

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 2023

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 2023 (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 2023 was approximately HK\$1,399,000 and HK\$62,032,000 as compared to approximately HK\$4,552,000 and HK\$8,880,000 in the last year respectively.
- Profit attributable to owners of the Company for the year ended 31 December 2023 was approximately HK\$53,505,000 as compared to a loss of approximately HK\$48,079,000 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 2023 (2022: nil).
- Basic profit per share was HK\$0.10 for the year ended 31 December 2023 (2022: loss per share of HK\$0.10).

The Board announces the consolidated results of the Group for the year ended 31 December 2023 together with comparative figures for the corresponding year ended 31 December 2022. 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 2023 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 2023

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Gross proceeds from disposals of trading securities		62,032	8,880
Revenue	<i>5</i>	1,399	4,552
Others income	<i>6</i>	–	91
Other gains/(losses)	<i>7</i>	58,456	(44,529)
Impairment losses for loan notes		–	(432)
Other operating expenses		(5,317)	(5,702)
Finance costs	<i>8</i>	(1,033)	(2,059)
Profit/(loss) before tax	<i>9</i>	53,505	(48,079)
Income tax	<i>10</i>	–	–
Profit/(loss) for the year		53,505	(48,079)
Other comprehensive expense, net of tax:			
<i>Item that will not be reclassified to profit or loss:</i>			
– Fair value losses on financial assets at fair value through other comprehensive income (“FVTOCI”)		(2,662)	(642)
Profit/(loss) and total comprehensive income/(expense) for the year attributable to owners of the Company		50,843	(48,721)
Profit/(loss) per share (HK\$)			
Basic	<i>11</i>	0.10	(0.10)
Diluted		0.10	(0.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		–	–
Right-of-use assets		–	202
		<u>–</u>	<u>202</u>
Current assets			
Deposits and prepayments	<i>12</i>	338	791
Loan notes	<i>15</i>	–	49,510
Financial assets at fair value through profit or loss (“FVTPL”)	<i>16</i>	172,306	54,202
Financial assets at FVTOCI	<i>17</i>	22,241	24,903
Due from securities brokers		338	2,224
Cash and bank balances		7,799	2,046
		<u>203,022</u>	<u>133,676</u>
Current liabilities			
Other payables and accruals	<i>13</i>	2,441	1,207
Lease liabilities		–	208
Promissory notes		4,335	662
		<u>6,776</u>	<u>2,077</u>
Net current assets		<u>196,246</u>	<u>131,599</u>
Total assets less current liabilities		<u>196,246</u>	<u>131,801</u>
Non-current liabilities			
Promissory notes		<u>10,000</u>	<u>13,500</u>
NET ASSETS		<u>186,246</u>	<u>118,301</u>
Capital and reserves			
Share capital	<i>14</i>	60,434	51,801
Reserves		125,812	66,500
TOTAL EQUITY		<u>186,246</u>	<u>118,301</u>
Net asset value per share		<u>HK\$0.32</u>	<u>HK\$0.23</u>

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.

The investment objective of the Company is to achieve an enhanced earnings stream and capital appreciation from its investments.

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 amendments to 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 AMENDMENTS TO REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Application of amendments to 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 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Presentation of Financial Statements and Making Materiality Judgement – Disclosure of Accounting Policies
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to IAS 12	Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	Income Tax – International Tax Reform

Except as described below, the application of the above revised IFRSs in the current period had no material impact on the Group’s results and financial position.

Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide nonmandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 3 to the consolidated financial statements. The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 23 to the consolidated financial statements.

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 2023. The amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 – Non-current Liabilities with covenants	1 January 2024
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 – Lack of exchangeability	1 January 2025
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, only entity-wide disclosure are presented and 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.

	Revenue		Non-current assets	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	<u>1,399</u>	<u>4,552</u>	<u>–</u>	<u>202</u>

During the years ended 31 December 2023 and 2022, there were no dividend income from the Group's unlisted investments.

