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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

The financial highlights of Cocoon Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023 are summarised as follows:

- Revenue of the Group and gross proceeds from disposals of trading securities for the six months ended 30 June 2023 (the “Reporting Period”) was approximately HK\$1.3 million and HK\$17.6 million as compared to approximately HK\$2.4 million and HK\$3.8 million for the six months ended 30 June 2022 (the “Corresponding Period”) respectively.
- Profit attributable to owners of the Company for the Reporting Period was approximately HK\$30.6 million as compared to the loss of approximately HK\$33.7 million for the Corresponding Period.
- Basic earning per share of the Group was HK cents 5.90 for the Reporting Period as compared to the basic loss per share of HK cents 7.81 for the Corresponding Period.

The board (the “Board”) of directors (the “Directors”) of the Company presents the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023 with comparative figures for the Corresponding Period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	<i>Note</i>	Six months ended 30 June	
		2023 (Unaudited) <i>HK\$'000</i>	2022 (Unaudited) <i>HK\$'000</i>
Gross proceeds from disposals of trading securities		17,633	3,794
Revenue	2	1,321	2,400
Other income	2	–	24
Other gains and losses, net	2	32,199	(33,324)
		33,520	(30,900)
Finance costs	3	(530)	(640)
Other operating expenses		(2,404)	(2,187)
Profit/(loss) before tax	4	30,586	(33,727)
Income tax	5	–	–
Profit/(loss) for the period		30,586	(33,727)
Other comprehensive income, net of tax:			
Item that will not be reclassified to profit or loss:			
– Fair value gain on financial assets at fair value through other comprehensive income (“FVTOCI”)		–	–
Profit/(loss) and total comprehensive income/(expense) for the period attributable to owners of the Company		30,586	(33,727)
		<i>HK Cents</i>	<i>HK Cents</i>
Earning/(loss) per share	7		
Basic		5.90	(7.81)
Diluted		5.90	(7.81)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	8	–	–
Right-of-use assets		59	202
		59	202
Current assets			
Deposits and prepayments	9	319	791
Loan notes	10	–	49,510
Financial assets at fair value through profit or loss (“FVTPL”)	11	139,461	54,202
Financial assets at FVTOCI	12	24,903	24,903
Due from securities brokers		608	2,224
Bank balances and cash		193	2,046
		165,484	133,676
Current liabilities			
Other payables and accruals	13	2,504	1,207
Lease liabilities		62	208
Promissory notes	14	4,090	662
		6,656	2,077
Net current assets		158,828	131,599
Total assets less current liabilities		158,887	131,801
Non-current liabilities			
Promissory notes	14	10,000	13,500
		10,000	13,500
Net assets		148,887	118,301
Capital and reserves			
Share capital	15	51,801	51,801
Reserves		97,086	66,500
Total equity		148,887	118,301
Net asset value per share		HK\$0.29	HK\$0.23

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2023 (“Interim Financial Statements”) are prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”). In addition, the Interim Financial Statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements of the Group and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2022. The accounting policies and methods of computation used in the preparation of these Interim Financial Statements are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2022.

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. A number of new and amended standards are effective from 1 January 2023 but they do not have a material effect on the Group’s Interim Financial Statements.

2. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES, NET

The Group principally invests in securities listed on recognised stock exchanges and unlisted investments, including equity securities and loan notes issued by corporate entities. Revenue, other revenue and other gains and losses, net recognised during the period are as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue:		
Interest income from loans and receivables	702	2,180
Dividend income from listed investment	619	220
	<u>1,321</u>	<u>2,400</u>
Other income:		
Sundry income	<u>–</u>	<u>24</u>
Other gains and losses, net:		
Unrealised fair value gains/(losses) on financial assets at FVTPL – listed securities	27,367	(33,556)
Net realised gains on disposals of financial assets at FVTPL – listed securities	<u>1,496</u>	<u>320</u>
Net gain/(loss) on financial assets at FVTPL	28,863	(33,236)
Net realised gain on disposal of loan notes	3,336	–
Impairment losses on loan and receivables	<u>–</u>	<u>(88)</u>
	<u>32,199</u>	<u>(33,324)</u>

Management considered the Group has only one operating segment, being investments in securities listed on the recognised stock exchanges and unlisted investments with a potential growth and capital appreciation. Accordingly, the Group's revenue, other income, other gains and losses, net, profit or loss for the period, and total assets are attributable to this segment.

3. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on other borrowings	–	58
Imputed interest on promissory notes	527	572
Imputed interest on lease liabilities	3	10
	<u>530</u>	<u>640</u>

4. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Staff costs (including Directors' emoluments):		
– Salaries, allowance and benefits in kind (<i>note 2</i>)	462	661
– Contributions to defined contribution plan (<i>note 1</i>)	10	15
Depreciation		
– Property, plant and equipment	–	1
– Right-of-use assets	142	142
Management fees	326	201
Impairment losses on loan and receivables	–	88
	<u>940</u>	<u>1108</u>

Note 1: There was no forfeited contribution under the defined contribution plan which may be used by the Group to reduce the contribution payable in the future years.

Note 2: No discretionary bonus was paid during the Reporting Period.

5. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profit during the Reporting Period (Corresponding Period: nil).

6. DIVIDEND

The Board does not declare any interim dividend for the Reporting Period (Corresponding Period: nil).

7. EARNING/(LOSS) PER SHARE

The calculation of earning/(loss) per share is as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit/(loss) for the purposes of basic and diluted earning/(loss) per share	<u>30,586</u>	<u>(33,727)</u>
	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	Number of	Number of
	Shares	Shares
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted earning/(loss) per share	<u>518,007</u>	<u>431,672</u>
	HK Cents	HK Cents
Basic earning/(loss) per share	5.90	(7.81)
Diluted earning/(loss) per share	<u>5.90</u>	<u>(7.81)</u>

The calculation of basic earning/(loss) per share is based on the Group's profit/(loss) attributable to owners of the Company by the weighted average number of the ordinary shares in issue during the Reporting Period.

Diluted earning/(loss) per share is the same as the basic earning/(loss) per share as there is no potential dilutive share in issue during the six months ended 30 June 2023 and 2022.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023 (31 December 2022: nil), no items of property, plant and equipment has been acquired by the Group.

9. DEPOSITS AND PREPAYMENTS

	At	At
	30 June	31 December
	2023	2022
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Other deposits	54	54
Prepayments	<u>265</u>	<u>737</u>
	<u>319</u>	<u>791</u>

10. LOAN NOTES

Issuer	Date	Subscription amount <i>HK\$'000</i>	Interest receivables <i>HK\$'000</i>	Impairment losses recognised during the period/year <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
Yun Kang Data Technology (Shanghai) Company Limited* ("LN1")	30 June 2023 (unaudited)	–	–	–	–
	31 December 2022 (audited)	20,000	118	125	18,995
D5 Investment B.V. ("LN2")	30 June 2023 (unaudited)	–	–	–	–
	31 December 2022 (audited)	30,000	903	307	30,515
Total	30 June 2023 (unaudited)	–	–	–	–
	31 December 2022 (audited)	50,000	1,021	432	49,510

- (i) On 16 November 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 private entity established in the People's Republic of China (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 of three years from dates of issue. LN1 bears fixed interest at 6% per annum and is measured at amortised cost. The Company had acquired 40,082,847 shares of SNTE, which shares are listed in the United States of America (the "US"), with fair value of approximately HK\$22,198,000 as at the date of acquisition by satisfying a loan note (LN1) with fair value of approximately HK\$19,390,000 as at the date of its deemed disposal (being the date of acquisition of 40,082,847 shares of SNTE), resulting a profit on deemed disposal by approximately HK\$2,808,000 recognised in profit or loss for the six months ended 30 June 2023.
- (ii) On 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. The Company had acquired 10,256,410 shares of LDSN, which shares are listed in the US, with fair value of approximately HK\$32,000,000 as at the date of acquisition by satisfying a loan note (LN2) with fair value of approximately HK\$30,810,000 as at the date of its deemed disposal (being the date of acquisition of 10,256,410 shares of LDSN) and cash of approximately HK\$650,000, resulting a profit on deemed disposal by approximately HK\$540,000 recognised in profit or loss for the six months ended 30 June 2023.

