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WALNUT CAPITAL LIMITED
胡桃資本有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 905)

ANNOUNCEMENT OF 2023 FINAL RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Walnut Capital Limited (the “**Company**”) presents the annual consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 and the consolidated statement of financial position of the Group as at 31 December 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	6	165	757
Other income	7	–	339
Loss arising in change in fair value of financial assets at fair value through profit or loss, net		(12,032)	(98,709)
Administrative expenses and other operating expenses		(13,225)	(18,660)
Finance costs	8	(202)	(763)
Loss before income tax	9	(25,294)	(117,036)
Income tax expense	10	–	–
Loss and total comprehensive loss for the year attributable to owners of the Company		<u>(25,294)</u>	<u>(117,036)</u>
Loss per share	11		
Basic and diluted (<i>HK cents</i>)		<u>(3.61)</u>	<u>(16.71)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		93	189
Intangible assets		<u>7,135</u>	<u>7,135</u>
		<u>7,228</u>	<u>7,324</u>
Current assets			
Prepayment		478	449
Other receivables		281	38
Deposits paid		324	701
Financial assets at fair value through profit or loss	13	73,828	98,679
Cash and cash equivalents		<u>1,595</u>	<u>2,120</u>
		<u>76,506</u>	<u>101,987</u>
Current liabilities			
Accruals and other payables		1,615	2,134
Amount due to a director		236	–
Other financial liability – non-convertible bond		<u>10,000</u>	<u>10,000</u>
		<u>11,851</u>	<u>12,134</u>
Net current assets		<u>64,655</u>	<u>89,853</u>
Net assets		<u>71,883</u>	<u>97,177</u>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		7,003	7,003
Reserves		<u>64,880</u>	<u>90,174</u>
Total equity		<u>71,883</u>	<u>97,177</u>
Net asset value per share (HK\$)		<u>0.10</u>	<u>0.14</u>

NOTES

For the year ended 31 December 2023

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its principal place of business is situated at Unit 3108, 31/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are investing in listed and unlisted equity and debt securities, listed derivative financial instruments and unlisted investment funds.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange and by the disclosure requirement of the Hong Kong Companies Ordinance.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

4. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform- Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group’s financial position and performance but has affected the disclosure of the Group’s accounting policies.

Except for disclosed above, the application of the other new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement ¹
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and performance assessment.

The Group has one reportable segment for both years which is investment in listed and unlisted equity and debt securities, listed derivative financial instruments and unlisted investment funds. The reportable segments are based on the information about the operations of the Group that management uses to make decisions. The Group’s reportable segment is strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies. Thereafter, the CODM considered the Group has only one reportable and operating segment under HKFRS 8 *Operating Segments*, thus no segment information is presented.

The Company’s place of domicile is in Hong Kong which is determined based on the location of central management and the Group’s revenue is mainly derived in Hong Kong and all non-current assets are located in Hong Kong for both years.

6. REVENUE

	2023 HK\$’000	2022 <i>HK\$’000</i>
Dividend income	164	757
Interest income	<u>1</u>	<u>–</u>
	<u>165</u>	<u>757</u>

7. OTHER INCOME

	2023 HK\$’000	2022 <i>HK\$’000</i>
Government grant (<i>Note</i>)	–	266
Net foreign exchange gain	<u>–</u>	<u>73</u>
	<u>–</u>	<u>339</u>

Note:

During the year ended 31 December 2022, the Group recognised government grants of approximately HK\$266,000 in respect of Covid-19-related subsidies which relates to Employment Support Scheme provided by the Hong Kong government.

8. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on:		
Other financial liability		
– non-convertible bond	200	200
Other interest expenses to financial institutions	<u>2</u>	<u>563</u>
	<u>202</u>	<u>763</u>

9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditors' remuneration:		
– Audit services		
• Elite Partners CPA Limited	369	320
• Other auditors	–	172
– Non-audit services	<u>24</u>	<u>12</u>
	393	504
Depreciation of property, plant and equipment	<u>96</u>	<u>103</u>

An analysis of the loss arising in change in fair value of financial assets at fair value through profit or loss (“FVTPL”), net is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Realised loss on disposal of financial assets at FVTPL		
Proceeds from disposal of financial assets at FVTPL	(15,801)	(114,053)
Less: Carrying amounts of financial assets at FVTPL	<u>17,474</u>	<u>139,596</u>
	1,673	25,543
Unrealised loss on financial assets at FVTPL	<u>10,359</u>	<u>73,166</u>
	<u>12,032</u>	<u>98,709</u>

10. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2 million are 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%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made as the Group incurred estimated tax losses or the taxable profits was wholly absorbed by estimated tax losses brought forward from prior years.

11. LOSS PER SHARE

The computations of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<u>(25,294)</u>	<u>(117,036)</u>
	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>700,334</u>	<u>700,334</u>

The basic and diluted loss per share are the same for both years.

No diluted loss per share was presented as there was no potential ordinary shares in issue for both years.

12. DIVIDEND

No dividend was paid, declared or proposed during the year ended 31 December 2023, nor has any dividend been proposed by the board of directors subsequent to the end of the reporting period (2022: nil).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK\$'000	HK\$'000
Derivative financial instruments		
listed in Hong Kong, at fair value	–	686
Listed equity and debt securities:		
– Equity securities listed in Hong Kong, at fair value	49,821	69,206
– Equity securities listed outside Hong Kong, at fair value	31	31
	49,852	69,923
Unlisted equity and debt securities	20,922	25,246
Unlisted investment funds	3,054	3,510
	73,828	98,679

14. INVESTMENT

Pursuant to the requirements stipulated in Chapter 21.12 of the Listing Rules, the Group discloses its list of all investments with a value greater than 5% of the Group's gross assets and at least 10 largest investments as at 31 December 2023 and 2022 respectively as follows:

As at 31 December 2023

Name of investments	Notes	Percentage of equity interest held	Net assets attributable to the Company	Cost of investment	Market value/ fair value as at 31 December 2023	Dividend received
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Listed equity securities in Hong Kong						
Affluent Partners Holding Limited	(a)	0.55	414	29,341	2,434	–
Alibaba Group Holding Limited	(b)	below 0.01	4,957	7,370	3,289	–
Brockman Mining Limited	(c)	2.91	14,914	44,597	37,812	–
Frontier Services Group Limited	(d)	0.40	2,027	9,597	2,179	–
Tencent Holdings Limited	(e)	below 0.01	965	4,917	2,789	156
Unlisted investment fund, equity and debt securities outside Hong Kong						
Click VC Segregated Portfolio Company – Fund 3 SP	(f)	N/A	N/A	3,822	1,720	–
Oddup Inc. – Preferred shares	(g)	N/A	N/A	11,700	8,171	–
Oddup Inc. – SAFETI	(g)	N/A	N/A	2,340	3,925	–
Infinity Technology (Cayman) Limited – Preferred shares	(h)	N/A	N/A	3,900	3,180	–
Pantheon Lab Limited – Convertible promissory notes	(i)	N/A	N/A	3,925	3,869	–
				<u>121,509</u>	<u>69,368</u>	

As at 31 December 2022

Name of investments	Percentage of equity interest held %	Net assets attributable to the Company HK\$'000	Cost of investment HK\$'000	Market value/ fair value as at 31 December 2022 HK\$'000	Dividend received HK\$'000
Listed equity securities in Hong Kong					
Alibaba Group Holding Limited	below 0.01	4,804	19,370	7,073	–
Brockman Mining Limited	2.91	16,056	44,597	42,674	–
Frontier Services Group Limited	0.41	1,943	9,597	3,196	–
Huayi Tencent Entertainment Company Limited	0.20	690	11,177	3,883	–
Kingston Financial Group Limited	0.07	15,186	36,608	2,850	–
Tencent Holdings Limited	below 0.01	877	4,917	3,173	54
Unlisted equity and debt securities outside Hong Kong					
Oddup Inc. – Preferred shares	N/A	N/A	11,700	11,810	–
Oddup Inc. – SAFETI	N/A	N/A	2,340	3,493	–
Infinity Technology (Cayman) Limited – Preferred shares	N/A	N/A	3,900	2,990	–
Pantheon Lab Limited – Convertible promissory notes	N/A	N/A	<u>3,925</u>	<u>3,307</u>	–
			<u>148,131</u>	<u>84,449</u>	

Notes:

- (a) Affluent Partners Holdings Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 01466). Affluent Partners Holdings Limited is principally engaged in the purchasing, processing, designing, production and wholesale distribution of pearls and jewelry products and the operation of strategic investment and financial services segment, with the objective to include investments in real estate and other potential investment opportunities.

