

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **Cocoon Holdings Limited** **中國天弓控股有限公司**

*(Incorporated in the Cayman Islands with limited liability and continued in Bermuda with limited liability)*  
**(Stock Code: 428)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **FINANCIAL HIGHLIGHTS**

The financial highlights of Cocoon Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”) are summarised as follows:

- Revenue of the Group and gross proceeds from disposals of trading securities for the year ended 31 December 2022 was approximately HK\$4,552,000 and HK\$8,880,000 as compared to approximately HK\$7,696,000 and HK\$9,629,000 in the last year respectively.
- Loss attributable to owners of the Company for the year ended 31 December 2022 was approximately HK\$48,079,000 as compared to a loss of approximately HK\$28,643,000 in the last year.
- The Board (the “**Board**”) of Directors (the “**Directors**”) of the Company does not recommend payment of final dividend for the year ended 31 December 2022 (2021: nil).
- Basic loss per share was HK\$0.10 for the year ended 31 December 2022 (2021: loss per share of HK\$0.07).

The Board announces the consolidated results of the Group for the year ended 31 December 2022 together with comparative figures for the corresponding year ended 31 December 2021. The following consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes, including the comparative figures, have been extracted from the Company’s audited consolidated financial statements for the year ended 31 December 2022 which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gross proceeds from disposals of trading securities		<u><b>8,880</b></u>	<u>9,629</u>
<b>Revenue</b>	5	<b>4,552</b>	7,696
Others income	6	<b>91</b>	—
Other losses	7	<b>(44,529)</b>	(26,907)
Impairment losses for loan notes		<b>(432)</b>	(1,801)
Other operating expenses		<b>(5,702)</b>	(5,979)
Finance costs	8	<u><b>(2,059)</b></u>	<u>(1,652)</u>
<b>Loss before tax</b>	9	<b>(48,079)</b>	(28,643)
Income tax	10	<u>—</u>	<u>—</u>
<b>Loss for the year</b>		<b>(48,079)</b>	(28,643)
<b>Other comprehensive income, net of tax:</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
— Fair value loss on financial assets at fair value through other comprehensive income (“FVTOCI”)		<u>(642)</u>	<u>(5,055)</u>
<b>Loss and total comprehensive income for the year attributable to owners of the Company</b>		<u><b>(48,721)</b></u>	<u>(33,698)</u>
<b>Loss per share (HK\$)</b>			
Basic	11	<u><b>(0.10)</b></u>	<u>(0.07)</u>
Diluted		<u><b>(0.10)</b></u>	<u>(0.07)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

		As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		—	1
Right-of-use assets		202	486
Loan notes	15	—	74,800
		<u>202</u>	<u>75,287</u>
<b>Current assets</b>			
Deposits and prepayments	12	791	282
Loan notes	15	49,510	3,437
Financial assets at fair value through profit or loss ("FVTPL")	16	54,202	61,938
Financial assets at FVTOCI	17	24,903	25,545
Due from securities brokers		2,224	145
Bank balances		2,046	1,635
		<u>133,676</u>	<u>92,982</u>
<b>Current liabilities</b>			
Due to securities brokers		—	1,087
Other payables and accruals	13	1,207	2,066
Lease liabilities		208	282
Promissory notes		662	6,723
		<u>2,077</u>	<u>10,158</u>
<b>Net current assets</b>		<u>131,599</u>	<u>82,824</u>
<b>Total assets less current liabilities</b>		<u>131,801</u>	<u>158,111</u>

		As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Lease liabilities		—	208
Promissory notes		<u>13,500</u>	<u>13,500</u>
		<u>13,500</u>	<u>13,708</u>
<b>NET ASSETS</b>		<b><u>118,301</u></b>	<b><u>144,403</u></b>
<b>Capital and reserves</b>			
Share capital	<i>14</i>	<u>51,801</u>	43,167
Reserves		<u>66,500</u>	<u>101,236</u>
<b>TOTAL EQUITY</b>		<b><u>118,301</u></b>	<b><u>144,403</u></b>
<b>Net asset value per share</b>		<b><u>HK\$0.23</u></b>	<b><u>HK\$0.33</u></b>

*Notes:*

**1. GENERAL INFORMATION**

Cocoon Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and continued in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The principal place of business of the Company is Room 14A, Fortune House, 61 Connaught Road Central, Central, Hong Kong. The principal activities of the Company are investments in securities listed on recognised stock exchanges and unlisted investments with a potential for earnings growth and capital appreciation.

**2. BASIS OF PREPARATION**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which in collective term includes all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (the “**IASB**”) and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are discussed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for current and prior accounting periods reflected in these consolidated financial statements.

**3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The IASB has issued certain new and revised IFRSs and amendments that are first effective or available for early adoption for the current accounting period of the Group.

**Application of new and revised IFRSs**

The Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to IFRS Standards 2018–2020

The application of the above revised IFRSs in the current period had no material impact on the Group’s results and financial position.

## **New and amendments to IFRSs issued but not yet effective**

The Group has not applied amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. The amendments to standards and interpretation include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to IAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2 — Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 — Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB

The Group is in the process of making an assessment of what the impact of these amendments and expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## **4. SEGMENT INFORMATION**

### **(a) Operating segment information**

For management purposes of resource association, the Group's business activity is organised into a single operating segment, being investments in securities listed on recognised stock exchanges and unlisted investments with a potential for earnings growth and capital appreciation. Accordingly, no operating segment information to be presented.

### **(b) Geographical information**

The Company's revenue is solely generated from, and non-current assets are located in, Hong Kong and United States, based on the location of the relevant Group entities' operations.

During the years ended 31 December 2022 and 2021, there were no dividend income from the Group's unlisted investments.