	At 30 June 2023 (Unaudited) <i>HK\$'000</i>	At 31 December 2022 (Audited) <i>HK\$'000</i>
Loan notes	–	50,000
Interest receivables	–	1,021
Impairment losses	–	(1,511)
	–	49,510
Less: current portion	–	(49,510)
Non-current portion	–	–

	At 30 June 2023 (Unaudited) <i>HK\$'000</i>	At 31 December 2022 (Audited) <i>HK\$'000</i>
At the beginning of the period/year	1,511	2,390
Derecognised upon disposals	(1,511)	(1,311)
Provision made for the period/year	–	432
	<hr/>	<hr/>
At the end of the period/year	<u>–</u>	<u>1,511</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.

11. FINANCIAL ASSETS AT FVTPL

	At 30 June 2023 (Unaudited) <i>HK\$'000</i>	At 31 December 2022 (Audited) <i>HK\$'000</i>
Listed securities:		
– Equity securities – listed in Hong Kong	23,315	19,582
– Equity securities – listed in the US	91,701	10,175
	<hr/>	<hr/>
	<u>115,016</u>	<u>29,757</u>
Unlisted equity securities	24,445	24,445
	<hr/>	<hr/>
	<u>139,461</u>	<u>54,202</u>

Note:

Trading securities

At the end of the Reporting Period/year, details of the Group's major listed equity securities are as follows:

Stock name		Proportion of investee's capital owned	Cost <i>HK\$'000</i>	Market value <i>HK\$'000</i>	Net asset/ (liabilities) attributable to the investment <i>HK\$'000</i>	Accumulated
						fair value gains/ (losses) on investment recognised in the consolidated financial statement during the period/year <i>HK\$'000</i>
Hong Kong						
Tencent Holdings Limited	30 June 2023 (unaudited)	0.00%#	4,180	5,670	1,417	(41)
	31 December 2022 (audited)	0.00%#	13,796	14,395	3,830	1,092
BYD Company Limited	30 June 2023 (unaudited)	0.00%#	7,888	7,375	3,416	(513)
	31 December 2022 (audited)	–	–	–	–	–
CMOC Group Limited*	30 June 2023 (unaudited)	0.01%	2,478	2,103	7,417	(375)
	31 December 2022 (audited)	–	–	–	–	–
Semiconductor Manufacturing International Corporation	30 June 2023 (unaudited)	0.00%#	6,106	5,018	6,238	905
	31 December 2022 (audited)	0.00%#	6,106	4,113	6,009	(477)
US						
Winchester Holding Group	30 June 2023 (unaudited)	1.05%	20,966	17,472	1	16,930
	31 December 2022 (audited)	1.05%	20,966	542	4	(34,490)
Readen Holding Corporation	30 June 2023 (unaudited)	8.33%	12,046	6,269	4,598	(424)
	31 December 2022 (audited)	8.33%	12,046	6,692	9,941	(3,346)
Sante Technology Holdings Inc.	30 June 2023 (unaudited)	21.06%	24,598	35,880	(150)	10,742
	31 December 2022 (audited)	2.71%	2,400	2,940	(18)	540
Luduson G Inc.	30 June 2023 (unaudited)	2.30%	32,000	32,080	(1)	80
	31 December 2022 (audited)	–	–	–	–	–
Unlisted equity security						
LNPR Group Inc.	30 June 2023 (unaudited)	5.61%	24,445	24,445	244	–
	31 December 2022 (audited)	7.02%	24,445	24,445	(123)	–

Less than 0.01%

Unless otherwise specified, all of the above investments are directly held by the Company.

