of Directors	Board meeting	Annual General Meeting	Extraordinary General Meeting
Executive Directors			
Wang Liang *(Chairman)*	3/4	1/1	0/0
Du Dong	4/4	1/1	0/0
Non-executive Directors			
Chen Hui	1/4	0/1	0/0
Tian Yuze	3/4	1/1	0/0
Zhang Lele	3/4	1/1	0/0
Jia Wenjei	3/4	1/1	0/0
Independent Non-executive Directors			
Cheung Wing Ping	4/4	1/1	0/0
Ha Kee Choy Eugene	4/4	1/1	0/0
To Shing Chuen	4/4	0/1	0/0
Hu Guohua	4/4	1/1	0/0

Save for regular Board meetings held during the year ended 31 December 2024, 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 2024. 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	2/2

The major work performed by the Audit Committee during the year ended 31 December 2024 included, amongst other things, the following:

- reviewing the annual results of the Group for the financial year ended 31 December 2024 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 2024; 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 2024, 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 one meeting during the year ended 31 December 2024. Details of the attendance of the committee members are as follows:

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

The remuneration of the Directors, being the senior management of the Company, by band for the year ended 31 December 2024 is set out below:

Remuneration band	Number of persons
Not more than HK$1,000,000	7
HK$1,000,001–HK$2,000,000	2
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 one meeting during the year ended 31 December 2024. Details of the attendance of the committee members are as follows:

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

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 2025. 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 54.2% 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$1.87 million, of which approximately HK$1.53 million was for audit services and approximately HK$0.34 million was for non-audit services including tax and consultancy services.

COMPANY SECRETARY

On 1 November 2022, Ms. Li On Lok ("Ms. Li") , an external services provider, has been appointed as the Company Secretary of the Company. Her primary contact person at the Company is Mr. Du Dong, the executive Director of the Company. 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, 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 40 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 2024.

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 79 to 80.

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 2024 ("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 2024 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 2024 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 2024.

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 2025, the Group is actively negotiating with banks/lenders before they fall due to secure their renewals so as to ensure that the necessary funds 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$121,824,000 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 2024.

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.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Introduction to the Report

This is the Environmental, Social and Governance Report ("ESG Report" or the "Report") of Touyun Biotech Group Limited ("Touyun" or the "Company") for the ninth consecutive year, which aims to disclose the ESG-related risks, management approaches and performance of Touyun (collectively, the "Group" or "the Group" or "we"). For details of corporate governance, please refer to page 21 of the Annual Report.

Scope of the Report

This Report focuses on disclosure of the Group's ESG performance for the period from 1 January 2024 to 31 December 2024 (the "Reporting Period", the "Year" or the "Current Year"). Unless otherwise stated, the contents of this Report cover the Group's businesses that are officially in operation, including the packaging products business in Zhongshan, the QR code business in Shanghai and Beijing, and the Chlamydomonas Reinhardtii products in Shanxi.

Reporting Standards

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Code (the "ESG Reporting Code")[1] set out in Appendix C2 to the Listing Rules on the Main board of The Stock Exchange of Hong Kong Limited ("SEHK") and based on the actual situation of the Group. The appendix of this Report provides an index to the ESG Reporting Code for the readers' quick reference.

Reporting Principles

This Report follows the ESG Reporting Code and adheres to the reporting principles of "Materiality", "Quantitative", "Consistency" and "Balance" to ensure a comprehensive and accurate presentation of the Company's ESG performance.

CHAIRMAN'S STATEMENT

To our shareholders, partners and all colleagues,

Amidst global economic and environmental challenges in 2024, Touyun Biotech Group remained on a steady path in fulfilling its ESG commitments. As the Chairman of the Group, I would like to express my sincere gratitude, on behalf of the Board, to all employees for their dedication, to our partners for their strong support, and to all sectors of society for their trust and supervision.

Over the past year, we have embedded the philosophy of "Quality First" into our entire business chain. The QR code business in Shanghai and Beijing strictly adhered to the ISO 9001:2015 international standard, leveraging intelligent coding technology and a full-process traceability system to ensure complete control and transparency from production to delivery. The Chlamydomonas Reinhardtii product business in Shanxi, a strategic focus of the Group, achieved a significant milestone during the Year — the successful completion of a comprehensive review of its HACCP quality management system by China Quality Mark Certification Group (中國方圓認證公司), further affirming our rigor and reliability in food safety risk control. In addition, our plant in Shanxi strictly complied with national food labelling and nutrition labelling standards while continuously optimising production processes to provide consumers with safe and healthy innovative food solutions.

At the administrative level, we have been enhancing our governance system with the goal of achieving "Efficiency and Compliance". We have established relevant codes of conduct for Directors and employees, strengthened anti-corruption training with full coverage, and implemented a transparent whistleblowing mechanism to foster a fair and ethical business environment. The packaging business in Zhongshan has instituted the "Customer Complaint Handling Process" to ensure prompt responses and closed-loop resolution. No major complaints were received during the Year, demonstrating our strong commitment to customer rights and interests and practical actions.

1 Formerly named as the Environmental, Social and Governance Reporting Guide

Environmental responsibility is an indispensable mission for Touyun. Our Shanxi Chlamydomonas Reinhardtii business has achieved 100% reuse of production wastewater through the application of condensate water recycling and wastewater treatment technologies, accomplishing the goal of "zero wastewater discharge". In strict compliance with the "Environmental Protection Management Regulations", we appointed professional institutions to monitor emissions of exhaust gas, noise, and sewage to ensure all indicators meet national standards. Moving forward, we will continue to promote the reduction of packaging materials and the recycling of resources, actively responding to the national "dual-carbon" strategy and injecting technological momentum into green development.

Looking into 2025, Touyun will further refine its ESG governance framework. In closely keeping abreast of policy and industry trends, we will strengthen environmental and social performance management, and work together to move toward a greener and more inclusive future.

Finally, we express our sincere appreciation to each colleague for their contributions and our partners for their trust. Touyun will always remain committed to innovation as our engine and responsibility as our foundation, so as to create long-term value for our shareholders, contribute our sustainability efforts to society, as part of our joint efforts to compose a new chapter in sustainable development!

Executive Director (Chairman)
Wang Liang

April 2025

SUSTAINABILITY GOVERNANCE

Board Statement

The Group is committed to operating in an environmentally and socially responsible manner to create long-term value. As the highest decision-making body on ESG matters, the Board is responsible for guiding and overseeing the Group's sustainable development direction. 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, prioritise and manage important ESG matters;

iv. to oversee the risks associated with material issues;

v. 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 presents an objective and fair view of 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 material impacts on them and actively respond to their concerns. Below is a list of stakeholders and their concerns (i.e., the prioritised 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 2024
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	• Promoted the use of QR code technology for the classification, recycling, and reuse of packaging materials • Passed the HACCP system certification review and strictly implemented food labelling standards • Average customer satisfaction of 97% • No product recalls due to safety and health reasons during the Year • 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 • Organisation of diversified employee activities
Suppliers	• Procurement of Raw Materials • Integrity	• Regular Examination	• Required suppliers to provide environmental compliance documents and conducted annual assessments • Updated the "Green Procurement Policy"

Stakeholders	Issues of concern	Communication channels	Actions taken by the Group in 2024
Shareholders/ Investors	• **Company Operations** • Corporate Governance • Risk Management • Intellectual Property Protection • Compliance	• Annual General Meeting • Financial Report • ESG Report	• Registered 7 computer software copyrights • Obtained a patent invention authorization • Established internal policies to protect intellectual property rights • Incorporated climate change into corporate risk management procedures and regularly assessed the related financial risks
Community	• Community Investment	• Volunteers • Caring for Community Activities • Voluntary Donation	• Donated RMB2,300 • 60 hours of volunteer activities • Participated in Sanjiao Town Charity Walk

GREEN DEVELOPMENT

Environmental Management

The Group considers environmental sustainability as a priority and is committed to enhancing the environmental performance by strictly adhering to applicable environmental laws and regulations. We adopt a slew of measures to improve energy efficiency and reduce emissions, striving to minimise its carbon footprint. The Group has developed its internal "Environmental Operation Control Procedures" to identify and control environmental factors in its operations and production processes, while regularly monitoring air, noise, wastewater, and waste emissions.

The Group's plant in Zhongshan has established a sound environmental management system and developed the "Environmental Management Manual" based on the ISO 9001:2015 and ISO 14001:2015 standards, which defines the management structure and responsibilities, and is subject to annual internal reviews to ensure the system's applicability and effectiveness.

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 organising 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 organising training
	• Assisting the senior officer of environmental management in conducting internal audits of the Company's Environmental Management System and organising relevant departments to prepare management review materials
Administration Department	• Responsible for identifying, obtaining and updating environmental laws, regulations and other applicable 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 tasks and organising the Company's designated emergency response plan

Response to Climate Change

Global climate change is posing unprecedented challenges to various industries. The Group has systematically advanced its climate response efforts across four core areas: "Governance, Strategy, Risk Management, and Metrics & Targets" by aligning with the framework recommended by the International Sustainability Standards Board (ISSB) and the Guidance on Climate Disclosures of the Hong Kong Stock Exchange, ensuring the effective implementation of all measures.

Governance

The Board is responsible for overseeing the Group's climate change governance, ensuring the effective operation of mechanisms for managing climate-related risks and opportunities. For details, please refer to the section headed "Sustainability Governance — Board Statement".

Strategy

Climate change presents multiple challenges to our business, including both physical and transition risks. Physical risks encompass acute risks such as an increased frequency of extreme weather events (e.g. hurricanes, heavy rainfall, floods, and extreme heat) as well as chronic risks like rising sea levels. These factors may result in asset damage, adverse effects on employee health, and higher maintenance costs. The Group proactively identifies and addresses potential risks associated with climate change.

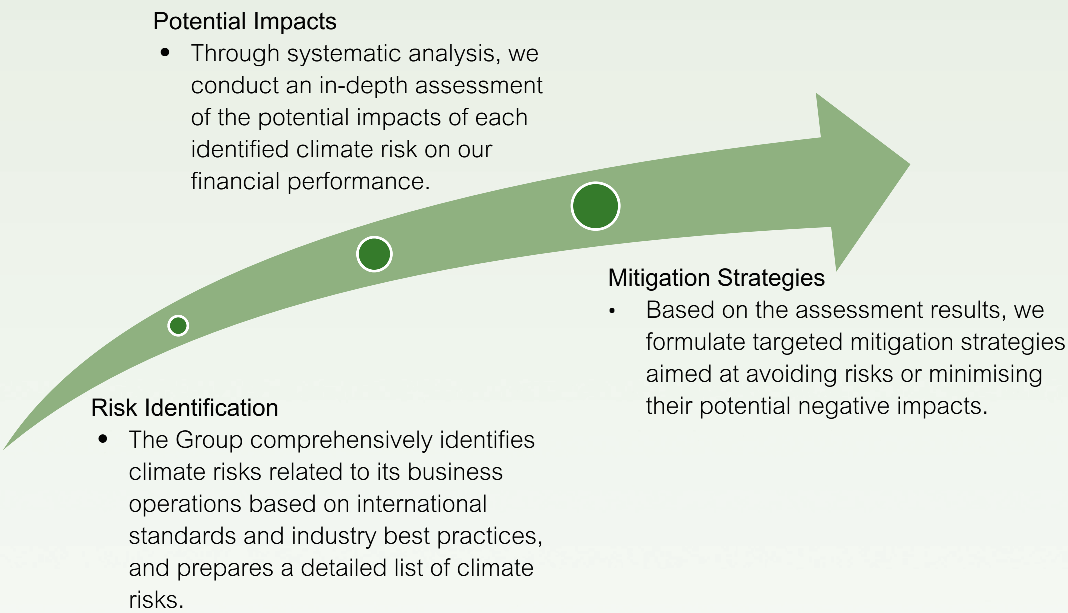
<table>
<tr><th>Risk Type</th><th>Risk Category</th><th>Potential Financial Impacts</th><th>Mitigation Strategies</th></tr>
<tr><td rowspan="5">Physical risks</td><td colspan="2">Acute risks</td><td rowspan="5">• Taking climate change into account in the location selection and design of new projects and facilities
• Incorporating climate change and extreme weather events into its corporate risk management processes and business continuity plans
• Ensuring that procedures and measures are in place to prevent or minimise damage caused by climate change and to take advantage of opportunities that may arise
• Adopting green measures in the Group’s operation, including waste reduction, energy and water conservation measures
• Conducting regular assessments of financial and other risks and opportunities associated with climate change to anticipate potential impacts and enhance business resilience</td></tr>
<tr><td>Rising frequency of extreme weather events (e.g. hurricanes, floods, etc.)</td><td>• Reduced revenue: Disruptions to production lines and office operations (such as water and power outages), affecting product delivery
• Increased operating costs: Damage to production lines and office facilities leading to increased maintenance costs and insurance costs</td></tr>
<tr><td colspan="2">Chronic risks</td></tr>
<tr><td>Rising average temperatures</td><td>• Increased operating costs: Higher expenditures on cooling systems and health protection measures
• Reduced revenue: Employees may suffer from heat stroke, and other illnesses under high temperature conditions, which may affect their work efficiency</td></tr>
<tr><td>Rising sea levels</td><td>• Decreased fixed assets: Damage to properties and land in coastal areas
• Increased expenditure: Costs for repairing damaged properties and land</td></tr>
</table>

<table>
<thead>
<tr><th>Risk Type</th><th>Risk Category</th><th>Potential Financial Impacts</th><th>Mitigation Strategies</th></tr>
</thead>
<tbody>
<tr><td rowspan="8">Transition risk</td><td colspan="2">Policy and regulatory risks</td><td rowspan="8">• Reporting climate-related risks and opportunities following established framework guidelines to ensure compliance with regulatory requirements and reduce compliance costs
• Incorporating climate change considerations in its procurement processes and encouraging the use of low or zero-carbon and energy-efficient products and materials
• Encouraging its employees, suppliers and customers to minimise carbon emissions in their daily business activities
• Ensuring that effective information and resources are available to enable monitoring and regular review of the impact of climate change on employees and business operations, meeting regulatory and market expectations
• Reducing carbon emissions in accordance with scientific and industry standards, aligning short- and medium-term targets with long-term commitments
• Strengthening communication with stakeholders to ensure climate response strategies align with market demands and societal expectations</td></tr>
<tr><td>Mandatory climate disclosure requirements</td><td>• Increased compliance costs: Stricter information disclosure requirements leading to higher compliance and audit expenses
• Increased legal expenses: Increased risk of claims or legal proceedings due to non-compliance</td></tr>
<tr><td>Tighter carbon emission regulations</td><td>• Increased emission reduction costs: Stricter carbon emission control standards require companies to invest more resources to comply with the regulations</td></tr>
<tr><td colspan="2">Technological risks</td></tr>
<tr><td>Low-carbon technology transition</td><td>• Increased costs: Higher investment in research and development for green technologies and products</td></tr>
<tr><td colspan="2">Market risks</td></tr>
<tr><td>Changing customer preferences</td><td>• Reduced revenue: Shift in consumer preference towards environmentally friendly products and services</td></tr>
<tr><td>Increasing raw material prices</td><td>• Increased production and procurement costs: Market supply and demand fluctuations driving up raw material (e.g. energy) prices</td></tr>
</tbody>
</table>

Risk Type	Risk Category	Potential Financial Impacts	Mitigation Strategies
	Reputational risks		
	Rising stakeholder expectations for environmental protection	• Reduced revenue: Failure to align with stakeholders' expectations for climate change response, resulting in reputational damage • Increased labour costs: Higher costs for recruiting and retaining outstanding employees	

Risk Management

The Group places great importance on the impacts of climate change on its financial performance and conducts regular assessments of related risks.

