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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 2024

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 2024 are summarised as follows:

- Revenue of the Group for the six months ended 30 June 2024 (the “Reporting Period”) was approximately HK\$77,000 as compared to approximately HK\$1.3 million for the six months ended 30 June 2023 (the “Corresponding Period”).
- Gross proceeds from disposals of trading securities for the Reporting Period was recorded of approximately HK\$4.0 million as compared to approximately HK\$17.6 million for the Corresponding Period.
- Loss attributable to owners of the Company for the Reporting Period was approximately HK\$19.0 million as compared to the profit of approximately HK\$30.6 million for the Corresponding Period.
- Basic loss per share of the Group was HK cents 3.03 for the Reporting Period as compared to the basic earning per share of HK cents 5.90 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 2024 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 2024

| | | Six months ended 30 June | |
|---|--------------|---------------------------------|-----------------|
| | | 2024 | 2023 |
| | | (Unaudited) | (Unaudited) |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| Gross proceeds from disposals of trading securities | | 4,047 | 17,633 |
| Revenue | 2 | 77 | 1,321 |
| Other income | 2 | 33 | – |
| Other gains and losses, net | 2 | (16,839) | 32,199 |
| | | (16,729) | 33,520 |
| Finance costs | 3 | (459) | (530) |
| Other operating expenses | | (1,792) | (2,404) |
| (Loss)/profit before tax | 4 | (18,980) | 30,586 |
| Income tax | 5 | – | – |
| (Loss)/profit for the period | | (18,980) | 30,586 |
| 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”) | | – | – |
| (Loss)/profit and total comprehensive (expense)/income for the period attributable to owners of the Company | | (18,980) | 30,586 |
| | | HK Cents | HK Cents |
| (Loss)/earning per share | 7 | | |
| Basic | | (3.03) | 5.90 |
| Diluted | | (3.03) | 5.90 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

| | <i>Notes</i> | At 30 June 2024 (Unaudited) <i>HK\$'000</i> | At 31 December 2023 (Audited) <i>HK\$'000</i> |
|---|--------------|---|---|
| Non-current assets | | | |
| Right-of-use assets | | – | – |
| | | – | – |
| Current assets | | | |
| Deposits, prepayments and other receivables | 8 | 370 | 338 |
| Financial assets at fair value through profit or loss (“FVTPL”) | 9 | 169,706 | 172,306 |
| Financial assets at FVTOCI | 10 | 22,241 | 22,241 |
| Due from securities brokers | | 686 | 338 |
| Bank balances and cash | | 605 | 7,799 |
| | | 193,608 | 203,022 |
| Current liabilities | | | |
| Due to securities broker | | 1,250 | – |
| Other payables and accruals | 11 | 508 | 2,441 |
| Lease liabilities | | – | – |
| Promissory notes | 12 | 14,337 | 4,335 |
| | | 16,095 | 6,776 |
| Net current assets | | 177,513 | 196,246 |
| Total assets less current liabilities | | 177,513 | 196,246 |
| Non-current liabilities | | | |
| Lease liabilities | | – | – |
| Promissory notes | 12 | – | 10,000 |
| | | – | 10,000 |
| Net assets | | 177,513 | 186,246 |
| Capital and reserves | | | |
| Share capital | 13 | 70,794 | 60,434 |
| Reserves | | 106,719 | 125,812 |
| Total equity | | 177,513 | 186,246 |
| Net asset value per share | | HK\$0.25 | HK\$0.32 |

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 2024 (“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 2023. 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 2023.

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 2024. 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 2024 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 | |
|---|---------------------------------|----------------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Revenue: | | |
| Interest income from loans and receivables | – | 702 |
| Dividend income from listed investment | 77 | 619 |
| | <u>77</u> | <u>1,321</u> |
| Other income: | | |
| Sundry income | <u>33</u> | <u>–</u> |
| Other gains and losses, net: | | |
| Unrealised fair value (losses)/gains on financial assets at | | |
| FVTPL – listed securities | (18,691) | 27,367 |
| Net realised gains on disposals of financial assets at | | |
| FVTPL – listed securities | <u>1,852</u> | <u>1,496</u> |
| Net (losses)/gains on financial assets at FVTPL | (16,839) | 28,863 |
| Net realised gain on disposal of loan notes | <u>–</u> | <u>3,336</u> |
| | <u>(16,839)</u> | <u>32,199</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 | |
|---------------------------------------|--|--|
| | 2024 (Unaudited) HK\$'000 | 2023 (Unaudited) HK\$'000 |
| Interest on other borrowings | 30 | – |
| Imputed interest on promissory notes | 429 | 527 |
| Imputed interest on lease liabilities | – | 3 |
| | <u>459</u> | <u>530</u> |

4. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging the following:

| | Six months ended 30 June | |
|--|--|--|
| | 2024 (Unaudited) HK\$'000 | 2023 (Unaudited) HK\$'000 |
| Staff costs (including Directors' emoluments): | | |
| – Salaries, allowance and benefits in kind (<i>note 1</i>) | 397 | 462 |
| – Contributions to defined contribution plan (<i>note 2</i>) | 10 | 10 |
| Depreciation | | |
| – Right-of-use assets | – | 142 |
| Management fees | 212 | 326 |
| | <u>212</u> | <u>326</u> |

Note 1: No discretionary bonus was paid during the Reporting Period.

Note 2: 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.

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. (LOSS)/EARNING PER SHARE

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

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| (Loss)/profit for the purposes of basic and diluted (loss)/earning per share | <u>(18,980)</u> | <u>30,586</u> |
| | | |
| | Six months ended 30 June | |
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | Number of | Number of |
| | Shares | Shares |
| | '000 | '000 |
| Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earning per share | <u>626,092</u> | <u>518,007</u> |
| | | |
| | HK Cents | HK Cents |
| Basic (loss)/earning per share | (3.03) | 5.90 |
| Diluted (loss)/earning per share | <u>(3.03)</u> | <u>5.90</u> |

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

Diluted (loss)/earning per share is the same as the basic (loss)/profit per share as there is no potential dilutive share in issue during the six months ended 30 June 2024 and 2023.

8. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | At | At |
|-------------------|-------------|-------------|
| | 30 June | 31 December |
| | 2024 | 2023 |
| | (Unaudited) | (Audited) |
| | HK\$'000 | HK\$'000 |
| Other deposits | 54 | 54 |
| Prepayments | 199 | 284 |
| Other receivables | 117 | – |
| | <u>370</u> | <u>338</u> |

