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透云科技
Ty. Technology

China Touyun Tech Group Limited

中國透雲科技集團有限公司

(Incorporated in Bermuda with limited liability)

Website: www.chinatouyun.com.hk

(Stock Code: 1332)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the “Board”) of China Touyun Tech Group Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2018 together with comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	NOTES	HK\$'000	HK\$'000
FAIR VALUE LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET	4	(2,875)	(72,873)
REVENUE	4	162,182	171,534
Cost of sales		(114,676)	(120,446)
Gross profit		47,506	51,088
Other income, gains and losses, net	5	10,721	(1,702)
Selling and distribution expenses		(15,001)	(16,928)
Administrative and operating expenses		(108,790)	(61,354)
Finance costs	6	(19,671)	(155)
Share of results of a joint venture		5,059	3,009
LOSS BEFORE TAX	7	(83,051)	(98,915)
Income tax expense	8	(49)	(837)
LOSS FOR THE PERIOD		(83,100)	(99,752)

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	<i>NOTE</i>	HK\$'000	<i>HK\$'000</i>
LOSS FOR THE PERIOD ATTRIBUTABLE TO			
— owners of the Company		(82,838)	(92,486)
— non-controlling interests		(262)	(7,266)
		<u>(83,100)</u>	<u>(99,752)</u>
LOSS PER SHARE ATTRIBUTABLE TO			
OWNERS OF THE COMPANY			
— Basic and diluted	<i>10</i>	<u>HK0.85 cents</u>	<u>HK0.94 cents</u>

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	<u>(83,100)</u>	<u>(99,752)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>7,583</u>	<u>2,522</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>7,583</u>	<u>2,522</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(75,517)</u></u>	<u><u>(97,230)</u></u>
Total comprehensive loss attributable to:		
Owners of the Company	<u>(75,255)</u>	(89,964)
Non-controlling interests	<u>(262)</u>	<u>(7,266)</u>
	<u><u>(75,517)</u></u>	<u><u>(97,230)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
	NOTES		
NON-CURRENT ASSETS			
Property, plant and equipment	11	81,282	70,671
Intangible assets		21,947	15,808
Goodwill		201,725	201,725
Interests in a joint venture		146,608	141,549
Available-for-sale investments	12	–	411,240
Financial assets at fair value through profit or loss	14	425,429	–
Prepayments		23	8,772
		877,014	849,765
Total non-current assets			
CURRENT ASSETS			
Inventories		35,071	22,551
Trade and bills receivables	13	87,268	75,251
Prepayments, deposits and other receivables		25,121	24,917
Financial assets at fair value through profit or loss	14	11,392	14,250
Derivative embedded in convertible bond	16	1,303	–
Restricted deposits		10,920	10,920
Cash and cash equivalents		255,776	348,655
		426,851	496,544
		–	2,116
Non-current assets classified as held for sale			
		426,851	498,660
Total current assets			
CURRENT LIABILITIES			
Trade and bills payables	15(a)	45,096	47,795
Other payables and accruals	15(b)	31,461	35,884
Contract liabilities-receipt in advance		10,832	–
Tax payable		3,947	4,080
Derivative embedded in convertible bond	16	–	1,827
Obligations under finance leases		5,182	1,536
		96,518	91,122
Total current liabilities			
NET CURRENT ASSETS		330,333	407,538
TOTAL ASSETS LESS CURRENT LIABILITIES		1,207,347	1,257,303

		30 June 2018	31 December 2017
	<i>NOTE</i>	(Unaudited)	(Audited)
		HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		42	56
Convertible bond	<i>16</i>	307,003	298,558
Obligation under finance leases		1,761	805
		<u>308,806</u>	<u>299,419</u>
Net assets		<u>898,541</u>	<u>957,884</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		97,973	97,973
Reserves		800,288	859,369
		<u>898,261</u>	<u>957,342</u>
Non-controlling interests		280	542
		<u>898,541</u>	<u>957,884</u>

Notes:

1. CORPORATE INFORMATION

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

During the period, the principal activities of the Group are (i) provision of QR codes on product packaging and solutions and advertising display services; (ii) the manufacture and sale of packaging products; and (iii) investments and trading in securities and money lending.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2017.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost conversion, except for equity investments classified as financial assets at fair value through profit or loss which have been measured at fair value. These unaudited interim condensed consolidated financial statements are prepared in Hong Kong dollar (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the new and revised HKFRSs for the first time for the current period financial information. Of these, the following developments are relevant to the Group’s interim condensed consolidated financial statements:

HKFRS 9	<i>Financial instruments</i>
HKFRS 15	<i>Revenue from contracts with customers</i>

The new HKFRSs have been applied in accordance with the relevant transition provisions set out in the respective standards which results in changes in accounting policies, amounts reported and/or disclosures.