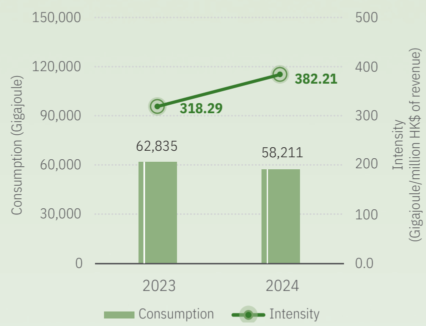


Metrics & Targets

Energy Consumption

The energy consumed by the Group mainly includes electricity and heating 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 58,211.08 GJ, with an energy consumption intensity of 382.21 GJ/million HK$ of revenue.

Total Energy Consumption and Intensity

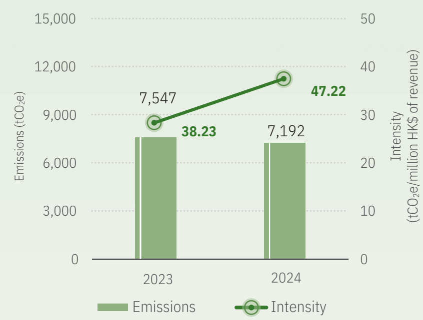


Greenhouse Gas Emissions

In order to effectively monitor the implementation of emission reduction measures and promptly improve our emission reduction plan, we closely monitor and measure carbon emissions from operations. The Group's greenhouse gas emissions during the Year 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 7,192.13 tCO_2e, including direct greenhouse gas emissions of approximately 18.79 tCO_2e and indirect greenhouse gas emissions of approximately 7,173.34 tCO_2e, with an emission intensity of 47.22 tCO_2e/million HK$ of revenue.

Greenhouse Gas Emissions and Intensity



Energy Conservation and Emission Reduction

The Group actively responds to the national dual-carbon policy and has promoted comprehensive energy conservation and emission reduction initiatives internally. The Group's 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 2025 compared to 2024

Emission reduction target

- The Company plans to reduce greenhouse gas emissions by approximately 2% in 2025 compared to 2024

To achieve these energy conservation and emission reduction targets, the Group strictly monitors energy consumption and strives to reduce it, thereby minimising greenhouse gas emissions. The Group's packaging business in Zhongshan has implemented the following key energy conservation measures:

Energy Conservation and Emission Reduction Measures	The Company regularly evaluates and summarises its energy conservation efforts to identify areas for improvement and strengthen management weaknesses, providing data support and a basis for future energy conservation work.
	In terms of energy management, the Company sets electricity consumption quotas, strictly monitors electricity consumption, and revises energy management policies in line with actual production and operational needs to ensure the effective implementation of energy-saving measures.
	The Company actively conducts training on energy conservation and emission reduction, strengthen publicity efforts, and fosters a culture of energy conservation and emission reduction through initiatives such as displaying energy-saving slogans within the Company.
	The Company actively advances technological upgrades by adopting high-efficiency, low-energy green lighting technologies, upgrading lighting systems, and phasing out outdated, inefficient electrical equipment to reduce electricity consumption and enhance energy efficiency.

RESOURCE MANAGEMENT

Packaging Materials

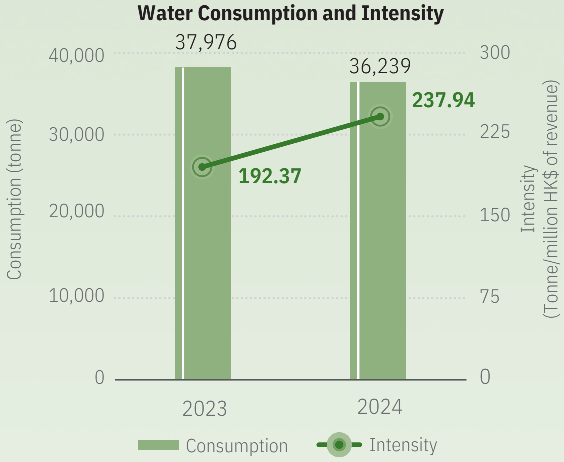
The packaging materials used by the Group are mainly plastic bags and cardboard boxes. During the Year, the Group consumed a total of approximately 5.02 tonnes of plastic bags, 90.95 tonnes of cardboard boxes, and 0 tonne of wooden boxes.

	Unit	2023	2024	Year-over-year change
Plastic bags	tonnes	1.86	**5.02**	+170%
Cardboard boxes	tonnes	122.01	**90.95**	–25%
Wooden boxes	tonnes	2.49	**0.00**	–100%
Tin cans	tonnes	5.55	**1.00**	–82%
Packaging straps	tonnes	0.01	**0.02**	+181%
Tapes	tonnes	0.02	**0.03**	+69%

Using 2020 as the base year, the Group has been continuously promoting the reduction of packaging materials while ensuring product quality and enhancing resource efficiency. Specific measures include reusing plastic transfer boxes, reducing paper consumption through online platforms, tracking packaging using QR code for sorting, recycling and reusing materials, and optimising designs to reduce the use of materials.

Water Resources Management

The Group uses water mainly for domestic and industrial purposes. During the Year, the Group consumed 36,239 tonnes of water in total, with a water consumption intensity of 237.94 tonnes/million HK$ of revenue. Zhongshan Company, a subsidiary of the Group, has set a water conservation target for 2025, aiming to achieve a 2% reduction in water consumption compared to this Year.



The Group recognises the preciousness of water resources and places great importance on water resource management, integrating the concept of water conservation into all aspects of its business operations. We have implemented multiple water-saving measures, including improving the utilisation rate of recycled water, identifying projects with water-saving potential, and enhancing our employees' awareness of water conservation by promoting the principle of "Pride in Conservation, Shame in Waste".

Furthermore, the Group regulates water consumption management across departments through internal promotion and incentive mechanisms, setting water consumption quotas to minimise unnecessary water consumption and ensure the sustainable utilisation of water resources.

Emissions Management

The Group places great importance on emissions management. The Group's plants in Shanxi and Zhongshan have strengthened their management of air emissions, sewage, solid waste, and noise through the implementation of the "Environmental Protection Management Regulations" and the "Environmental Operation Control Procedures", ensuring their emissions meet national and local standards. We conduct comprehensive monitoring of pollutant generation and adopt targeted measures for different pollution sources. During the Year, our plant in Zhongshan engaged a qualified third-party monitoring agency to conduct compliance assessments on wastewater, air emissions, and noise.

Sewage Treatment

The Group strictly adheres to relevant national laws, regulations and discharge permit management system, and has established a "Sewage Management Procedure" to regulate the discharge of industrial and domestic sewage, ensuring minimal environmental impact. The Group requires all departments 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 100% being discharged into the sewage network.

In addition, we promote clean production by reducing wastewater discharge volume and concentration while enhancing industrial wastewater treatment and reclaimed water reuse rates. During the Year, the Chlamydomonas Reinhardtii business in Shanxi successfully treated production wastewater for reclaimed water reuse in accordance with the requirements of environmental impact assessment and achieved zero wastewater discharge through condensate water recycling. To ensure the stable operation of the wastewater management system, the power maintenance department is responsible for managing and maintaining wastewater discharge facilities and underground rainwater drainage pipelines, ensuring compliance and operational efficiency.

Shanxi Chlamydomonas Reinhardtii Project — Sewage Treatment

- **Sewage Testing sewage treatment** — the "collection and pre-sedimentation device + acid neutralisation 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 to ensure compliance with discharge standards
- **Fermentation tank rinsing wastewater treatment** — 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. Finally, the effluent undergoes disinfection before discharge
- **Pure water equipment and recycling water tank drainage** — water is collected to be used for plant greening and road sprinkling to reduce dust, achieving resource recycling
- **Domestic sewage treatment** —After pre-treatment in the plant's septic tanks, domestic sewage is discharged into the municipal sewerage pipeline and ultimately undergoes centralized treatment at the municipal sewage treatment plant

Air Emissions

The Group is committed to the strict control of air emissions, ensuring a 100% compliance rate and eliminating any non-compliant 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 is as follows:

Type of exhaust gas	Unit	2023	2024	Year-over-year change
Sulphur oxides (SO_x)	Kg	0.10	**0.10**	+0.00%
Nitrogen oxides (NO_x)	Kg	9.73	**10.68**	+9.76%
Particulate matter (PM)	Kg	0.82	**0.91**	+10.98%

To reduce air emissions, the Group encourages employees to adopt green commuting practices, prioritising the use of public transport or bicycles whenever possible to reduce the frequency of Company vehicle usage, thereby minimising exhaust emissions.

Waste Management

The Group is committed to reducing the generation of non-hazardous waste from non-production activities and 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 prioritise the recycling of reusable materials 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

The Group further improved the "Hazardous Waste Disposal Record" to ensure accurate documentation and standardised management throughout the entire process of hazardous waste generation and disposal. During the Year, the Group generated a total of 0.30 tonnes of hazardous waste, including waste engine oil, waste halftone, and waste activated carbon; and a total of 3.36 tonnes of general waste, such as iron, paper waste and other scrap materials.

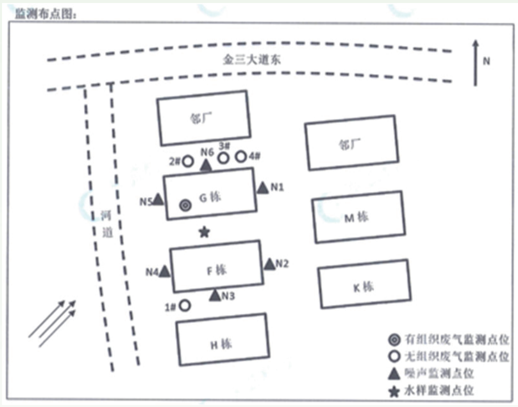
Noise control

Various production equipment and facilities of the Group generate noise during operations. In order to minimise the impact of industrial noise on the surrounding environment, we proactively implement multiple noise management measures.

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

Noise Monitoring in the Packaging Business in Zhongshan

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 four monitoring points (N1 to N4) 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).



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

1. Notify relevant departments and employees, activate the emergency response command system, check equipment and understand rectification
2. Notify on-site risk elimination group and emergency monitoring and inspection group to arrive as soon as possible, and bring necessary equipment for inspection
3. Handle emergency through on-site risk elimination group and emergency monitoring and inspection group, report on-site situation and arrangements
4. Identify reasons for incidents after screening in a timely manner, and summarize the lesson learnt from incidents

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 an emergency response working group , comprising sub-groups such as the risk elimination group, logistics support group, and communication & liaison group, to provide unified direction during emergencies. The working group is responsible for formulating emergency plans, organising emergency drills and exercises on a regular basis, conducting on-site command and handling of emergencies, and making timely response recommendations.

PEOPLE-ORIENTED

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, and has developed the "Social Responsibility Management Manual", which establishes policies governing child labour, forced labour, equal employment, anti-discrimination and harassment, and respect for human rights to regulate the following aspects:

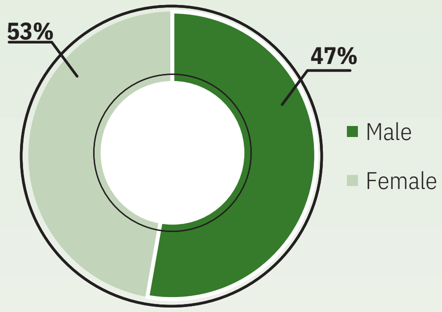
- Prohibit the use of child or forced labour and do not accept any suppliers or subcontractors who uses child or forced labour
- Respect the freedom of employees and workers and prohibit any form of forced labour
- Provide employees with safe and healthy working and living conditions to ensure their 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

Compliant Employment

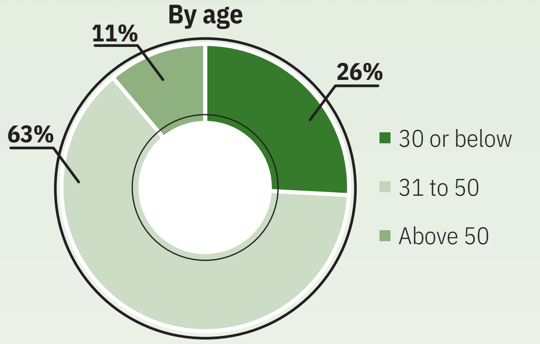
The Group conducted an internal inspection on legal employment during the Year to regulate employment practices such as recruitment, promotion and signing and termination of labour contracts, with the aim of protecting the legitimate rights of our employees. In an open recruitment approach, the Group adheres to the principle of treating all employees equally and fairly. The Group's packaging business in Zhongshan has explicitly stipulated that during the recruitment process, there shall be no discrimination, no withholding of original identification documents, and no collection of any employment fees. The Group also strictly implements the regulations on maternity leave and lactation leave for female employees to protect their rights and interests.

As of the end of the Year, the Group had a total of 430 employees, all of whom are from Mainland China. Please refer to the "Performance Data Summary" for details of employees.

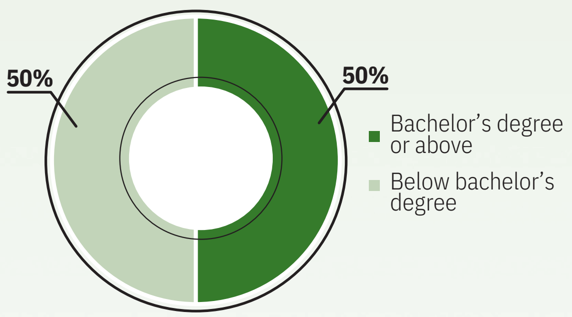
By gender



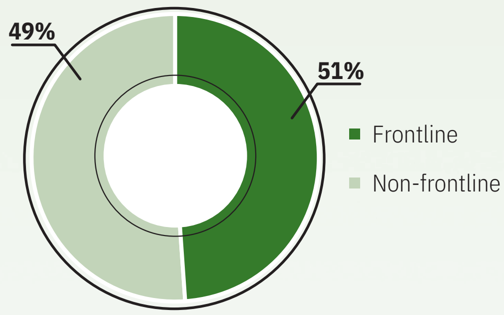
By age



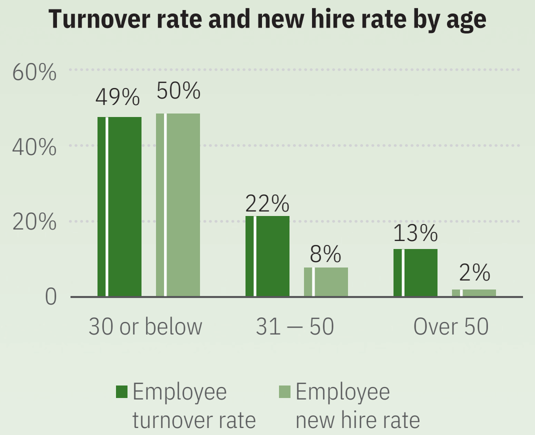
By education



By function



During the Year, the total turnover rate of the Group's employees was approximately 28% and the total new hire rate was approximately 18%. The following chart illustrates the turnover rate and new hire rate by age and gender:



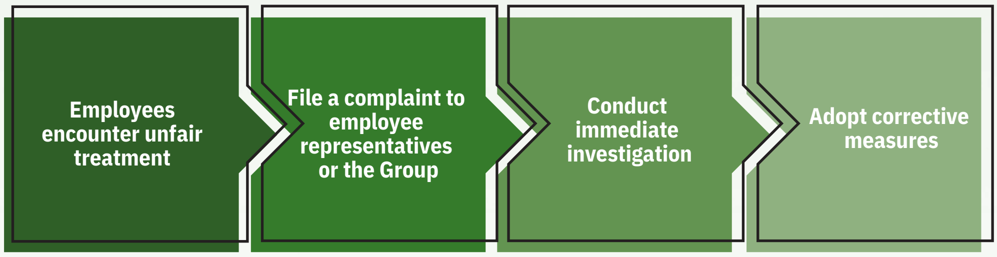
Diversity and Inclusion

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. The Group is committed to non-discrimination based on age, gender, marital or family status, pregnancy, disability, race, skin color, nationality, religious belief, or any other factors unrelated to work. We maintain a zero-tolerance policy towards any form of discrimination or harassment, ensuring the legitimate rights and interests of all employees are fully protected.