## 5. REVENUE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income from loan notes	4,333	7,525
Dividend income from trading securities designated at FVTPL	219	171
	<u>4,552</u>	<u>7,696</u>

## 6. OTHERS INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government grants ( <i>Note</i> )	72	—
Sundry income	19	—
	<u>91</u>	<u>—</u>

*Note:*

Government grants in respect of the wage subsidy which was granted under The Government of Employment Support Scheme in Hong Kong were recognised at the time the Group fulfilled the relevant granting criteria. There were no unfulfilled conditions or contingencies relating to these government grants.

## 7. OTHER LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Unrealised fair value losses on financial assets at FVTPL:		
— listed securities	(37,578)	(12,937)
Net realised losses on disposals of financial assets at FVTPL:		
— listed securities	(1,168)	(80)
Net losses on financial assets at FVTPL	<u>(38,746)</u>	<u>(13,017)</u>
Loss on disposals of certain financial assets of:		
— a loan note in exchange for listed securities	—	(10,507)
— a loan note in exchange for a loan note	—	(3,383)
— a loan note in exchange for unlisted securities	(5,783)	—
	<u>(5,783)</u>	<u>(13,890)</u>
	<u>(44,529)</u>	<u>(26,907)</u>

## 8. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Imputed interest on promissory notes	1,964	1,456
Interest on lease liabilities	18	13
Interest on other borrowings	77	183
	<u>2,059</u>	<u>1,652</u>

## 9. LOSS BEFORE TAX

Loss before tax has been arrived at after charging the following:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration	350	350
Management fees	535	1,309
Depreciation of property, plant and equipment	1	3
Depreciation of right-of-use assets	284	280
Employee benefits expenses included directors remuneration:		
— Salaries, allowance and benefits in kind	1,175	1,416
— Contributions to defined contribution plan*	28	33
	<u>1,203</u>	<u>1,449</u>
Total employee benefits expenses	<u>1,203</u>	<u>1,449</u>

\* There was no forfeited contribution in respect of the defined contribution plan available at 31 December 2022 and 2021 to reduce future contributions. There was no outstanding contribution to the plan at 31 December 2022 and 2021.



## 10. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has no estimated assessable profit for the years ended 31 December 2022 and 2021.

Reconciliation between income tax and the Group's loss before tax at applicable tax rate is set out below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before tax	<u>(48,079)</u>	<u>(28,643)</u>
Notional tax on loss before tax, calculated at Hong Kong Profits Tax rate of 16.5% (2021: 16.5%)	(7,933)	(4,726)
Tax effect of expenses not deductible for tax purpose	373	243
Tax effect of income that is not taxable	(12)	—
Tax effect of tax losses not recognised	7,501	4,565
Tax effect of temporary differences not recognised	<u>71</u>	<u>(82)</u>
Income tax	<u>—</u>	<u>—</u>

## 11. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

### Loss

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the purposes of basic loss per share	<u>(48,079)</u>	<u>(28,643)</u>

### Number of shares

	2022 <i>'000</i>	2021 <i>'000</i>
Issued ordinary shares at the beginning of year	431,672	359,727
Effect of shares issued on placement	<u>39,028</u>	<u>36,268</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>470,700</u>	<u>395,995</u>

For the purpose of diluted loss per share, no adjustment has been made to the basic loss per share amount presented for the years ended 31 December 2022 and 2021 as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2022 and 2021.

## 12. DEPOSITS AND PREPAYMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other deposits	54	54
Prepayments	737	228
	<u>791</u>	<u>282</u>

The financial assets included in the above balances are non-interest bearing, unsecured and repayable on demand and relate to receivables for which there was no recent history of default and past due amounts.

During the years ended 31 December 2022 and 2021, no provision for impairment were made for 12m ECL on the balances of other deposits.

## 13. OTHER PAYABLES AND ACCRUALS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other payables and accruals	1,203	2,062
Unclaimed dividend payables	4	4
	<u>1,207</u>	<u>2,066</u>

## 14. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
<b>Authorised:</b>		
Ordinary shares of HK\$0.1 each at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	<u>10,000,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.1 each at 1 January 2021	359,726,850	35,973
Issue of shares on placement ( <i>note i</i> )	<u>71,945,370</u>	<u>7,194</u>
Ordinary shares of HK\$0.1 each at 31 December 2021 and 1 January 2022	431,672,220	43,167
Issue of shares on placement ( <i>note ii</i> )	<u>86,334,444</u>	<u>8,634</u>
Ordinary shares of HK\$0.1 each at 31 December 2022	<u>518,006,664</u>	<u>51,801</u>

*Note:*

- (i) On 27 May 2021, the Company and a placing agent entered into a placing agreement in respect of the placement of 71,945,370 ordinary shares of HK\$0.1 each at a price of HK\$0.215 per share under general mandate, to not less than six placees who are independent third parties to the Group (the “**Placement A**”). The Placement A was completed on 17 June 2021.

The net proceeds from the Placement amounted to approximately HK\$15,351,000 after deducting expense of approximately HK\$117,000, approximately HK\$7,194,000 and HK\$8,157,000 were credited to share capital and share premium respectively upon the issue of the new shares. The anticipated net proceeds from the Placement A would be utilised for investment in the listed and/or unlisted securities in the aggregate amount of approximately HK\$5,500,000, repayment of short term loan and payment of interest in the aggregate amount of approximately HK\$6,800,000 and the remaining balance would be used as the Group’s general working capital.