For the six months ended 30 September 2023, the unaudited consolidated loss attributable to the equity holders of the company was approximately HK\$ 2,318,000 and its unaudited consolidated net assets was approximately HK\$75,259,000.

- (b) Alibaba Group Holding Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 09988) and on the New York Stock Exchange (the “NYSE”) (symbol: BABA). Alibaba Group Holding Limited is principally engaged in core commerce, cloud computing, digital media and entertainment and innovation initiatives and others.

For the nine months ended 31 December 2023, the unaudited consolidated profit attributable to the owners of the company was approximately RMB76,471 million and its unaudited consolidated net assets was approximately RMB1,131,869 million.

- (c) Brockman Mining Limited was incorporated in Bermuda and its shares are listed on the Stock Exchange (stock code: 00159). Brockman Mining Limited is principally engaged in the acquisition, exploration and development of iron ore in Australia.

For the six months ended 31 December 2023, the unaudited consolidated loss attributable to the equity holders of the company was approximately HK\$10,059,000 and its unaudited consolidated net assets was approximately HK\$512,447,000.

- (d) Frontier Services Group Limited was incorporated in the Bermuda and its shares are listed on the Stock Exchange (stock code: 00500). Frontier Services Group Limited is principally engaged in the provision of aviation, logistics, security, insurance and infrastructure related services and the provision of online financial market information.

For the year ended 31 December 2023, the audited consolidated profit attributable to the equity holders of the company was approximately HK\$51,175,000 and its audited consolidated net assets was approximately HK\$502,972,000.

- (e) Tencent Holdings Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 00700). Tencent Holdings Limited is principally engaged in the provision of VAS, Online Advertising services and FinTech and Business Services.

For the year ended 31 December 2023, the audited consolidated profit attributable to the equity holders of the company was approximately RMB118,048 million and its audited consolidated net assets was approximately RMB873,681 million.

- (f) Fund 3 SP is operated by Click VC Segregated Portfolio Company Limited and was incorporated in the Cayman Islands and continued in the British Virgin Islands. Fund 3 SP is principally invested in start-ups at the seed to series A stage in Hong Kong and internationally.

For the year ended 31 December 2023, the unaudited net assets attributable to holders was approximately US\$1,267,000.

- (g) Oddup Inc. was incorporated in the United States of America and is principally engaged in operating a research platform that provides analytical information on startups, their trends, and both current and expected future valuations.

For the year ended 31 December 2023, the unaudited loss attributable to the owners of the company was approximately US\$224,000 and its unaudited net assets was approximately US\$4,046,000.

- (h) Infinity Technology (Cayman) Limited was incorporated in the Cayman Islands. Infinity Technology (Cayman) Limited is principally engaged in providing the point of sales and online ordering platform service.

For the year ended 31 December 2023, the unaudited consolidated loss attributable to the owners of the company was approximately HK\$26,074,000 and its unaudited consolidated net assets was approximately HK\$8,933,000.

- (i) Pantheon Lab Limited was incorporated in Hong Kong and is principally engaged in artificial intelligence and software research and development.

For the year ended 31 December 2023, the unaudited loss attributable to owners of the company was approximately HK\$9,087,000 and its unaudited net liabilities was approximately HK\$18,985,000.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (for the year ended 31 December 2022: Nil).