Employee Complaint

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



Employee Well-Being

Compensation and Benefits

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. In addition to remuneration, we provide employees with a comprehensive benefits system, including but not limited to insurance, welfare subsidies, paid holidays and long-term incentives, ensuring employees maintain a work-life balance.

Employee Care

The Group organises 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.

Employee Communication

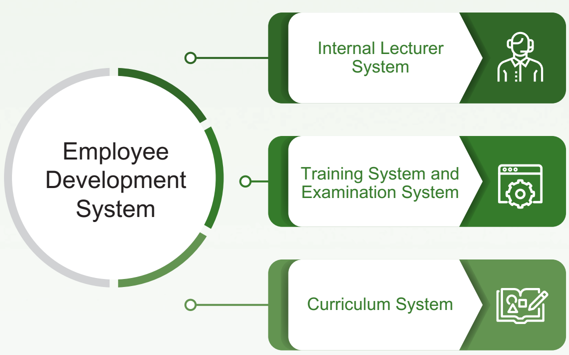
The Group encourages its employees to engage in an equal dialogue with the Company regarding any issues related to the Group or their work. The packaging business in Zhongshan regularly holds employee representative meetings, inviting employee representatives from different departments and at different levels to participate. These employee representatives are elected through democratic elections 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 Training and Development

The Group is committed to providing comprehensive career development support for its employees and has established a well-structured employee development system to ensure employees at different career stages receive appropriate learning and development opportunities. The system encompasses a curriculum system, training system, examination system, and internal lecturer system, and is further categorised 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.

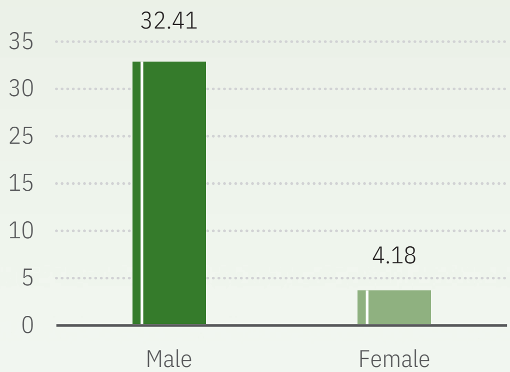


The Group has developed detailed training plans and offers a diverse range of training courses to promote horizontal and vertical growth, and tap into their potential.

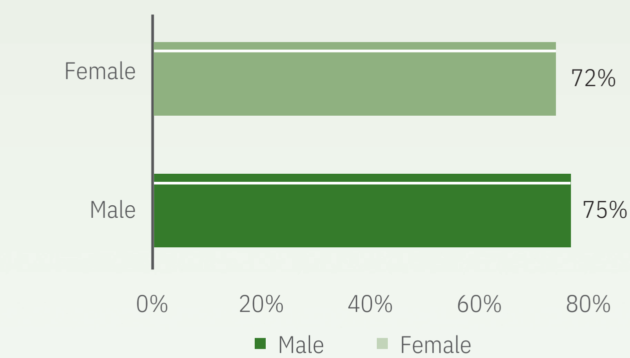
During the Year, the Group's Chlamydomonas Reinhardtii business in Shanxi organised multiple training sessions, including Chlamydomonas Reinhardtii knowledge training. To ensure training effectiveness, we assess course outcomes through questionnaires, written tests, on-site evaluations, and other methods, further enhancing employees' knowledge accumulation and practical application capabilities.

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

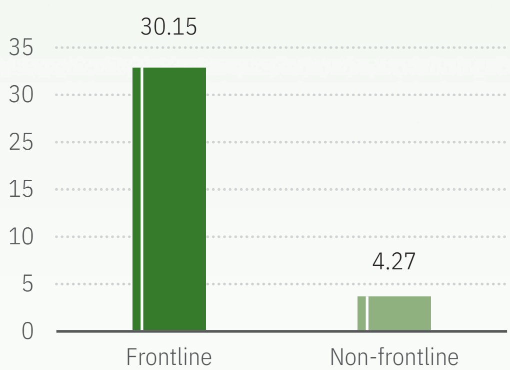
Average training hours of employees trained by gender (hours)



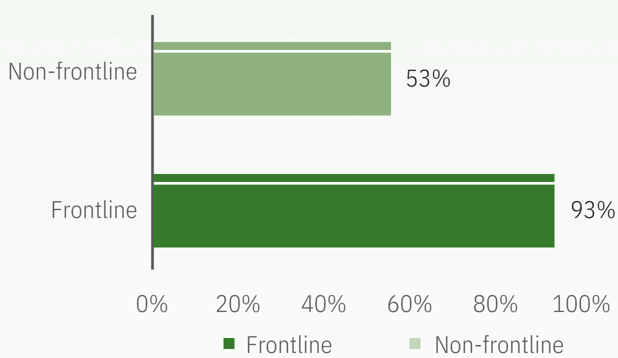
Percentage of employees trained by gender



Average training hours of employees trained by function (hours)



Percentage of employees trained by function



Occupational Health and Safety

Adhering to the policy of "safety first, prevention-oriented, comprehensive governance", the Group places the employee health and safety as a top priority. We are committed to fostering a safe and healthy working environment, strictly complying with relevant laws and regulations, and continuously optimising our safety management system to mitigate occupational safety risks and safeguard employees' physical and mental well-being.

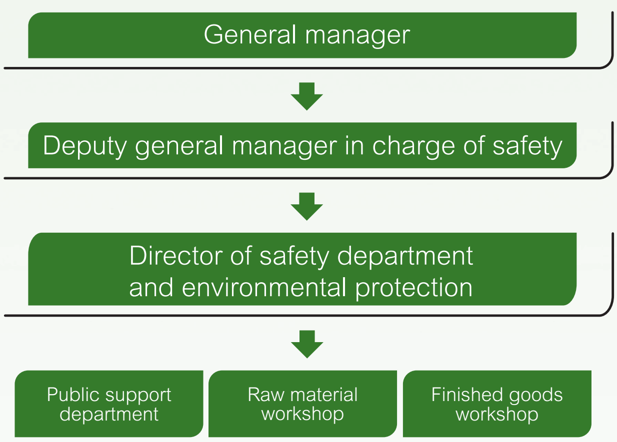
The Group has formulated and improved its internal regulations, including the "Occupational Hazard Prevention and Control Responsibility System", "Occupational Hazard Notification System" and "Occupational Hazard Prevention and Control Promotion and Education Training System". We have established an "Occupational Hazard System" and a "Production Safety Manual" with reference to the new version of the ISO 9001 standard. The "Occupational Hazard System" outlines the management requirements for occupational hazards notification, declaration, occupational health hazard prevention and control, occupational health publicity, education and training, and maintenance and repair of occupational hazard protection facilities. The "Production Safety Manual" covers the "Safety Code for All Employees", the "Safety Education System", the "Safety Review System", the "Safety Production Responsibility System", etc., along with protocols for handling casualty accidents, fire safety, hazardous materials management, and operational guidelines forklifts and elevators.

To further enhance the safety of personnel engaged in operations in confined space, the Group has implemented seven policies , 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", to standardise procedures from risk prevention to operational execution.

Occupational Safety and Health Governance Structure

The Group has established a health and hygiene management system for employees, and improved the basic system of occupational safety management. The organisational structure of safety management is led by the general manager, with coordinated oversight by 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, each responsible for implementing occupational safety measures within their respective departments. 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' Chlamydomonas Reinhardtii business in Shanxi has established the "Safety Organisation Setup and Personnel Allocation Management System". According to the system, a specialised 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 has kept occupational health records and occupational health surveillance files. The Group also arranges health examination for new employees and annual physical examination for all employees, and requires them to sign the "Health Notification Statement" at the same time, to ensure they are aware of their own health conditions, thereby reducing 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.

The Group remains committed to occupational disease prevention by conducting monthly workplace inspections to ensure the implementation of safety measures and rectifying potential hazards within a set timeframe. We engage professional technical institutions to conduct regular occupational hazard monitoring and assessments, with results made publicly available to ensure employees are informed of hazardous consequences in a timely manner. Warning signs are placed in key operational areas, and employees are provided with standard-compliant personal protective equipment, with strict enforcement of proper wear and usage through regular supervision and inspections to safeguard both employee health and work safety. In addition, we have implemented reliable preventive measures and emergency response plans, enhanced on-site supervision, and provided professional training for relevant personnel, aiming to minimise safety risks in confined space operations and reduce the likelihood of personal injury and property loss.

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 enhance employee health protection and further optimise occupational health management.

Occupational health and safety performance in the last three years

	2022	2023	2024
Number of work-related injuries	1	0	**1**
Percentage of work-related injuries (%)	0.2%	0	**0.2%**
Lost days due to work-related injuries	10	0	**13**
Work-related fatalities	0	0	**0**

Occupational Health and Safety Training

The Group organises annual training sessions for key personnel and management staff responsible for occupational health to ensure that they are well-versed in the latest regulatory requirements and preventive measures, with assessments conducted to verify their proficiency. Furthermore, to enhance the effectiveness of the training, we actively promote occupational disease prevention knowledge through pre-shift meetings, notice boards, safety awareness campaigns, and structured training sessions. We also increased efforts on promoting awareness of the Occupational Disease Prevention and Control Law and relevant laws and regulations.

During the Year, the packaging business in Zhongshan organised multiple occupational health and safety training sessions covering workplace safety risk prevention, proper use of personal protective equipment, chemical management, and the handling and storage requirements for hazardous substances. These training sessions further strengthened employees' safety awareness, enhanced their ability to identify and mitigate operational risks, and ensured that they could properly follow safety practices and implement various protective measures.

RESPONSIBLE ENTERPRISE

Product Responsibility

Quality Control

The Group upholds the mission of "Quality First", and regards product quality as the cornerstone of corporate sustainability. We continuously drive product innovation and upgrade to ensure the delivery of high-quality, stable and safe products. Notably, the quality management system of the Group's QR code business in Shanghai and Beijing has acquired ISO 9001:2015 certification. Meanwhile, our Shanxi factory strictly complies with GB7718 "General Rules for the Labelling of Pre-packaged Foods" and GB28050 "General Rules for Nutrition Labelling of Pre-packaged Foods" and has obtained both the Food Safety System Certification (FSSC) 22000 and HACCP system certification.

The Group has developed the Product and Service Control Management Procedures to monitor various factors that may affect product quality throughout the production lifecycle, while continuously optimising control measures to ensure consistent quality. Our production processes adhere to regulatory requirements and sustainable development standards, guaranteeing that product quality meets the highest standards. For example, at the Shanxi factory, a HACCP plan has been established for the production of Chlamydomonas Reinhardtii, conducting rigorous inspections at every stage to ensure compliance with food safety management requirements throughout the entire production process:

Inspection of raw materials, auxiliary materials and packaging materials upon arrival at the factory

Inspection of intermediate products during the production process

Physical, chemical, and microbiological testing of finished products before dispatch to ensure compliance with safety standards prior to market release

In addition, for the handling of non-performing products, we have established internal policies such as "Control Procedures for Non-performing Products" and "Control Procedures for Corrective and Preventive Measures" to standardise the disposal procedures for non-performing products. During the Year, there were no recalls of the Group's products for safety and health reasons.

When non-performing products are identified, the review team will 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, follow up on relevant issues, and revise and improve internal policies based on the review results.

Label and isolate non-performing products

Handle application and review non-performing products

Establish and implement corrective measures

Record and put forward policy modification

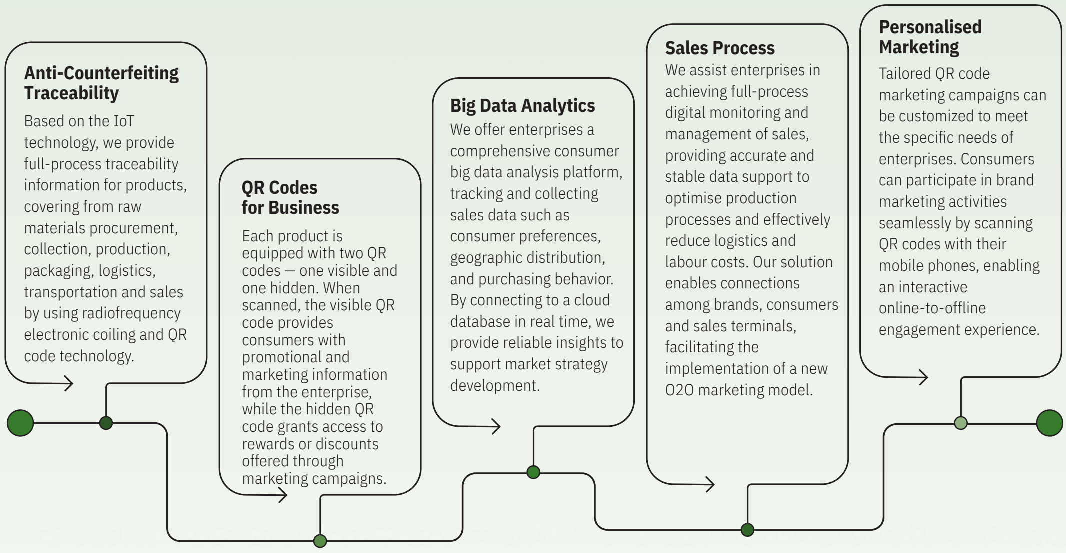
Procedures for Control of Non-conforming Products

In order to further improve the quality management system, the packaging business in Zhongshan has formulated and implemented the "Quality and Environmental Management Manual" to clearly define the standards and requirements for quality management. According to this manual, the General Manager is required to formulate quality management policies and objectives every Year, with the objectives further broken down and assigned to each department to ensure effective implementation. In addition, we conduct regular sampling and monitoring to ensure compliance with quality standards. If any non-conformities are identified, a root cause analysis will be conducted, followed by continuous improvement and optimisation measures.

Product Innovation

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

One-stop marketing solutions for QR code business



The Group continues to pioneer innovations in the field of Chlamydomonas Reinhardtii, developing new products such as noodles, stone cakes (石頭餅), and meal replacement powders, thereby expanding food application scenarios.

Protection of Intellectual Property

The Group places great importance on the protection of intellectual property rights and strictly complies with relevant national laws and regulations.[2] We actively establish a secure innovation system and have established internal policies such as the "Intellectual Property Management System" and the "Source Code Management Regulations". We will take legal action against any infringement of the Group's patents to safeguard technological innovation and internal research and development achievements.

During the Year, the QR code business in Shanghai and Beijing registered 7 computer software copyrights. All products manufactured at our plant in Shanxi have been registered with QR codes, and one invention patent has been granted: Chlamydomonas Reinhardtii Powder and Its Application in Wheat-based and Rice-based Food Products (《萊茵衣藻粉及其在面製、米製食品中的應用》).

Privacy Protection

To protect our customers' privacy rights and maintain information security, the Group has established the "Customer Property Management Procedures" and the "Procedures for Protecting Customer Confidentiality and Ownership" to clearly define the responsibilities of relevant personnel in confidentiality management. Through strict management, we prevent disclosure of customer information.

Division of responsibilities for customer privacy protection

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

We strictly follow the confidentiality regulations during the handover of samples and technical data. When the engineering department receives confidential documents, they must be clearly marked with a prominent "Confidential" label and stored in isolation. In addition, when sending inspection results, employees are required to process data without connecting to the Internet to prevent information leakage. At our plant in Shanxi, an automated privacy number is generated for online shipments, while contracts and orders for offline customers are archived in the Company's records room upon completion of transactions. At the same time, the QR code business in Shanghai and Beijing has obtained ISO 27001: 2013 Information Security Management System Certification to ensure that our data is properly protected.

Responsible Supply Chain

Supplier Management

The Group continuously enhances its supply chain management mechanism to ensure security, stability and material quality in the supply chain. The procurement business department is responsible for managing suppliers and enhances its control capability through regular assessments and monitoring. During the Year, the Group had established business relationships with 619 suppliers located in Mainland China.

To mitigate supply chain risks, the Group has developed a supplier management framework covering supplier selection, qualification certification, annual assessments and compliance monitoring to ensure that all collaborating suppliers meet the Company's requirements and minimise supply chain risks.