- (ii) On 13 June 2022, the Company and a placing agent (“**Placing Agent B**”) entered into a placing agreement (“**Placing Agreement B**”) in respect of the placement of 86,334,444 ordinary shares of HK\$0.1 each at a price of HK\$0.218 per share under general mandate, to not less than six placees who are independent third parties to the Group (the “**Placement B**”). On 4 July 2022, the Company and Placing Agent B entered into a supplementary placing agreement to (i) extend the long stop date of the Placing Agreement B; (ii) extend the expiry date to procure placees under the Placing Agreement B; and (iii) revise the placing price from HK\$0.218 per share to HK\$0.264 per share. The Placement B was completed on 19 July 2022.

The net proceeds from the Placement B amounted to approximately HK\$22,619,000 after deducting expense of approximately HK\$173,000, approximately HK\$8,634,000 and HK\$13,985,000 were credited to share capital and share premium respectively upon the issue of the new shares. The anticipated net proceeds from the Placement B would be utilised for investment in the listed and/or unlisted securities in the aggregate amount of approximately HK\$10,000,000, repayment of short term loan and payment of interest in the aggregate amount of approximately HK\$6,100,000 and the remaining balance would be used as the Group’s general working capital.

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The capital structure of the Group comprises all components of shareholders’ equity.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2022, 87.55% (2021: 74.95%) of the shares were in public hands.

## 15. LOAN NOTES

Issuer	Date	Subscription amount HK\$'000	Interest receivables HK\$'000	Impairment loss recognised during the year HK\$'000	Carrying amount HK\$'000
Shenzhen Huaqin Agriculture Technology Company Limited <sup>#</sup> ("LN1")	31 December 2022	—	—	—	—
	31 December 2021	27,000	2,307	1,091	27,996
Yun Kang Data Technology (Shanghai) Company Limited <sup>#</sup> ("LN2")	31 December 2022	20,000	118	125	18,995
	31 December 2021	20,000	1,318	629	20,320
D5 Investment B.V. ("LN3")	31 December 2022	30,000	903	307	30,515
	31 December 2021	30,000	2	81	29,921
Total	31 December 2022	50,000	1,021	432	49,510
	31 December 2021	<u>77,000</u>	<u>3,627</u>	<u>1,801</u>	<u>78,237</u>

- (i) During the year ended 31 December 2020, the Group had subscribed HK\$ denominated loan note (the "LN1") of principal value of HK\$27,000,000 issued by an independent third party which is a private entity established in the PRC, Shenzhen Huaqin Agriculture Technology Company Limited, which is principally engaged in technological development of agricultural products and biological products, with maturity period of three years from date of issue. LN1 bears fixed interest at 8.5% per annum and is measured at amortised cost.
- (ii) During the year ended 31 December 2022, LN1 was served as the consideration in exchange for unlisted securities of approximately HK\$24,445,000, which constitutes a deemed disposal of LN1, and resulting a loss on deemed disposal of approximately HK\$5,783,000 recognised in profit or loss for the year ended 31 December 2022.
- (iii) During the year ended 31 December 2020, the Group had subscribed HK\$ denominated loan note (the "LN2") of principal value of HK\$20,000,000 issued by an independent third party which is a private entity established in the PRC, Yun Kang Data Technology (Shanghai) Company Limited, which is principally engaged in applying deep learning and artificial intelligence to analyse the big data for application and provide clinical diagnosis, with maturity period of three years from dates of issue. LN2 bears fixed interest at 6% per annum and is measured at amortised cost.
- (iv) During the year ended 31 December 2021, the Group had subscribed HK\$ denominated loan note (the "LN3") of principal value of HK\$30,000,000 issued by an independent third party, D5 Investment B.V., which is a private entity incorporated in the Netherlands and principally engaged in storage service, with maturity period of two years from dates of issue. LN3 bears fixed interest at 3% per annum and is measured at amortised cost.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan notes	50,000	77,000
Interest receivables	1,021	3,627
Loss allowance	<u>(1,511)</u>	<u>(2,390)</u>
At 31 December	<u><b>49,510</b></u>	<u><b>78,237</b></u>
Less: current portion	<u>(49,510)</u>	<u>(3,437)</u>
Non-current portion	<u><b>—</b></u>	<u><b>74,800</b></u>

#### **Movement for impairment losses**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 January	2,390	12,701
Derecognised upon disposals	(1,311)	(12,112)
Provision made for the year	<u>432</u>	<u>1,801</u>
At 31 December	<u><b>1,511</b></u>	<u><b>2,390</b></u>

The carrying amount of the loan notes approximates to its fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of the loan notes.

#### **16. FINANCIAL ASSETS AT FVTPL**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Listed securities:		
Equity securities — Listed in the United States (“U.S.”)	10,175	45,070
Equity securities — Listed in Hong Kong	<u>19,582</u>	<u>16,868</u>
	<u><b>29,757</b></u>	<u><b>61,938</b></u>
Unlisted equity securities	<u>24,445</u>	<u>—</u>
	<u><b>54,202</b></u>	<u><b>61,938</b></u>

Notes:

At the end of the reporting period, details of the Group's major equity securities are as follows:

Stock name	As at 31 December	Proportion of investee's capital owned	Cost HK\$'000	Market value HK\$'000	Net assets/ (liabilities) attributable to the investment HK\$'000	Accumulated fair value gains/(losses) on investment recognised in the profit and loss during the year HK\$'000
<b>Listed equity securities</b>						
<b>Hong Kong</b>						
Tencent Holdings Limited (i)	2022	0.00%*	13,796	14,395	3,830	1,092
	2021	0.00%*	9,052	7,994	1,850	(1,400)
Alibaba Group Holding Limited (ii)	2022	0.00%*	500	500	293	(143)
	2021	0.00%*	1,040	535	276	(512)
Semiconductor Manufacturing International Corporation (iii)	2022	0.00%*	6,106	4,113	6,009	(477)
	2021	0.00%*	6,106	4,590	5,133	(1,515)
<b>United States</b>						
Readen Holding Corporation (iv)	2022	8.33%	12,046	6,692	9,941	(3,346)
	2021	8.64%	12,046	10,039	10,760	(2,008)
Winchester Holding Group (v)	2022	1.05%	20,966	542	4	(34,490)
	2021	1.05%	20,966	35,031	(19)	(6,028)
<b>Unlisted equity security</b>						
LNPR Group Inc.("LNPR") (vi)	2022	7.02%	24,445	24,445	(123)	—
	2021	—	—	—	—	—

\* Less than 0.01%

Dividends of approximately HK\$219,000 (2021: HK\$171,000) was recognised in consolidated profit or loss during the year ended 31 December 2022.