5. REVENUE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income from loan notes	702	4,333
Dividend income from trading securities designated at FVTPL	697	219
	<u>1,399</u>	<u>4,552</u>

6. OTHERS INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Government grants (<i>Note</i>)	–	72
Sundry income	–	19
	<u>–</u>	<u>91</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 for the year ended 2022.

7. OTHER GAINS/(LOSSES)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unrealised fair value gains/(losses) on financial assets at FVTPL:		
– listed securities	54,869	(37,578)
Net realised gains/(losses) on disposals of financial assets at FVTPL:		
– listed securities	251	(1,168)
	<u>55,120</u>	<u>(38,746)</u>
Net gains/(losses) on financial assets at FVTPL	55,120	(38,746)
Gain/(loss) on disposals of loan notes in exchange for listed/unlisted securities	3,336	(5,783)
	<u>3,336</u>	<u>(5,783)</u>
	<u>58,456</u>	<u>(44,529)</u>

8. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Imputed interest on promissory notes	1,029	1,964
Interest on lease liabilities	4	18
Interest on other borrowings	–	77
	<u>1,033</u>	<u>2,059</u>

9. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging the following:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	368	350
Management fees	774	535
Depreciation of property, plant and equipment	–	1
Depreciation of right-of-use assets	202	284
Employee benefits expenses included directors' remuneration:		
– Salaries and allowance	881	1,175
– Contributions to defined contribution plan*	21	28
	<u>902</u>	<u>1,203</u>
Total employee benefits expenses		

* There was no forfeited contribution in respect of the defined contribution plan available at 31 December 2023 and 2022 to reduce future contributions. There was no outstanding contribution to the plan at 31 December 2023 and 2022.

10. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has sufficient tax losses brought forward to set off against current year's assessable profits for the year ended 31 December 2023 (2022: no estimated assessable profit).

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

	2023	2022
	HK\$'000	HK\$'000
Profit/(loss) before tax	53,505	(48,079)
Notional tax on profit/(loss) before tax, calculated at Hong Kong Profits Tax rate of 16.5% (2022: 16.5%)	8,828	(7,933)
Tax effect of expenses not deductible for tax purpose	240	373
Tax effect of income that is not taxable	(115)	(12)
Tax effect of tax losses not recognised	2,516	7,501
Tax effect of utilisation of tax losses not previously recognised	(11,469)	–
Tax effect of temporary differences not recognised	–	71
	<u>–</u>	<u>–</u>
Income tax	<u>–</u>	<u>–</u>

11. PROFIT/(LOSS) PER SHARE

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

Profit/(loss)

	2023	2022
	HK\$'000	HK\$'000
Profit/(loss) for the purposes of basic profit/(loss) per share	53,505	(48,079)

Number of shares

	2023	2022
	'000	'000
Issued ordinary shares at the beginning of year	518,007	431,672
Effect of shares issued on placement	40,447	39,028
	<u>558,454</u>	<u>470,700</u>
Weighted average number of ordinary shares for the purpose of calculating basic profit/(loss) per share	558,454	470,700

For the purpose of diluted profit/(loss) per share, no adjustment has been made to the basic profit/(loss) per share amount presented for the years ended 31 December 2023 and 2022 as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2023 and 2022.

12. DEPOSITS AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other deposits	54	54
Prepayments	284	737
	<u>338</u>	<u>791</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 2023 and 2022, no provision for impairment were made for 12m ECL on the balances of other deposits.