Supplier admission

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

Supplier annual review

- Led by the purchasing department, a cross-departmental team conducts on-site evaluations of suppliers' quality, engineering and other relevant capabilities
- Suppliers that are found to not meet our standard will receive corrective guidance
- 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 guidance for rectification
- Purchased materials which fail to meet the Company's specifications, will be dealt with according to the agreed requirements

Supplier Management Framework

In addition to the Group's unified supplier management policy, each business unit has also refined its supply chain management mechanism according to its own needs:

The packaging business in Zhongshan	The QR code business in Shanghai and Beijing	Chlamydomonas Reinhardtii business in Shanxi
• Formulate the "Supplier and Procurement Control Procedures", categorising suppliers into raw material suppliers, traders, and subcontractors while establishing a comprehensive supplier management framework. • The framework covers supplier selection, annual evaluations and regular management. • Conduct annual reviews on all suppliers, achieving a 100% review rate.	• Establish the "Suppliers and Procurement Control Procedures", requiring suppliers to provide quality management system certifications or production licenses. • Suppliers must pass sample testing requirements before being included in the supplier list. • Conduct regular supplier performance assessments to continuously evaluate their performance.	• Strictly implement the "Supplier Control Procedure" for suppliers of raw and auxiliary materials, covering qualification review, quality inspection, and warehousing management. • Regulate procurement workflow in accordance with the "Procurement Management System and Process". • Ensure that raw materials meet national food-grade standards and packaging materials comply with pharmaceutical-grade requirements. • Require suppliers to hold business licenses and production permits, and provide annual quality inspection and batch testing reports. • All incoming materials undergo stringent inspections and testing, and only those meeting standards receive the "Incoming Material Release Form".

Supplier Environmental and Social Risk Management

The Group has developed the "Supplier and Procurement Control Procedures" to conduct social responsibility assessments and third-party audits for all suppliers, ensuring their compliance with labour laws and social responsibility standards. A regulatory mechanism has been implemented to standardise the assessment process. Should any supplier be found engaging in child labour, forced labour, or other violations, cooperation will be terminated immediately. Suppliers who have obtained SA8000 certification or passed evaluations by internationally recognised purchasers may be exempt from certain review procedures.

Social Responsibility Evaluation and Review Procedures

The Group remains committed to green development and environmental protection. Each business unit of the Group also actively identifies potential environmental and social risks, and formulates corresponding policies and procedures to promote sustainable practices among suppliers while enhancing internal sustainability management.

The packaging business in Zhongshan

It has formulated and implemented the Social Responsibility Guidelines for Suppliers, "Procurement Policies and Procedures" and "Standards for Selection of Suppliers" to define supplier requirements regarding environmental and social responsibilities. The use of child labour is strictly prohibited, and suppliers must provide, a fair employment platform for employees of different genders, races and religions. In addition, 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

To ensure that suppliers adhere to the "Business Social Compliance Initiative (BSCI)" in practice and make continuous improvements according to the standards, we have developed the "Supplier and Procurement Control Procedures" . We maintain a dedicated social responsibility file for each supplier, containing documents such as social commitment responsibility letter, social responsibility assessment records, business license, social responsibility related certification, improvement plan and follow-up records to ensure that suppliers fulfil their social responsibility obligations.

Chlamydomonas Reinhardtii business in Shanxi

The "Green Procurement Policy" has been updated to reduce environmental impact and minimise natural resource consumption. All procurement activities must comply with environmental regulations and standards, prioritise the purchase of green materials that are cost-effective, and encourage the use of recycled, reusable, and environmentally friendly materials to alleviate environmental burdens.

Customer Service

Customer Satisfaction

The Group is customer-focused and committed to providing high-quality products and premium services to enhance customer satisfaction. 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 96% and the customer satisfaction rate for the Chlamydomonas Reinhardtii business in Shanxi reached 100%.

Customer Complaints

The Group requires relevant departments to maintain proactive communication with customers, and listen to their feedback and make timely adjustments. The packaging business in Zhongshan has established the "Customer Complaint Handling Process", which clearly states that the responsibilities of each department upon receiving customer complaints, including analysing causes, formulating and updating measures and implementing solutions. The Chlamydomonas Reinhardtii business in Shanxi maintains contact with customers through both online and offline channels to ensure effective communication and service delivery.

During the Year, the Group did not receive any material complaints about its products or services.

Anti-Corruption

Anti-Corruption Policy

The Group maintains a zero-tolerance approach towards any form of corruption and bribery, consistently adhering to relevant laws and regulations while upholding integrity and legal compliance in its operations. We have developed the "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 refrain from engaging in bribery, debt repayment on behalf of others, kickbacks, and other illegal activities.

To further strengthen internal controls, the Group has formulated the "Control Procedures on Anti-Corruption and Anti-Bribery" and the "Employee Misconduct Concern Policy". The "Control Procedures on Anti-Corruption and Anti-Bribery" apply to internal operations as well as all business partners, including customers, suppliers, service providers, and contractors, with a particular focus on areas and key positions with high corruption risks, aiming to mitigate potential risks through enhanced supervision and management. The Group also requires key personnel in relevant positions to sign the "Anti-Bribery/Anti-Corruption Commitment" and undertake to strictly comply with its requirements.

In addition, the Group firmly opposes unfair competition and requires all employees to sign the "Letter of Commitment to Legal Compliance and Employees' Commitment", undertaking to adhere to fair competition principles and ensure fairness and transparency in business operations. We remain steadfast in maintaining a culture of integrity in business practices and collaborate with partners to promote fair competition and sustainable development.

Anti-Corruption Supervision

The management department 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 comprehensive records of the actual situation of practising integrity. We have established a robust whistleblowing mechanism, including setting up a whistleblowing box for the prevention of commercial bribery and publicising the whistleblowing hotline to ensure unimpeded reporting channels and the effective functioning of the feedback mechanism. The management department also conducts both open and covert inspections across various departments from time to time to identify potential commercial bribery risk factors and study preventive measures.

Anti-Corruption Training

The Group regularly organises integrity training sessions aimed at strengthening our integrity culture and creating a clean and upright working environment. The Group's packaging business in Zhongshan has conducted anti-corruption and anti-bribery training for all employees, covering topics such as the Group's internal integrity supervision framework, corruption and anti-bribery principles, integrity, business ethics, confidentiality and ownership protection, as well as fair competition (anti-monopoly), etc., and oral examinations are conducted for assessment of the training effectiveness.

COMMUNITY INVESTMENT

The Group actively contributes to social welfare by organising and participating in various community and charitable activities. During the Year, the Group invested RMB2,300 in scholarships, donations, material contributions and project sponsorships. Our employees also participated in volunteer activities for a total of 60 hours, including employees from our plant in Zhongshan taking part in the Sanjiao Town Charity Walk and making donations.

APPENDIX

APPLICABLE 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, damage to the ecological environment 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 Labour 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 labour, nor was there any material penalty imposed for non-compliance with labour-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 • Advertising 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

		2024	2023
Environmental	**Resources Consumption**		
	Electricity (kWh)	5,654,868.00	3,676,586.80
	Gasoline (Liter)	7,063.36	6,828.62
	Total energy intensity (Gigajoule/million HK$ of revenue)	382.21	318.29
	Tap water (Tonne)	36,239.00	37,976.00
	Water intensity (Tonne/million HK$ of revenue)	237.94	192.37
	Greenhouse Gas Emissions		
	Total greenhouse gas emissions (tCO_2e)	7,192.13	7,546.70
	Direct emissions (Scope I) (tCO_2e)	18.79	18.17
	Indirect emissions (Scope II) (tCO_2e)	7,173.34	7,528.53
	Emission intensity (tCO_2e/million HK$ of revenue)	47.22	38.23
	Air Emissions		
	Nitrogen oxides (Kilogram)	10.68	9.73
	Sulfur oxides (Kilogram)	0.10	0.10
	Suspended particulate matter (Kilogram)	0.91	0.82
	Waste		
	Hazardous waste (Tonne)	0.30	0.17
	— General waste (recycled) (Tonne)	2.85	8.60
	— General waste (disposed) (Tonne)	0.51	0
	Intensity of general waste (Tonne/million HK$ of revenue)	0.022	0.044
	Packaging Materials		
	Plastic bags (Tonne)	5.02	1.86
	Cardboard boxes (Tonne)	90.95	122.01
	Wooden boxes (Tonne)	0.00	2.49
	Tins cans (Tonne)	1.00	5.55
	Packaging straps (Tonne)	0.02	0.01
	Tapes (Tonne)	0.03	0.02
	Intensity of packaging material (Tonne/million HK$ of revenue)	0.64	0.67

		2024	2023
Employees	**Total Number**	430	482
	Gender Distribution		
	Male	204	219
	Female	226	263
	Type of Employment Distribution		
	Full-time	429	482
	Part-time	1	0
	Function Distribution		
	Frontline	221	258
	Non-frontline	209	224
	Age Distribution		
	≤30	111	120
	31-50	272	317
	> 50	47	45
	Geographical Distribution		
	Zhongshan	181	210
	Shanghai	113	121
	Beijing	41	48
	Changzhi	95	103

		2024	2023
Employees	**Turnover — By Age**		
	Turnover Number		
	≤30	54	27
	31-50	61	46
	> 50	6	5
	Turnover Rate		
	≤30	49%	23%
	31-50	22%	15%
	> 50	13%	11%
	Turnover — By Gender		
	Turnover Number		
	Male	64	37
	Female	57	41
	Turnover Rate		
	Male	31%	17%
	Female	25%	16%
	New Hire — By Age		
	New Hires		
	≤30	55	43
	31-50	21	10
	> 50	1	1
	New Hire Rate		
	≤30	50%	36%
	31-50	8%	3%
	> 50	2%	2%

		2024	2023
Employees	**New Hire — By Gender**		
	New Hires		
	Male	51	33
	Female	26	21
	New Hire Rate		
	Male	25%	15%
	Female	12%	8%
	Employee Training Performance — By Gender		
	Percentage of Employees Trained		
	Male	75%	72%
	Female	72%	87%
	Average Training Hours		
	Male	32.41	32.12
	Female	4.18	26.14
	Employee Training Performance — By Function		
	Percentage of Employees Trained		
	Frontline	93%	100%
	Non-frontline	53%	57%
	Average Training Hours		
	Frontline	30.15	24.90
	Non-frontline	4.27	33.42

		2024	2023
Employees	**Occupational Safety and Health Training**		
	Total person-times of participating training courses	712	591
	Total training hours	672	560
	Occupational Safety and Health Performance		
	Number of work-related accidents	1	0
	Number of work-related injuries	1	0
	Lost days due to work-related injuries	13	0
	Work-related fatalities	0	0
Community	**Public Welfare Input**		
	Charitable donations (RMB ten thousand)	0.23	0.3
	Volunteer work (Hours)	60	65

CONTENT INDEX

Key Performance Indicators	ESG Reporting Code[3] 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, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) 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 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.	Scope of the Report

3 Formerly named as the Environmental, Social and Governance Reporting Guide

Key Performance Indicators	ESG Reporting Code[3] 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.		Green Development Appendix — Applicable Laws and Regulations
	KPI A1.1	The types of emissions and respective emissions data.	Green Development — Emission Management Appendix — Performance Data Summary
	KPI A1.2	Direct (Scope I) and energy indirect (Scope II) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development — Response to Climate Change Appendix — Performance Data Summary
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development — Emission Management Appendix — Performance Data Summary
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development — Emission Management Appendix — Performance Data Summary
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Development
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Development — Emission Management

Key Performance Indicators	ESG Reporting Code[3] Requirements		Section/Remarks
Aspect A2: Use of Resources	**General Disclosure** Policies on the efficient use of resources, including energy, water and other raw materials.		Green Development Appendix — Applicable Laws and Regulations
	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. per unit of production volume, per facility).	Green Development — Response to Climate Change Appendix — Performance Data Summary
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Development — Resource Management Appendix — Performance Data Summary
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Development — Response to Climate Change
	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.	Green Development — Resource Management Appendix — Applicable Laws and Regulations
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Development — Resource Management Appendix — Performance Data Summary
Aspect A3: Environment and Natural Resources	**General Disclosure** Policies on minimising the issuer's significant impact on the environment and natural resources.		Green Development Appendix — Applicable Laws and Regulations
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Development
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.		Green Development — 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.	Green Development — Response to Climate Change

Key Performance Indicators	ESG Reporting Code[3] 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.		People-Oriented Appendix — Applicable Laws and Regulations
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	People-Oriented — Compliant Employment Appendix — Performance Data Summary
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	People-Oriented — Compliant Employment Appendix — Performance Data Summary
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.		People-Oriented — Occupational Health and Safety Appendix — Applicable Laws and Regulations
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	People-Oriented — Occupational Health and Safety Appendix — Performance Data Summary
	KPI B2.2	Lost days due to work injury.	People-Oriented — Occupational Health and Safety Appendix — Performance Data Summary
	KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	People-Oriented — Occupational Health and Safety

Key Performance Indicators	ESG Reporting Code[3] 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.		People-Oriented — Employee Training and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	People-Oriented — Employee Training and Development Appendix — Performance Data Summary
	KPI B3.2	The average training hours completed per employee by gender and employee category.	People-Oriented — Employee Training and Development Appendix — Performance Data Summary
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.		People-Oriented Appendix — Applicable Laws and Regulations
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-Oriented
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-Oriented

Key Performance Indicators	ESG Reporting Code[3] Requirements		Section/Remarks
Aspect B5: Supply Chain Management	**General Disclosure** Policies on managing environmental and social risks of the supply chain.		Responsible Enterprise — Responsible Supply Chain
	KPI B5.1	Number of suppliers by geographical region.	Responsible Enterprise — Responsible Supply Chain
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Responsible Enterprise — Responsible Supply Chain
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Enterprise — Responsible Supply Chain
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Enterprise — Responsible Supply Chain
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.		Responsible Enterprise — Product Responsibility Appendix — Applicable Laws and Regulations
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Responsible Enterprise — Product Responsibility
	KPI B6.2	Number of products and service related complaints received and how they were dealt with.	Responsible Enterprise — Customer Service
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Responsible Enterprise — Product Responsibility
	KPI B6.4	Description of quality assurance process and recall procedures.	Responsible Enterprise — Product Responsibility
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Responsible Enterprise — Product Responsibility

Key Performance Indicators	ESG Reporting Code[3] Requirements		Section/Remarks
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.		Responsible Enterprise — Anti-Corruption Appendix — Applicable Laws and Regulations
	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.	Responsible Enterprise — Anti-Corruption
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Responsible Enterprise — Anti-Corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Enterprise — Anti-Corruption
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 (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

MOORE

Moore CPA Limited
1001-1010, North Tower,
World Finance Centre, Harbour City,
19 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong
T +852 2375 3180
F +852 2375 3828
www.moore.hk

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 81 to 169, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR DISCLAIMER OF OPINION

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

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the measures taken by the directors of the Company, as described in note 1(b) to the consolidated financial statements, which are subject to material uncertainties, including (i) the successful negotiations with the banks/lenders for the renewal of or extension for repayment of outstanding borrowings; (ii) the successful maintenance of relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings; (iii) the successful obtaining of additional new sources of financing as and when needed; (iv) successfully strengthening and implementing measures aiming at improving the working capital and cash flows of the Group, including closely monitoring the general administrative expenses and operating costs; (v) successful realisation of the Group's unlisted investments to increase the working capital as and when needed, to increase the Group's internally generated funds. We were provided with an analysis by the management in respect of the Group's going concern assessment. However, such analysis is not sufficiently detailed for us to assess the Group's plans and measures for future actions in the going concern assessment which takes into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the