Except for investment in LNPR Group Inc. is held by a subsidiary of the Company, all of the above investments are directly held by the Company.

*Notes:*

- (i) Tencent Holdings Limited, incorporated in Cayman Islands, is principally engaged in the provision of Value-added Service (“VAS”), FinTech and Business Services and Online Advertising services.
- (ii) Alibaba Group Holding Limited, incorporated in Cayman Islands, provides the technology infrastructure and marketing reach to help merchants, brands and other businesses to leverage the power of new technology to engage with their users and customers and operate in a more efficient way.
- (iii) SMIC, incorporated in Cayman Islands, principally provides its customers with IC wafer foundry services and supporting services covering technology nodes ranging from 0.35 micron to 14 nanometer based on different process technology platforms.
- (iv) Readen Holding Corporation, incorporated in the United States, a Venture Capital Corporation which is active in the Fintech, Online Payment and E-commerce industries. IT Star Limited, wholly-owned subsidiary of the Company, holds this investment.
- (v) Winchester Holding Group, incorporated in the United States, is organised for the purpose of property acquisitions. Initial operations have included organisation and incorporation, target market identification, car seller, marketing plans, capital formation and property acquisitions.
- (vi) LNPR Group Inc. incorporated in the U.S., which is principally engaged in online education business. According to the management of LNPR, they are seeking listing on “OTC Markets Group” in the U.S. and already submitted the application to the authority in the U.S.. IT Star Limited, wholly-owned subsidiaries of the Company, holds this investments.

As at 31 December 2022, no trading securities of the Group (2021: HK\$1,218,000) were pledged to a securities broker to secure margin loan borrowed by the Group.

## 17. FINANCIAL ASSETS AT FVTOCI

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Unlisted equity investments designated at financial assets at FVTOCI	<b><u>24,903</u></b>	<u>25,545</u>

On 7 December 2018, the Group had subscribed 20% equity interest of an Anguilla incorporated private entity Perfect Path, engaged in gold mining business at a consideration of HK\$18,500,000.

Despite the Group holds 20% of the voting power in Perfect Path, however, under contractual arrangements, the other shareholders control the composition of the board of directors and have control over Perfect Path. The directors of the Company consider that the Group does not have significant influence over Perfect Path, and it is therefore the unlisted equity investments are designated at financial assets at FVTOCI.

As of 31 December 2022, the fair value of the equity investments was approximately HK\$24,903,000 (2021: HK\$25,545,000).

As mentioned above, the Group neither has control nor significant influence over Perfect Path and therefore in assessing the fair value of Perfect Path at the end of each reporting period, the Group would take into account the investment strategy of the controlling shareholders of Perfect Path as well as the determination of the valuation techniques thereon.

Having carefully considered the uncertainties over the economic and the operating environment where the gold mine of Perfect Path locates and operates, the shareholders of Perfect Path had reached the consensus, to proactively approach potential buyer in realising the investment of the gold mine development so benefited by the increasing of gold price these years so that alternative investment opportunities can be identified to reduce investment risk due to uncertainties.



Market approach was used for valuation of the equity interest. The inputs into the valuation model as at 31 December 2021 and 2022 were as follows:

<b>Perfect Path</b>	<b>2022</b>	<b>2021</b>
Subscription date	7 December 2018	7 December 2018
Total number of shares held	200,000	200,000
Subscription price	HK\$18,500,000	HK\$18,500,000
Proportion of investee's capital owned	20.00%	20.00%
Dividend income received during the year	—	—
Net assets attributable to the investment	HK\$25,219,000	HK\$25,886,000
Fair value losses recognised during the year	(HK\$642,000)	(HK\$5,055,000)
Discount of lack of control	20%	20%
Gold resource contained	8.6 ton	8.6 ton
% of gold price	8.80%	7.00%
Cost of disposal	0.3% of fair value of the equity interest	0.3% of fair value of the equity interest
Valuation methodology	Market Approach	Market Approach
Fair value performed by:	Access Partner Professional Services Limited	Access Partner Professional Services Limited

## 18. DIVIDENDS

The board of directors (the “**Board**”) does not recommend the payment of any dividend for the years ended 31 December 2022 and 2021.