13. OTHER PAYABLES AND ACCRUALS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other payables and accruals	2,437	1,203
Unclaimed dividend payables	4	4
	<u>2,441</u>	<u>1,207</u>

14. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.1 each at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	10,000,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each at 1 January 2022	431,672,220	43,167
Issue of shares on placement (<i>note i</i>)	86,334,444	8,634
Ordinary shares of HK\$0.1 each at 31 December 2022 and 1 January 2023	518,006,664	51,801
Issue of shares on placement (<i>note ii</i>)	86,334,444	8,633
Ordinary shares of HK\$0.1 each at 31 December 2023	<u>604,341,108</u>	<u>60,434</u>

Notes:

- (i) On 13 June 2022, the Company and a placing agent (“**Placing Agent A**”) entered into a placing agreement (“**Placing Agreement A**”) 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 A**”). On 4 July 2022, the Company and Placing Agent A entered into a supplementary placing agreement to (i) extend the long stop date of the Placing Agreement A; (ii) extend the latest practical date to procure placees under the Placing Agreement A; and (iii) revise the placing price from HK\$0.218 per share to HK\$0.264 per share. The Placement A was completed on 19 July 2022.

The net proceeds from the Placement A 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 A 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.

- (ii) On 26 June 2023, 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\$0.200 per share under general mandate, to not less than six placees who are independent third parties to the Group (the “**Placement B**”). The Placement B was completed on 14 July 2023.

The net proceeds from the Placement B amounted to approximately HK\$17,102,000 after deducting expense of approximately HK\$165,000, approximately HK\$8,633,000 and HK\$8,469,000 were credited to share capital and share premium respectively upon the issue of the new shares.

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 2023 and 2022.

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 2023, 88.82% (2022: 87.55%) of the shares were in public hands.

15. LOAN NOTES

Issuer	Date	Subscription amount <i>HK\$'000</i>	Interest receivables <i>HK\$'000</i>	Impairment loss recognised during the year <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>	% of total assets of the Company
Yun Kang Data Technology (Shanghai) Company Limited* (“Yun Kang”) (“LN1”)	31 December 2023	–	–	–	–	–
	31 December 2022	20,000	118	125	18,995	14.19%
D5 Investment B.V. (“LN2”)	31 December 2023	–	–	–	–	–
	31 December 2022	30,000	903	307	30,515	22.79%
Total	31 December 2023	–	–	–	–	–
	31 December 2022	50,000	1,021	432	49,510	36.98%

- (i) During the year ended 31 December 2020, the Group had subscribed HK\$ denominated loan note (the “LN1”) 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, 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. LN1 bears fixed interest at 6% per annum and is measured at amortised cost. During the year ended 31 December 2023, LN1 was served as the consideration in exchange for listed securities of approximately HK\$22,198,000, which constitutes a disposal of LN1, and resulting a gain on disposal of approximately HK\$2,841,000 recognised in profit or loss for the year ended 31 December 2023.
- (ii) During the year ended 31 December 2021, the Group had subscribed HK\$ denominated loan note (the “LN2”) 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. LN2 bears fixed interest at 3% per annum and is measured at amortised cost. During the year ended 31 December 2023, LN2 was served as the consideration in exchange for listed securities of approximately HK\$31,350,000, which constitutes a disposal of LN2, and resulting a gain on disposal of approximately HK\$495,000 recognised in profit or loss for the year ended 31 December 2023.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loan notes	–	50,000
Interest receivables	–	1,021
Loss allowance	–	(1,511)
At 31 December	–	49,510
Less: current portion	–	(49,510)
Non-current portion	–	–

Movement for impairment losses

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	1,511	2,390
Derecognised upon disposals	(1,511)	(1,311)
Provision made for the year	–	432
	<hr/>	<hr/>
At 31 December	–	1,511
	<hr/> <hr/>	<hr/> <hr/>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Listed securities:		
Equity securities – Listed in Hong Kong	12,197	19,582
Equity securities – Listed in the United States (“U.S.”)	140,004	10,175
	<hr/>	<hr/>
	152,201	29,757
	<hr/>	<hr/>
Unlisted equity securities	20,105	24,445
	<hr/>	<hr/>
	172,306	54,202
	<hr/> <hr/>	<hr/> <hr/>