Under the transition provision applied, the Group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the condensed consolidated statement of financial position that has been impacted by HKFRS 9 and/or HKFRS 15:

	At 31 December 2017 <i>HK\$'000</i>	Impact on initial application of HKFRS 9 <i>(Note 2(a))</i> HK\$'000	Impact on initial application of HKFRS 15 <i>(Note 2(b))</i> HK\$'000	At 1 January 2018 <i>HK\$'000</i>
Available-for-sale investments	411,240	(411,240)	–	–
Financial assets at fair value through profit or loss	14,250	420,754	–	435,004
Inventories	22,551	–	1,500	24,051
Trade and bills receivables	75,251	–	(5,198)	70,053
Prepayments, deposits and other receivables	24,917	–	274	25,191
Contract liabilities	–	–	10,013	10,013
Other payables and accruals	35,884	–	(10,013)	25,871
Translation reserve	3,938	–	(87)	3,851
Accumulated losses	(934,869)	9,514	(3,337)	(928,692)

(a) Impacts of changes in accounting policies of application on HKFRS 9 “Financial Instruments”

HKFRS 9 replaced HKAS 39, Financial instruments: recognition and measurement. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39 and is not restated.

Under HKAS 39, unlisted equity investments that were not held for trading were classified as available-for-sale financial assets and carried at cost less impairment. These unlisted equity investments are classified as financial assets at fair value through profit or loss (“FVTPL”) under HKFRS 9, unless they are eligible for and designated at fair value through other comprehensive income (“FVTOCI”) by the Group. At 1 January 2018, the Group did not designate these investments at FVTOCI.

(i) **Classification of financial assets and financial liabilities**

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciliations of the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 December 2017 HK\$'000	Reclassification HK\$'000	Remeasurement (note(ii)) HK\$'000	HKFRS 9 carrying amount at 1 January 2018 HK\$'000
Financial assets measured at FVTPL				
Equity securities (note (i))	<u>14,250</u>	<u>411,240</u>	<u>9,514</u>	<u>435,004</u>
Financial assets classified as available-for-sale investments under HKAS 39 (note (i))	<u>411,240</u>	<u>(411,240)</u>	<u>-</u>	<u>-</u>

Notes:

- (i) Under HKAS 39, unlisted equity investments that were not held for trading were classified as available-for-sale financial assets. These unlisted equity investments are classified as FVTPL under HKFRS 9.
- (ii) The remeasurement represented the fair value change of financial assets originally classified as available-for-sale financial assets carried at cost less impairment.

(ii) **Credit losses**

At 1 January 2018, the Group assessed the impact of expected loss allowance is not significant to the Group.

(iii) **Transition**

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

(b) Impacts of changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaced HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The Group has made the following adjustments at 1 January 2018, as a result of the adoption of HKFRS 15:

	Carrying amount at 31 December 2017 <i>HK\$'000</i>	Reclassification <i>HK\$'000</i>	Delay in revenue recognition <i>HK\$'000</i>	Carrying amount at 1 January 2018 <i>HK\$'000</i>
Inventories	22,551	–	1,500	24,051
Trade and bills receivables	75,251	–	(5,198)	70,053
Prepayments, deposits and other receivables	24,917	–	274	25,191
Contract liabilities	–	10,013	–	10,013
Other payables and accruals	35,884	(10,013)	–	25,871

Further details of the nature and effect of the changes previous accounting policies are set out below:

(i) Presentation of contract assets and liabilities

To reflect the changes in presentation, receipt in advance amounting to HK\$10,013,000 was reclassified as contract liabilities from other payables and accruals at 1 January 2018, as a result of the adoption of HKFRS 15.

(ii) Timing of revenue recognition

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue except for the following:

For development of custom software services under QR code business segment, the Group's contracts with customers are made-to-order where the Group develops the software specially in accordance with the customer's specification. Under HKAS 18, the Group recognised such revenue using percentage of completion. Upon the application of HKFRS 15, revenue from development of custom software services is generally recognised at a point in time at which the customer acceptance has been obtained which is the point in time when the customer has the ability to direct the use of the custom software. In addition, the services contracts do not meet the criteria for recognising revenue over the time. As a result of this change in accounting policy, the Group has made adjustments to opening balances at 1 January 2018 which decreased retained earnings by HK\$3,337,000, increased inventories by HK\$1,500,000, decreased trade and bills receivables by HK\$5,198,000, increased prepayments, deposits and other receivables by HK\$274,000, and decreased translation reserve by HK\$87,000.