- (i) Tencent Holdings Limited, incorporated in Cayman Islands, is principally engaged in the provision of value-added services, financial technology and business services and online advertising services. Dividends of approximately HK\$607,000 (30 June 2022: HK\$220,000) was recognised in consolidated profit or loss during the Reporting Period.
- (ii) BYD, incorporated in the PRC, principally engaged in the manufacture and sales of transportation equipment, the manufacture and sales of electronic parts and components and electronic devices for daily use.
- (iii) CMOC, incorporated in the PRC, 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.
- (iv) Semiconductor Manufacturing International Corporation, 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.
- (v) Winchester Holding Group, incorporated in the US, is organized for the purpose of property acquisitions. Initial operations have included organization and incorporation, target market identification, car sellers, marketing plans, capital formation and property acquisitions.
- (vi) 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.
- (vii) SNTE is a company incorporated in the US which is listing on OTC market in the US which is engaged in artificial intelligence business. IT Star Limited, wholly-owned subsidiary of the Company, holds this investment.
- (viii) LDSN, incorporated in the US, is engaged in the business of building and fostering relationships between leading influencers and brands. IT Star Limited, wholly-owned subsidiary of the Company, holds this investment.
- (ix) LNPR Group Inc. incorporated in the US, which is principally engaged in online education business. According to the management of LNPR, they are seeking listing on “OTC Market Group” in the US 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 30 June 2023, no trading securities (31 December 2022: nil) were pledged by the Group.

12. FINANCIAL ASSETS AT FVTOCI

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Unlisted equity investments designated at financial assets at FVTOCI	24,903	24,903

On 7 December 2018, the Group had subscribed 20% equity interest of an Anguilla incorporated private entity, Perfect Path Limited (“Perfect Path”), engaged in gold mining business at considerations of HK\$18,500,000. As of 30 June 2023, the fair value of the equity investment was approximately HK\$24.9 million (31 December 2022: HK\$24.9 million).

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 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 mentioned before, 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 uncertainty of COVID-19 Pandemic out broken since 2020 which led to 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.

At the end of the Reporting Period/year, details of the Group’s private equity investments are as follows:

Investee name	Place of Incorporation		Proportion of investee's capital owned	Cost HK\$'000	Fair value HK\$'000	Dividend income received during the period/year HK\$'000	Net assets attributable to the investment (Note) HK\$'000	Accumulated fair value gain on investment recognised in the consolidated financial statements during the period/year
								HK\$'000
Perfect Path Limited	Anguilla	As at 30 June 2023 (unaudited)	20%	18,500	24,903	–	25,219	–
		As at 31 December 2022 (audited)	20%	18,500	24,903	–	25,219	(642)

Note: Figures were based on the management accounts provided by the investee.

13. OTHER PAYABLES AND ACCRUALS

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Other payables and accruals	2,500	1,203
Unclaimed dividend payable	4	4
	<u>2,504</u>	<u>1,207</u>

14. PROMISSORY NOTES

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
At the beginning of the period/year	14,162	20,223
Imputed interest charged during the period/year	527	1,964
Redemption during the period/year	–	(6,420)
Interest paid during the period/year	(599)	(1,605)
	<u>14,090</u>	<u>14,162</u>
Less: Amount due within one year classified as current liabilities	(4,090)	(662)
	<u>10,000</u>	<u>13,500</u>
Amount due over one year classified as non-current liabilities	<u>10,000</u>	<u>13,500</u>

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each at 31 December 2022 (audited), 1 January 2023 (unaudited) and 30 June 2023 (unaudited)	<u>10,000,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.1 each at 31 December 2022 (audited), 1 January 2023 (unaudited) and 30 June 2023 (unaudited)	<u>518,006,664</u>	<u>51,801</u>

16. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2023 (Unaudited) <i>HK\$'000</i>	2022 (Unaudited) <i>HK\$'000</i>
Tiger Securities Asset Management Company Limited ("Tiger Securities") – Management fees	327	201

Mr. Wu Ming Gai, an executive Director, is a director and responsible officer of Tiger Securities.

17. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosure of level fair value hierarchy at the end of the Reporting Period/year

	At 30 June 2023 (Unaudited)			
	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Recurring fair value measurements:				
Financial assets at FVTPL				
Listed equity securities in Hong Kong and the US	115,016	–	–	115,016
Unlisted equity securities in the US	–	–	24,445	24,445
Financial assets at FVTOCI				
Equity investments designated at financial assets at FVTOCI	–	–	24,903	24,903
Total recurring fair value measurements	115,016	–	49,348	164,364

At 31 December 2022 (Audited)

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Recurring fair value measurements:				
Financial assets at FVTPL				
Listed equity securities in Hong Kong and the US	29,757	–	–	29,757
Unlisted equity securities in the US	–	–	24,445	24,445
Financial assets at FVTOCI				
Equity investments designated at financial assets at FVTOCI	–	–	24,903	24,903
Total recurring fair value measurements	29,757	–	49,348	79,105

(b) **Reconciliation of assets measured at fair value based on Level 3**

During the period/year ended 30 June 2023/31 December 2022, there were no transfers of financial assets from Level 3 to other levels of hierarchy.

The following table presents the movements in Level 3 instruments of the Group during the period/year.

	2023 (Unaudited)		
	Unlisted equity securities held for trading in the US <i>HK\$'000</i>	Equity investments designated at financial assets at FVTOCI <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January	24,445	24,903	49,348
Total gains or losses recognised			
– in profit or loss (included in revenue and other gains and losses)	–	–	–
– in other comprehensive income (expenses)	–	–	–
At 30 June	24,445	24,903	49,348
	2022 (Audited)		
	Unlisted equity securities held for trading in the US <i>HK\$'000</i>	Equity investments designated at financial assets at FVTOCI <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January	–	25,545	25,545
Additions	24,445	–	24,445
Total gains or losses recognised			
– in profit or loss (included in revenue and other gains and losses)	–	–	–
– in other comprehensive income (expenses)	–	(642)	(642)
At 31 December	24,445	24,903	49,348

(c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:**

The Group's directors are responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including Level 3 fair value measurements.

For Level 3 fair value measurements, the Group may engage independent valuation experts with recognised professional qualifications and recent experience to perform the valuations.

The valuation techniques used and the key inputs to the Level 3 fair value measurements are set out below:

Description	Valuation technique
Equity investments designated at financial assets at FVTOCI	Market Approach – Comparable transaction method
Financial asset at FVTPL Unlisted equity securities	Market Approach – Latest transaction method

During the period/year ended 30 June 2023/31 December 2022, there were no changes in valuation techniques used.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW, PROSPECTS AND FUTURE PLAN

The year 2023 was quite a volatile year for investing in the listed securities both Hong Kong, PRC and the US. In the first half of 2023, both the Hong Kong stock market and the PRC stock market experienced a continuation of vulnerabilities.

The US Federal Reserve announced the July 2023 interest rate decision, raising rates by 25 basis points. The federal funds rate has been increased to 5.25%-5.50%, the highest in 22 years. The Hong Kong Monetary Authority stated its intention to follow suit and raise rates by 25 basis points, bringing the interest rate to 5.75%. This move indicated the end of near-zero interest rate regime and it is expected that with US normalising its interest rate cycle in coming future, US currency will be strengthened, triggering a capital outflow from Hong Kong stock market. It also affect the Hong Kong stock market and even the overall economy.

The Hong Kong government announced that based on preliminary estimates, the domestic gross domestic product (GDP) in the second quarter of the year 2023 increased by 1.5% compared to the same period last year, which was lower than the market's expectation of 3.5%. However, compared to the first quarter's rapid recovery of 5.4%, the economy contracted by 1.3% in the second quarter. The main reasons for this economic downturn are likely attributed to high interest rates and the persistent uncertainty in the external environment.

As the US Federal Reserve raised interest rates further in the first half of the year 2023, Hong Kong's interest rates also gradually increased, dragging down the total fixed capital formation, which reflects investment. After recording yearly growth in the first quarter, it declined by 1% in the second quarter. The global economy slowed down due to elevated interest rates, which continued to have a negative impact on Hong Kong's external trade performance.

The Group expects the stock market and economy of the PRC and Hong Kong will continue to struggle between continuation of uncertainty in 2022 after the COVID-19 outbreak. The PRC is the top principal trading partner of Hong Kong, so its economy will definitely affect the Hong Kong's economy.