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	% of total assets of the Company
Listed equity securities							
Hong Kong							
Tencent Holdings Limited (i)	2023	0.00%*	5,405	5,021	2	(385)	2.47%
	2022	0.00%*	13,796	14,395	3,830	1,092	10.75%
Alibaba Group Holding Limited (ii)	2023	0.00%*	1,263	1,278	858	14	0.63%
	2022	0.00%*	500	500	293	(143)	0.37%
BYD Company Limited (iii)	2023	0.00%*	3,111	3,216	2,113	105	1.58%
	2022	N/A	N/A	N/A	N/A	N/A	N/A
CMOC Group Limited (iv)	2023	0.00%*	2,478	2,191	9,584	(287)	1.08%
	2022	N/A	N/A	N/A	N/A	N/A	N/A
United States							
Readen Holding Corporation ("Readen") (v)	2023	8.33%	12,046	6,692	4,474	–	3.30%
	2022	8.33%	12,046	6,692	9,941	(3,346)	5.00%
Winchester Holding Group (vi)	2023	1.05%	20,966	69,888	2	69,346	34.42%
	2022	1.05%	20,966	542	4	(34,490)	0.40%
Sante Technology Holdings Inc. ("Sante") (vii)	2023	23.44%	29,598	43,680	143	13,472	21.51%
	2022	2.70%	2,400	2,940	(18)	540	2.20%
Luduson G Inc. ("Luduson") (viii)	2023	2.04%	32,000	17,040	942	(14,960)	8.39%
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Unlisted equity security							
LNPR Group Inc. ("LNPR") (ix)	2023	7.02%	24,445	20,105	305	(4,340)	9.90%
	2022	7.02%	24,445	24,445	(123)	–	18.26%

* Less than 0.01%

Dividends of approximately HK\$697,000 (2022: HK\$219,000) was recognised in consolidated profit or loss during the year ended 31 December 2023.

Except for investment in LNPR, Luduson, Readen and Sante are held by a subsidiary of the Company, all of the above investments are directly held by the Company.

The Group held financial assets at FVTPL of approximately HK\$172,306,000 (2022: HK\$54,202,000), representing approximately 84.87% of the Company's total assets (2022: 40.5%).

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) BYD Company Limited (“BYD”), incorporated in the PRC, principally engaged in the manufacture and sales of transportation equipment. BYD is also engaged in the manufacture and sales of electronic parts and components and electronic devices for daily use. BYD’s products include rechargeable batteries and photovoltaic products, mobile phone parts and assembly, and automobiles and related products. BYD mainly conducts its businesses in the PRC, the US and Europe.
- (iv) CMOG Group Limited (“CMOG”), incorporated in the PRC. CMOG is mainly engaged in the mining, smelting, processing and trading of molybdenum, tungsten, copper and other metals. CMOG operates through six segments. The molybdenum and tungsten related products business is engaged in the mining of molybdenum and tungsten ore. The copper and gold related products operation is engaged in the mining of copper and gold. The niobium and phosphate related products operation is mainly engaged in the production of niobium and phosphate fertilizers. The copper and cobalt related products business is engaged in the production of copper and cobalt. The metals trading business is principally engaged in the sales of metals.
- (v) Readen, incorporated in the United States, a Venture Capital Corporation which is active in the Fintech, Online Payment and E-commerce industries. IT Star Limited, a wholly-owned subsidiary of the Company, holds this investment.
- (vi) Winchester Holding Group, incorporated in the United States, is manufacturing of cars in South Africa.
- (vii) Sante, incorporated in the United States, SNTE specialises in assisting Asian entrepreneurs and high value startups access the United States capital market through services like RTO and public listings as well as serving as a “Company Doctor” to clients already listed on OTC and NASDAQ markets. The directors consider no practical ability to exercise significant influence to the relevant activities of Luduson and classified as FVTPL.
- (viii) Luduson, incorporated in the United States, principally engage in the business of building and fostering relationships between leading influencers and brands.
- (ix) LNPR incorporated in the U.S., which is principally engaged in online education business. According to the management of LNPR, they are seeking listing on “Nasdaq” in 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 2023 and 2022, no trading securities of the Group were pledged to a securities broker to secure margin loan borrowed by the Group.