9. FINANCIAL ASSETS AT FVTPL

| | At 30 June 2024 (Unaudited) HK\$'000 | At 31 December 2023 (Audited) HK\$'000 |
|---|--|--|
| Listed securities: | | |
| – Equity securities – listed in Hong Kong | 22,554 | 12,197 |
| – Equity securities – listed in the US | 127,264 | 140,004 |
| | <u>149,818</u> | <u>152,201</u> |
| Unlisted equity securities | <u>19,888</u> | <u>20,105</u> |
| | <u>169,706</u> | <u>172,306</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 HK\$'000 | Market value HK\$'000 | Net asset/ (liabilities) attributable to the investment HK\$'000 | Accumulated fair value gains/ (losses) on investment recognised in the consolidated financial statement during the period/year HK\$'000 | % of total assets of the Company |
|--|----------------------------|--|------------------|--------------------------|---|--|-------------------------------------|
| Hong Kong | | | | | | | |
| Tencent Holdings Limited ("Tencent") | 30 June 2024 (unaudited) | 0.00%* | 5,405 | 6,368 | 187 | 1,347 | 3.29% |
| | 31 December 2023 (audited) | 0.00%* | 5,405 | 5,021 | 2 | (385) | 2.47% |
| BYD Company Limited ("BYD") | 30 June 2024 (unaudited) | 0.00%* | 6,143 | 6,844 | 1,572 | 597 | 3.53% |
| | 31 December 2023 (audited) | 0.00%* | 3,111 | 3,216 | 2,113 | 105 | 1.58% |
| Semiconductor Manufacturing International Corporation ("SMIC") | 30 June 2024 (unaudited) | 0.00%* | 4,773 | 4,297 | 7,621 | (475) | 2.22% |
| | 31 December 2023 (audited) | N/A | N/A | N/A | N/A | N/A | N/A |
| US | | | | | | | |
| Winchester Holding Group ("Winchester") | 30 June 2024 (unaudited) | 1.05% | 20,966 | 78,624 | 36 | 8,736 | 40.61% |
| | 31 December 2023 (audited) | 1.05% | 20,966 | 69,888 | 2 | 69,346 | 34.42% |
| Readen Holding Corporation ("RHCO") | 30 June 2024 (unaudited) | 7.95% | 12,046 | 4,462 | 5,467 | (2,231) | 2.30% |
| | 31 December 2023 (audited) | 8.33% | 12,046 | 6,692 | 4,474 | – | 3.30% |
| Sante Technology Holdings Inc. ("SNTTE") | 30 June 2024 (unaudited) | 23.44% | 29,598 | 26,208 | 172 | (17,972) | 13.54% |
| | 31 December 2023 (audited) | 23.44% | 29,598 | 43,680 | 143 | 13,472 | 21.51% |
| Luduson G Inc. ("LDSN") | 30 June 2024 (unaudited) | 1.82% | 32,000 | 9,584 | 1,393 | (7,456) | 4.95% |
| | 31 December 2023 (audited) | 2.04% | 32,000 | 17,040 | 942 | (14,960) | 8.39% |
| GSGG Group Inc. ("GSGG") | 30 June 2024 (unaudited) | 12.56% | 6,700 | 6,700 | (151) | – | 3.46% |
| | 31 December 2023 (audited) | N/A | N/A | N/A | N/A | N/A | N/A |
| Unlisted equity security | | | | | | | |
| LNPR Group Inc. ("LNPR") | 30 June 2024 (unaudited) | 5.18% | 24,226 | 19,888 | (51) | – | 10.27% |
| | 31 December 2023 (audited) | 7.02% | 24,445 | 20,105 | 305 | (4,340) | 9.90% |

Less than 0.01%

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

- (i) Tencent, 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\$58,000 (30 June 2023: HK\$607,000) 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) SMIC, incorporated in Cayman Islands, principally provides its customers with IC wafer foundry services and supporting services covering technology nodes ranging from 0.35 micron to 14 nanometer based on different process technology platforms.
- (iv) Winchester, 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.
- (v) RHCO, 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.
- (vi) 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.
- (vii) 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.
- (viii) GSGG is a company incorporated in the US which is listing on OTC market in the US, which is originally a development-stage company focused on investment consultancy for real estate in Asia, has recently expanded into the medical devices industry. IT Star Limited, wholly-owned subsidiary of the Company, holds this investment.
- (ix) LNPR, 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 2024, approximately HK\$22.6 million trading securities in Hong Kong (31 December 2023: nil) were pledged by the Group.

10. FINANCIAL ASSETS AT FVTOCI

| | 30 June 2024 (Unaudited) HK\$'000 | 31 December 2023 (Audited) HK\$'000 |
|--|--|--|
| Unlisted equity investments designated at financial assets at FVTOCI | 22,241 | 22,241 |

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\$18.5 million. As of 30 June 2024, the fair value of the equity investment was approximately HK\$22.2 million (31 December 2023: HK\$22.2 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 | % of total assets of the Company |
|-------------------------|---------------------------|-------------------------------------|--|------------------|------------------------|---|--|--|--|
| | | | | | | | | | |
| Perfect Path Limited | Anguilla | As at 30 June 2024 (unaudited) | 20% | 18,500 | 22,241 | – | 25,194 | – | 11.49% |
| | | As at 31 December 2023 (audited) | 20% | 18,500 | 22,241 | – | 25,194 | (2,662) | 11.00% |

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

11. OTHER PAYABLES AND ACCRUALS

| | At 30 June 2024 (Unaudited) HK\$'000 | At 31 December 2023 (Audited) HK\$'000 |
|-----------------------------|--|--|
| Other payables and accruals | 504 | 2,437 |
| Unclaimed dividend payable | 4 | 4 |
| | <u>508</u> | <u>2,441</u> |