Looking ahead to second half of 2023, the Company will stay in focus to invest in trading securities, private equity funds and private enterprises with potential prospect. Our approach will keep timely and appropriate investment strategies in response to the volatile market, in order to enhance our investment portfolio and achieve net asset appreciation. The Board will pay close attention to the macro trends and keep seeking opportunities to invest in the PRC, Hong Kong and overseas. The Company will continue to implement its risk management policy with an aim to achieve stable returns on investments for our shareholders.

Financial Review

The Group's revenue for the Reporting Period comprised dividend income, interest earned from bank deposits and loans and receivables. For the Reporting Period, the Group recorded a revenue approximately of HK\$1.3 million as compared to approximately HK\$2.4 million for the Corresponding Period, representing a decrease of approximately 45.0%. 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\$17.6 million as compared to approximately HK\$3.8 million for the Corresponding Period. The Group recorded a realised gain of approximately HK\$1.5 million (30 June 2022: HK\$0.3 million) and fair value gain of approximately HK\$27.4 million (30 June 2022: loss of approximately HK\$33.6 million) on listed securities held by the Group during the Reporting Period. The turnaround from fair value loss to gain in listed securities holding by the Group was mainly attributable to impressive performance of the listed securities in the US holding by the Group. With the favourable performance of certain publicly traded securities held by the Group and fair value gain of certain listed securities during the Reporting Period, the Group recorded profit attributable to owners of the Company was approximately HK\$30.6 million as compared to a loss of approximately HK\$33.7 million for the Corresponding Period.

As at 30 June 2023, the Group's unlisted investments (comprising of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss) were approximately HK\$49.3 million (31 December 2022: HK\$74.0 million). Deposits and prepayments was approximately HK\$0.3 million (31 December 2022: HK\$0.8 million).

As at 30 June 2023, the net assets of the Group were approximately HK\$148.9 million (31 December 2022: 118.3 million). The financial assets at fair value through profit or loss were approximately HK\$139.5 million as at 30 June 2023 (31 December 2022: HK\$54.2 million) and the financial assets at fair value through other comprehensive income of approximately HK\$24.9 million as at 30 June 2023 (31 December 2022: HK\$24.9 million).

Liquidity, financial resources and capital structure

The Group had available funds as at 30 June 2023 of approximately HK\$0.8 million (31 December 2022: HK\$4.3 million) which were mainly placed in banks and licensed securities firms as general working capital. Bank balances and cash held by the Group are mainly denominated in Hong Kong dollars.

The Group had shareholders' funds of approximately HK\$148.9 million as at 30 June 2023 compared to approximately HK\$118.3 million at 31 December 2022, representing an increase of approximately 25.9%.

As at 30 June 2023, the Group had borrowings of approximately HK\$14.1 million (31 December 2022: HK\$14.2 million). The gearing ratio of the Group was approximately 9.5% (31 December 2022: 12.0%) which represents the ratio of the Group's borrowings to the net asset value of the Group.

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.

The Group did not have any capital expenditure commitment as at 30 June 2023 and 31 December 2022.

Fund raising activities

There was no significant change in the Group's capital structure for the six months ended 30 June 2023.

Details of the placing (the "Placing") completed on 19 July 2022 were set out in the announcements dated 13 June 2022 and 19 July 2022.

As at 30 June 2023, detailed breakdown and description of the utilisation of the net proceeds from the Placing were as follows:

Date of announcement	Event	The unutilised net proceed as at 31 December 2022	Intended use of net proceeds	Actual use of proceeds and expected timeline for fully utilising the unutilised amount <i>(Note)</i>
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 (ii) Approximately HK\$1.1 million for general working capital of the Group	(i) Approximately HK\$0.9 million was used to repay short term loan (ii) Approximately HK\$0.9 million was used for operating expense, the balance approximately HK\$0.2 million would utilised as intended on or before 31 August 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 on the Stock Exchange (the "Listing Rules"). 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 seventeen investments as of 30 June 2023, comprising eleven equity securities listed in Hong Kong, four equity securities listed in the US, one item of interests in a private entity in Anguilla and one item of interests in a private entity in the US. 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 10 to 12 to the unaudited 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 30 June 2023 were disclosed under the heading of "Financial Review" above and in notes 10 to 12 to the unaudited condensed financial statements.