Group. Accordingly, we have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of the management's use of the going concern basis of accounting in the preparation of the consolidated financial statements. Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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, 26 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue from treasury investment	5		
Fair value gain/(loss) on financial assets at fair value through profit or loss held for trading, net		**4,565**	(894)
Interest income from money lending business		**3,101**	1,502
Revenue from sales of goods and services rendered	5	**152,299**	198,032
Cost of sales		**(89,495)**	(142,036)
Gross profit		**62,804**	55,996
Provision for impairment loss on trade receivables, net	40(b)	**(2,838)**	(2,314)
Provision for impairment loss on other receivables, net		**(1,066)**	(166)
Reversal of/(provision for) impairment loss on loan and interest receivables	22	**1,598**	(2,729)
Other income, gains and losses, net	6	**(30,532)**	(174,834)
Selling and distribution expenses		**(15,439)**	(23,707)
Administrative expenses		**(100,453)**	(118,007)
Finance costs	7	**(10,106)**	(7,432)
Loss before tax	8	**(88,366)**	(272,585)
Income tax credit	11	**326**	16
Loss for the year		**(88,040)**	(272,569)
(Loss)/profit for the year attributable to:			
— Owners of the Company		**(88,107)**	(268,939)
— Non-controlling interests		**67**	(3,630)
		(88,040)	(272,569)
Loss per share attributable to owners of the Company			
— Basic and diluted	13	**HK(3.14) cents**	HK(9.58) cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

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

Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	14	**202,980**	218,379
Right-of-use assets	15	**77,196**	92,252
Intangible assets	16	**–**	–
Goodwill	17	**–**	–
Loan receivables	22	**188**	199
Financial assets at fair value through profit or loss	18	**95,902**	134,026
		376,266	444,856
Current assets			
Inventories	19	**24,585**	15,249
Trade receivables	20	**22,284**	27,139
Prepayments, contract costs, deposits and other receivables	21	**40,880**	41,509
Loan and interest receivables	22	**15,236**	42,551
Financial assets at fair value through profit or loss	18	**53,327**	1,543
Restricted bank deposits	23	**1,424**	–
Cash and cash equivalents	24	**16,317**	34,493
		174,053	162,484
Current liabilities			
Trade payables	25	**12,528**	17,961
Contract liabilities	26	**22,156**	18,883
Other payables and accruals	27	**49,697**	50,952
Margin loans payable	30	**2,164**	–
Lease liabilities	28	**10,129**	14,461
Bank and other borrowings	29	**339,318**	164,894
Amount due to a director	29	**97,192**	94,392
Amount due to a shareholder of the Company	29	**24,632**	18,658
Tax payable		**167**	512
		557,983	380,713
Net current liabilities		**(383,930)**	(218,229)
Total assets less current liabilities		**(7,664)**	226,627

Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Bank and other borrowings	29	**26,807**	191,450
Lease liabilities	28	**6,171**	14,104
		32,978	205,554
Net (liabilities)/assets		**(40,642)**	21,073
Equity			
Equity attributable to owners of the parent			
Share capital	32	**112,238**	112,238
Deficits	33	**(195,438)**	(113,086)
		(83,200)	(848)
Non-controlling interests	35	**42,558**	21,921
Total (deficit)/equity		**(40,642)**	21,073

Wang Liang
Director

Du Dong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Notes	Attributable owners of the parent									
		Issued capital HK$'000	Share premium account HK$'000 (note 33(a))	Capital reserve HK$'000 (note 33(b))	Contributed surplus HK$'000 (note 33(c))	Share option reserve HK$'000 (note 33(d))	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'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	(i)	–	–	–	–	–	–	(1)	(1)	6,001	6,000
Equity settled share-based transactions	34	–	–	–	–	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

	Notes	**Attributable owners of the parent**									
		Issued capital HK$'000	**Share premium account HK$'000 (note 33(a))**	**Capital reserve HK$'000 (note 33(b))**	**Contributed surplus HK$'000 (note 33(c))**	**Share option reserve HK$'000 (note 33(d))**	**Translation reserve HK$'000**	**Accumulated losses HK$'000**	**Total HK$'000**	**Non-controlling interests HK$'000**	**Total equity/ (deficits) HK$'000**
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**
Loss for the year		**-**	**-**	**-**	**-**	**-**	**-**	**(88,107)**	**(88,107)**	**67**	**(88,040)**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**-**	**541**	**-**	**541**	**-**	**541**
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**-**	**541**	**(88,107)**	**(87,566)**	**67**	**(87,499)**
Waiver of amount due to a shareholder of the Company		**-**	**-**	**2,145**	**-**	**-**	**-**	**-**	**2,145**	**-**	**2,145**
Partial disposal of subsidiaries	(ii) & (iii)	**-**	**-**	**-**	**-**	**-**	**-**	**(570)**	**(570)**	**20,570**	**20,000**
Equity settled share-based transactions	34	**-**	**-**	**-**	**-**	**3,639**	**-**	**-**	**3,639**	**-**	**3,639**
Share options lapsed		**-**	**-**	**-**	**-**	**(12,176)**	**-**	**12,176**	**-**	**-**	**-**
Transactions with equity shareholders		**-**	**-**	**2,145**	**-**	**(8,537)**	**-**	**11,606**	**5,214**	**20,570**	**25,784**
At 31 December 2024		**112,238**	**1,907,658***	**29,194***	**(34,425)***	**30,865***	**8,434***	**(2,137,164)***	**(83,200)**	**42,558**	**(40,642)**

* These accounts comprise the consolidated deficits of HK$195,438,000 (2023: deficits of HK$113,086,000) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Notes:

(i) On 24 November 2023, Era Bright Limited ("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.

(ii) On 29 November 2024, the Group disposed of 7.92% equity interest in Era Bright for a consideration of HK$5,000,000 to an independent third party. The disposal was completed on 3 December 2024 and had been accounted for as equity transaction. After the partial disposal, the Group's equity shareholding in Era Bright decreased from 67.63% to 59.71% and the Group retained its control in Era Bright as at 31 December 2024.

(iii) On 3 December 2024, the Group disposed of 21% equity interest in Marvel Galaxy Limited ("Marvel Galaxy"), a wholly-owned subsidiary of the Group, for a consideration of HK$15,000,000 to an independent third party. The disposal was completed on 3 December 2024 and had been accounted for as equity transaction. After the disposal, the Group retained its control in Marvel Galaxy as at 31 December 2024.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(88,366)**	(272,585)
Adjustments for:			
Bank interest income	6	**(64)**	(126)
Loan interest income	5	**(3,101)**	(1,502)
Depreciation of property, plant and equipment	8	**13,308**	18,462
Depreciation of right-of-use assets	8	**16,168**	17,841
Amortisation of intangible assets	8	**–**	282
Gain on early termination of lease	6	**(276)**	–
Gain on lease modification	6	**(31)**	–
Fair value loss on financial assets at fair value through profit or loss (not held for trading), net	6	**38,124**	99,539
Fair value (gain)/loss on equity investments at fair value through profit or loss (held for trading), net	5	**(4,565)**	894
Equity-settled share option expenses	8	**3,639**	2,587
Provision of impairment loss on inventories	8	**544**	14,517
Written off of inventories	8	**–**	2,626
Finance costs	7	**10,106**	7,432
Loss on disposal/written off of property, plant and equipment, net	6	**1,033**	2,045
Impairment loss on property, plant and equipment	6	**–**	67,933
Impairment loss on right-of-use asset	6	**–**	10,812
(Reversal of)/provision for impairment loss on loan and interest receivables		**(1,598)**	2,729
Written off of trade payables	6	**(240)**	–
Waiver of other payables	6	**(2,145)**	–
Provision of impairment loss on trade and other receivables, net	40(b)	**3,904**	2,480
Operating cash flows before movements in working capital		**(13,560)**	(24,034)
(Increase)/decrease in inventories		**(9,880)**	3,221
Decrease in trade receivables and prepayments, contract costs, deposits and other receivables		**1,580**	5,972
Decrease in loan and interest receivables		**28,924**	18,541
(Increase)/decrease in financial assets at fair value through profit or loss (held for trading)		**(47,257)**	19,248
Decrease in trade payables, contract liabilities and other payables and accruals		**(3,250)**	(12,270)
Cash (used in)/from operations		**(43,443)**	10,678
Interest received		**3,165**	1,628
Interest paid	24(b)	**(9,595)**	(7,592)
Hong Kong profits tax refund		**–**	1,012
Hong Kong profits tax paid		**–**	(3,543)
Net cash flows (used in)/from operating activities		**(49,873)**	2,183

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(3,664)**	(17,133)
Proceeds from disposal of property, plant and equipment		**432**	1,186
Increase in restricted bank deposits		**(1,424)**	–
Acquisition of financial assets at fair value through profit or loss, not held for trading		**–**	(55,000)
Net cash flows used in investing activities		**(4,656)**	(70,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		**(13,607)**	(14,909)
New bank and other borrowings raised	29(a)	**91,853**	106,366
Repayment of bank and other borrowings	29(a)	**(75,586)**	(130,186)
Proceeds from allotment of shares by a subsidiary without losing control		**–**	6,000
Proceeds from partial disposal of subsidiaries without losing control		**20,000**	–
New margin loans raised		**2,164**	–
Advance from/(repayment) to a director	24(b)	**2,800**	(1,141)
Advance from a shareholder of the Company	24(b)	**8,119**	7,658
Net cash flows from/(used in) financing activities		**35,743**	(26,212)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(18,786)**	(94,976)
Cash and cash equivalents at beginning of year		**34,493**	128,098
Effect of foreign exchange rate changes, net		**610**	1,371
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	**16,317**	34,493

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 services; (ii) the manufacture and sale of packaging products; (iii) investments and trading in securities and money lending, and (iv) production and sale of Chlamydomonas reinhardtii, micro-algae and related products.

(b) Basis of preparation

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

(i) For borrowings which will be maturing before 31 December 2025, the Group is actively negotiating with banks/lenders before they fall due to secure their renewals so as to ensure that the necessary funds of the Group will be in place to meet the Group's working capital and other financial requirements in the future;

(ii) The Group will closely communicate with Mr. Wang Liang, a director of the Company and Ms. Qiao Yanfeng, a shareholder of the Company to request for undertaking that they would not demand repayment of the amounts owed by the Group to them which amounted to HK$121,824,000 as at 31 December 2024 or extend the repayment date of the advances until the Group has excess cash to repay;

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

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

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

The directors of the Company are confident that, after the abovementioned measures progressively take effect, the financial condition of the Group will be restored and the uncertainties relating to going concern will be properly addressed. The directors of the Company therefore hold the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

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

(a) Statement of compliance

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

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

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

Basis of consolidation

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

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

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

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

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

(c) New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture[4]
Amendments to HKAS 21	Lack of Exchangeability[1]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

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

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. Whilst many of the requirements will remain consistent, the new standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and the related amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is still currently assessing the impact that HKFRS 18 will have on the Group's consolidated financial statements.

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.

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.

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 for 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.

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.

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

(g) 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.

(h) 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)*

(h) 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)*

(h) 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.

(i) 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, and loan and interest 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 and loan and interest 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)*

(i) 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; and
- 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)*

(i) 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)*

(i) 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.

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

(j) 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.

(k) 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, margin loans payable, 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.

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

(k) Financial liabilities *(Continued)*

Subsequent measurement *(Continued)*

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, margin loans payable, 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.

(l) 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).

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

(m) 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(p).

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

(n) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(p)). 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.

(o) 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.

(p) 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)*

(p) 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 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.

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 service income

Maintenance service 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 transactions 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)*

(q) 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 by the Group or for the purpose of giving immediate financial support to the Group with no future related costs to be incurred by the Group are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses, net".

(r) 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)*

(s) 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.

(t) 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)*

(t) 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)*

(t) 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.

(u) 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)*

(v) 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)*

(w) 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(p) 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, buildings, plant and machinery and equipment of Chlamydomonas reinhardtii products business segment at 31 December 2024 were HK$61,262,000, HK$126,192,000, HK$60,735,000 and HK$10,788,000 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 notes 14 and 15 to the consolidated 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$95,902,000 (2023: HK$134,026,000) as at 31 December 2024 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 39 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 2024, the gross carrying amount of inventories is HK$25,129,000 (2023: HK$29,766,000) and provision for impairment loss of HK$544,000 as at 31 December 2024 (2023: HK$14,517,000).

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 2024, the gross carrying amount of trade receivables was HK$37,319,000 (2023: HK$39,356,000) and impairment loss allowance amounted to HK$15,035,000 (2023: HK$12,217,000).

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 2024, the gross carrying amount of unsecured loans and advances to customers was HK$16,555,000 (2023: HK$45,479,000) and impairment loss allowance amounted to HK$1,131,000 (2023: HK$2,729,000).

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 40(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 valuation1 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 2024, the Group recognised an expense of HK$3,639,000 (2023: HK$2,587,000) 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 34.

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 (2023: Nil). Central income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers, who are executive directors of the Company, for assessment of segment performance.

4. SEGMENT INFORMATION *(Continued)*

	QR code business		Packaging products business		Treasury investment business		Chlamydomonas reinhardtii products business		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Group's revenue	**60,367**	70,800	**75,847**	106,909	**–**	–	**16,085**	20,323	**152,299**	198,032
Fair value gain/(loss) on financial assets at fair value through profit or loss held for trading, net	**–**	–	**–**	–	**4,565**	(894)	**–**	–	**4,565**	(894)
Interest income from money lending business	**–**	–	**–**	–	**3,101**	1,502	**–**	–	**3,101**	1,502
Segment revenue	**60,367**	70,800	**75,847**	106,909	**7,666**	608	**16,085**	20,323	**159,965**	198,640
Segment results	**(9,461)**	(27,964)	**(7,424)**	(1,725)	**(13,870)**	(94,598)	**(12,966)**	(106,097)	**(43,721)**	(230,384)
Corporate and unallocated income, gains and losses, net									**(9,712)**	(3,463)
Corporate and unallocated expenses									**(24,827)**	(31,306)
Finance costs									**(10,106)**	(7,432)
Loss before tax									**(88,366)**	(272,585)

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	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:										
Fair value loss of financial assets at fair value through profit or loss (not held for trading), net										
– operating segment	**–**	–	**–**	–	**23,763**	91,480	**–**	–	**23,763**	91,480
– unallocated									**14,361**	8,059
									38,124	99,539
Depreciation of property, plant and equipment										
– operating segment	**1,090**	1,957	**208**	417	**–**	–	**11,992**	16,070	**13,290**	18,444
– unallocated									**18**	18
									13,308	18,462
Depreciation of right-of-use assets										
– operating segment	**2,577**	2,918	**9,532**	10,099	**–**	–	**1,966**	2,100	**14,075**	15,117
– unallocated									**2,093**	2,724
									16,168	17,841
Government grant	**–**	(466)	**–**	–	**–**	–	**(1,023)**	(144)	**(1,023)**	(610)
Research and development expenses	**18,403**	20,207	**–**	–	**–**	–	**2,515**	2,086	**20,918**	22,293
Capital expenditure	**622**	2,502	**792**	–	**–**	–	**2,250**	14,631	**3,664**	17,133
Bank interest income	**(7)**	(34)	**(54)**	(65)	**–**	–	**(3)**	(27)	**(64)**	(126)
Amortisation of intangible assets	**–**	282	**–**	–	**–**	–	**–**	–	**–**	282
Loss on disposal/written off of property, plant and equipment	**1,031**	1,971	**2**	48	**–**	–	**–**	26	**1,033**	2,045
Provision for/(reversal of) impairment loss on trade receivables, net	**497**	2,135	**(111)**	110	**–**	–	**2,452**	69	**2,838**	2,314
Provision for impairment loss on other receivable	**1,066**	166	**–**	–	**–**	–	**–**	–	**1,066**	166
(Reversal of)/provision for impairment loss on loan and interest receivables	**–**	–	**–**	–	**(1,598)**	2,729	**–**	–	**(1,598)**	2,729
Provision for impairment loss on property, plant and equipment	**–**	1,200	**–**	–	**–**	–	**–**	66,733	**–**	67,933
Provision for impairment loss on right-of-use assets	**–**	–	**–**	–	**–**	–	**–**	10,812	**–**	10,812
Provision for impairment loss on inventories	**–**	–	**–**	–	**–**		**544**	14,517	**544**	14,517
Written off of inventories	**–**	–	**–**	–	**–**	–	**–**	2,626	**–**	2,626

4. SEGMENT INFORMATION *(Continued)*

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

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

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

	2024 HK$'000	2023 HK$'000
Hong Kong	**10,563**	11,682
The PRC	**269,613**	298,949
	280,176	310,631

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

Information about major customers

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

	2024 HK$'000	2023 HK$'000
Packaging products business segment:		
Customer A	**22,901**	35,657

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:

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

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

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

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

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 40(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	2024 HK$'000	2023 HK$'000
Bank interest income		**64**	126
Rental income		**2,859**	2,962
Imputed interest income on property rental deposits		**16**	14
Fair value loss on financial assets at fair value through profit or loss (not held for trading), net			
— Unlisted equity investments	39	**(38,124)**	(99,539)
Foreign exchange differences, net		**687**	885
Government grant (note)		**1,023**	610
Loss on disposal/written off of property, plant and equipment, net		**(1,033)**	(2,045)
Impairment loss on property, plant and equipment	14	**–**	(67,933)
Impairment loss on right-of-use assets		**–**	(10,812)
Written off of trade payables		**240**	–
Waiver of other payables		**2,145**	–
Gain on early termination of lease		**276**	–
Gain on lease modification		**31**	–
Others		**1,284**	898
		(30,532)	(174,834)

Note: Included in government grant for the year ended 31 December 2024 was an amount of HK$217,000 (equivalent to RMB200,000) related to subsidy granted by Changzhi Municipal People's Government, as incentives for the Group's economic contributions at Lucheng District, Changzhi City, Shanxi Province, the PRC (2023: HK$144,000 (equivalent to RMB130,000)) and remaining amounts of HK$806,000 (equivalent to RMB724,000) related to High-new Technology incentives at Lucheng District, Changzhi City, Shanxi Province, the PRC (2023: HK$466,000 (equivalent to RMB422,000) related to Enterprises Support provided by The Government of Shanghai Songjiang District Economic Commission).