12. PROMISSORY NOTES

| | At 30 June 2024 (Unaudited) HK\$'000 | At 31 December 2023 (Audited) HK\$'000 |
|--|--|--|
| At the beginning of the period/year | 14,335 | 14,162 |
| Imputed interest charged during the period/year | 573 | 1,029 |
| Interest paid during the period/year | (571) | (856) |
| | <u>14,337</u> | <u>14,335</u> |
| Less: Amount due within one year classified as current liabilities | (14,337) | (4,335) |
| | <u>–</u> | <u>10,000</u> |
| Amount due over one year classified as non-current liabilities | – | 10,000 |

13. SHARE CAPITAL

| | Number of shares | Amount HK\$'000 |
|---|-----------------------|--------------------|
| Authorised: | | |
| Ordinary shares of HK\$0.1 each at 31 December 2023 (audited), 1 January 2024 (unaudited) and 30 June 2024 (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 2023 (audited) and 1 January 2024 (unaudited) | <u>604,341,108</u> | <u>60,434</u> |
| Issue of shares on placement (<i>note</i>) | <u>103,601,332</u> | <u>10,360</u> |
| Ordinary shares of HK\$0.1 each at 30 June 2024 (unaudited) | <u>707,942,440</u> | <u>70,794</u> |

Note:

On 13 May 2024, the Company and a placing agent (“Placing Agent”) entered into a placing agreement (“Placing Agreement”) in respect of the placement of 103,601,332 ordinary shares of HK\$0.1 each at a price of HK\$0.100 per share under general mandate, to not less than six placees who are independent third parties to the Group (the “Placement”). The Placement was completed on 24 May 2024. The net proceeds from the Placement amounted to approximately HK\$10.2 million after deducting expense of approximately HK\$113,000, approximately HK\$10.2 million was credited to share capital upon the issue of the new shares.

14. RELATED PARTY TRANSACTIONS

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Tiger Securities Asset Management Company Limited (“Tiger Securities”) – Management fees | 212 | 327 |

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

15. 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 2024 (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 | 149,818 | – | – | 149,818 |
| Unlisted equity securities in the US | – | – | 19,888 | 19,888 |
| Financial assets at FVTOCI | | | | |
| Equity investments designated at financial assets at FVTOCI | – | – | 22,241 | 22,241 |
| Total recurring fair value measurements | <u>149,818</u> | <u>–</u> | <u>42,129</u> | <u>191,947</u> |
| | At 31 December 2023 (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 | 152,201 | – | – | 152,201 |
| Unlisted equity securities in the US | – | – | 20,105 | 20,105 |
| Financial assets at FVTOCI | | | | |
| Equity investments designated at financial assets at FVTOCI | – | – | 22,241 | 22,241 |
| Total recurring fair value measurements | <u>152,201</u> | <u>–</u> | <u>42,346</u> | <u>194,547</u> |

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

During the period/year ended 30 June 2024/31 December 2023, 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.

| | 2024 (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 | 20,105 | 22,241 | 42,346 |
| Disposal | (217) | – | (217) |
| At 30 June | <u>19,888</u> | <u>22,241</u> | <u>42,129</u> |

| | 2023 (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 | 24,445 | 24,903 | 49,348 |
| Total gains or losses recognised | | | |
| – in profit or loss (included in revenue and other gains and losses) | (4,340) | – | (4,340) |
| – in other comprehensive income (expenses) | – | (2,662) | (2,662) |
| | <u>20,105</u> | <u>22,241</u> | <u>42,346</u> |
| At 31 December | <u>20,105</u> | <u>22,241</u> | <u>42,346</u> |

(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 2024/31 December 2023, there were no changes in valuation techniques used.

16. EVENT AFTER REPORT PERIOD

Saved as disclosed under the heading of “Other Information” above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2024 and up to the date of this announcement.

17. APPROVAL OF THE UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements were approved and authorised for issue by the Board on 26 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW, PROSPECTS AND FUTURE PLAN

The market environment in 2024 was characterised by a continuation of the sluggish performance that had defined the previous year in 2023. After the economic and market challenges that emerged in 2023, the anticipated recovery failed to materialise in 2024, leading to a prolonged period of lackluster returns and heightened uncertainty of stock market in Hong Kong, The People's Republic of China (the "PRC") and The United States of America (the "U.S.").