17. FINANCIAL ASSETS AT FVTOCI

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unlisted equity investments designated at financial assets at FVTOCI	<u>22,241</u>	<u>24,903</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 2023, the fair value of the equity investments was approximately HK\$22,241,000 (2022: HK\$24,903,000), representing approximately 11.0% of the total assets of the Group as at 31 December 2023 (2022: 18.6%).

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 2023 and 2022 were as follows:

Perfect Path	2023	2022
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%	20%
Dividend income received during the year	–	–
Net assets attributable to the investment	HK\$25,194,000	HK\$25,219,000
Fair value losses recognised during the year	(HK\$2,662,000)	(HK\$642,000)
Discount of lack of control	20%	20%
Gold resource contained	8.6 ton	8.6 ton
% of gold price	6.5%	8.80%
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 2023 and 2022.

19. EVENTS AFTER THE REPORTING PERIOD

As of the approval date on these consolidated financial statements, the Group had no significant events after the reporting period which need to be disclosed.

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 2023, the Group recorded a revenue of approximately HK\$1,399,000 as compared to approximately HK\$4,552,000 in the prior year, representing a decrease of approximately 69.3%. 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\$62,032,000 as compared to approximately HK\$8,880,000 for the year ended 31 December 2022. The Group recorded a realised gain of approximately HK\$251,000 (2022: loss HK\$1,168,000) and fair value gain of approximately HK\$54,869,000 (2022: loss HK\$37,578,000) on listed securities held by the Group during the Reporting Period. The Group recorded a net realised gain of approximately HK\$3,336,000 (2022: loss HK\$5,783,000) on disposals of a loan note. During the Reporting Period, no impairment loss of deposits and other receivables were recognised (2022: nil). With the favourable performance of certain publicly traded securities held by the Group and fair value gain of certain unlisted securities during the Reporting Period, the Group recorded gain attributable to owners of the Company was approximately HK\$53,505,000 as compared to a loss of approximately HK\$48,079,000 in prior year.

As at 31 December 2023, 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\$42,346,000 (2022: HK\$98,858,000). Other receivables, deposits and prepayments was approximately HK\$338,000 (2022: HK\$791,000).

As at 31 December 2023, the net assets of the Group were approximately HK\$186,246,000 (2022: HK\$118,301,000). The net assets increased 57.43% when compared to prior year. The financial assets at fair value through profit or loss increased from approximately HK\$54,202,000 as at 31 December 2022 to approximately HK\$172,306,000 as at 31 December 2023 and the financial assets at fair value through other comprehensive income of approximately HK\$22,241,000 (2022: HK\$24,903,000) was as at 31 December 2023.

Liquidity, financial resources and capital structure

As at 31 December 2023, the Group had available funds of approximately HK\$8,137,000 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\$186,246,000 at 31 December 2023 compared to HK\$118,301,000 at 31 December 2022, representing an increase of approximately 57.43%.

As at 31 December 2023, the Group had borrowings of approximately HK\$14,335,000 (2022: HK\$14,162,000). The gearing ratio for the Group was 7.70% (2022: 11.97%) 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 2023.

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 26 June 2023 and 17 July 2023, 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 26 June 2023, the Company and Sorrento Securities Limited entered into the 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\$0.200 per Placing Share. The gross proceeds from the Placing were approximately HK\$17.3 million and the net proceeds were approximately HK\$17.1 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\$7.1 million, repayment of short term loan and payment of interest in the aggregate amount of approximately HK\$4.5 million and the remaining balance would be used as the Group's general working capital.