PUBLIC FLOAT

On the basis of information that is publicly available to the Company and within the knowledge of the Directors at the date of this report, the Company has complied with the public float requirement of the Listing Rules throughout the year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the year ended 31 December 2023, the Group recorded a loss attributable to owners of the Company of approximately HK\$25.3 million, compared to a loss attributable to owners of the Company of approximately HK\$117.0 million for the year ended 31 December 2022. The Group recorded a decrease in loss of approximately HK\$91.7 million attributable to owners of the Company for the year ended 31 December 2023. Such decrease was mainly attributable to (i) a decrease in loss arising in change in fair value of financial assets at fair value through profit or loss of approximately HK\$86.7 million; and (ii) a decrease in administrative expenses and other operating expenses of approximately HK\$5.5 million.

Investment Objectives, Policies and Restrictions

Set out below are the investment objectives, policies and restrictions of the Group:

- i. Our investments will normally be made in listed and unlisted companies;
- ii. The Group had made investments with a short to long term perspective with the objective of making capital gain as well as income from dividend or interests. Over the years, the Group invested in listed and unlisted securities, bonds, direct investments, projects, properties and structured products. Investments are also made in special or recovery situations;
- iii. There is no restriction on the proportion of the Company's assets which may be invested in any specific sector or company save for the restriction that the Company will not make an investment in any company which represents more than 20% of the consolidated net assets of the Company at the time such investment is made;

- iv. The Company will not either on its own or in conjunction with any connected person take legal, or effective, management control of underlying investments and that in any event the investment company will not own or control more than 30% (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the voting rights in any one company or body; and
- v. The Directors do not intend to seek bank borrowings until substantially all the Company's funds have been invested and that the Company borrows, the Directors do not intend to borrow amounts representing in aggregate more than the consolidated net assets of the Company at the time the borrowing is made.

Investment Review

As at 31 December 2023, the major investments of the Group were (i) approximately HK\$49,852,000 of a portfolio of listed financial instruments; (ii) approximately HK\$20,922,000 of direct investment in unlisted financial instruments; and (iii) approximately HK\$3,054,000 of direct investment in unlisted investment funds. The investment portfolio of the Group mainly comprises equity and debt securities mainly in Hong Kong and the United States of America.

Dividend from listed equity investments during the year ended 31 December 2023 was approximately HK\$164,000.

The details of all investments with a value greater than 5% of the Group's gross assets and at least 10 largest investments at 31 December 2023 are respectively set out in note 14.

Name of investments	Notes	Number of shares held as at 31 December 2023 '000	Market value/ fair value as compared to	Realised gain for the year ended 31 December 2023 HK\$'000	Unrealised (loss)/gain for the year ended 31 December 2023 HK\$'000
			the consolidated total asset of the Group at 31 December 2023 %		
Listed equity securities in Hong Kong					
Affluent Partners Holdings Limited	<i>i</i>	3,745	2.91	–	(337)
Alibaba Group Holding Limited	<i>ii</i>	44	3.93	448	(386)
Brockman Mining Limited	<i>iii</i>	270,088	45.16	–	(4,862)
Frontier Services Group Limited	<i>iv</i>	9,684	2.60	–	(1,017)
Tencent Holdings Limited	<i>v</i>	10	3.33	–	(384)

Name of investments	Notes	Number of shares held as at 31 December 2023 '000	Market value/ fair value as compared to	Realised gain for the year ended 31 December 2023 HK\$'000	Unrealised (loss)/gain for the year ended 31 December 2023 HK\$'000
			the consolidated total asset of the Group at 31 December 2023 %		
Unlisted investment fund, equity and debt securities outside Hong Kong					
Click VC Segregated Portfolio Company – Fund 3 SP	<i>vi</i>	N/A	2.05	–	(230)
Oddup Inc. – Preferred shares	<i>vii</i>	N/A	9.76	–	(3,639)
Oddup Inc. – SAFETI	<i>vii</i>	N/A	4.69	–	432
Infinity Technology (Cayman) Limited – Preferred shares	<i>viii</i>	N/A	3.80	–	190
Pantheon Lab Limited – Convertible promissory notes	<i>ix</i>	N/A	4.62	–	562
				<u>448</u>	<u>(9,671)</u>

Notes:

- (i) As disclosed in the 2023 interim report of Affluent Partners Holdings Limited (“**Affluent Partners**”), overall, the COVID-19 pandemic outbreak had adversely impacted the business performance of Affluent Partners. Although the Affluent Partners’s revenue in the Pearls and Jewellery Products segment was slightly recovered in 2022, based on the Affluent Partner’s current observation and estimation, the overall downtrend was expected to be carried forward to a certain extent but shall be gradually and eventually back to its normal level in coming years. As such, the Affluent Partners had introduced jade products as materials for its jewellery products and looking for opportunities to cooperate with others to broaden and diversify its customer base. The Affluent Partners had, from time to time, been looking for opportunities to leverage its management expertise to expand its existing business to further uncover the potential market of its ultimate female consumers. The Affluent Partners was taking all practicable measures to cope with the challenges ahead while striving for the highest standard of caution to protect the health and safety of our staff and its customers.

The Affluent Partners would further use its resources as a listed company to add value to the acquisition project to increase its profitability and return. Meanwhile, the Affluent Partners would continue enhancing the development of the pearls and jewellery and gem fairs around the world and optimising operation efficiency and productivity to stay competitive.

- (ii) As disclosed in Alibaba Group at a Glance as of February of Alibaba Group Holding Limited (“**Alibaba**”), Alibaba aspired to be a good company that will last for 102 years. Alibaba aimed to build the future infrastructure of commerce. Alibaba envisioned that its customers would meet, work and live at Alibaba.

Alibaba reached the historic milestone of serving over 1 billion consumers in China - reaching its target for fiscal year 2024 ahead of schedule.

Fiscal Year 2024 Goals

- Continue to expand its globalization efforts
- Serve more than 1 billion consumers through its China consumer business
- Facilitate more than RMB 10 trillion of annual consumption through its China consumer business

Fiscal Year 2036 Vision

- Serve 2 billion global consumers
- Enable 10 million businesses to be profitable
- Create 100 million jobs.

- (iii) As disclosed in the interim report 2023/24 of Brockman Mining (“**Brockman**”), Brockman was principally engaged in the acquisition, exploration and development of iron ore projects in the Pilbara region of Western Australia. The Brockman’s objective was to focus on the development of its iron ore projects in Western Australia which were advancing to the construction phase. Brockman operated with long-term business strategy to operate responsibly considering the interests of all stakeholders including its employees and contractors. It aimed to produce positive financial outcomes through (i) Brockman and MinRes continuing to advance the Marillana and Ophthalmia projects (ii) attention to the Brockman’s Corporate Governance and Social responsibilities, including a focus on ongoing safety and environmental compliance, and ongoing positive interaction with the communities within which it operated.

- (iv) As disclosed in the annual result for the year ended 31 December 2023 of Frontier Services Group Limited (“**Frontier**”), since 2022, the security segment had emerged as the Frontier’s core business and primary revenue driver. Frontier’s international security initiatives have gained significant recognition, enabling Frontier to secure large, profitable contracts in multiple regions. Consequently, Frontier anticipated continued significant returns from Frontier’s global security endeavours in the foreseeable future because the need to protect Chinese operations and personnel in the dangerous environments abroad had become more inherent as a result of global expansion of Chinese companies over the past two decades.

GMC was active pursuing opportunities in Hong Kong, China, and worldwide, with a strategic focus on promoting comprehensive healthcare concepts. While facing challenges with cross-border activities and slower growth in cross-border customer bases, GMC swiftly adjusted its strategies in the final quarter of 2023 by bringing in potential new income streams. GMC’s management is optimistic that the segment’s performance will rebound in 2024.

In the aviation sector, Frontier’s aviation division continued to actively enhance its fleet capabilities and expand Frontier’s offerings to include a wider range of air charter and air ambulance services in 2024. Collaborations with global organisations were expected to bolster Frontier’s aviation operations further.

In 2023, the Group reported a profit, which is mainly attributable to those two non-cash gains and improved performance in the security sector. Frontier remained committed to reinforcing Frontier’s security capabilities in overseas, with a focus on driving sustained operational improvements through 2024.