(c) Impact of standards issued but not yet applied by the Company

HKFRS 16 was issued in May 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$22,993,000. The Group estimates that approximately 7% of these relate to payments for short-term and low value leases which will continue to be accounted for based on the current accounting model.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

3. OPERATING SEGMENT INFORMATION

The Group has three reportable operating segments. The segments are managed separately as each business offers different products or provides different services and requires different business strategies. 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 and advertising display services |
| Packaging products segment | — | Manufacture and sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units |
| Treasury investment segment | — | Investments and trading in securities and money lending |

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, share of results of a joint venture and head office and corporate income and expenses are excluded from such measurement.

There were no inter-segment sale during the period (six months ended 30 June 2017: Nil). Corporate and unallocated income, gains and losses and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers for assessment of segment performance.

	For the six months ended 30 June							
	QR code business		Packaging products		Treasury investment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Group's revenue	37,178	31,697	124,772	139,837	232	-	162,182	171,534
Fair value losses on financial assets at fair value through profit or loss, net	-	-	-	-	(2,875)	(72,873)	(2,875)	(72,873)
Segment revenue	<u>37,178</u>	<u>31,697</u>	<u>124,772</u>	<u>139,837</u>	<u>(2,643)</u>	<u>(72,873)</u>	<u>159,307</u>	<u>98,661</u>
Segment results	<u>(52,625)</u>	<u>(21,703)</u>	<u>(680)</u>	<u>8,878</u>	<u>(2,664)</u>	<u>(72,895)</u>	<u>(55,969)</u>	<u>(85,720)</u>
Corporate and unallocated income, gains and losses							7,353	(1,702)
Corporate and unallocated expenses							(19,823)	(14,347)
Share of results of a joint venture							5,059	3,009
Finance costs							(19,671)	(155)
Loss before tax							<u>(83,051)</u>	<u>(98,915)</u>

4. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, value of services rendered, net fair value gains and losses on financial assets at fair value through profit or loss and dividend income on investment portfolio.

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Provision of QR code service	36,304	31,697
Sale of packaging products	124,772	139,837
Advertising income	874	-
Dividend income from financial assets at fair value through profit or loss	232	-
	<u>162,182</u>	<u>171,534</u>
Fair value losses on financial assets at fair value through profit or loss, net*	<u>(2,875)</u>	<u>(72,873)</u>

* There were no gross proceeds from the disposal of listed equity investments at fair value through profit or loss for the six months ended 30 June 2018 (six months ended 30 June 2017: HK\$39,378,000).

The revenue for the six months ended 30 June 2018 were categorised by timing of revenue recognition at (i) a point in time of HK\$147,712,000 and (ii) over time of HK\$14,470,000.

5. OTHER INCOME, GAINS AND LOSSES, NET

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

	Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Bank interest income	874	90
Foreign exchange differences, net	(1,327)	(2,028)
Gain on disposal of a property, plant and equipment	2,405	(113)
Gross rental income	24	294
Fair value gain on embedded derivative in convertible bond	3,130	–
Fair value change on financial assets at fair value through profit or loss	4,676	–
Impairment of trade receivables	(161)	–
Others	1,100	55
	<u>10,721</u>	<u>(1,702)</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest expense on convertible bond	19,365	–
Interest on obligations under finance leases	306	–
Interest expense on other borrowings	–	155
	<u>19,671</u>	<u>155</u>

7. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Depreciation	12,761	2,844
Amortisation of intangible assets	210	199
Employee benefits expenses (including directors' remuneration):		
Salaries, wages and other benefits	74,436	54,467
Pension scheme contributions	4,872	3,819
Equity-settled share based payments	10,084	5,020
	<u>89,392</u>	<u>63,306</u>

8. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 16.5%) on the estimated assessable profits outstanding in Hong Kong during the period. In accordance with the PRC Corporate Income Tax Law, the PRC Corporate Income Tax is calculated at a statutory rate of 25% (six months ended 30 June 2017: 25%) of the assessable profits except for 上海透雲物聯網科技有限公司 (Shanghai TY Technology Co. Ltd.*) and 信碼互通(北京)有限公司 (Sigmatrix Technology Co. Ltd.*), two indirect wholly-owned subsidiaries of the Group, both companies obtained the High-new Technology Certificate for the years from 2017 to 2020 and were entitled to a tax rate of 15%. Certain of the Group's PRC subsidiaries established in the PRC either did not generate any assessable profit arising in the PRC or have tax losses brought forward from prior years to offset against their assessable profits generated during the period.

	Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	(505)	818
Current tax — PRC Corporate Income Tax	568	—
	<u>63</u>	<u>818</u>
Deferred tax	(14)	19
	<u>49</u>	<u>837</u>

9. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of basic and diluted loss per share attributable to owners of the Company for the six months ended 30 June 2018 and 2017 are based on the following data:

	Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company	<u>82,838</u>	<u>92,486</u>
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>9,797,311</u>	<u>9,797,311</u>

No adjustment has been made to the basic loss per share amount presented for the both six months ended 30 June 2018 and 2017 in respect of a dilution as the impact of the share options has an anti-dilutive effect on the basic loss per share amounts presented.

The computation of diluted loss per share for the six months ended 30 June 2018 does not assume the conversion of the Company's outstanding convertible bond since their assumed exercise would result in a decrease in loss per share.

* For identification purposes only

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group incurred HK\$49,126,000 (six months ended 30 June 2017: HK\$3,433,000) on the acquisition of property, plant and equipment. Property, plant and equipment with aggregate carrying amount of HK\$28,588,000 were disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: HK\$909,000).

As at 30 June 2018, included in property, plant and equipment were amount of HK\$8,569,000 (31 December 2017: HK\$2,587,000) held under finance lease.

12. AVAILABLE-FOR-SALE INVESTMENTS

The amounts of available-for-sale investments of HK\$411,240,000 as at 31 December 2017 was classified as financial assets at fair value through profit or loss upon initial application of HKFRS 9 as at 1 January 2018.

13. TRADE AND BILLS RECEIVABLES

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Trade and bills receivables	87,429	75,251
Less: Impairment	<u>(161)</u>	<u>–</u>
	<u>87,268</u>	<u>75,251</u>

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period generally ranges from 30 to 60 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 and bills 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 and bills receivable balances. Trade and bills receivables are non-interest-bearing.

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

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Within 1 month	38,909	34,125
1 to 2 months	15,236	25,755
2 to 3 months	9,382	4,624
Over 3 months	<u>23,741</u>	<u>10,747</u>
	<u>87,268</u>	<u>75,251</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Non-current assets		
Unlisted equity investments, at fair value (<i>Note (a)</i>)		
Company A	279,297	–
Company B	67,500	–
Company C	5,765	–
Company D	72,867	–
	<u>425,429</u>	<u>–</u>
Current assets		
Listed equity investments, at fair value (<i>Note (b)</i>)	<u>11,392</u>	<u>14,250</u>

Notes:

- (a) The unlisted equity investments relate to investments in four private entities, which were intended to hold for long-term strategic purpose at the time of acquisition. The four private entities are engaged in the provision of advisory and financial services, property holding, investment in securities trading and money lending.

These investments were reclassified from available-for-sale investments of HK\$411,240,000 at 1 January 2018 upon the adoption of HKFRS 9 and a fair value gain of HK\$9,514,000 was recognised upon initial application of HKFRS 9 as detailed in Note 2. The fair value of these investments as at 1 January 2018 and 30 June 2018 were estimated by management based on the recent market transactions.

- (b) The above financial assets at 30 June 2018 and 31 December 2017 were classified as held for trading and were, upon initial recognition, classified by the Group as financial assets at fair value through profit or loss.

15. TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS

(a) Trade and bills payables

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

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Within 1 month	26,612	29,078
1 to 2 months	13,172	13,054
2 to 3 months	2,656	3,030
Over 3 months	2,656	2,633
	<u>45,096</u>	<u>47,795</u>

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

(b) Other payables and accruals

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Deposits received	–	13,502
Other payables	15,281	6,996
Accruals	16,180	15,386
	31,461	35,884

16. CONVERTIBLE BOND

On 3 October 2017, the Company and China Huarong International Holdings Limited (the “Subscriber”) entered into an agreement (the “CB Agreement”), pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the convertible bond (“CB”) in the aggregate principal amount of US\$40,000,000 (equivalent to HK\$312,000,000). The net proceeds from the issue of the CB of approximately US\$39,671,000 (equivalent to HK\$309,439,000) will be used for development of the business operations of 上海透雲物聯網科技有限公司 (Shanghai TY Technology Co. Ltd.*) (“SHTY”), a subsidiary of the Company, in particular, Touyun Retailers Management System, and for other general corporate purposes. The CB Agreement was completed on 10 November 2017 (the “Issue Date”).

The CB is secured by over the share capital or registered capital of certain subsidiaries of the Group and personal guarantee provided by Mr. Wang Liang, a director of the Company. The CB bears interest from and including the Issue Date at the rate of 7.0% per annum, payable semi-annually. The CB will mature on the date falling on the second anniversary of the Issue Date subject to an automatic extension to the third anniversary of the Issue Date if the following conditions are satisfied (the “Maturity Date”):

- (i) the revenue for the six months ending 30 June 2019 as shown in the unaudited consolidated accounts of SHTY shall be not less than RMB500 million; and
- (ii) the total debt of SHTY as at 30 June 2019 as shown in its unaudited consolidated accounts for the six months ending 30 June 2019 shall not be more than 40% of its total assets.