Details of the Placing, 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 under general mandate completed on 19 July 2022 and the Placing were as follows:

Date of announcement	Event	The unutilised proceed as at 31 December 2022	Intended use of net proceeds (Note 2)		Actual use of proceeds
13 June 2022 (completed on 19 July 2022)	Placing new shares under general mandate	Approximately HK\$2.0 million	(i)	Approximately HK\$0.9 million for repayment of short term loan and payment of interest	(i) Approximately HK\$0.9 million was used to repay short term loan
			(ii)	Approximately HK\$1.1 million for general working capital of the Group	(ii) Approximately HK\$1.1 million was used for operating typeset expenses
Date of announcement	Event	Net proceed raised	Intended use of net proceeds		Actual use of proceeds and expected timeline for fully utilising the unutilising amount (Note 1)
26 June 2023 (completed on 14 July 2023)	Placing new shares under general mandate	Approximately HK\$17.1 million	(i)	Approximately HK\$7.1 million for the investment in listed and/or unlisted securities	(i) Approximately HK\$7.1 million was used to invest in listed securities
			(ii)	Approximately HK\$4.5 million for repayment of short term loan and payment of interest	(ii) Approximately HK\$0.1 million was used to repay short term loan, the balance approximately HK\$4.4 million would utilised as intended on or before 31 December 2024
			(iii)	Approximately HK\$5.5 million for general working capital of the Group	(iii) Approximately HK\$2.5 million was used for operation expenses and the balance approximately HK\$3.0 million would utilised as intended on or before 30 June 2024

Notes:

- 1 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.
- 2 Details of the placing under general mandate completed on 19 July 2022 were set out in the announcements of the Company dated 13 June 2022, 4 July 2022 and 19 July 2022.

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 fourteen investments as of 31 December 2023, comprising twelve equity securities listed in Hong Kong and the US, 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 16 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 2023 were disclosed under the heading of “Financial Review” above and in notes 16 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 2023 with brief description of the investee companies as follows and as disclosed in notes 16 to 17 to the consolidated financial statements:

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 45% 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 not deployed their business and no income generated during the year ended 31 December 2023. 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, 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 development of a “Pure Play” renewable/alternative/distributed energy technology solutions and wastes to resources and energy platforms. The Group held 7.02% equity interest of LNPR. According to LNPR, they are seeking listing on Nasdaq 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 Nasdaq 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 2023 of Tencent, the net profit for the period was approximately RMB90,198 million comparing with the net profit for the same period last year was approximately RMB81,805 million. The increase of net profit of Tencent was mainly due to the increase in share of profit of associates and joint ventures. The equity attributable to equity holders of Tencent as at 30 September 2023 was approximately RMB768,514 million. Net dividend (after expenses) approximately HK\$0.6 million was received from Tencent during the year ended 31 December 2023 (31 December 2022: HK\$0.2 million), including dividend in the form of a distribution in specie of Meituan (stock code: 3690), equivalent to the market price of Meituan approximately HK\$566,000 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 manufacturing of cars in South Africa for production. Based on the latest unaudited financial statements for the nine months ended 30 September 2023, the net loss was approximately US\$17,000. The net assets of Winchester as at 30 September 2023 was approximately US\$19,000. No dividend was received from Winchester during the year ended 31 December 2023 (31 December 2022: nil). The Board believed Winchester is concentrated on the manufacture of cars in South Africa for production 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 2023 of Alibaba, the net income for the period was approximately RMB59,696 million comparing with the net loss for the corresponding period was approximately RMB2,169 million. No dividend was received from Alibaba during the Reporting Period (2022: 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 year ended 30 June 2023, the net income was approximately US\$2.2 million. The total stockholders’ equity of RHCO as at 30 June 2023 was approximately US\$6.9 million. No dividend was received from RHCO during the Reporting Period (2022: 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 intend to acquire and merger potential AI technology related companies by offering the a unique platform with technology function, marketing function, finance function and resources integration function. No dividend was received from SNTE during the year ended 31 December 2023 (31 December 2022: N/A). The Board believed artificial intelligence business is a future trend.