## 19. EVENTS AFTER THE REPORTING PERIOD

After the Reporting Period, the Group has entered into a non legally binding memorandum of understanding (“**MOU**”) with an asset manager company (the “**Asset Manager**”) which is an indirect wholly owned subsidiary of one of the biggest global investment management organisation and holds asset management license in Hong Kong. Pursuant to the MOU, the Company and the Asset Manager wish to explore the feasibility of a strategic collaboration in relation to the proposed strategic collaboration whereby the Asset Manager would assume the investment management of the Company as well as any proposed framework and operating arrangements. Details of above are set out in the Company's announcement dated 11 January 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

The Group's revenue for the Reporting Period comprised dividend income, interest earned from bank deposits and loans and receivables. For the year ended 31 December 2022, the Group recorded a revenue approximately of HK\$4,552,000 as compared to approximately HK\$7,696,000 in the prior year, representing a decrease of approximately 40.9%. The decrease in revenue was mainly due to decrease of interest income during the Reporting Period. Gross proceeds from disposals of trading securities for the Reporting Period was recorded of approximately HK\$8,880,000 as compared to approximately HK\$9,629,000 for the year ended 31 December 2021. The Group recorded a realised loss of approximately HK\$1,168,000 (2021: HK\$80,000) and fair value loss of approximately HK\$37,578,000 (2021: HK\$12,937,000) on listed securities held by the Group during the Reporting Period. The Group recorded a net realised loss of approximately HK\$5,783,000 (2021: HK\$13,890,000) on disposals of loan notes. During the Reporting Period, impairment losses of various loan notes of approximately HK\$432,000 (2021: HK\$1,801,000) and no impairment loss of deposits and other receivables (2021: nil) were recognised. With the unfavourable performance of certain publicly traded securities held by the Group and fair value loss of certain unlisted securities during the Reporting Period, the Group recorded loss attributable to owners of the Company was approximately HK\$48,079,000 as compared to a loss of approximately HK\$28,643,000 in prior year.

As at 31 December 2022, the Group's unlisted investments (comprised of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and loans and receivables) were approximately HK\$98,858,000 (2021: HK\$103,782,000). Deposits and prepayments was approximately HK\$791,000 (2021: HK\$282,000).

As at 31 December 2022, the net assets of the Group were approximately HK\$118,301,000 (2021: HK\$144,403,000). The net assets decreased 18.08% when compared to prior year. The financial assets at fair value through profit or loss decreased from approximately HK\$61,938,000 as at 31 December 2021 to approximately HK\$54,202,000 as at 31 December 2022 and the financial assets at fair value through other comprehensive income of approximately HK\$24,903,000 (2021: HK\$25,545,000) was as at 31 December 2022.

## **Liquidity, financial resources and capital structure**

As at 31 December 2022, the Group had available funds of approximately HK\$4,270,000 which were mainly placed in banks and licensed securities firms as general working capital. Bank balances and cash balance in licensed securities firms held by the Group were mainly denominated in Hong Kong dollars.

The Group had shareholders' funds of approximately HK\$118,301,000 at 31 December 2022 compared to HK\$144,403,000 at 31 December 2021, representing a decrease of approximately 18.08%.

As at 31 December 2022, the Group had borrowings of approximately HK\$14,162,000 (2021: HK\$21,310,000). The gearing ratio for the Group was 12.0% (2021: 14.8%) which represents the ratio of the Group's borrowings to the net asset value of the Group.

The Group did not have any capital expenditure commitment as at 31 December 2022.

During the Reporting Period, no share option was granted, exercised, lapsed or cancelled under the share option scheme, adopted by the Company at annual general meeting on 17 June 2022.

### **Fund raising activity**

Save as the placing of new shares as disclosed in note 14 to the consolidation financial statements and under the heading of "Placing of New Shares" below, there was no significant change in the Group's capital structure for the Reporting Period.

### **Placing of New Shares**

Reference is made to the announcements of the Company dated 13 June 2022, 4 July 2022 and 19 July 2022, respectively (the "**Announcements**") in relation to, amongst others, the Placing. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

After trading hours on 13 June 2022 and 4 July 2022, the Company and Sorrento Securities Limited entered into the Placing Agreement and Supplementary Placing Agreement pursuant to which the Company has appointed the Placing Agent to procure, on a best efforts basis, places to subscribe for up to 86,334,444 new shares at a price of HK\$0.264 per Placing Share. The gross proceeds from the Placing were approximately HK\$22.8 million and the net proceeds were approximately HK\$22.6 million. It was intended that the net proceeds from the Placing would be utilised for investment in the listed and/or unlisted securities in the aggregate amount of approximately HK\$10.0 million, repayment of short term loan and payment of interest in the aggregate amount of approximately HK\$6.1 million and the remaining balance would be used as the Group's general working capital.

Details of the Placing, Placing Agreement and Supplementary Placing Agreement were set out in the Announcements.

As at the date of this announcement, detailed breakdown and description of the utilisation of the net proceeds from the Placing were as follows:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds raised</b>	<b>Intended use of net proceeds</b>	<b>Actual use of proceeds and expected timeline for fully utilising the unutilised amount</b> <i>(Note)</i>
13 June 2022 (completed on 19 July 2022)	Placing new shares under general mandate	Approximately HK\$22.6 million	(i) Approximately HK\$10.0 million for the investment in listed securities and unlisted securities  (ii) Approximately HK\$6.1 million for repayment of short term loan and payment of interest  (iii) Approximately HK\$6.5 million for general working capital of the Group	(i) Approximately HK\$10.0 million was used to invest in listed securities  (ii) Approximately HK\$5.2 million was used to repay short term loan, the balance approximately HK\$0.9 million would utilised as intended on or before 30 June 2023  (iii) Approximately HK\$5.4 million was used for operating expenses, the balance approximately HK\$1.1 million would utilised as intended on or before 30 June 2023

*Note:* The expected timetable for fully utilising the unutilised net proceeds is determined based on the Group's best estimate of future market conditions, and is subject to change depending on current market conditions and future market developments.

## **INVESTMENT REVIEW**

The Company is an investment company listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) under Chapter 21 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange. The principal activity of the Company is investment holding and the Group is principally engaged in investments in securities listed on recognised stock exchanges and unlisted investments with potential for earning growth and capital appreciation. It is the corporate strategy of the Group to strengthen its existing businesses and continue its focus on financing future investment opportunities domestically and internationally to achieve financial growth for the Group and to maximise the shareholders’ value.