The initial conversion price is HK\$0.492 per share, subject to anti-dilutive adjustments. The CB holder has the right to convert the principal amount of the CB into fully-paid ordinary shares of the Company at any time during the period beginning on, and including, the date falling on the 180th day from the Issue Date and ending on, the Maturity Date.

Unless previously redeemed, converted or purchased and cancelled, the Company shall, redeem all the outstanding CB on the Maturity Date at an amount equal to the Redemption Amount*. The Company may give notice to redeem in whole, or in part, such CB for the time being outstanding at the Redemption Amount after the 180th calendar day after the Issue Date. Unless previously redeemed, converted or purchased and cancelled, the CB Holders may give notice to redeem in whole, or in part, such CB for the time being outstanding at the Redemption Amount upon occurrence of two consecutive breaches of certain financial covenants as set forth in the CB Agreement.

- * Redemption Amount is defined as an amount equal to the aggregate of (a) the aggregate principal amount of such outstanding CB held by the relevant CB Holder; (b) any accrued but unpaid interest on such outstanding CB on the relevant redemption date; (c) if the sum of the amounts referred in paragraphs (a) and (b) above plus interest already paid on such outstanding CB falls short of making

* For identification purposes only

up a return equal to an internal rate of return of 10.0% on the aggregate principal amount of the outstanding CB calculated from the Issue Date until the redemption date, such additional amount which would make up an internal rate of return of 10.0% on the aggregate principal amount of the outstanding CB; and (d) (in respect of any redemption made as a result of any events of default) any default interest accrued but unpaid.

The net proceeds of the CB was HK\$309,439,000, after net off of issuance cost of HK\$2,561,000.

The CB contains two components, debt component and derivatives (including conversion and early redemption options) component. Since the Redemption Amount, the principal payable on the Maturity Date are denominated and settled in United States dollars (“US\$”) which is not same as the Company’s functional currency which is HK\$, the conversion option will not result in an exchange of a fixed amount of cash (in the context of the functional currency of the Company) for a fixed number of shares and hence the conversion option does not meet the definition of an equity instrument in accordance with the applicable accounting standards. The effective interest rate of the debt component is 13.08%. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

The movement of the components of the convertible bond for the six months ended 30 June 2018 is set out below:

	Debt component HK\$'000	Derivative component HK\$'000	Total HK\$'000
Carrying amount at the beginning of the period	298,558	1,827	300,385
Interest charge	19,365	–	19,365
Repayment of convertible bond interest	(10,920)	–	(10,920)
Change in fair value	–	(3,130)	(3,130)
	<u>307,003</u>	<u>(1,303)</u>	<u>305,700</u>
Carrying amount at the end of the period			
Classified as:			
Current asset	–	(1,303)	
Non-current liability	<u>307,003</u>	<u>–</u>	

17. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the 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 Scheme became effective on 18 May 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

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

Pursuant to the Scheme, 119,700,000 options and 97,750,000 options were granted to eligible participants of the Group on 25 January 2017 and 12 December 2017 respectively. The options holders should be remained as eligible participants throughout the vesting period. Movements of the options, which were granted under the Scheme, during the period were listed below:

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2018	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2018
25/01/2017	0.335	02/07/2018 to 01/07/2022	28,025,000	(5,310,000)	22,715,000
25/01/2017	0.335	02/07/2019 to 01/07/2022	28,025,000	(5,310,000)	22,715,000
25/01/2017	0.335	02/07/2020 to 01/07/2022	28,025,000	(5,310,000)	22,715,000
25/01/2017	0.335	02/07/2021 to 01/07/2022	28,025,000	(5,310,000)	22,715,000
			112,100,000	(21,240,000)	90,860,000

The above options were vested on 2 July 2018.

Date of grant	Exercise price HK\$	Exercisable period	Number of options outstanding at 1 January 2018	Lapsed/ cancelled during the period	Number of options outstanding at 30 June 2018
12/12/2017	0.335	10/06/2019 to 09/06/2023	24,412,500	(150,000)	24,262,500
12/12/2017	0.335	10/06/2020 to 09/06/2023	24,412,500	(150,000)	24,262,500
12/12/2017	0.335	10/06/2021 to 09/06/2023	24,412,500	(150,000)	24,262,500
12/12/2017	0.335	10/06/2022 to 09/06/2023	24,412,500	(150,000)	24,262,500
			97,650,000	(600,000)	97,050,000

The above options will be vested on 10 June 2019.

