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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 2021**

**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 2021 are summarised as follows:

- Revenue of the Group for the six months ended 30 June 2021 was approximately HK\$3.7 million as compared to approximately HK\$4.0 million in the same period last year.
- Loss attributable to owners of the Company for the six months ended 30 June 2021 was approximately HK\$3.0 million as compared to the loss of approximately HK\$9.4 million in the same period last year.
- Basic loss per share of the Group was HK cents 0.83 for the six months ended 30 June 2021 as compared to the basic loss of HK cents 2.62 per share in the same period last year.

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 2021 (the “Reporting Period”) with comparative figures for the corresponding period in 2020 as follows:

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Note		
Gross proceeds from disposals of trading securities		<u>4,673</u>	<u>3,954</u>
Revenue	2	3,741	4,001
Other revenue	2	81	3
Other gains and losses, net	2	<u>(3,273)</u>	<u>(9,576)</u>
		549	(5,572)
Finance costs	3	(804)	(775)
Other operating expenses		<u>(2,773)</u>	<u>(3,087)</u>
Loss before tax	4	(3,028)	(9,434)
Income tax	5	<u>—</u>	<u>—</u>
Loss for the period		(3,028)	(9,434)
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”)		<u>—</u>	<u>1,000</u>
Loss and total comprehensive expense for the period attributable to owners of the Company		<u>(3,028)</u>	<u>(8,434)</u>
		HK Cents	HK Cents
Loss per share	7		
Basic		(0.83)	(2.62)
Diluted		<u>(0.83)</u>	<u>(2.62)</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	8	1	4
Right-of-use assets		58	197
Loan notes	10	46,380	46,413
		<u>46,439</u>	<u>46,614</u>
<b>Current assets</b>			
Other receivables, deposits and prepayments	9	216	633
Loan notes	10	57,644	52,038
Financial assets at fair value through profit or loss ("FVTPL")	11	47,633	46,944
Financial assets at FVTOCI	12	30,600	30,600
Due from securities brokers		15,412	801
Bank balances and cash		247	7,905
		<u>151,752</u>	<u>138,921</u>
<b>Current liabilities</b>			
Due to securities brokers		1,789	1,701
Other payables and accruals	13	785	732
Lease liabilities		62	208
Promissory notes	14	5,562	224
		<u>8,198</u>	<u>2,865</u>
<b>Net current assets</b>		<u>143,554</u>	<u>136,056</u>
<b>Total assets less current liabilities</b>		<u>189,993</u>	<u>182,670</u>
<b>Non-current liabilities</b>			
Lease liabilities		—	—
Promissory notes	14	14,920	19,920
		<u>14,920</u>	<u>19,920</u>
<b>Net assets</b>		<u>175,073</u>	<u>162,750</u>
<b>Capital and reserves</b>			
Share capital	15	43,167	35,973
Reserves		131,906	126,777
<b>Total equity</b>		<u>175,073</u>	<u>162,750</u>
<b>Net asset value per share</b>		<u>HK\$0.41</u>	<u>HK\$0.45</u>

# 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 2021 (“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 2020. 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 2020.

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 2021. 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 2021 but they do not have a material effect on the Group’s Interim Financial Statements.

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

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
<b>Revenue:</b>		
Interest income from		
—loans and receivables	<b>3,741</b>	3,215
—convertible bonds designated at FVTPL	<b>—</b>	786
	<b>3,741</b>	4,001
<b>Other revenue:</b>		
Dividend income from the Group’s listed investment	<b>80</b>	—
Sundry income	<b>1</b>	3
	<b>81</b>	3

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other gains and losses, net:</b>		
Unrealised fair value losses on financial assets at FVTPL		
— listed securities	(5,721)	(2,538)
Net realised gains on disposals of financial assets at FVTPL		
— listed securities	616	585
Net loss on financial assets at FVTPL	(5,105)	(1,953)
Impairment loss on		
— loan and receivables	(190)	(6,031)
— deposits	—	(1,267)
— other receivables	—	(325)
Reversal of impairment loss on loan and receivables	2,022	—
Total (impairment loss)/reversal of impairment loss made	1,832	(7,623)
	<b>(3,273)</b>	<b>(9,576)</b>

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 revenue, other gains and losses, net, loss for the period, and total assets are attributable to this segment.

### 3. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on other borrowings	88	88
Imputed interest on promissory notes	712	676
Imputed interest on lease liabilities	4	11
	<b>804</b>	<b>775</b>

#### 4. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Staff costs (including directors' emoluments):		
— Salaries, allowance and benefits in kind ( <i>note 2</i> )	742	747
— Contributions to defined contribution plan ( <i>note 1</i> )	15	15
Depreciation		
— Property, plant and equipment	3	3
— Right-of-use assets	139	139
Management fees	618	664
Impairment loss/(reversal of impairment loss) (net)		
— loan and receivables	(1,832)	6,031
— deposits	—	1,267
— other receivables	—	325
	<u>          </u>	<u>          </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 period.

#### 5. INCOME TAX

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profit during the period (six months ended 30 June 2020: nil).

## 6. DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## 7. LOSS PER SHARE

The calculation of loss per share is as follows:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Loss for the purposes of basic and diluted loss per share	<u>(3,028)</u>	<u>(9,434)</u>
	Six months ended 30 June	
	2021 (Unaudited) Number of Shares '000	2020 (Unaudited) Number of Shares '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>365,292</u>	<u>359,727</u>
	HK Cents	HK Cents
Basic loss per share	(0.83)	(2.62)
Diluted loss per share	<u>(0.83)</u>	<u>(2.62)</u>

The calculation of basic loss per share is based on the Group's loss attributable to owners of the Company by the weighted average number of the ordinary shares in issue during the period.