The Company held thirteen investments as of 31 December 2022, comprising nine equity securities listed in Hong Kong and the US, one loan note issued by private entity in the PRC, one loan note issued by private entity in Netherlands, one item of interests in a private entity in Anguilla and one item of interests in a private entity in the U.S.. Pursuant to the requirements stipulated in Rule 21.12 of the Listing Rules, the Company discloses its ten largest investments and all individual investments with value exceeding 5% of the Company’s gross assets with brief description of the investee companies are provided in the notes 15 to 17 to the consolidated financial statements of this announcement and the section under “significant investments held and their performance” below.

### **Significant investments held and their performance**

Details of the performance of the significant investments held by the Group as at 31 December 2022 were disclosed under the heading of “Financial Review” above and in note 15 to 17 to the consolidated financial statements.

The ten largest investments and all individual investments with value exceeding 5% of the Company’s gross assets as at 31 December 2022 with brief description of the investee companies as follows and as disclosed in note 15 to 17 to the consolidated financial statements.

***Loan Note Investment — Yun Kang Data Technology (Shanghai) Company Limited# (“Yun Kang Data”)***

Yun Kang Data is a private entity established in the PRC, which is principally engaged in applying deep learning and artificial intelligence to analyse the big data for application and provide clinical diagnosis. Yun Kang Data issued a loan note (“LN2”) in November 2020 with fixed interest at 6% per annum to the Company and would mature after three years from the date of issue. The interest income recognised of the Group from LN2 for the year ended 31 December 2022 was approximately HK\$1.2 million (2021: HK\$1.2 million). The Board considered that the life science and big data industry is a future trend of the globe and it might a gateway to get involved in this industry by holding the LN2 and to enjoy the fixed interest income as well.

***Loan Note Investment — D5 Investments B.V. (“D5”)***

D5 is a private entity established in Netherlands, which is principally engaged in storage business. D5 issued a loan note (“LN3”) in December 2021 with fixed interest at 3% per annum to the Group and would mature after two years from the date of issue. The interest income recognised of the Group from LN3 for the year ended 31 December 2022 was approximately HK\$0.9 million (2021: HK\$3,000). The Board considered that 3% of fixed interest income by holding LN3 is in the interest of the Group to obtain stable interest income and can diversify the investment portfolio of the Group and to enter into European market.

***Private Equity Investment — Perfect Path Limited (“Perfect Path”)***

Perfect Path is a private entity incorporated in Anguilla, which principally engaged in gold mining business. The Group held 20% of equity interest of Perfect Path, despite the Group held 20% of the voting power in Perfect Path, however, under contractual arrangements the Group has no significant influence over Perfect Path, another single shareholder control the composition of the board of directors and have control over Perfect Path. Perfect Path indirectly owns 9% interest in a gold mine in Thailand (the “Gold Mine”). According to Perfect Path, all relevant application documents for obtaining the Gold Mine licences and permits were submitted to the relevant local government authorities in Thailand, as the relevant application is still in process, Perfect Path still not deployed their business and no income generated during the year ended 31 December 2022. Due to the COVID-19 pandemic has raged in much of the world since early 2020, including Thailand, after having taken into account all relevant factors and vigilantly verified it with Perfect Path, during the year ended 31 December 2022, the shareholders of Perfect Path had reached the consensus, to proactively approach potential buyer in realising the investment of the gold mine development so benefited by the increasing of gold price these years so that alternative investment opportunities can be identified to reduce investment risk due to uncertainties.

***Private Equity Investment — LNPR Group Inc. (“LNPR”)***

LNPR is a private entity incorporated in the US, which is principally engaged in online education business. The Group held 7.02% equity interest of LNPR. According to LNPR, they are seeking listing on OTC market and already submitted the application to the authority in the US. The Board was of the view that having equity interest in LNPR is benefit from listing on OTC market successfully.

***Listed Equity Investment — Tencent (Holdings) Limited (“Tencent”)***

Tencent is a company incorporated in the Cayman Islands (stock code: 700). Tencent is principally engaged in the provision of value-added services, financial technology and business services and online advertising services. Based on the latest published quarterly report for the nine months ended 30 September 2022 of Tencent, the net profit for the period was approximately RMB81,805 million comparing with the net profit for the same period last year was approximately RMB132,105 million. The decrease of net profit of Tencent was mainly due to the decrease in other gains and the increment of general and administrative expenses. The equity attributable to equity holders of Tencent as at 30 September 2022 was approximately RMB755,920 million. Net dividend (after expenses) approximately HK\$0.2 million was received from Tencent during the year ended 31 December 2022 (31 December 2021: HK\$3,800), including dividend in the form of a distribution in specie of JD.com, Inc. (stock code: 9618), equivalent to the market price of JD.com, Inc. approximately HK\$187,000 as at the distribution date. The Board believed the leading position of Tencent in the market can make them to enjoy the prosperity of internet industry, the Group treats the investment in Tencent as the long term.

***Listed Equity Investment — Winchester Holding Limited (“Winchester”)***

Winchester is a company incorporated in the US (OTC Pink: WCHS) which is listing on OTC market in the US. Winchester is an exclusive seller in Hong Kong and Macau for Fiat Professional vehicle. Based on the latest unaudited financial statements for the nine months ended 30 September 2022, the net loss was approximately US\$0.1 million. The net assets of Winchester as at 30 September 2022 was approximately US\$50,000. No dividend was received from Winchester during the year ended 31 December 2022 (31 December 2021: nil). Fiat Professional is an international famous car brand and it has been awarded numerous international prizes by panels of trade journalists. The Board believed Winchester obtaining the exclusive seller right of Fiat Professional is a catalyst of Winchester. The Group would hold the investment in Winchester and closely monitor its performance and may adjust the portfolio of Winchester from time to time.