The ten largest investments and all individual investments with value exceeding 5% of the Company's gross assets with brief description of the investee companies as follows and as disclosed in notes 10 to 12 to the unaudited condensed 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 still not deployed their business and no income generated during the Reporting Period. Due to the COVID-19 pandemic has been raging 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 online education business. The Group held 5.61% 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 annual results for the year ended 31 December 2022, the net profit for the year was approximately RMB188,709 million comparing with the net profit for the last year was approximately RMB227,810 million, the decrease of net profit of Tencent was mainly due to the decrease in revenue and increase in general and administrative expenses. The equity attributable to equity holders of Tencent as at 31 December 2022 was approximately RMB721,391 million. Net dividend (after expenses) approximately HK\$0.6 million was received from Tencent during the Reporting Period (30 June 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 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 period ended 31 March 2023, the net loss was approximately US\$23,900. The net asset value of Winchester as at 31 March 2023 was approximately US\$12,000. No dividend was received from Winchester during the Reporting Period (30 June 2022: nil). Fiat Professional is an international famous car brand and it has been awarded numerous international prizes by panels of trade journalists. 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 – 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 nine months ended 31 March 2023, the net profit was approximately US\$1.9 million. The net asset value of RHCO as at 31 March 2023 was approximately US\$7.1 million. No dividend was received from RHCO during the Reporting Period (30 June 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 is engaged in artificial intelligence business. No dividend was received from SNTE during the Reporting Period (30 June 2022: 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 quarterly results for the three months ended 31 March 2023 of SMIC, the revenue for the period was approximately USD1,462.3 million comparing with the revenue for the same period last year was approximately USD1,846.9 million, the profit for the period was USD267.1 million comparing with the profit for the same period last year was approximately USD569.2 million. No dividend was received from SMIC during the Reporting Period (30 June 2022: 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 – 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 first quarter report for the three months ended 31 March 2023 of BYD, the revenue for the period was approximately RMB120,173.6 million, the net profit attributable to shareholders for the period was RMB4,130.1 million. No dividend was received from BYD during the Reporting Period (30 June 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 annual report for the year ended 31 December 2022 of CMOC, the operating income for the year was approximately RMB172,990.9 million, the net profit for the year was RMB7,191.7 million. No dividend was received from CMOC during the Reporting Period (30 June 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 (30 June 2022: N/A).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed a total of 2 full-time employees (30 June 2022: 2 full-time employees), including the executive Directors. Employees’ remuneration are fixed and determined with reference to the market remuneration.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its investees. To manage liquidity risk, the Directors and management has been closely monitoring the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and commitments can meet its funding requirements.

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.

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 use any financial instruments to hedge such exposures.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no significant contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2023, no assets (31 December 2022: nil) were pledged by the Group.

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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2023, none of the Directors or chief executives of the Company had, nor were they taken to or deemed to have under Part XV of the Securities and Futures Ordinance ("SFO"), any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") to the Listing Rules.

At no time during the Reporting Period was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors or chief executives of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporations.

CORPORATE GOVERNANCE

The Company adopted all code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance practices.

The Company has complied with the code provisions as set out in the Code during the six months ended 30 June 2023, except the following deviations:

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.

The Board considers that there are adequate balance of power and safeguards in place and will review and monitor this situation periodically and will ensure that present structure would not impair the balance of power of the Company.

Code Provision C.1.6 of part 2 of the CG 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.

AUDIT COMMITTEE

The audit committee (the "Audit Committee") and management of the Company have reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters, including a review of the unaudited interim accounts for the six months ended 30 June 2023. The Audit Committee is of the opinion that such financial information complies with applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

By Order of the Board
Cocoon Holdings Limited
Chau Wai Hing
Chairman

Hong Kong, 24 August 2023

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.

* *For identification purpose only*

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