Diluted loss per share is the same as the basic loss per share as there is no potential dilutive share in issue during the six months ended 30 June 2021 and 2020.

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021 and 2020, no items of property, plant and equipment has been acquired by the Group.

## 9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Other deposits	54	54
Prepayments	162	579
	<u>216</u>	<u>633</u>

## 10. LOAN NOTES

Issuer	Date	Subscription amount HK\$'000	Interest receivables HK\$'000	Impairment loss/(Reversal of impairment loss) recognised during the year/period HK\$'000	Carrying amount HK\$'000	Interest income recognised during the year/period HK\$'000
Shenzhen Da Long General Packaging Machinery Company Limited* ("LN1")	As at 30 June 2021 (unaudited)	24,000	6,312	(624)	21,980	1,190
	As at 31 December 2020 (audited)	24,000	5,122	6,358	20,166	2,406
Shenzhen Qianhai Earl Lan Official Business Aviation Services Limited* ("LN2")	As at 30 June 2021 (unaudited)	33,000	2,717	(1,239)	33,800	818
	As at 31 December 2020 (audited)	33,000	1,899	2,733	31,743	1,655
Yun Kang Data Technology (Shanghai) Company Limited* ("LN3")	As at 30 June 2021 (unaudited)	20,000	713	18	20,326	595
	As at 31 December 2020 (audited)	20,000	118	369	19,749	118
Shenzhen Huaqin Agriculture Technology Company Limited* ("LN4")	As at 30 June 2021 (unaudited)	27,000	1,151	13	27,918	1,138
	As at 31 December 2020 (audited)	<u>27,000</u>	<u>13</u>	<u>220</u>	<u>26,793</u>	<u>13</u>

\* For identification purpose only

- (i) On 14 November 2018, the Group had subscribed HK\$ denominated loan note (the “LN1”) of principal value of HK\$24,000,000 issued by an independent third party which is private entity established in the PRC, Shenzhen Da Long General Packaging Machinery Company Limited\*, which is principally engaged in developing and designing mechanical equipment, maturity of three years from date of issue. LN1 bears fixed interest at 10% per annum and is measured at amortised cost.
- (ii) On 8 November 2019, the Group had subscribed HK\$ denominated loan note (the “LN2”) of principal value of HK\$33,000,000 issued by an independent third party which is private entity established in the PRC, Shenzhen Qianhai Earl Lan Official Business Aviation Services Limited\*, which is principally engaged in aircraft leasing, with maturity of two years from dates of issue. LN2 bears fixed interest at 5% per annum and is measured at amortised cost.
- (iii) On 16 November 2020, the Group had subscribed HK\$ denominated loan note (the “LN3”) of principal value of HK\$20,000,000 issued by an independent third party which is private entity established in the PRC, Yun Kang Data Technology (Shanghai) Company Limited\*, which is principally engaged in applying deep learning and artificial intelligence to analyse the big data for application and provide clinical diagnosis, with maturity of three years from dates of issue. LN3 bears fixed interest at 6% per annum and is measured at amortised cost.
- (iv) On 30 December 2020, the Group had subscribed HK\$ denominated loan note (the “LN4”) of principal value of HK\$27,000,000 issued by an independent third party which is private entity established in the PRC, Shenzhen Huaqin Agriculture Technology Company Limited\*, which is principally engaged in technological development of agricultural products and biological products, with maturity of three years from dates of issue. LN4 bears fixed interest at 8.5% per annum and is measured at amortised cost.

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Loan notes	104,000	104,000
Interest receivables	10,893	7,152
Impairment losses	(10,869)	(12,701)
	<u>104,024</u>	<u>98,451</u>
Less: current portion	(57,644)	(52,038)
Non-current portion	<u>46,380</u>	<u>46,413</u>

\* For identification purpose only

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
At the beginning of the period/year	12,701	5,619
Reversal of impairment losses	(2,022)	—
Release upon disposals	—	(4,849)
Impairment losses recognised	190	11,931
	<u>10,869</u>	<u>11,931</u>
At the end of the period/year	<u><u>10,869</u></u>	<u><u>11,931</u></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 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Trading securities ( <i>note a</i> )		
— Equity securities held for trading at market value listed in Hong Kong	12,602	5,885
— Equity securities held for trading at market value listed in United States	35,031	41,059
	<u>47,633</u>	<u>46,944</u>

*Note:*

**(a) Trading securities**

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

Stock name		Proportion of investee's capital owned	Book cost at the beginning of the year/period HK\$'000	Market value HK\$'000	Net assets attributable to the investment HK\$'000	Accumulated fair value losses on investment recognized in the consolidated financial statement during the year/period HK\$'000
<b>Hong Kong</b>						
On Real International Holdings Limited	30 June 2021 (unaudited)	4.53%	2,223	2,169	1,404	(54)
	31 December 2020 (audited)	4.53%	11,100	2,223	2,165	(8,878)
Classified Group (Holdings) Limited	30 June 2021 (unaudited)	3.89%	746	1,076	2,090	330
	31 December 2020 (audited)	3.89%	3,679	746	2,230	(2,932)
China Creative Digital Entertainment Limited	30 June 2021 (unaudited)	0.49%	72	98	(660)	26
	31 December 2020 (audited)	0.49%	178	72	(3,021)	(106)
Evershine Group Holdings Limited	30 June 2021 (unaudited)	0.08%	21	18	(51)	(3)
	31 December 2020 (audited)	0.08%	66	21	6	(45)
Tencent Holdings Limited	30 June 2021 (unaudited)	0.00%*	1,354	1,402	211	48
	31 December 2020 (audited)	0.00%*	1,012	1,354	161	342
Alibaba Group Holding Limited	30 June 2021 (unaudited)	0.00%*	1,047	990	11	(57)
	31 December 2020 (audited)	0.00%*	1,040	1,047	235	6
The People's Insurance Company (Group) of China Limited	30 June 2021 (unaudited)	—	—	—	—	—
	31 December 2020 (audited)	0.00%*	550	423	663	(127)