The key factors contributing to the persistent lackluster performance included persistent inflationary pressures, tightening monetary policy, geopolitical uncertainty, sluggish economic growth, etc. As a result, major market indices struggled to achieve meaningful growth throughout 2024, forcing investors to adopt a more cautious and defensive approach. The persistent lackluster performance eroded investor confidence and highlighted the need for policymakers and businesses to address the fundamental challenges hindering economic and market growth.

Overall, the stock market and economic prospects in 2024 remained subdued, marked by a prolonged period of uncertainty, volatility, and lackluster performance as policymakers and businesses grappled with the persistent challenges that had carried over from the previous years.

Looking ahead to second half of 2024, 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 and interest earned from bank deposits. For the Reporting Period, the Group recorded a revenue approximately of HK\$0.1 million as compared to approximately HK\$1.3 million for the Corresponding Period, representing a decrease of approximately 94.2%. 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\$4.0 million as compared to approximately HK\$17.6 million for the Corresponding Period. The Group recorded a realised gain of approximately HK\$1.9 million (30 June 2023: HK\$1.5 million) and fair value loss of approximately HK\$18.7 million (30 June 2023: gain of approximately HK\$27.4 million) on listed securities held by the Group during the Reporting Period. The turnaround from fair value gain to loss in listed securities holding by the Group was mainly attributable to weak performance of the listed securities in the US holding by the Group. With the unfavourable performance of certain publicly traded securities held by the Group and fair value loss of certain listed securities during the Reporting Period, the Group recorded loss attributable to owners of the Company was approximately HK\$19.0 million as compared to a loss of approximately HK\$30.6 million for the Corresponding Period.

As at 30 June 2024, 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\$42.1 million (31 December 2023: HK\$42.3 million). Deposits and prepayments was approximately HK\$0.4 million (31 December 2023: HK\$0.3 million).

As at 30 June 2024, the net assets of the Group were approximately HK\$177.5 million (31 December 2023: 186.2 million). The financial assets at fair value through profit or loss were approximately HK\$169.7 million as at 30 June 2024 (31 December 2023: HK\$172.3 million) and the financial assets at fair value through other comprehensive income of approximately HK\$22.2 million as at 30 June 2024 (31 December 2023: HK\$22.2 million).

Liquidity, financial resources and capital structure

The Group had available funds as at 30 June 2024 of approximately HK\$0.6 million (31 December 2023: HK\$7.8 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\$177.5 million as at 30 June 2024 compared to approximately HK\$186.2 million at 31 December 2023, representing a decrease of approximately 4.7%.

As at 30 June 2024, the Group had borrowings of approximately HK\$14.4 million (31 December 2023: HK\$14.3 million). The gearing ratio of the Group was approximately 8.1% (31 December 2023: 7.7%) 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 2024 and 31 December 2023.

Fund raising activities

Save as the placing of new shares as disclosed in note 13 to the unaudited condensed financial statement and under the heading of "Placing of New Shares" below, there was no significant change in the Group's capital structure for the six months ended 30 June 2024.

Placing of New Shares

Reference is made to the announcements of the Company dated 13 May 2024 and 24 May 2024, respectively (the "Announcements") in relation to, amongst others, the Placing. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

After trading hours on 13 May 2024, 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 103,601,332 new shares at a price of HK\$0.100 per Placing Share. The gross proceeds from the Placing were approximately HK\$10.4 million and the net proceeds were approximately HK\$10.2 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\$6.7 million, repayment of short term loan and payment of interest in the aggregate amount of approximately HK\$2.0 million and the remaining balance would be used as the Group's general working capital.