Listed Equity Investment – BYD Company Limited (“BYD”)

BYD is a company incorporated in the PRC (stock code: 1211). BYD is a PRC-based company principally engaged in the manufacture and sales of transportation equipment. BYD is also engaged in the manufacture and sales of electronic parts and components and electronic devices for daily use. BYD’s products include rechargeable batteries and photovoltaic products, mobile phone parts and assembly, and automobiles and related products. BYD mainly conducts its businesses in the PRC, the US and Europe. Based on the latest published third quarter report for the nine months ended 30 September 2023 of BYD, the revenue for the period was approximately RMB162,150.7 million, the net profit attributable to shareholders for the period was RMB10,412.8 million. Net dividend (after expenses) approximately HK\$35,000 was received from BYD during the Reporting Period (31 December 2022: N/A). The Board believed the leading position of BYD in the market can make them to enjoy the growth of market demand, the Group would hold the investment in BYD and closely monitor its performance and may adjust the portfolio of BYD from time to time.

Listed Equity Investment – CMOC Group Limited* (“CMOC”)

CMOC is a company incorporated in the PRC (stock code: 3993). CMOC is a PRC-based company mainly engaged in the mining, smelting, processing and trading of molybdenum, tungsten, copper and other metals. CMOC operates through six segments. The Molybdenum and Tungsten Related Products segment is engaged in the mining of molybdenum and tungsten ore. The Copper and Gold Related Products segment is engaged in the mining of copper and gold. The Niobium and Phosphate Related Products segment is mainly engaged in the production of niobium and phosphate fertilizers. The Copper and Cobalt Related Products segment is engaged in the production of copper and cobalt. The Metals Trading segment is principally engaged in the sales of metals. The Other segment is mainly engaged in mining support business. Based on the latest published third quarterly financial report for the nine ended 30 September 2023 of

CMOC, the operating income for the period was approximately RMB44,956.0 million, the net profit attributable to the shareholders of the CMOC for the nine months ended 30 September 2023 was RMB1,740.0 million. Net dividend (after expenses) approximately HK\$43,000 was received from CMOC during the Reporting Period (31 December 2022: N/A). The Group would hold the investment in CMOC and closely monitor its performance and may adjust the portfolio of CMOC from time to time.

Listed Equity Investment – Luduson G Inc. (“LDSN”)

LDSN is a company incorporated in the US (OTC QB: LDSN) which is listing on OTC market in the US which is engaged in the business of building and fostering relationships between leading influencers and brands. LDSN focuses on identifying and partnering with top influencers across a range of industries and social media platforms, through partnering with movie studios and online ecosystems and production companies to promote their films through its influencer network, with the aim of eventually producing such movies in-house. Other businesses of LDSN include influencer management, commercial film production, and online ecosystem development. Overall, LDSN provides a unified entertainment universe for the PRC market, Asia market, and all overseas Chinese around the world. No dividend was received from LDSN during the Reporting Period (31 December 2022: N/A).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed a total of 2 full-time employees (2022: 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 C1 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 general meetings to gain and develop a balanced understanding of the views of shareholders. The non-executive Director, Mr. William Keith Jacobsen (resigned on 30 June 2023), and independent non-executive Director, Ms. Chan Man Yi, did not attend the annual general meeting of the Company held on 30 June 2023 due to other commitments.

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 2023 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 2023, no asset was pledge by the Group.

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, only entity-wide disclosure are presented and 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 2023 and 2022.

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 2023, 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 C3 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 2023, 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 2024 annual general meeting, the register of members of the Company will be closed from 24 June 2024 to 27 June 2024, 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 21 June 2024.

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 2023.

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 2023 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 draft 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, 28 March 2024

As at the date hereof, the Board comprises two executive Directors, namely Mr. Chau Wai Hing and Mr. Wu Ming Gai; 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.