						Accumulated fair value losses on investment recognized in the consolidated financial statement during the year/period
Stock name		Proportion of investee's capital owned	Book cost at the beginning of the year/ period <i>HK\$'000</i>	Market value <i>HK\$'000</i>	Net assets attributable to the investment <i>HK\$'000</i>	<i>HK\$'000</i>
China Mobile Limited	30 June 2021 (unaudited)	0.00%*	2,017	2,330	419	313
	31 December 2020 (audited)	—	—	—	—	—
Semiconductor Manufacturing International Corporation	30 June 2021 (unaudited)	0.00%*	1,997	2,043	2	46
	31 December 2020 (audited)	—	—	—	—	—
AAC Technologies Holdings Inc.	30 June 2021 (unaudited)	0.00%*	1,854	1,859	37	5
	31 December 2020 (audited)	—	—	—	—	—
Ming Yuan Cloud Group Holdings Limited	30 June 2021 (unaudited)	0.00%*	964	617	65	(347)
	31 December 2020 (audited)	—	—	—	—	—
United States						
Winchester Holding Group	30 June 2021 (unaudited)	1.15%	41,059	35,031	12	(6,028)
	31 December 2020 (audited)	1.15%	25,334	41,059	244	20,093

\* *Less than 0.01%*

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

- (i) On Real International Holdings Limited, incorporated in Cayman Islands, is principally engaged in the designing, manufacturing and selling of two-way radio and baby monitors on original design manufacturing basis.
- (ii) Classified Group (Holdings) Limited, incorporated in Cayman Islands, is principally engaged in restaurant operations in Hong Kong.
- (iii) China Creative Digital Entertainment Limited, incorporated in Bermuda is principally engaged in entertainment business, artiste management services and money lending business.
- (iv) Evershine Group Holdings Limited, incorporated in Hong Kong, is principally engaged in the construction, contracting works, construction materials trade, property leasing, furniture business, cemetery business, money lending business and mobile application business.
- (v) 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. Net dividend (after expenses) approximately HK\$3,800 was received during the six months ended 30 June 2021 (30 June 2020: HK\$1,600).
- (vi) Alibaba Group Holding Limited, incorporated in Cayman Islands, provides the technology infrastructure and marketing reach to help merchants, brands and other businesses to leverage the power of new technology to engage with their users and customers and operate in a more efficient way.
- (vii) The People's Insurance Company (Group) of China Limited, incorporated in China, mainly provide integrated financial products and services and is engaged in property and casualty insurance, life and health insurance, asset management and other businesses.
- (viii) China Mobile Limited, incorporated in Hong Kong, principal activities is provision of mobile telecommunications and related services in Mainland China and in Hong Kong. Net dividend (after expenses) approximately HK\$75,400 was received during the six months ended 30 June 2021 (30 June 2020: HK\$Nil).
- (ix) Semiconductor Manufacturing International Corporation, incorporated in Cayman Islands, is 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.

- (x) AAC Technologies Holdings Inc., incorporated in Cayman Islands, is a total solution-provider offering cutting-edge advanced miniaturized technology components to the consumer electronics industry worldwide.
- (xi) Ming Yuan Cloud Group Holdings Limited, incorporated in Cayman Islands, is principally engaged in the provision of enterprise-grade Software as a service products and Enterprise resource planning solutions for property developers and other industry participants along the real estate value chain in the People's Republic of China, which enable property developers and other real estate industry participants to streamline and digitalise their business operations. Net dividend (after expenses) approximately HK\$1,300 was received during the six months ended 30 June 2021 (30 June 2020: HK\$Nil).
- (xii) Winchester Holding Group, incorporated in the United States, is organized for the purpose of property acquisitions. Initial operations have included organization and incorporation, target market identification, marketing plans, capital formation and property acquisitions and vehicle exclusive seller.

As at 30 June 2021, the Group's trading securities of carrying amount of approximately HK\$3.2 million (31 December 2020: HK\$3.0 million) were pledged to a securities broker to secure margin loan borrowed by the Group.

## 12. FINANCIAL ASSETS AT FVTOCI

	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
Unlisted equity investments designated at financial assets at FVTOCI	<b><u>30,600</u></b>	<u>30,600</u>

On 7 December 2018, the Group had subscribed 20% equity interest of an Anguilla incorporated private entity, Perfect Path Limited ("Perfect Path"), through its 45% owned associate, effectively own as to 9% equity interest of gold mining project in Thailand, at considerations of HK\$18,500,000. As of 30 June 2021, the fair value of the equity investment was approximately HK\$30,600,000 (31 December 2020: HK\$30,600,000).

Despite the Group holds 20% of the voting power in Perfect Path, however, under contractual arrangements, the other shareholders control the composition of the board of directors and have control over Perfect Path. The Directors 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.