***Listed Equity Investment — Alibaba Group Holding Limited (“Alibaba”)***

Alibaba is a company incorporated in the Cayman Islands (stock code: 9988). Alibaba is principally engaged in online retail platform, cloud computing, digital media and entertainment. Based on the latest published interim report for the six months ended 30 September 2022 of Alibaba, the net loss for the period was approximately RMB2,169 million comparing with the net income for the corresponding period was approximately RMB46,212 million. No dividend was received from Alibaba during the Reporting Period (2021: N/A). The Board believed the leading position of Alibaba in the market can make them to enjoy the prosperity of internet industry, the Group would hold the investment in Alibaba and closely monitor its performance and may adjust the portfolio of Alibaba from time to time.

***Listed Equity Investment — Readen Holding Corporation (“RHCO”)***

RHCO is a company incorporated in the US (OTC Pink: RHCO) which is listing on OTC market in the US. RHCO is a venture capital corporation which is active in the Fintech, Online Payment and E-commerce industries. RHCO has growth engines which are projected to have significant growth on the revenue in coming years as the business becomes mature. Based on the latest unaudited financial statements for the three months ended 30 September 2022, the net income was approximately US\$54,000. The net asset value of RHCO as at 30 September 2022 was approximately US\$17.2 million. No dividend was received from RHCO during the Reporting Period (2021: nil). The Board expects RHCO has growth engines making positive to its financial performance. The Group would closely monitor its performance and may adjust the portfolio of RHCO timely.

***Listed Equity Investment — Sante Technology Holdings Inc. (“SNTE”)***

SNTE is a company incorporated in the US (OTC Pink: SNTE) which is listing on OTC market in the US which is engaged in artificial intelligence business. No dividend was received from SNTE during the year ended 31 December 2022 (31 December 2021: N/A). The Board believed artificial intelligence business is a future trend.



***Listed Equity Investment — Semiconductor Manufacturing International Corporation (“SMIC”)***

SMIC is a company incorporated in the Cayman Islands (stock code: 981). SMIC is principally engaged in the different business activities, such as the computer-aided design, sales and marketing, technical research and development, manufacturing, testing, packaging and trading of integrated circuits and other services, as well as designing and manufacturing semiconductor masks, respectively. Based on the latest published interim report for the six months ended 30 June 2022 of SMIC, the revenue for the period was approximately USD3,745 million, the profit for the period was USD1,198 million. No dividend was received from SMIC during the Reporting Period (2021: nil). The Board believed the leading position of SMIC in the market can make them to enjoy the growth of customer demand, the Group would hold the investment in SMIC and closely monitor its performance and may adjust the portfolio of SMIC from time to time.

***Listed Equity Investment — JD.com, Inc. (“JD.com”)***

JD.com is a company incorporated in the Cayman Islands (stock code: 9618). JD.com is a leading supply chain-based technology and service provider, providing products and services to consumers, third-party merchants, suppliers and other business partners. JD.com operates e-commerce business, including online retail and online marketplace mainly through its retail mobile apps and www.jd.com website. According to the first quarter results for the three months ended 31 March 2022, the net revenue was approximately RMB239.7 billion, income for operations was RMB2.4 billion and net loss attributable to ordinary shareholders was RMB3.0 billion. Net dividend (after expenses) approximately HK\$4,000 was received from JD.com during the Reporting Period (2021: n/a). The shares of JD.com holding by the Company was a dividend by Tencent Holdings Limited to the Company by way of distribution in specie. The Group would closely monitor its performance of JD.com.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2022, the Group employed a total of 2 full-time employees (2021: 2 full-time employees), including the executive Directors. Employees' remuneration are fixed and determined with reference to the market remuneration.

The remuneration policy of the Company for non-executive Directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company and that for the employees, including the executive Directors and senior management, is to ensure that the remuneration offered is appropriate for the duties and in line with market practice. The remuneration policy is to ensure that the pay levels are competitive and effective in attracting, retaining and motivating employees. No Director, or any of his associates, or executive is involved in deciding his own remuneration.

The key components of the Company's remuneration package include basic salary plus other allowances, discretionary cash bonus and mandatory provident fund. As a long-term incentive plan and with the aim at motivating employees in the continued pursuit of the Company's goal and objectives, the Company may grant share options to subscribe for shares of the Company to the employees (including Directors) of the Company based on their performance and contribution to the Company under the Company's share option scheme (if any).

## CORPORATE GOVERNANCE

Maintaining high standards of corporate governance in everything we do.

Sound corporate governance practices are crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, protect rights of shareholders and stakeholders, and enhance shareholder value. The Company is committed to high standards of corporate governance with a view to being transparent, open and accountable to our shareholders.

The Company has adopted all the code provisions in the Corporate Governance Code (the “Code”) contained in appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange as its own code on corporate governance practices.

The Company had met the relevant code provisions set out in the Code during the Reporting Period, except the following deviations:

Code provision C.2.1 of part 2 of the Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The chief executive officer of the Company has been vacant following the resignation of Ms. Chan Carman Wing Yan on 20 June 2022. Until the appointment of new chief executive officer, the executive Directors continue to oversee the day-to-day management of the business and operations of the Group.

Code Provision C.1.6 of part 2 of the Code provides that independent non-executive Directors and other non-executive Directors should attend the annual general meeting of the Company to gain and develop a balanced understanding of the views of the shareholders. The non-executive Directors, Mr. William Keith Jacobsen and Mr. Wong Chung Yan Sammy, independent non-executive Director, Ms. Chan Man Yi, did not attend the annual general meeting of the Company held on 17 June 2022 due to other business engagements.