The fair value of the share options granted on 25 January 2017 and 12 December 2017 are determined using the Binomial Option Pricing Model, was HK\$17,892,000 and HK\$17,950,000 respectively. The inputs into the Model and the estimated fair value of the share options are as follows:

	25 January 2017	12 December 2017
Closing price of the shares	HK\$0.285	HK\$0.305
Exercise price	HK\$0.335	HK\$0.335
Dividend yield	Nil	Nil
Expected volatility	93.19%	87.92%
Risk-free interest rate	1.289%	1.582%
Fair value per share option	HK\$0.143 to HK\$0.153	HK\$0.179 to HK\$0.186

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

During the six months ended 30 June 2018, the Group recognised an expense of HK\$10,084,000 (six months ended 30 June 2017: HK\$5,020,000) as equity-settled share based payments in the condensed consolidated statement of profit or loss with reference to their respective vesting period.

18. CAPITAL COMMITMENTS

The Group has the following capital commitments at the end of the reporting period:

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	159	13,871

19. PLEDGE OF ASSETS

As at 30 June 2018, the Group's equity interest in Apex Capital Business Limited and its subsidiaries were pledged to secure the HK\$307.0 million (31 December 2017: HK\$298.6 million) convertible bond.

20. CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any contingent liabilities (31 December 2017: Nil).

21. EVENTS AFTER THE REPORTING PERIOD

On 25 January 2018, the Company entered into a conditional agreement with Enerchina Holdings Limited (the "Purchaser", a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange) pursuant to which the Company agreed to sell and the Purchaser has agreed to acquire 11.78% of the entire issued share capital of Win Wind Capital Limited ("Win Wind") at a consideration of HK\$320,000,000 which will be settled by the issuance of the zero coupon promissory note of the Purchaser (the "Promissory Note"). The Promissory Note bears zero coupon rate with maturity date of 30 June 2019. The Company will cease to hold any beneficial interest in Win Wind upon completion.

The transaction has been completed subsequent to 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a loss attributable to the shareholders of the Company of HK\$82.8 million for the six months ended 30 June 2018, representing a decrease of 10.5% as compared to the loss attributable to the shareholders of the Company of HK\$92.5 million for the six months ended 30 June 2017. The improved performance was mainly due to the reduced loss on fair value losses on financial assets at fair value through profit or loss and partly set off by the increase in administrative and operating expenses and finance cost.

During the six months ended 30 June 2018, the Group recorded a revenue of approximately HK\$162.2 million (six months ended 30 June 2017: HK\$171.5 million), representing a decrease of approximately 5.4% as compared to the corresponding period of last year. The Group's overall gross profit margin was 29.3% (six months ended 30 June 2017: 29.8%). Such slight decrease in gross profit margin is primarily attributable to the (i) increasing operating cost from QR code business; and (ii) relatively fixed production costs, increased material costs and decreased sale orders had all influenced negatively on profit margins of packaging products business.

The "Touyun Retailers Management System" was launched in 2017 and has currently operated in 12 cities of PRC covering 9,000 retailers and ministores including but not limited to consumer products, apparel products, tobacco and alcohol, electrical appliances and hardware, and the Company will closely monitor and review the market response and will adjust marketing strategies timely.

FINANCIAL REVIEW AND PROSPECT

QR code business

Revenue from QR code business was HK\$37.2 million and its segment loss was HK\$52.6 million during the six months ended 30 June 2018 (six months ended 30 June 2017: Revenue of HK\$31.7 million and segment loss of HK\$21.7 million). The increase in segment loss was due to the increasing operating cost from the operation of Touyun Retailers Management System.

In 2017, 上海透雲物聯網科技有限公司 ("SHTY*"), a wholly-owned subsidiary of the Company has successfully recently developed an O2O (online-to-offline) system, namely "Touyun Retailers Management System". This system is based on "One Product, One Code" application with QR codes as the medium, which directly links consumers, retailers and manufacturers and provides its users with a series of functions including automatic checkouts, taking purchase orders, store locations searches and arranging for delivery services, etc. Application of this system will therefore enable more time-efficient and cost effective communication and connection among consumers, retailers and manufacturers.

The system has currently operated in 12 cities of PRC covering 9,000 retailers and ministores including but not limited to consumer products, apparel products, tobacco and alcohol, electrical appliances and hardware, and the Company will closely monitor and review the market response and will adjust marketing strategies timely.