At the end of reporting period, 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 year/ period 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 year/ period HK\$'000
Perfect Path Limited	Anguilla	As at 30 June 2021 (unaudited)	20%	18,500	30,600	—	32,057	12,100
		As at 31 December 2020 (audited)	20%	18,500	30,600	—	32,072	12,100

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

### 13. OTHER PAYABLES AND ACCRUALS

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Other payables and accruals	781	728
Unclaimed dividend payable	4	4
	<u>785</u>	<u>732</u>

# 14. PROMISSORY NOTES

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
At the beginning of the period/year	20,144	20,257
Interest charged during the period/year	712	1,379
Redemption during the period/year	—	—
Interest paid during the period/year	(374)	(1,492)
	<hr/>	<hr/>
At the end of the period/year	20,482	20,144
Less: Amount due within one year classified as current liabilities	(5,562)	(224)
	<hr/>	<hr/>
Amount due over one year classified as non-current liabilities	<u>14,920</u>	<u>19,920</u>

## 15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.1 each at 31 December 2020 (audited) and 1 January 2021 (unaudited)	10,000,000,000	1,000,000
Ordinary shares of HK\$0.1 each at 30 June 2021 (unaudited)	<u>10,000,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.1 each at 31 December 2020 (audited) and 1 January 2021 (unaudited)	359,726,850	35,973
Issue of shares on placement (unaudited) ( <i>note a</i> )	<u>71,945,370</u>	<u>7,195</u>
Ordinary shares of HK\$0.1 each at 30 June 2021 (unaudited)	<u>431,672,220</u>	<u>43,167</u>

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

The net proceeds from the Placement amounted to approximately HK\$15.3 million. The anticipated net proceeds from the Placing would be utilised for investment in the listed and/or unlisted securities in the aggregate amount of approximately HK\$5.5 million, repayment of short term loan and payment of interest in the aggregate amount of approximately HK\$6.8 million and the remaining balance will be used as the Group’s general working capital.

## 16. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2021	2020
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Tiger Securities Asset Management Company Limited (“Tiger Securities”)		
—Management fees	<u>618</u>	<u>664</u>

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 reporting period

At 30 June 2021 (Unaudited)				
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Recurring fair value measurements:</b>				
<b>Financial assets at FVTPL</b>				
Equity securities held for trading at market value listed in Hong Kong and the United States	47,633	—	—	47,633
Equity investments designated at financial assets at FVTOCI	—	—	30,600	30,600
Total recurring fair value measurements	<u>47,633</u>	<u>—</u>	<u>30,600</u>	<u>78,233</u>

At 31 December 2020 (Audited)				
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Recurring fair value measurements:</b>				
<b>Financial assets at FVTPL</b>				
Equity securities held for trading at market value listed in Hong Kong and the United States	46,944	—	—	46,944
Equity investments designated at financial assets at FVTOCI	—	—	30,600	30,600
Total recurring fair value measurements	<u>46,944</u>	<u>—</u>	<u>30,600</u>	<u>77,544</u>

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

During the period/year ended 30 June 2021/31 December 2020, 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.

	2021 (Unaudited)		
	Convertible bonds designated at financial assets at FVTPL HK\$'000	Equity investments designated at financial assets at FVTOCI HK\$'000	Total HK\$'000
At 1 January	—	30,600	30,600
Total gains or losses recognised			
— in profit or loss (included in revenue and other gains and losses)	—	—	—
— in other comprehensive income	—	—	—
At 30 June	<u>—</u>	<u>30,600</u>	<u>30,600</u>

  

	2020 (Audited)			
	Convertible bonds designated at financial assets at FVTPL HK\$'000	Private equity fund designated at financial assets at FVTPL HK\$'000	Equity investments designated at financial assets at FVTOCI HK\$'000	Total HK\$'000
At 1 January	19,520	—	29,400	48,920
Total gains or losses recognised				
— in profit or loss (included in revenue and other gains and losses)	(504)	—	—	(504)
— in other comprehensive income	—	—	1,200	1,200
Disposals	(19,016)	—	—	(19,016)
At 31 December	<u>—</u>	<u>—</u>	<u>30,600</u>	<u>30,600</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 will normally 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:

<b>Description</b>	<b>Valuation technique</b>
Equity investments designated at financial assets at FVTOCI	Income Approach — Discount cash flow method

The information about the significant unobservable inputs used in Level 3 fair value measurement is set out below.

**Equity investment designated at financial assets at FVTOCI**

The fair value of the equity investments designated at financial assets at FVTOCI is estimated using income approach.

The higher of the price per share and lower of the discount rate would increase the fair value of the equity investments designated at FVTOCI. The lower of the price per share and higher of the discount rate would decrease the fair value of the equity investments designated at FVTOCI.

During the period/year ended 30 June 2021/31 December 2020, there were no changes in valuation techniques used.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business review**

For the six months ended 30 June 2021, the Group recorded a revenue of approximately HK\$3.7 million as compared to approximately HK\$4.0 million in the same period last year representing a decrease of approximately 6.5%. The decrease in revenue was mainly due to decrease of interest income during the period.

For the six months ended 30 June 2021, the Group recorded realised gain on listed securities of approximately HK\$616,000 as compared to approximately HK\$585,000 in the same period last year. The unrealised loss of approximately HK\$5.7 million on listed securities (six months ended 30 June 2020: HK\$2.5 million). The reason of the significant increment in unrealised loss on listed securities was due to the poor performance of the stock market in second quarter of 2021.