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

As at 30 June 2024, detailed breakdown and description of the utilisation of the net proceeds from the Placing were as follows:

| Date of announcement | Event | Net proceeds raised | Intended use of net proceeds | Actual use of proceeds and expected timeline for fully utilising the unutilised amount (<i>Note</i>) |
|---|--|--------------------------------|---|--|
| 13 May 2024 (completed on 24 May 2024) | Placing new shares under general mandate | Approximately HK\$10.2 million | <ul style="list-style-type: none"> (i) Approximately HK\$6.7 million for the investment in listed and unlisted securities (ii) Approximately HK\$2.0 million for repayment of short term loan and payment of interest (iii) Approximately HK\$1.5 million for general working capital of the Group | <ul style="list-style-type: none"> (i) Approximately HK\$6.7 million was used to invest in listed securities (ii) Approximately HK\$1.65 million was used to repay short term loan and payment of interest, the balance has utilised in July 2024 (iii) Approximately HK\$0.5 million was used for operating expense, the balance approximately HK\$1.0 million would utilised as intended on or before 30 September 2024 |

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 sixteen investments as of 30 June 2024, comprising eight equity securities listed in Hong Kong, six 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 9 to 10 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 2024 were disclosed under the heading of “Financial Review” above and in notes 9 to 10 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 9 to 10 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 has 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 development of a “Pure Play” renewable/alternative/distributed energy technology solutions and wastes to resources and energy platforms. The Group held 5.23% 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 first quarter results for the three months ended 31 March 2024, the net profit for the period was approximately RMB41,889 million comparing with the net profit for the corresponding period was approximately RMB25,838 million, the increase of net profit of Tencent was mainly due to the increase in gross profit. Net dividend (after expenses) approximately HK\$58,000 was received from Tencent during the Reporting Period (30 June 2023: HK\$0.6 million). 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 manufacturing of cars in South Africa for production. Based on the latest unaudited financial statements for the period ended 31 March 2024, the net loss was approximately US\$10,000. The net asset value of Winchester as at 31 March 2024 was approximately US\$437,000. No dividend was received from Winchester during the Reporting Period (30 June 2023: 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 – 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 2024, the net profit was approximately US\$0.8 million. The net asset value of RHCO as at 31 March 2024 was approximately US\$8.8 million. No dividend was received from RHCO during the Reporting Period (30 June 2023: 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 intend to acquire and merger potential AI technology related companies by offering a unique platform with technology function, marketing function, finance function and resources integration function. No dividend was received from SNTE during the Reporting Period (30 June 2023: 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 30 June 2024 of SMIC, the revenue for the period was approximately US\$1,901.3 million comparing with the revenue for the same period last year was approximately US\$1,560.4 million, the profit for the period was US\$172.3 million comparing with the profit for the same period last year was approximately US\$464.2 million. No dividend was received from SMIC during the Reporting Period (30 June 2023: 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 2024 of BYD, the revenue for the period was approximately RMB124,944.4 million, the net profit attributable to shareholders for the period was RMB4,568.8 million. No dividend was received from BYD during the Reporting Period (30 June 2023: 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.

Private Equity Investment – GSG Group Inc. (“GSGG”)

GSGG is a company incorporated in the US (OTC: GSGG) which is listing on OTC market in the US, which is originally a development-stage company focused on investment consultancy for real estate in Asia, has recently expanded into the medical devices industry. Based on the acquisition of the Prejex needle free injection project, GSG Group Inc. is working to enter the global markets with its Prejex specialty drug delivery systems. These devices have been designed to provide painless, needle-free injections for safe and effective self-administration of a multitude of medicines and due to recent developments they plan their first roll-outs for the US market. No dividend was received from GSGG during the Reporting Period (30 June 2023: N/A).

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

LDSN is a company incorporated in the US (OTC Pink: 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 2023: N/A).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed a total of 2 full-time employees (30 June 2023: 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 2024, the Group had no significant contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2024, the Group's trading securities of carrying amount of approximately HK\$22.6 million (31 December 2023: nil) were pledged to a securities broker to secure margin loan borrowed 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 2024, 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 C1 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 2024, 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.

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 independent non-executive Directors, Ms. Chan Man Yi and Ms. Leung Yin Ting, did not attend the annual general meeting of the Company held on 27 June 2024 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 2024. 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, 26 August 2024

As at the date hereof, the Board comprises two executive Directors, namely, Mr. Chau Wai Hing (Chairman), and Mr. Wu Ming Gai; and three independent non-executive Directors, namely, Ms. Leung Yin Ting, Mr. Wong Sze Lok and Ms. Lin Hsiu Mei.

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