The Board will continue to monitor and review the Company’s corporate governance practices to ensure compliance with the Code.

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board recognises its responsibility to ensure the Company maintains a sound and effective risk management and internal control systems. The Group's risk management and internal control systems are designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. Review of the Group's risk management and internal controls covering major financial, operational and compliance controls, as well as risk management functions. The risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group has not established an internal audit, but has engaged an external professional consultant to perform the work of internal audit function and during the Reporting Period, the external professional consultant had reviewed and assessed the Group's risk management and internal control systems (the "**Systems**") and reported to the Audit Committee (the "**Review**"). The Review would identify the risks associated with the business of the Group by considering both internal and external factors and events which may include politics, economy, technology, environmental, social and staff. Each of risks has been assessed and prioritised based on their relevant impact and occurrence opportunity. The relevant risk management strategy would be applied to each type of risks according to the assessment results, type of risk management strategy has been listed as follow:

- Risk retention and reduction: accept the impact of risk or undertake actions by the Group to reduce the impact of the risks;
- Risk avoidance: change business process or objective so as to avoid the risk;
- Risk sharing and diversification: diversify the effect of the risk or allocate to different location or product or market;
- Risk transfer: transfer ownership and liability to a third party.

Audit Committee has reviewed and discussed the Systems with the management annually to ensure that the management has performed its duty to have effective Systems.

The external consultant, has conducted a review of the effectiveness of the Group's Systems for the year ended 31 December 2022 and made recommendations to improve the effectiveness of the Group's Systems. After the Review, the management provided an action plan so as to mitigate those identified deficiencies in a timely manner. All internal control findings would be followed up closely to ensure that the action plan is implemented accordingly.

During the Reporting Period, the Board was satisfied that the current internal control systems of the Company are effective and adequate and that the qualifications and experience of the staff, performing accounting and financial reporting functions and the training programmes of the Company as well as the experiences and resources for setting the budget of the Company are adequate. The Company has complied with the requirements under D.2.1 to D.2.7 and D.3.3 of the Code relating to risk management and internal control.

In addition to the Review, undertaken by the external professional consultants, the external auditor also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls will be made.

The Board has received a confirmation from the management of the Company on the effectiveness of the risk management and internal control system.

To facilitate the management and standardisation of internal operation, the Company has regulations in place that specify the responsibilities and scopes of anti-corruption works. Anti-corruption policy has been adopted and all employees of the Group have been required to strictly abide them. To encourage employees to report the improprieties they found or suspected, the Company has established appropriate whistleblowing procedures pursuant to its whistleblowing policy so as to provide a secure and fully confidential environment for employees to report the improprieties that they genuinely concerned.

## **PLEDGE OF ASSETS**

As at 31 December 2022, no asset was pledge by the Group.

## **SEGMENT INFORMATION**

For management purpose, the Group's business activity is organised into a single operating segment, being investments in securities listed on recognised stock exchanges and unlisted investments with a potential for earnings growth and capital appreciation. Accordingly, no operating segment information to be presented.

## **DIVIDEND**

The board of directors (the “**Board**”) does not recommend the payment of any dividend for the years ended 31 December 2022 and 2021.

## **EVENT AFTER REPORTING PERIOD**

Details of significant events occurring after the Reporting period are set out in note 19 to the consolidated financial statements.

## **EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

The Group has no significant exposures to fluctuations in foreign exchange rates and, therefore, did not employ any financial instruments to hedge such exposures.

## **CONTINGENT LIABILITIES**

As at 31 December 2022, the Group had no significant contingent liabilities.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

The Company did not redeem any of its listed shares during the Reporting Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed shares during the Reporting Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors for the Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all the Directors confirmed that in respect of the year ended 31 December 2022, they have complied with the required standard set out in the Model Code.

The Company has also established written guidelines regarding securities transactions on no less exacting terms of the Model Code for specific individual who may have access to inside information in relation to the securities of the Company.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the forthcoming 2023 annual general meeting, the register of members of the Company will be closed from 27 June 2023 to 30 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the aforementioned meeting, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on 26 June 2023.

## **AUDIT COMMITTEE**

As at the date of this announcement, the audit committee (the “**Audit Committee**”) of the Company’s is composed of three independent non-executive Directors, namely, Ms. Chan Man Yi (Chairman), Mr. Wong Sze Lok and Ms. Leung Yin Ting. It reports directly to the Board and reviews matters within the scope of audit, such as financial statements and internal controls, to protect the interests of the Company’s shareholders.

The Audit Committee meets regularly with the Company’s external auditor, to discuss audit process and accounting issues, and reviews effectiveness of internal controls and risk evaluation. Written terms of reference, which describes the authority and duties of the Audit Committee are regularly reviewed and updated by the Board. The terms of reference is available on the Company’s website and the website of the Stock Exchange.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including review and approval of the annual results for the year ended 31 December 2022.

## **SCOPE OF WORK OF EXTERNAL AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods (Hong Kong) CPA Limited on this announcement.

By order of the Board  
**Cocoon Holdings Limited**  
中國天弓控股有限公司  
**Chau Wai Hing**  
*Chairman*

Hong Kong, 31 March 2023

*As at the date hereof, the Board comprises two executive Directors, namely Mr. Chau Wai Hing and Mr. Wu Ming Gai; one non-executive Director, namely Mr. William Keith Jacobsen; and three independent non-executive Directors, namely Ms. Chan Man Yi, Ms. Leung Yin Ting and Mr. Wong Sze Lok.*

*In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*

# *For identification purpose only*