For the six months ended 30 June 2021, the loss attributable to owners of the Company was approximately HK\$3.0 million as compared to the loss of approximately HK\$9.4 million in the same period last year. The loss for the six months ended 30 June 2021 has decreased as compared with same period last year which was mainly due to the net effect of increment in unrealised loss on listed securities of approximately HK\$5.7 million as compared to approximately HK\$2.5 million in same period last year and the turnaround from net impairment loss approximately HK\$7.6 million for the corresponding period in 2020 to net reversal of impairment loss approximately HK\$1.8 million in respect of unlisted investments and deposits. As at 30 June 2021, the net assets of the Group were approximately HK\$175.1 million (31 December 2020: HK\$162.8 million), the net assets increased by approximately 7.6% when compared with same period last year was mainly due to the completion of placing new share under general mandate on 17 June 2021. The financial assets at fair value through profit or loss increased from approximately HK\$46.9 million as at 31 December 2020 to approximately HK\$47.6 million as at 30 June 2021 and the financial assets at fair value through other comprehensive income (the “Financial Assets at FVTOCI”) of approximately HK\$30.4 million (31 December 2020: HK\$30.4 million) was recorded as at 30 June 2021.

### **Prospects and future plan**

Since early 2020, the outbreak of Coronavirus Disease 2019 (the “COVID-19”) has spread throughout the world. Every countries had implemented different levels of disease prevention measures, including lockdown and quarantine policies.

Hong Kong's fourth wave of the COVID-19 cases has ended in May 2021 but certain prevention measures have not eased rules yet as daily coronavirus cases in certain countries still in the peak in July 2021.

The external environment is of high relevance to the economy and financial market in Hong Kong. In term of the slow growth projections of Hong Kong and China and the outbreak of Coronavirus Disease 2019 (the "COVID-19 outbreak"), the Group expects it is full of challenges in 2021.

The Group expects COVID-19 outbreak will continue to affect the Group's financial performance for the second half of 2021. The Group will closely monitor the development of the COVID-19 outbreak and continue to evaluate its impact on our business, financial position and operating results.

Looking ahead to second half of 2021, 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 China, 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**

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

The Group had available bank balances and cash as at 30 June 2021 of approximately HK\$0.2 million (31 December 2020: HK\$8.0 million) which were mainly placed in banks 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\$175.1 million as at 30 June 2021 compared to approximately HK\$162.8 million at 31 December 2020, representing an increase of approximately 7.6%.

As at 30 June 2021, the Group does not have any banking facilities (31 December 2020: nil).

As at 30 June 2021, the Group had borrowings of approximately HK\$22.3 million (31 December 2020: HK\$21.8 million). The gearing ratio of the Group was approximately 12.7% (31 December 2020: 13.4%) which represents the ratio of the Group's borrowings to the net asset value of the Group.

In view of post-pandemic global economic recovery becomes apparent, the credit rating agency expected that the default rate will drop materially at the end of 2021, based on the assessment of the Group, reversal of impairment loss (net) of various unlisted investments approximately HK\$1,832,000 (six months ended 30 June 2020: net impairment losses HK\$6,032,000) were recognised during six months ended 30 June 2021.

The Group did not have any capital expenditure commitment as at 30 June 2021 and 31 December 2020.

### **Fund raising activities**

Save as the placing of new shares as disclosed in note 15 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 2021.

### **Placing of New Shares**

Reference is made to the announcements of the Company dated 27 May 2021 and 17 June 2021, 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 27 May 2021, 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, placees to subscribe for up to 71,945,370 new shares at a price of HK\$0.215 per Placing Share. The gross proceeds from the Placing were approximately HK\$15.5 million and the net proceeds were approximately HK\$15.3 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\$5.5 million, repayment of short term loan and payment of interest in the aggregate amount of approximately HK\$6.8 million and the remaining balance would be used as the Group's general working capital. As at 30 June 2021, the net proceeds from the Placing had not been utilised.

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

As at 30 June 2021, detailed breakdown and description of the utilisation of the net proceeds from the rights issue (the “Rights Issue”) completed on 21 October 2019 and the Placing were as follows:

<b>Date of announcement</b>	<b>Event</b>	<b>The unutilised net proceed as at 31 December 2020</b>	<b>Intended use of net proceeds</b>	<b>Actual use of proceeds and expected timeline for fully utilising the unutilised amount (Note 1)</b>
18 July 2019 (completed on 21 October 2019)	Rights Issue on the basis of two Rights Shares at the subscription price HK\$0.28 per Rights Shares for every one existing Share	Approximately HK\$8.6 million	(i) Approximately HK\$6.9 million for the investment in listed securities and unlisted securities  (ii) Approximately HK\$1.7 million for general working capital of the Group	(i) Approximately HK\$6.9 million was used to invest in listed and unlisted securities  (ii) Approximately HK\$1.5 million was used for operating expenses, the balance approximately HK\$0.2 million would utilised as intended on or before 31 July 2021

Date of announcement	Event	Net proceeds raised	Intended use of net proceeds	Expected timeline for fully utilising the unutilised amount (Note 1 & Note 4)
27 May 2021 (completed on 17 June 2021)	Placing new shares under general mandate	Approximately HK\$15.3 million	(i) Approximately HK\$5.5 million for the investment in listed securities and unlisted securities	(i) On or before 30 June 2022
			(ii) Approximately HK\$6.8 million for repayment of short term loan and payment of interest	(ii) On or before 30 June 2022
			(iii) Approximately HK\$3.0 million for general working capital of the Group	(iii) On or before 30 June 2022

*Note 1:* The expected timetable for fully utilising the unutilised net proceeds is determined based on the Group's best estimate of future market conditions, and is subject to change depending on current market conditions and future market developments.