7. FINANCE COSTS

An analysis of finance costs is as follows:

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

8. LOSS BEFORE TAX

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

	Notes	2024 HK$'000	2023 HK$'000
Auditor's remuneration		**1,530**	1,630
Cost of services and inventories sold (note (a))		**88,951**	124,893
Provision of impairment loss on inventories (included in cost of services and inventories sold)	19	**544**	14,517
Written off of inventories (included in cost of services and inventories sold)		**–**	2,626
Depreciation of property, plant and equipment	14	**13,308**	18,462
Depreciation of right-of-use assets	15	**16,168**	17,841
Amortisation of intangible assets	16	**–**	282
Short-term lease payments	15	**2,002**	3,352
Legal and professional fee (included in administrative expenses)		**3,429**	1,711
Local and overseas travelling expenses (included in administrative expenses)		**1,826**	2,885
Service fee (included in administrative expenses)		**3,429**	5,541
Research and development cost (included in administrative expenses) (note (b))		**20,918**	22,293
Employee benefits expenses (including Directors' remuneration (note 9)):			
Wages and salaries		**60,469**	63,634
Pension scheme contributions		**6,611**	7,240
Equity-settled share option expenses/(reversal of over-provision of equity-settled share option expenses)(note 34)		**1,915**	(475)
		68,995	70,399
Equity-settled share option expenses (note 34):			
Other participants		**1,724**	3,062

Notes:

(a) Included in cost of services and inventories sold are cost of purchased materials of HK$57,652,000 (2023: HK$97,659,000).

(b) Research and development cost primarily consisted of fees paid to third party consulting service providers of HK$2,784,000 (2023: HK$4,166,000), employee salaries of HK$13,917,000 (2023: HK$16,816,000) 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:

	2024 **HK$'000**	2023 HK$'000
Fees	**1,224**	1,224
Other emoluments:		
Salaries, allowances and benefits in kind	**5,760**	5,760
Share-based payments	**160**	–
Pension scheme contributions	**36**	38
	7,180	7,022

(a) Executive Directors and Non-executive Directors

Year ended 31 December 2024	**Fees** **HK$'000**	**Salaries, allowances and benefits in kind** **HK$'000**	**Pension scheme contributions** **HK$'000**	**Share-based payments** **HK$'000**	**Total remuneration** **HK$'000**
Executive Directors:					
Mr. Wang Liang	–	3,600	–	38	3,638
Mr. Du Dong	–	1,200	18	47	1,265
	–	4,800	18	85	4,903
Non-executive Directors:					
Mr. Chen Hui	240	–	–	–	240
Ms. Tian Yuze	120	–	–	–	120
Mr. Jia Wenjie	20	–	–	–	20
Mr. Zhang Lele	–	960	18	47	1,025
	380	960	18	47	1,405
	380	5,760	36	132	6,308

9. DIRECTORS' REMUNERATION *(Continued)*

(a) Executive Directors and Non-executive Directors *(Continued)*

Year ended 31 December 2023	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Share-based payments HK$'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

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2023: Nil).

There was no performance related incentive payments paid or payable to the directors during the year (2023: Nil).

9. DIRECTORS' REMUNERATION *(Continued)*

(b) Independent Non-executive Directors

Year ended 31 December 2024	**Fees HK$'000**	**Share-based payments HK$'000**	**Total HK$'000**
Mr. Cheung Wing Ping	**248**	**7**	**255**
Mr. Ha Kee Choy Eugene	**248**	**7**	**255**
Mr. To Shing Chuen	**248**	**7**	**255**
Mr. Hu Guohua	**100**	**7**	**107**
	844	**28**	**872**

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

There were no other emoluments payable to the Independent Non-executive Directors during the year (2023: Nil).

During the year, no emolument was paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2023: 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 (2023: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the three (2023: three) highest paid employees are as follows:

	2024	2023
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**6,007**	5,829
Share-based payments	**118**	208
Pension scheme contributions	**230**	231
	6,355	6,268

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

	Number of employees	
	2024	2023
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**1**	1
HK$3,500,001 to HK$4,000,000	**1**	1

11. INCOME TAX

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

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

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

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

In accordance with the PRC Corporate Income Tax Law, the PRC Corporate Income Tax is calculated at a statutory rate of 25% (2023: 25%) on the assessable profits of the group entities in the PRC except for 上海透雲物聯網科技有限公司 (Shanghai TY Technology Co. Ltd.*, "SHTY") and 透雲物聯網科技(北京)有限公司 (TY Technology (Beijing) Co., Ltd.*, "BJTY"), two indirect wholly-owned subsidiaries of the Group. Both companies obtained the High-new Technology Certificate for the years from 2023 to 2026 and are entitled to a tax rate of 15%.

* *For identification purpose only*

11. INCOME TAX *(Continued)*

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

	2024 **HK$'000**	2023 HK$'000
Loss before tax	**(88,366)**	(272,585)
Tax at applicable statutory tax rates	**(17,399)**	(57,264)
Tax effect of PRC preferential tax treatments	**589**	1,448
Income not subject to tax	**(5,224)**	(809)
Expenses not deductible for tax	**12,375**	45,225
Utilisation of tax losses brought forward	**(320)**	–
Tax losses not recognised	**9,997**	11,400
Over-provision in respect of prior year	**(344)**	(16)
Income tax credit	**(326)**	(16)

12. DIVIDEND

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

	2024 **HK$'000**	2023 HK$'000
Loss for the year attributable to owners of the Company	**(88,107)**	(268,939)
	'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 2024 and 2023 does not assume the exercise of share options outstanding during the years as these options had an anti-dilutive effect on the basic loss per share amounts presented.

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 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
As at 31 December 2023 and 1 January 2024	**5,407**	**56,734**	**5,517**	**113,425**	**5,812**	**174,315**	**361,210**
Additions	**–**	**68**	**767**	**740**	**2,089**	**–**	**3,664**
Disposal/written off	**(153)**	**(48)**	**–**	**(4,422)**	**–**	**–**	**(4,623)**
Transfer upon completion of construction in progress	**–**	**–**	**–**	**409**	**(5,364)**	**4,955**	**–**
Exchange realignment	**(64)**	**(1,075)**	**(42)**	**(2,330)**	**(139)**	**(3,458)**	**(7,108)**
At 31 December 2024	**5,190**	**55,679**	**6,242**	**107,822**	**2,398**	**175,812**	**353,143**
Accumulated depreciation and impairment							
At 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
As at 31 December 2023 and 1 January 2024	**5,198**	**44,184**	**4,251**	**43,999**	**–**	**45,199**	**142,831**
Depreciation provided for the year	**36**	**1,122**	**557**	**6,207**	**–**	**5,386**	**13,308**
Written back on disposals/written off	**–**	**(15)**	**–**	**(3,143)**	**–**	**–**	**(3,158)**
Exchange realignment	**(62)**	**(844)**	**(24)**	**(923)**	**–**	**(965)**	**(2,818)**
At 31 December 2024	**5,172**	**44,447**	**4,784**	**46,140**	**–**	**49,620**	**150,163**
Carrying amount							
At 31 December 2024	**18**	**11,232**	**1,458**	**61,682**	**2,398**	**126,192**	**202,980**
At 31 December 2023	209	12,550	1,266	69,426	5,812	129,116	218,379

Note: As at 31 December 2024, the ownership certificates for buildings with aggregate carrying amount of HK$126,192,000 (equivalent to RMB117,686,000) (2023: HK$129,116,000 (equivalent to RMB118,023,000)) have not been obtained. The Group is in the process of applying for the building ownership certificates. Besides, buildings with carrying amount of HK$20,895,000 (equivalent to RMB19,486,000 (2023: HK$22,085,000 (equivalent to RMB20,188,000)) and machinery with carrying amount of HK$36,894,000 (equivalent to RMB34,407,000) (2023: Nil) were pledged as securities of the Group's other borrowings as at 31 December 2024, as further detailed in note 29(a) to the consolidated financial statements.

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

As at 31 December 2024, the Group had buildings of carrying amount of HK$126,192,000 (equivalent to RMB117,686,000) (2023: HK$129,116,000 (equivalent to RMB118,023,000)), plant and machinery of carrying amount of HK$60,735,000 (equivalent to RMB56,640,000) (2023: HK$66,723,000 (equivalent to RMB60,990,000)), and equipment of carrying amount of HK$10,788,000 (equivalent to RMB10,060,000) (2023: 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.

The Group recorded loss for the years ended 31 December 2024 and 2023 and each of the QR code, packaging products and Chlamydomonas Reinhardtii products business segments recorded segment loss for the years ended 31 December 2024 and 2023. For the year ended 31 December 2024, the management of the Group concluded that there were impairment indicators for property, plant and equipment and right-of-use assets of the Group and hence performed impairment assessment as at the end of the reporting period to estimate the recoverable amounts of these assets. The recoverable amounts of the Group's property, plant and equipment and right-of-use assets of the Group were close to their carrying amounts. Accordingly, no provision of impairment was provided for the year ended 31 December 2024. For the year ended 31 December 2023, the management of the Group concluded that there was impairment indication for property, plant and equipment and right-of-use assets of the Group and hence performed impairment assessment as at the end of the reporting period to estimate the recoverable amounts of these assets. These impairment assessments resulted in the 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 2024 and 2023, the recoverable amounts of the items of property, plant and equipment and right-of-use assets were estimated individually and have been determined based on the higher of their value in use or fair values less costs of disposal. For the year ended 31 December 2024, the independent professional qualified valuer determined the recoverable amounts of the buildings were HK$126,192,000 (equivalent to RMB117,686,000), the recoverable amounts of the leasehold lands were HK$61,262,000 (equivalent to RMB57,133,000), the recoverable amounts of the plant and machinery were HK$60,735,000 (equivalent to RMB56,640,000), the recoverable amounts of the equipment were HK$10,788,000 (equivalent to RMB10,060,000) determined by reference to their fair value less cost of disposal, which were close to their carrying values. Accordingly, no provision of impairment was provided for the year ended 31 December 2024. For the year ended 31 December 2023, 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.

For the years ended 31 December 2024 and 2023, in determining the recoverable amounts of the assets which were based on fair value less costs of disposal, the valuation technique adopted for valuation of buildings and leasehold lands is income approach, and the valuation technique adopted for valuation of machinery and equipment is replacement cost. The key inputs for fair value of buildings and leasehold lands included market rent, return rate and annual growth rate, and the key input for fair value of machinery and equipment included allowance for physical deterioration and all forms of obsolescence and optimisation. The fair value of these assets is classified as a level 3 fair value.

The costs of disposal determined by the valuer was RMB12,913,000 (approximately HK$13,847,000) for the year ended 31 December 2024 (2023: RMB13,335,000 (approximately HK$14,588,000)).

15. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000 (note (i))	**Office buildings** HK$'000 (note (ii))	**Total** HK$'000
As at 31 December 2024			
Carrying amount	**61,262**	**15,934**	**77,196**
As at 31 December 2023			
Carrying amount	63,961	28,291	92,252
For the year ended 31 December 2024			
Depreciation charge	**1,447**	**14,721**	**16,168**
For the year ended 31 December 2023			
Depreciation charge	1,579	16,262	17,841

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Expense relating to short-term leases and other leases with lease terms end within 12 months	**2,002**	3,353
Impairment loss on right-of-use assets (notes 6 and 14)	**–**	10,812
Total cash outflow for leases	**15,609**	19,196
Additions to right-of-use assets for leases	**13,938**	29,908
Effect on lease modification	**973**	–
Derecognised upon lease termination	**11,134**	–

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 2024, the Group's leasehold lands with carrying amounts of HK$61,262,000 (equivalent to RMB57,133,000) (2023: HK$63,961,000 (equivalent to RMB58,465,000)) were pledged as securities of the Group's other borrowings, as further detailed in note 29(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$'000	Development Costs HK$'000 (note)	Total HK$'000
Cost			
At 1 January 2023	2,774	24,354	27,128
Exchange realignment	2	20	22
At 31 December 2023 and 1 January 2024	**2,776**	**24,374**	**27,150**
Exchange realignment	**(55)**	**(483)**	**(538)**
At 31 December 2024	**2,721**	**23,891**	**26,612**
Accumulated amortisation			
At 1 January 2023	2,497	24,354	26,851
Provided for the year	282	–	282
Exchange realignment	(3)	20	17
At 31 December 2023 and 1 January 2024	**2,776**	**24,374**	**27,150**
Exchange realignment	**(55)**	**(483)**	**(538)**
At 31 December 2024	**2,721**	**23,891**	**26,612**
Carrying amount			
At 31 December 2024	**–**	**–**	**–**
At 31 December 2023	–	–	–

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

17. GOODWILL

	2024 HK$'000	2023 HK$'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 2024 and 2023.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Notes:

(i) As at 31 December 2024, the unlisted equity investments relate to investments of nine private entities (2023: nine), which were intended to be held for long-term strategic purpose at the time of acquisition. Details of the fair value measurement are disclosed in note 39.

(ii) As at 31 December 2024, the Group's equity interest in Company A, which is principally engaged in securities trading and investment holding business, was approximately 2.56% (2023: 2.56%).

(iii) As at 31 December 2024, the Group's equity interest in Company B, which is principally engaged in the business of investment holding, was approximately 2.95% (2023: 2.95%). Such investment was fully impaired as at 31 December 2024 and 2023 (note 39).

(iv) As at 31 December 2024, the Group's shareholding in Company C, which is principally engaged in integrated financial services, securities brokerage services, money lending, securities and other direct investments, was approximately 0.10% (2023: 0.10%).

(v) As at 31 December 2024, the Group's equity interest in Company D, which is principally engaged in money lending business, was approximately 11.08% (2023: 11.08%).

(vi) As at 31 December 2024, the Group's equity interest in Company E, which is principally engaged in the provision of finance and money lending business, was approximately 17.61% (2023: 17.61%).

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

Notes: *(Continued)*

(vii) As at 31 December 2024, the Group's equity interest in Company F, which is principally engaged in research and development and marketing of micro-algae products in the United States of America, was approximately 3.73% (2023: 3.73%).

(viii) As at 31 December 2024, the Group's equity interest in Company G, which is principally engaged in securities brokerage and asset management business, was approximately 2.97% (2023: 2.97%).