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Packaging products business

The packaging products business reported a revenue of HK\$124.8 million for the six months ended 30 June 2018 (six months ended 30 June 2017: HK\$139.8 million), representing a decrease of 10.8% as compared with the corresponding period of last year. A segment loss of HK\$0.7 million was recorded during the six months ended 30 June 2018 (six months ended 30 June 2017: segment profit of HK\$8.9 million). The segment loss was mainly due to decrease in sales.

Treasury investment business

During the period, the Group recorded fair value loss of HK\$2.9 million on financial assets at fair value through profit and loss, representing a decrease of 96.1% as compared to the corresponding period of last year amounted to HK\$72.9 million. Such decrease were mainly attributable to significant amount of investments was disposed of during the first half of 2017.

INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

LIQUIDITY AND FINANCE RESOURCES

As at 30 June 2018, the Group had outstanding HK\$307.0 million secured convertible bond, bears interest of 7% per annum and repayable in 2019 (31 December 2017: HK\$298.6 million). The Group had no other borrowings (31 December 2017: Nil) and had cash balances amounting to HK\$255.8 million (31 December 2017: HK\$348.7 million). There were no gearing ratio (net borrowings to shareholders' equity) as at 30 June 2018 and 31 December 2017.

PLEDGE OF ASSETS

As at 30 June 2018, the Group's equity interest in Apex Capital Business Limited and its subsidiaries were pledged to secure the HK\$307.0 million convertible bond (31 December 2017: HK\$298.6 million).

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any contingent liabilities (31 December 2017: Nil).

FOREIGN EXCHANGE RISK

Most of the Group's revenues are transacted in US dollars and Hong Kong dollars while expenses are mainly in US dollars, Hong Kong dollars and Renminbi. In view of the prevailing financial market situation, the Group did not engage in any foreign exchange hedging products for the exposure of currency risk of Renminbi during the period. The Group still monitors fluctuations in exchange rates closely and manages the currency risk involved actively.

EMPLOYEES

As at 30 June 2018, the Group had a total workforce of approximately 1,000 employees in Hong Kong and Mainland China. The Group remunerates its staff based on their merit, qualification, competence and prevailing market salaries trend. In addition to salary and year-end bonus, the remuneration packages also comprised of share option scheme, provident fund contributions, medical and life insurances.

SIGNIFICANT INVESTMENT HELD

As at 30 June 2018, the Group held listed and unlisted investments of approximately HK\$11.4 million and HK\$572.0 million respectively, details of which were set out as follows:

Nature of investments	Number of	Percentage of	Fair value	Fair value		Percentage	Investment
	shares held	shareholding	change for	as at	as at	to the Group's	
	as at	as at	period ended	as at	31 December	net assets	
	30 June 2018	30 June 2018	30 June 2018	30 June 2018	2017	30 June 2018	cost
		%	HK\$'000	HK\$'000	HK\$'000	%	HK\$'000
Financial assets at fair value through profit or loss							
<i>Unlisted Investments</i>							
Freewill Holdings Limited ("Freewill")	14,550,000	2.95	(5,564)	5,765	11,329	0.64	80,025
Co-Lead Holdings Limited ("Co-Lead")	225	2.17	103	67,500	67,397	7.51	90,000
Win Wind Capital Limited ("Win Wind")	13,600,000	11.78	-	279,297	279,297	31.08	714,000
Satinu Resources Group Limited ("Satinu")	9,108,328	0.90	19,650	72,867	53,217	8.11	53,217
			<u>14,189</u>	<u>425,429</u>	<u>411,240</u>	<u>47.34</u>	<u>937,242</u>

Nature of investments	Number of shares held as at 30 June 2018	Percentage of shareholding as at 30 June 2018	Share of profit of a joint venture for period ended 30 June 2018	Carrying amount		Percentage to the Group's net assets as at 30 June 2018	Investment cost	
				as at 30 June 2018	as at 31 December 2017			
		%	HK\$'000	HK\$'000	HK\$'000	%	HK\$'000	
Investment in a joint venture								
<i>Unlisted Investments</i>								
FreeOpt Holdings Limited ("FreeOpt")	<u>1,500,000</u>	<u>31.38</u>	<u>5,059</u>	<u>146,608</u>	<u>141,549</u>	<u>16.32</u>	<u>150,000</u>	
			Unrealised loss on fair value change for period ended 30 June 2018	Dividends received for period ended 30 June 2018	Fair value as at 30 June 2018	Percentage to the Group's net assets as at 30 June 2018	Investment cost	
	Number of shares held as at 30 June 2018	Percentage of shareholding as at 30 June 2018	for period ended 30 June 2018	for period ended 30 June 2018	as at 30 June 2018	as at 31 December 2017	as at 30 June 2018	Investment cost
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%	HK\$'000
Financial assets at fair value through profit or loss								
<i>Listed Investments</i>								
Enerchina Holdings Ltd. ("Enerchina")	<u>25,000,000</u>	<u>0.86</u>	<u>(2,875)</u>	<u>232</u>	<u>11,392</u>	<u>14,250</u>	<u>1.27</u>	<u>36,377</u>

Freewill is principally engaged in the businesses of property investment, investment advisory and financial services, investment in securities trading, and money lending.