*Note 2:* The Company had resolved to change in use of the remaining net proceeds from the Rights Issue (the "Remaining Proceeds"). The reason for change in use of the Remaining Proceeds as the Board considered that the abovementioned industries would be benefited from the change in social behavior and the economic environment and the market price of certain listed securities in banking and finance sector and also energy sector were comparatively low due to oversold as well. The details for change in use of the Remaining Proceeds were set out in the announcements of the Company dated 18 May 2020 and 25 November 2020.

*Note 3:* Details of the Rights Issue were set out in the announcements of the Company dated 18 July 2019, 30 July 2019, 2 August 2019, 13 August 2019, 13 September 2019 and 18 October 2019; the circular of the Company dated 21 August 2019; and the prospectus of the Company dated 25 September 2019.

*Note 4:* The net proceeds from the Placing had not been utilised.

## **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 2021, comprising ten equity securities listed in Hong Kong, one equity securities listed in United States of America (the “US”), four loan notes issued by private entities in China and one item of interests in a private entity in Anguilla. 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**

For the six months ended 30 June 2021, the Group recorded revenue of approximately HK\$3.7 million as compared to approximately HK\$4.0 million in the same period last year, representing a decrease of approximately 6.5%. The decrement in revenue was due to decrease of interest income from unlisted investments during the period.

With the impact of favourable performance of certain publicly traded securities held by the Group, the Group recorded a realised gain of approximately HK\$616,000 (six months ended 30 June 2020: HK\$585,000). However, on the other hand, the Group recognised an unrealised loss of approximately HK\$5.7 million (six months ended 30 June 2020: HK\$2.5 million) on listed securities. Meanwhile, reversal of impairment loss (net) of various loan notes of approximately HK\$1.8 million (six months ended 30 June 2020: net impairment loss HK\$6.0 million) and no impairment loss of deposits and other receivables (six months ended 30 June 2020: HK\$1.6 million) were recognised during the six months ended 30 June 2021.

As at 30 June 2021, the Group held trading securities of approximately HK\$47.6 million (31 December 2020: HK\$46.9 million).

As at 30 June 2021, the Group's unlisted investments (comprised of Financial Assets at FVTOCI and loans and receivables) were approximately HK\$134.6 million (31 December 2020: HK\$129.1 million). Other receivables, deposits and prepayments were approximately HK\$216,000, as compared to approximately HK\$633,000 as at 31 December 2020, representing a decrease of approximately 65.9%.

Pursuant to the requirements stipulated in Rule 21.12 of 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 as follows and as disclosed in note 10 to 12 to the unaudited consolidated financial statements:

***Loan Note Investment — Shenzhen Da Long General Packaging Machinery Company Limited\* (“Da Long”)***

Da Long is a private entity established in the PRC, which is principally engaged in developing and designing mechanical equipment. Da Long has been developing and producing intelligent garbage collection systems and production equipment for nearly 10 years. The Group held a loan note issued by Da Long with fixed interest at 10% per annum (“LN1”). The interest income recognised of the Group from the LN1 for the six months ended 30 June 2021 was approximately HK\$1.2 million (30 June 2020: HK\$1.2 million). The reversal of impairment loss recognised during the six months ended 30 June 2021 was approximately HK\$0.6 million (30 June 2020: impairment loss HK\$1.8 million). Based on the latest management account of Da Long, the unaudited net profit for the six months ended 30 June 2021 was approximately RMB1.2 million and its net asset value as at 30 June 2021 was approximately RMB17.1 million. The Board considers the industry of intelligent garbage collection systems and production equipment have great prosperity and the financial performance of Da Long was satisfactory. The Board also expected that Da Long will keep the growth trend in future. Therefore, holding the fixed interest income from loan notes was interest of the Group to obtain stable interest income.

\* For identification purpose only

***Loan Note Investment — Shenzhen Qianhai Earl Lan Official Business Aviation Services Limited\* (“SQEL”)***

The Group had subscribed a loan note issued by SQEL which was private entity established in the PRC, which was principally engaged in private flight service and management platform in China. SQEL issued a loan note (“LN2”) in November 2019 to the Company and would mature after two years from date of issue. LN2 bears fixed interest at 5% per annum and is measured at amortised cost. The interest income recognised of the Group for the six months ended 30 June 2021 from LN2 was approximately HK\$818,000 (30 June 2020: HK\$823,000). The reversal of impairment loss recognised during the six months ended 30 June 2021 was approximately HK\$1.2 million (30 June 2020: impairment loss HK\$1.5 million). Based on the management account of SQEL as at 31 December 2020, the unaudited net profit was approximately RMB15.3 million. As at 31 December 2020, the net asset value of SQEL was approximately RMB53.3 million. The Board considered the industry of private flight service in China has bright future and the Board expects that SQEL will keep the growth trend in the coming future. Therefore, holding the fixed interest income from the LN2 was in the interest of the Group to obtain stable interest income.