(ix) As at 31 December 2024, the Group's equity interest in Company H, which is principally engaged in securities investment and investment holding business, was approximately 5.1% (2023: 5.1%).

(x) As at 31 December 2024, the Group's equity interest in Company I, which is principally engaged in securities investment and investment holding business, was approximately 10.29% (2023: 10.29%).

(xi) Included in wealth management products ("WMPs") are the Group's investments in one WMPs provided by financial institutions in the PRC, of fair value of approximately HK$2,147,000 (equivalent to RMB2,002,000) as at 31 December 2024. The wealth management product had no maturity dates, with return in dividend derived from investments in financial products, bonds and currencies.

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

19. INVENTORIES

	2024	2023
	HK$'000	HK$'000
Raw materials	**3,048**	2,659
Work in progress	**4,794**	4,063
Finished goods	**16,743**	8,527
	24,585	15,249

All of the inventories are carried at lower of cost or net realisable value as at 31 December 2024 and 2023 respectively.

As at 31 December 2024, the gross carrying amount of inventories is HK$25,129,000 (2023: HK$29,766,000) and provision for impairment loss of HK$544,000 as at 31 December 2024 (2023: HK$14,517,000), 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 unstable market demand.

20. TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**37,319**	39,356
Less: Impairment loss allowance (note 40(b))	**(15,035)**	(12,217)
	22,284	27,139

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

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

	2024 HK$'000	2023 HK$'000
Within 1 month	**12,971**	18,368
1 to 2 months	**2,287**	4,828
2 to 3 months	**3,272**	2,290
Over 3 months	**3,754**	1,653
	22,284	27,139

Further details on the Group's credit policy and credit risk arising from trade debtors are set out in note 40(b).

21. PREPAYMENTS, CONTRACT COSTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Prepayments	**4,212**	2,871
Contract costs	**5,515**	3,827
Deposits	**3,869**	7,528
Value added tax recoverable	**23,287**	23,085
Other receivables	**3,997**	4,364
Less: Impairment loss allowance on other receivables	**–**	(166)
	40,880	41,509

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:

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

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

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

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

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

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

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

23. RESTRICTED BANK DEPOSITS

	2024	2023
	HK$'000	HK$'000
Restricted bank deposits	**1,424**	–

As at 31 December 2024, restricted bank deposits of approximately HK$1,424,000 (equivalent to RMB1,327,000) included in current assets were restricted for use in relation to the litigation proceedings. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the directors of the Company believe that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

24. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents

	2024	2023
	HK$'000	HK$'000
Cash and bank balances	**16,317**	34,493

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$7,049,000 (2023: HK$7,393,000). 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.

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

(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 28) HK$'000	Bank and other borrowings (Note 29) HK$'000	Amount due to a director (Note 29) HK$'000	Amount due to a shareholder of the Company (Note 29) HK$'000	Margin loans payable (Note 30) HK$'000	Total HK$'000
At 1 January 2024	28,565	356,344	94,392	18,658	–	497,959
Financing cash flows						
Repayment of lease liabilities	(13,607)	–	–	–	–	(13,607)
Advance from a director	–	–	2,800	–	–	2,800
Advance from a shareholder of the Company	–	–	–	8,119	–	8,119
Repayment of bank and other borrowings, net	–	16,267	–	–	–	16,267
New margin loans raised	–	–	–	–	2,164	2,164
	(13,607)	16,267	2,800	8,119	2,164	15,743
Other changes						
Interest expenses	1,078	9,024	–	–	4	10,106
Interest paid	(972)	(8,619)	–	–	(4)	(9,595)
New leases	13,938	–	–	–	–	13,938
Effect on lease modification	(1,004)	–	–	–	–	(1,004)
Transfer of lease liabilities to other payables	(2,220)	–	–	–	–	(2,220)
Effect on early termination	(11,554)	–	–	–	–	(11,554)
Waiver of amount due to a shareholder of the Company (note 33(b)(iv))	–	–	–	(2,145)	–	(2,145)
Exchange difference	2,076	(6,891)	–	–	–	(4,815)
	1,342	(6,486)	–	(2,145)	–	(7,289)
At 31 December 2024	16,300	366,125	97,192	24,632	2,164	506,413

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

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

	Lease liabilities (Note 28) HK$'000	Bank and other borrowings (Note 29) HK$'000	Amount due to a director (Note 29) HK$'000	Amount due to a shareholder of the Company (Note 29) HK$'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	(14,909)	–	–	–	(14,909)
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)
	(14,909)	(23,820)	(1,141)	7,658	(32,212)
Other changes					
Interest expenses	934	6,498	–	–	7,432
Interest paid	(837)	(6,755)	–	–	(7,592)
New leases	29,908	–	–	–	29,908
Transfer of lease liabilities to other payables	(1,560)	–	–	–	(1,560)
Exchange difference	128	308	–	–	436
	28,573	51	–	–	28,624
At 31 December 2023	28,565	356,344	94,392	18,658	497,959

25. TRADE PAYABLES

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

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

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

26. CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Contract liabilities		
Billings in advance of performance		
— QR code business (note)	**9,031**	12,192
— Packaging products business	**11,908**	6,203
— Chlamydomonas reinhardtii products business	**1,217**	488
	22,156	18,883

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.

26. CONTRACT LIABILITIES *(Continued)*

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.

Movements in contract liabilities are as follows:

	2024 **HK$'000**	2023 HK$'000
At 1 January	**18,883**	17,184
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	**(18,616)**	(17,184)
Increase in contract liabilities as a result of billing in advance	**8,417**	6,524
Increase in contract liabilities as a result of receiving forward sales deposits during the year	**13,472**	12,359
At 31 December	**22,156**	18,883

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.

27. OTHER PAYABLES AND ACCRUALS

	2024 **HK$'000**	2023 HK$'000
Other payables	**30,803**	34,040
Accruals	**18,894**	16,912
	49,697	50,952

Other payables and accruals are non-interest-bearing and are normally settled within three months. Included in other payables are construction payables of HK$18,217,000 (2023: HK$20,089,000), for the construction of the Chlamydomonas reinhardtii and related products facilities in Lucheng District, Changzhi City, Shanxi Province, PRC.

28. LEASE LIABILITIES

	2024 **HK$'000**	2023 HK$'000
Lease liabilities		
Within one year	**10,129**	14,461
Within a period of more than one year but not more than two years	**6,171**	14,104
	16,300	28,565
Less: Amount due for settlement within 12 months shown under current liabilities	**(10,129)**	(14,461)
Amount due for settlement after 12 months shown under non-current liabilities	**6,171**	14,104

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

(a) Bank and other borrowings

	2024 HK$'000	2023 HK$'000
Secured bank borrowings	**68,739**	76,161
Unsecured other borrowings	**297,386**	280,183
	366,125	356,344

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

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

Movements in bank and other borrowings are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**356,344**	380,113
New bank and other borrowings raised	**91,853**	106,366
Interest expenses (note 7)	**9,024**	6,498
Repayment of bank and other borrowings	**(75,586)**	(130,186)
Interest paid	**(8,619)**	(6,755)
Exchange realignment	**(6,891)**	308
At 31 December	**366,125**	356,344

The Group's secured bank borrowings as at 31 December 2024 are secured by way of the following:

a. mortgages over the Group's buildings which had an aggregate carrying value at the end of the reporting period of HK$20,895,000 (equivalent to RMB19,485,000) (2023: HK$22,085,000 (equivalent to RMB20,188,000));

b. mortgages over the Group's leasehold lands which had an aggregate carrying value at the end of the reporting period of HK$61,262,000 (equivalent to RMB57,132,000) (2023: HK$63,961,000 (equivalent to RMB58,465,000)); and

c. mortgages over the Group's machinery which had an aggregate carrying value at the end of the reporting period of HK$36,894,000 (equivalent to RMB34,407,000) (2023: Nil).

29. 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 0.29% to 0.63% per month (2023: 0.42% to 0.67%) and are repayable within one to two years. Unsecured other borrowings carry interest ranging from 0.42% to 1% per month (2023: 0.42% to 0.58% per month) and are repayable within one to two years (2023: repayable within one to two years).

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

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

30. MARGIN LOANS PAYABLE

As at 31 December 2024, the margin loans payable were secured by the listed equity securities held under the margin accounts, with a total market value of approximately HK$51,180,000 (2023: nil) (note 18).

	2024		2023	
	HK$'000	**Effective interest rate (%) p.a.**	HK$'000	Effective interest rate (%) p.a.
Within one year	**2,164**	**5%-10%**	–	–

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

31. DEFERRED TAX LIABILITIES

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

	2024 HK$'000	2023 HK$'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.

31. DEFERRED TAX LIABILITIES *(Continued)*

At 31 December 2024 and 2023, no deferred tax liabilities have been recognised for withholding taxes as the Group's subsidiaries established in PRC do not have any unremitted retained earnings as at 31 December 2024 and 2023.

The Group has tax losses arising in Hong Kong of HK$495,162,000 (2023: HK$497,586,000) (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$356,814,000 (2023: HK$335,675,000) 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 2024 and 2023 as it is not considered probable that there would be sufficient future taxable profits to utilise such tax losses.

At 31 December 2023 and 2024, the Group recognised deferred tax assets related to lease liabilities amounted to HK$5,197,000 and HK$2,785,000 respectively. At 31 December 2023 and 2024, the Group recognised a deferred tax liabilities related to right-of-use assets amounted to HK$5,197,000 and HK$2,785,000 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 Nil as at 31 December 2023 and 2024.

At 31 December 2024, 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$2,850,000 (2023: 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.

32. SHARE CAPITAL

	Number of shares		**Share capital**	
	2024	2023	**2024**	2023
	'000	'000	**HK$'000**	HK$'000
Ordinary share of HK$0.04 each				
Authorised:				
At beginning and end of year	**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

33. 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;

(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; and

(iv) the waiver of amount due to a shareholder of the Company amounting to HK$2,145,000 (equivalent to RMB2,000,000) in 2024.

(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.

34. 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.

34. SHARE OPTION SCHEME *(Continued)*

On 2 June 2022, a new share option scheme (the "2022 Scheme") was passed by way of an ordinary resolution in the annual general meeting. The 2022 Scheme does not impose minimum period requirement, each grant will be considered on an individual basis to achieve the purpose of the 2022 Scheme including retaining human resources that are valuable to the growth and development of the Group if the grantees are required to hold the share options for a certain period of time prior to vesting.

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

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

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

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

34. SHARE OPTION SCHEME *(Continued)*

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

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

Pursuant to the 2012 and 2022 Schemes, details of share options granted to eligible participants were as follows:

Date of grant	Number of share options granted	Exercise price/ Adjusted Exercise price
21/2/2019	126,000,000	0.48
8/10/2020	47,000,000	0.40
16/11/2020	68,900,000	0.60
25/4/2022	14,314,750	1.34
30/9/2024	279,000,000	0.20

34. SHARE OPTION SCHEME *(Continued)*

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

Date of grant	Exercise price* HK$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ Cancelled during the year	Number of options outstanding at 31 December 2023	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2024
Employees							
21/2/2019	0.48	21/2/2020 to 20/2/2024	8,000,000	–	8,000,000	(8,000,000)	–
21/2/2019	0.48	21/2/2021 to 20/2/2024	8,000,000	–	8,000,000	(8,000,000)	–
21/2/2019	0.48	21/2/2022 to 20/2/2024	8,000,000	–	8,000,000	(8,000,000)	–
			24,000,000	–	24,000,000	(24,000,000)	–
Other Participants (Note)							
21/2/2019	0.48	21/2/2020 to 20/2/2024	10,000,000	–	10,000,000	(10,000,000)	–
21/2/2019	0.48	21/2/2021 to 20/2/2024	10,000,000	–	10,000,000	(10,000,000)	–
21/2/2019	0.48	21/2/2022 to 20/2/2024	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 2024, no share options were exercisable (2023: 54,000,000).

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

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

34. SHARE OPTION SCHEME *(Continued)*

Date of grant	Exercise price HK$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ Cancelled during the year	Number of options outstanding at 31 December 2023	Lapsed/ cancelled during the year	Number of options outstanding at 31 December 2024
Employees							
16/11/2020	0.60	16/11/2022 to 15/11/2027	4,266,660	(866,667)	3,399,993	–	3,399,993
16/11/2020	0.60	16/11/2023 to 15/11/2027	4,266,660	(866,667)	3,399,993	–	3,399,993
16/11/2020	0.60	16/11/2024 to 15/11/2027	4,266,680	(866,666)	3,400,014	–	3,400,014
			12,800,000	(2,600,000)	10,200,000	–	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 2024, 60,200,000 (2023: 40,133,318) share options were exercisable.

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

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

34. SHARE OPTION SCHEME *(Continued)*

Date of grant	Exercise price* HK$	Exercisable period	Number of options outstanding at 1 January 2023	Lapsed/ Cancelled during the year	Number of options outstanding at 31 December 2023	Granted during the year	Lapsed/ Cancelled during the year	Number of options outstanding at 31 December 2024
Directors								
30/9/2024	0.20	1/1/2026 to 31/12/2028	–	–	–	3,929,400	–	3,929,400
30/9/2024	0.20	1/1/2027 to 31/12/2028	–	–	–	3,929,400	–	3,929,400
30/9/2024	0.20	1/1/2028 to 31/12/2028	–	–	–	3,941,200	–	3,941,200
			–	–	–	11,800,000	–	11,800,000
Employees								
30/9/2024	0.20	1/1/2026 to 31/12/2028	–	–	–	17,049,600	–	17,049,600
30/9/2024	0.20	1/1/2027 to 31/12/2028	–	–	–	17,049,600	–	17,049,600
30/9/2024	0.20	1/1/2028 to 31/12/2028	–	–	–	17,100,800	–	17,100,800
			–	–	–	51,200,000	–	51,200,000
Other Participants (Note)								
30/9/2024	0.20	1/1/2026 to 31/12/2028	–	–	–	71,928,000	–	71,928,000
30/9/2024	0.20	1/1/2027 to 31/12/2028	–	–	–	71,928,000	–	71,928,000
30/9/2024	0.20	1/1/2028 to 31/12/2028	–	–	–	72,144,000	–	72,144,000
			–	–	–	216,000,000	–	216,000,000

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

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

34. SHARE OPTION SCHEME *(Continued)*

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

Fair value from valuation schedule	21 February 2019	8 October 2020	16 November 2020	25 April 2022	30 September 2024
Closing price of the shares	HK$0.42*	HK$0.36	HK$0.53	HK$0.90	HK$0.171
Exercise price	HK$0.48*	HK$0.40	HK$0.60	HK$1.34	HK$0.20
Dividend yield	Nil	Nil	Nil	Nil	Nil
Expected volatility	94.36%	92.04%	94.06%	85.88% to 92.38%	91%
Risk-free interest rate	1.423%	0.42%	0.33%	2.52% to 2.57%	2.51%
Fair value per share option	HK$0.216* to HK$0.22*	HK$0.255 to HK$0.283	HK$0.348 to HK$0.386	HK$0.451 to HK$0.545	HK$0.0921 to HK$0.1097

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

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

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

35. 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		Profit/(loss) allocated to non- controlling interests		Accumulated non-controlling interests	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
					HK$'000	HK$'000	**HK$'000**	HK$'000
Era Bright	**Hong Kong**	Hong Kong	**40.29%**	32.37%	**1,924**	(3,630)	**28,878**	21,921
Marvel Galaxy	**BVI**	–	**21.00%**	–	**(1,857)**	–	**13,680**	–
					67	(3,630)	**42,558**	21,921

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.

35. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Era Bright and subsidiaries

a.

	2024 HK$'000	2023 HK$'000
Current assets	**115,681**	146,232
Non-current assets	**31,337**	36,229
Current liabilities	**(71,757)**	(107,615)
Non-current liabilities	**(3,586)**	(7,126)
Non-controlling interests	**(28,878)**	(21,921)
Equity attributable to owners of Era Bright	**42,797**	45,799

b.