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

Win Wind is principally engaged in the financial services and money lending activities.

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

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

Enerchina is principally engaged in the financial services sector, including the provision of securities brokerage services, placing and underwriting services, the provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and asset management services as well as investment holdings.

UPDATE ON USE OF PROCEEDS IN RELATION TO FUND RAISING ACTIVITIES

In addition to the information provided in the annual report for the year ended 31 December 2017 (the “Annual Report”), the Company would like to further provide the update in respect of the use of the net proceeds in relation to the past fund raising activities as at 30 June 2018:

Reference is made to the announcements of the China Touyun Tech Group Limited (the “Company”) dated 10 August 2016, 9 November 2016, 18 November 2016, 24 January 2017, 21 February 2017, 3 October 2017 and 10 November 2017 in relation to the placing 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 and the Annual Report.

Intended use of proceeds	Actual use of proceeds
(1) The Company raised HK\$406.1 million net proceeds from the placing of shares in November 2016 and the net proceeds were intended to use as follow:	
(a) An amount of HK\$263.4 million was used for the redemption of the Promissory Note.	An amount of HK\$263.4 million was utilised for the full redemption of the Promissory Note in the principal amount of HK\$258 million and payment of accrued interest.
(b) An amount of HK\$142.7 million is for the expansion and development of its QR code business as to:	
(i) an amount of RMB55 million (equivalent to approximately HK\$63 million) towards an acquisition (the “Acquisition”) of 信碼互通(北京)科技有限公司 (Sigmatrix Technology Co., Ltd.*) in the People’s Republic of China (the “PRC”) by 上海透雲物聯網 科技有限公司 (Shanghai TY Technology Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, under the relevant acquisition agreement dated 24 January 2017 which was completed in March 2017;	(i) The Acquisition was completed in March 2017 and an amount of HK\$63 million were fully used towards the Acquisition.

* For identification purposes only

Intended use of proceeds

Actual use of proceeds

(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 code business (the “Research & Development”); and

(iii) An amount of HK\$58.7 million were 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 were utilised in the Purchase of Transportation and Supplies and HK\$3.4 million has not yet been utilised and expected to be utilised in 2018 and 2019.

(2) An amount of net proceeds of US\$39.6 million (equivalent to HK\$309.4 million) was raised from issue of US\$40 million 7% interest convertible bond in November 2017 and the net proceeds were intended to use as follows:

(a) An amount of HK\$278.5 million were used for expansion and development of QR code business; and

An amount of HK\$80.5 million was utilised for the expansion and development of QR code business and HK\$198.0 million has not been utilised. The unutilised amount is expected to be utilised in 2018 and 2019 and applied for the same purposes as disclosed in the Announcements and Annual Report.

(b) An amount of HK\$30.9 million were used for general working capital of corporate office.

An amount of HK\$24.1 million was utilised for general working capital of corporate office and HK\$6.8 million has not been utilised. The unutilised amount is expected to be utilised in 2018 and 2019 and applied for the same purposes as disclosed in the Announcements and Annual Report.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2018 except one independent non-executive director and one non-executive director did not attend the annual general meeting of the Company held on 1 June 2018 (“2018 AGM”) due to other business engagement. The Company considers that the members of the Board who attended the 2018 AGM were able to sufficiently answering questions from shareholders at the 2018 AGM.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made on all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2018.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2018.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2018 have not been audited, but have been reviewed by the Audit Committee. The Audit Committee comprises three independent non-executive Directors. The primary duties of the Audit Committee are, amongst other matters, to communicate with the management of the Company; and review the accounting principles and practices, internal control, interim and annual results of the Group.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the respective website of The Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.chinatouyun.com.hk). The 2018 Interim Report will also be available on above websites and despatched to the shareholders of the Company in due course.

By order of the Board
China Touyun Tech Group Limited
Wang Liang
Chairman

Hong Kong, 28 August 2018

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

Executive Directors

Mr. Wang Liang (*Chairman*)

Mr. Du Dong

Mr. Lo Yuen Wa Peter

Non-executive Director

Mr. Chen Hui

Independent Non-executive Directors

Mr. Cheung Wing Ping

Mr. Ha Kee Choy Eugene

Mr. To Shing Chuen