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

Yun Kang Data is a private entity established in the PRC, which is principally engaged in applying deep learning and artificial intelligence to analyse the big data for application and provide clinical diagnosis. Yun Kang Data issued a loan note (“LN3”) in November 2020 with fixed interest at 6% per annum to the Company and would mature after three years from the date of issue. The interest income recognised of the Group from LN3 for the six month ended 30 June 2021 was approximately HK\$595,000 (30 June 2020: n/a). The impairment loss of LN3 recognised for the six month ended 30 June 2021 was approximately HK\$18,000 (30 June 2020: n/a). According to the unaudited financial statements as at 30 April 2021 of Yun Kang Data, the unaudited net profit for the period ended 30 April 2021 was approximately RMB563,000 and its net asset value as at 30 April 2021 was approximately RMB6.4 million. The Board considered that the life science and big data industry is a future trend of the globe and it might a gateway to get involved in this industry by holding the LN3 and to enjoy the fixed interest income as well.

\* For identification purpose only

***Loan Note Investment — Shenzhen Huaqin Agriculture Technology Company Limited\* (“Huaqin Agriculture”)***

Huaqin Agriculture is a private entity established in the PRC, which is principally engaged in technological development of agricultural and biological product, retail and wholesale of food. Huaqin Agriculture issued a loan note (“LN4”) in December 2020 with fixed interest at 8.5% per annum to the Group and would mature after three years from the date of issue. The interest income recognised of the Group from LN4 for the six month ended 30 June 2021 was approximately HK\$1.1 million (30 June 2020: n/a). The impairment loss of LN4 recognised for the six month ended 30 June 2021 was approximately HK\$13,000 (30 June 2020: n/a). According to the unaudited financial statements as at 31 December 2020 of Huaqin Agriculture, the unaudited net profit for the year ended 31 December 2020 was approximately RMB2.0 million and its net asset value as at 31 December 2020 was approximately RMB2.1 million. The Board considered that 8.5% of fixed interest income by holding LN4 is in the interest of the Group to obtain stable interest income.

***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 licence and permits were submitted to the relevant local government authorities in Thailand, therefore Perfect Path still not deployed their business and no income generated during the six months ended 30 June 2021. The net asset value of Perfect Path as at 30 June 2021 was approximately HK\$160.4 million. There was no changes in fair value for the six months ended 30 June 2021 (30 June 2020: gain HK\$1.0 million). After having taken into account all relevant factors and vigilantly verified it with Perfect Path, it is reasonably hoped that the production of the Gold Mine will be launched in or around 2023 to 2024 and subject to change depending on current market situation and the process for obtaining the Gold Mine permit. The Board considered that the gold price will be in the same trend with the past decade or keep in the high level, therefore, the Group expected to enjoy the appreciation of gold price or the return from the production of the Gold Mine by indirectly holding interest in the Gold Mine.

\* For identification purpose only

***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 report for the year ended 31 December 2020, the net profit for the year was approximately RMB160,125 million comparing with the net profit for the last year was approximately RMB95,888 million, the increase of net profit of Tencent was mainly due to the increase in revenue. The equity attributable to equity holders of Tencent as at 31 December 2020 was approximately RMB703,984 million. Net dividend (after expenses) approximately HK\$3,800 was received from Tencent during the six months ended 30 June 2021 (30 June 2020: HK\$1,600). According to the annual report for the year ended 31 December 2020 of Tencent, they expected to strengthen including their global leadership in mobile and PC games and their recommendation algorithms and analytic services to increase user acquisition efficiency and sales conversion for advertisers. The Board believed the leading position of Tencent in the market can make them to enjoy the prosperity of internet industry, the Group would hold the investment in Tencent and closely monitor its performance and may adjust the portfolio of Tencent from time to time.

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

Winchester is a company incorporated in the US (stock code: 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 2021, the net loss was approximately US\$0.1 million. The net asset value of Winchester as at 31 March 2021 was approximately US\$0.1 million. No dividend was received from Winchester during the six month ended 30 June 2021 (30 June 2020: n/a). Fiat Professional is an international famous car brand and it has been awarded numerous international prizes by panels of trade journalists. The Board believed Winchester obtaining the exclusive seller right of Fiat Professional is a catalyst of Winchester. The Group would hold the investment in Winchester and closely monitor its performance and may adjust the portfolio of Winchester from time to time.

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

Alibaba is a company incorporated in the Cayman Islands (stock code: 9988). Alibaba is principally engaged in online retail platform, cloud computing, digital media and entertainment. Based on the latest published annual report for the year ended 31 March 2021 of Alibaba, the total revenue for the year was approximately RMB717,289 million comparing with the total revenue for the last year was approximately RMB507,911 million, the adjusted EBITDA was RMB196,842 million comparing with the adjusted EBITDA for the last year was approximately RMB157,659 million. No dividend was received from Alibaba during the six month ended 30 June 2021 (30 June 2020: n/a). According to the annual report for the year ended 31 March 2021 of Alibaba, demand for digitalization in the restaurant and service industry remains strong after the impact of the COVID-19 pandemic in the PRC. They continued to increase penetration in less developed areas, reflecting their success in broadening product for the PRC Retail Marketplaces. The Board believed the leading position of Alibaba in the market can make them to enjoy the prosperity of internet industry, the Group would hold the investment in Alibaba and closely monitor its performance and may adjust the portfolio of Alibaba from time to time.