	2024 HK$'000	2023 HK$'000
Revenue	**83,984**	106,639
Expenses	**(79,551)**	(118,247)
Profit/(loss) for the year	**4,433**	(11,608)
Profit/(loss) attributable to owners of Era Bright	**2,509**	(7,978)
Profit/(loss) attributable to non-controlling interests	**1,924**	(3,630)
Profit/(loss) for the year	**4,433**	(11,608)

c.

	2024 HK$'000	2023 HK$'000
Net cash inflow/(outflow) from operating activities	**39,718**	(15,209)
Net cash outflow from investing activities	**(44,787)**	–
Net cash outflow from financing activities	**(9,803)**	(4,468)
Net cash outflow	**(14,872)**	(19,677)

d. **Change in ownership in a subsidiary**

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.

e. **Change in ownership in a subsidiary**

On 29 November 2024, the Group disposed of its 7.92% shareholding of Era bright to an independent third party for a consideration of HK$5,000,000. The Group reduced its ownership and equity interest to 59.71%.The consideration was received in cash. An amount of HK$5,032,000 (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$32,000 between the increase in the non-controlling interests and the consideration received has been recognised in accumulated losses.

35. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Marvel Galaxy and subsidiaries

a.

	2024 **HK$'000**	2023 HK$'000
Current assets	**–**	–
Non-current assets	**65,145**	74,396
Current liabilities	**–**	(239,897)
Non-current liabilities	**–**	–
Non-controlling interests	**(13,680)**	–
Equity attributable to owners of Marvel Galaxy	**51,465**	(165,501)

b.

	2024 **HK$'000**	2023 HK$'000
Revenue	**–**	–
Expenses	**(9,290)**	(50,696)
Loss for the year	**(9,290)**	(50,696)
Loss attributable to owners of Marvel Galaxy	**(7,433)**	(50,696)
Loss attributable to non-controlling interests	**(1,857)**	–
Loss for the year	**(9,290)**	(50,696)

c. **Change in ownership in a subsidiary**

On 4 December 2024, the Group disposed of its 21% shareholding of Marvel Galaxy to an independent third party for a consideration of HK$15,000,000.The Group reduced its ownership and equity interest to 79%. The consideration was received in cash. An amount of HK$15,538,000 (being the proportionate share of the carrying amount of the net assets of Marvel Galaxy) has been transferred to non-controlling interests. The difference of HK$538,000 between the increase in the non-controlling interests and the consideration received has been recognised in accumulated losses.

36. 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 balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2024 **HK$'000**	2023 HK$'000
Amount due to a director (note (i)) (Note 29(b))	**97,192**	94,392
Amount due to a shareholder of the Company (note (ii)) (Note 29(b))	**24,632**	18,658

Note:

(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.

	2024 **HK$'000**	2023 HK$'000
Consultancy service 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.

37. OPERATING LEASE ARRANGEMENTS

As lessee

Commitments for lease payments on short-term leases for office and office equipment in Hong Kong and the PRC are as follows:

	2024 **HK$'000**	2023 HK$'000
Within one year	**2,713**	3,915

38. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 31 December 2024 and 2023, 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.

39. 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:

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 wealth management products classified in Level 2 of the fair value measurement hierarchy was determined with the mark-to-market statements published by the issuing bank and amounted to RMB2,002,000 (equivalent to approximately HK$2,147,000) as at 31 December 2024.

The fair values of two (2023: 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 values were estimated to be HK$28,544,000 (2023: HK$30,000,000) and HK$1,218,000 (2023: HK$2,282,000) respectively, and were determined by the management based on the valuation from an independent professional qualified valuer as at 31 December 2024 and 2023.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair value of one (2023: one) 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$24,950,000 (2023: HK$29,500,000), and was determined by the directors of the Company as at 31 December 2024 (2023: determined by the directors of the Company and management based on the valuation from an independent professional qualified valuer).

The fair value of one (2023: 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$526,000 (2023: HK$14,887,000) and was determined by the directors of the Company as at 31 December 2024 (2023: determined by the management based on the valuation from an independent professional qualified valuer).

The fair values of remaining five (2023: five) 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$10,987,000 (2023: HK$10,057,000), HK$7,830,000 (2023: HK$9,719,000), HK$10,196,000 (2023: HK$22,685,000), HK$11,651,000 (2023: HK$14,896,000) and one of the unlisted equity securities was fully impaired as at 31 December 2024 and 2023, respectively, and were determined by the directors of the Company as at 31 December 2024 and 2023.

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.

39. 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 2024

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 investment	**51,180**	**–**	**–**	**51,180**
Wealth management products (note)	**–**	**2,147**	**–**	**2,147**
Unlisted equity instruments	**–**	**–**	**95,902**	**95,902**

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.

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

39. 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 2024 and 2023:

	Fair value As at 31 December 2024 HK$'000	2023 HK$'000	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the inputs
Unlisted equity instruments (note 18)						
Company A	**10,196**	22,685	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	0.34 to 0.52 (2023: 0.46 to 0.59)	5% increase in market value of invested capital-to-total asset multiple would result in increase in fair value by HK$2,435,000 (2023: 5% increase in market value of invested capital-to-total asset multiple would result in increase in fair value by HK$1,357,000)
Company C	**1,218**	2,282				
Company D	**7,830**	9,719				
Company E	**28,544**	30,000				
Company G	**10,987**	10,057				
Company H	**11,651**	14,896				
				Price-to-net assets multiple	0.38 to 0.43 (2023: 0.27 to 0.39)	5% increase in price-to-net assets multiple would result in increase in fair value by HK$1,585,000 (2023: 5% increase in price-to-net assets multiple would result in increase in fair value by HK$1,562,000)
				Lack of marketability discount	15.6% (2023: 15.7%)	5% increase in lack of marketability discount would result in decrease in fair value by HK$2,097,000 (2023: 5% increase in lack of marketability discount would result in decrease in fair value by HK$2,045,000)
Company I	**24,950**	29,500	Asset-based approach	Lack of control	19.16% (2023: 19.74%)	5% increase in lack of control would result in decrease in fair value by HK$350,000 (2023: 5% increase in lack of control would result in decrease in fair value by HK$518,000)

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Information of level 3 fair value measurements *(Continued)*

	Fair value As at 31 December 2024 HK$'000	2023 HK$'000	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the inputs
Unlisted equity instruments (note 18)						
Company F	**526**	14,887	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	95% (2023: 80%)	5% increase in probability for liquidation would result in increase in fair value by HK$20,000 (2023: 5% increase in probability for liquidation would result in increase in fair value by HK$565,000)
				Probability for IPO	5% (2023: 20%)	5% increase in probability for IPO would result in decrease in fair value by HK$21,000 (2023: 5% increase in probability for IPO would result in decrease in fair value by HK$566,000)
				Enterprise value-to-sales ratio	3.73% (2023: 4.26%)	5% increase in enterprise value-to-sales ratio would result in increase in fair value by HK$27,000 (2023: 5% increase in enterprise value-to-sales ratio would result in increase in fair value by HK$513,000)
				Time to maturity	1.08 years (2023: 1.08 years)	5% increase in time to maturity would result in decrease in fair value by HK$1,000 (2023: 5% increase in time to maturity would result in decrease in fair value by HK$136,000)
				Volatility	106.02% (2023: 94.37%)	5% increase in volatility would result in decrease in fair value by HK$1,000 (2023: 5% increase in volatility would result in decrease in fair value by HK$267,000)
				Risk free rate	4.24% (2023: 4.637%)	5% increase in risk free rate would result in decrease in fair value by HK$1,000 (2023: 5% increase in risk free rate would result in decrease in fair value by HK$244,000)

39. 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 Unlisted equity instruments HK$'000
At 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 and 1 January 2024	134,026
Net loss from fair value adjustment, recognised in profit or loss	
— Unlisted equity instruments	**(38,124)**
At 31 December 2024	**95,902**

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 (2023: none).

40. 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 pegged to US$.

40. 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.

	2024		2023	
	US$ HK$'000	**RMB HK$'000**	US$ HK$'000	RMB HK$'000
Trade and other receivables	**6,049**	**835**	6,225	483
Bank balances and cash	**6,827**	**–**	6,412	–
Trade and other payables	**(6,088)**	**(312)**	(5,793)	(864)
Overall net exposure	**6,788**	**523**	6,844	(381)

The directors of the Company consider that the Group is exposed to minimal currency risk in respect of its US$ exposure as HK$, which is the functional currency of certain group entities, is pegged to US$.

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.

	2024		2023	
	Increase/ (decrease)	**Increase/ (decrease) in loss after tax HK$'000**	Increase/ (decrease)	Increase/ (decrease) in loss after tax HK$'000
If RMB strengthens against HK$	**3%**	**13**	3%	(10)
If RMB weakens against HK$	**(3%)**	**(13)**	(3%)	10

(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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

Credit risk arising from trade receivables and other 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, 15% (2023: 10%) and 35% (2023: 39%) 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.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024 and 2023:

	2024			2023		
	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)	**3.16%**	**16,854**	**532**	1.56%	21,093	328
1–180 days past due	**11%**	**6,718**	**756**	5.69%	6,731	383
181–365 days past due	**100%**	**1,755**	**1,755**	92.35%	340	314
More than 365 days past due	**100%**	**11,992**	**11,992**	100%	11,192	11,192
		37,319	**15,035**		39,356	12,217

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.

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 2023	9,903
Impairment losses recognised during the year	2,314
Balance at 31 December 2023 and 1 January 2024	**12,217**
Impairment losses recognised during the year	**2,838**
Written off of trade receivables	**(20)**
Balance at 31 December 2024	**15,035**

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

Credit risk arising from trade receivables and other receivables*(Continued)*

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$7,866,000 as at 31 December 2024 (2023: HK$11,892,000) and reversal of impairment loss allowance of HK$33,000 (2023: provision of impairment loss of HK$166,000) and written off of other receivables of HK$1,099,000 (2023: 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 is not significant after considering the financial background and condition of the counterparties. Accordingly, the directors of the Company consider to recognise a reversal of the ECL for loan and interest receivables amounted to HK$1,598,000 (2023: provision of impairment loss of ECL of HK$2,729,000).

(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.

40. 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 2024						
Trade payables	**–**	**12,528**	**–**	**–**	**12,528**	**12,528**
Other payables	**–**	**30,803**	**–**	**–**	**30,803**	**30,803**
Lease liabilities	**5.07%**	**10,677**	**5,122**	**1,214**	**17,013**	**16,300**
Margin loans payable	**5%**	**2,164**	**–**	**–**	**2,164**	**2,164**
Amount due to a director	**–**	**97,192**	**–**	**–**	**97,192**	**97,192**
Amount due to a shareholder of the Company	**–**	**24,632**	**-**	**-**	**24,632**	**24,632**
Bank and other borrowings	**3.45–12%**	**360,920**	**29,220**	**–**	**390,140**	**366,125**
		538,916	**34,342**	**1,214**	**574,472**	**549,744**

	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

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.

40. 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:

	2024 **HK$'000**	2023 HK$'000
Interest income		
Financial assets at amortised cost	**3,165**	1,628

Interest expense on financial liabilities not measured at FVTPL:

	2024 **HK$'000**	2023 HK$'000
Interest expense		
Financial liabilities at amortised cost	**10,106**	7,432

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(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.

	2024 **HK$'000**	2023 HK$'000
Total borrowings	**366,125**	356,344
Less: Cash and cash equivalents	**(16,317)**	(34,493)
Net borrowings	**349,808**	321,851
Total (deficit)/equity	**(40,642)**	21,073
Total capital	**309,166**	342,924
Gearing ratio	**113%**	94%

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 2024.

41. 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	2024 HK$'000	2023 HK$'000
Non-current assets			
Financial assets at fair value through profit or loss		**525**	14,887
Investments in subsidiaries	(a)	**80**	80
Total non-current assets		**605**	14,967
Current assets			
Prepayments and other receivables		**1,571**	302
Amounts due from subsidiaries	(a)	**26,560**	72,903
Amount due from a director		**179**	179
Cash and cash equivalents		**427**	1,590
Total current assets		**28,737**	74,974
Current liabilities			
Other payables and accruals		**11,197**	7,604
Loan from a subsidiary		**21,687**	1,669
Amounts due to subsidiaries		**79,658**	81,516
Total current liabilities		**112,542**	90,789
Net current liabilities		**(83,805)**	(15,815)
Net liabilities		**(83,200)**	(848)
Equity			
Share capital	32	**112,238**	112,238
Deficits	(b)	**(195,438)**	(113,086)
Total deficits		**(83,200)**	(848)

Wang Liang
Director

Du Dong
Director

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

(a) During the year ended 31 December 2024, impairment loss on amounts due from subsidiaries of HK$58,150,000 (2023: impairment loss on amounts due from subsidiaries of HK$84,522,000) was recognised.

(b) A summary of the Company's deficits is as follows:

	Share premium account HK$'000 (note 33(a))	**Contributed surplus** HK$'000 (note 33(c))	**Share option reserve** HK$'000 (note 33(d))	**Accumulated losses** HK$'000	**Total** HK$'000
At 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 and 1 January 2024	1,907,658	13,387	39,402	(2,073,533)	(113,086)
Total comprehensive loss for the year	**–**	**–**	**–**	**(85,991)**	**(85,991)**
Equity settled share-based transactions	**–**	**–**	**3,639**	**–**	**3,639**
Share option lapsed	**–**	**–**	**(12,176)**	**12,176**	**–**
At 31 December 2024	**1,907,658**	**13,387**	**30,865**	**(2,147,348)**	**(195,438)**

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.

42. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2024 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 (2023: 100)	–	Investment holding
Era Bright	Hong Kong	Ordinary HK$99,844,885	–	59.71 (2023: 67.63)	Money lending
Qualipak Manufacturing Limited	Hong Kong	Ordinary HK$100 Non-voting deferred HK$22,303,857^	–	59.71 (2023: 67.63)	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 (2023: 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 (2023: 100)	Provision of QR codes on product packaging and business intelligence IT solutions 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 (2023: 100)	Provision of QR codes on product packaging
Victor Choice Global Limited	BVI	Ordinary US$200	–	100 (2023: 100)	Investment holding
Marvel Galaxy	BVI	Ordinary US$200	–	79 (2023: 100)	Investment holding
Morning Win Limited@	Republic of the Marshall Islands	Ordinary HK$1	–	79 (2023: 100)	Investment holding
Winning Surprise Limited@	Republic of the Marshall Islands	Ordinary HK$1	–	79 (2023: 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 US$12,000,000	–	100 (2023: 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
@ Subsidiaries of Marvel Galaxy

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.

43. SUBSEQUENT EVENTS

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

44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 March 2025.

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				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from sales of goods and services rendered	**152,299**	198,032	323,334	291,415	218,805
Revenue from treasury investment					
Fair value gains/(losses) on financial assets at fair value through profit or loss held for trading, net	**4,565**	(894)	(9,899)	(25,143)	(14,205)
Interest income from money lending business	**3,101**	1,502	2,390	3,178	1,745
Dividend income from financial assets at FVTPL held for trading	**–**	–	–	411	170
Interest income from margin financing	**–**	–	–	12,672	262
Commission and service income	**–**	–	–	972	9
Loss before tax	**(88,366)**	(272,585)	(199,183)	(122,970)	(171,983)
Income tax credit/(expense)	**326**	16	(3,473)	(971)	(6)
Loss for the year	**(88,040)**	(272,569)	(202,656)	(123,941)	(171,989)
Attributable to:					
Owners of the Company	**(88,107)**	(268,939)	(198,065)	(72,948)	(168,776)
Non-controlling interests	**67**	(3,630)	(4,591)	(50,993)	(3,213)
	(88,040)	(272,569)	(202,656)	(123,941)	(171,989)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**550,319**	607,340	887,697	1,024,728	971,940
Total liabilities	**(590,961)**	(586,267)	(604,188)	(537,683)	(415,571)
Non-controlling interests	**(42,558)**	(21,921)	(19,550)	(17,128)	(68,326)
	(83,200)	(848)	263,959	469,917	488,043