***Listed Equity Investment — China Mobile Limited (“China Mobile”)***

China Mobile is a company incorporated in Hong Kong (stock code: 941). China Mobile is principally engaged in telecommunications services provider in the PRC and Hong Kong. Based on the latest published annual report for the year ended 31 December 2020 of China Mobile, the operating revenue for the year was approximately RMB768,070 million comparing with the operating revenue for the last year was approximately RMB745,917 million, the profit for the year was RMB108,140 million comparing with the profit for the last year was approximately RMB106,791 million. Net dividend (after expenses) approximately HK\$75,000 was received from China Mobile during the six month ended 30 June 2021 (30 June 2020: n/a). According to the annual report for the year ended 31 December 2020 of China Mobile, they would open up development space toward information services and focus on technological innovation to create competitive advantages. These moves would form part of their concerted efforts to achieve their goal of joining the league of the world’s first class information service technology companies. The Board believed the leading position of China Mobile in the market can make them to enjoy the prosperity of launching 5G, the Group would hold the investment in China Mobile and closely monitor its performance and may adjust the portfolio of China Mobile from time to time.

***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 annual report for the year ended 31 December 2020 of SMIC, the revenue for the year was approximately USD3,907 million comparing with the revenue for the last year was approximately USD3,116 million, the profit for the year was USD669 million comparing with the profit for the last year was approximately USD159 million. No dividend was received from SMIC during the six month ended 30 June 2021 (30 June 2020: n/a). According to the annual report for the year ended 31 December 2020 of SMIC, the rise of new formats, new models and new applications, such as AI and Internet of things, drives demand for chips. At present, worldwide foundry capacity remains tight, customer demand is growing, but capacity expansion cannot keep up. 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 — AAC Technologies Holdings Inc. (“AAC Tech”)***

AAC Tech is a company incorporated in the Cayman Islands (stock code: 2018). AAC Tech is world’s leading solutions provider for smart devices with cutting-edge technologies in materials research, simulation, algorithms, design, automation and process development in Acoustics, Optics, Electromagnetic Drives and Precision Mechanics, MEMS, Radio Frequency and Antenna, providing advanced miniaturized and proprietary technology solutions. Based on the latest published annual report for the year ended 31 December 2020 of AAC Tech, the revenue for the year was approximately RMB17,140 million comparing with the revenue for the last year was approximately RMB17,883 million, the profit for the year was RMB1,501 million comparing with the profit for the last year was approximately RMB2,222 million. No dividend was received from AAC Tech during the six month ended 30 June 2021 (30 June 2020: n/a). The Board believed the leading position of AAC Tech in the market can make them to enjoy by ever changing smart phone. The Group would closely monitor its performance and may adjust the portfolio of AAC Tech from time to time.

***Listed Equity Investment — Classified Group (Holdings) Limited (“Classified”)***

Classified is a company incorporated in the Cayman Islands (stock code: 8232). Classified is principally engaged in restaurant operations in Hong Kong. Based on the latest published quarterly report for the three months ended 31 March 2021, the net loss for the period was approximately HK\$3.6 million comparing with the net loss for the same period last year was approximately HK\$3.5 million, the net loss of Classified was barely remain unchanged. The net asset value of Classified as at 31 March 2021 was approximately HK\$53.7 million comparing with same period last year was HK\$70.2 million. No dividend was received during the six months ended 30 June 2021 (30 June 2020: nil). Classified restaurants are a collection of casual European cafés specializing in artisan breads, cheeses and boutique wines, and are renowned for their breakfast and all-day dining menu. Offering casual seating areas in most locations, Classified encourages neighbourhood street-level interaction. Classified has over eight restaurants in Hong Kong and three franchised restaurants. According to the quarterly report of Classified for the three months ended 31 March 2021, they intend to i) expand the take-away product line, increase marketing efforts and sales stimulating measures; ii) enhance and upgrade our existing restaurant facilities to attract more customers; iii) our raw materials costs such as food ingredients and beverages to ensure we obtain competitive prices for our supplies; and iv) open more new restaurants with lower costs. The Board believed the strategy are good fit with the consumer market and the performance of Classified became better, the Group would hold the investment in Classified and will closely monitor the performance of Classified.

### ***Listed Equity Investment — On Real International Holdings Limited (“On Real”)***

On Real is a company incorporated in the Cayman Islands (stock code: 8245). On Real is a two-way radio product designer and manufacturer established in 2001. On Real derived revenue principally from designing, manufacturing and selling two-way radios and baby monitor products on original design manufacturing basis. Based on the latest published annual report for the year ended 31 March 2021 of On Real, the net loss for the year ended 31 March 2021 was approximately HK\$34.6 million comparing with the net loss of approximately HK\$19.5 million for the last year, primarily due to the decrease in gross profit in trading low margin product. The net asset value of On Real as at 31 March 2021 was approximately HK\$31.1 million. No dividend was received during the six months ended 30 June 2021 (30 June 2020: nil). According to the annual report of On Real for the year ended 31 March 2021, approximately 29% and 44% of the total revenue were derived from the US and Asia market respectively. The US and Asia market of two-way radio and baby monitor were the largest market in the world and it was appropriate marketing strategy of On Real to focus on. The Board would closely monitor the performance of On Real in the future.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2021, the Group employed a total of 3 full-time employees (30 June 2020: 3 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 2021, the Group had no significant contingent liabilities.

## **PLEDGE OF ASSETS**

As at 30 June 2021, the Group's trading securities of carrying amount of approximately HK\$3.2 million (31 December 2020: HK\$3.0 million) 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 six months ended 30 June 2021. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the period.

## **INTERIM DIVIDEND**

The Board resolved not to declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## **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 2021.

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 2021. 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**  
**Wu Ming Gai**  
*Chairman*

Hong Kong, 20 August, 2021

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

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