The current global business environment presents various challenges, with most sectors still striving for stability. Uncertainties in the global economic outlook persist, particularly with emerging geopolitical shifts and upcoming elections in certain African and Southeast Asian nations. Yet, Frontier remained vigilant and optimistic, identifying opportunities amidst the challenges. Frontier’s recent successes in specific countries bolstered Frontier’s global ambitions. Frontier were steadfast in enhancing Frontier’s market competitiveness, and were confident that with the unwavering support from Frontier’s shareholders and Frontier’s deep-rooted commitment to Frontier’s mission, Frontier would navigate these turbulent times successfully. The positive performance in 2023 served as a promising sign of Frontier’s trajectory towards enduring success.

- (v) As disclosed in the announcement of the annual results for the year ended 31 December 2023 of Tencent Holdings Limited (“**Tencent**”), in 2023, Tencent achieved breakthroughs in a number of products and services, as Video Accounts’ total user time spent more than doubled, enhancements to Tencent’s advertising AI model significantly improved Tencent’s targeting performance, and international contribution to Tencent’s games revenue reached a record 30%. Those developments drove high-quality revenue streams which fuelled Tencent’s gross profit growth of 23%, and supported Tencent’s plan to step up capital returns to shareholders. Tencent Hunyuan developed into a top-tier foundation model with superior performance in numerical reasoning, logical inference, and multi-turn conversations. In addition, Tencent actively sought to leverage Tencent’s technology and platform to create value for society through initiatives such as Tencent’s digital philanthropy platform, one of the largest of its kind in the world, whose 99 Giving Day event raised a record RMB3.8 billion in public donations.

Tencent returned substantial capital to shareholders in 2023 through payment of cash dividend, share repurchases, and settlement of distribution in specie. Tencent had proposed to increase Tencent’s annual dividend in respect of the year ended 31 December 2023 by 42%, to HKD3.40 per share (subject to shareholder approve in 2024 annual general meeting) (equivalent to approximately HKD32 billion), and Tencent intend to at least double the size of Tencent’s share repurchases, from HKD49 billion in 2023 to over HKD100 billion in 2024.

- (vi) Fund 3 SP is operated by Click VC Segregated Portfolio Company Limited and was incorporated in the Cayman Islands and continued in the British Virgin Islands. Fund 3 SP is principally invested in start-ups at the seed to series A stage in Hong Kong and internationally.

For the year ended 31 December 2023, the unaudited net assets attributable to holders was approximately US\$1,267,000.

- (vii) Oddup Inc. was incorporated in the United States of America and is principally engaged in operating a research platform that provides analytical information on startups, their trends, and both current and expected future valuations.

For the year ended 31 December 2023, the unaudited loss attributable to the owners of the company was approximately US\$224,000 and its unaudited net assets was approximately US\$4,046,000.

- (viii) Infinity Technology (Cayman) Limited was incorporated in the Cayman Islands. Infinity Technology (Cayman) Limited is principally engaged in providing the point of sales and online ordering platform service.

For the year ended 31 December 2023, the unaudited consolidated loss attributable to the owners of the company was approximately HK\$26,074,000 and its unaudited consolidated net assets was approximately HK\$8,933,000.

- (ix) Pantheon Lab Limited was incorporated in Hong Kong and is principally engaged in artificial intelligence and software research and development.

For the year ended 31 December 2023, the unaudited loss attributable to owner of the company was approximately HK\$9,087,000 and its unaudited net liabilities was approximately HK\$18,985,000.

The Directors believe that the future performance of the Hong Kong listed equities held by the Group is largely affected by economic factors, investor sentiment, demand and supply balance of an investee company's shares and fundamentals of an investee company, such as investee company's news, business fundamental and development, financial performance and prospects. Accordingly, the Directors closely monitor the above factors, particularly the fundamentals of each investee company in the Group's equity portfolio, and proactively adjust the Group's equity portfolio mix in order to improve its performance.

Liquidity and Financial Resources

As at 31 December 2023, the Group had (i) cash and cash equivalents of approximately HK\$1,595,000 (2022: HK\$2,120,000); (ii) other financial liability of approximately HK\$10,000,000 (2022: HK\$10,000,000); and margin loan from securities broker of Nil (2022: HK\$515,000); (iii) amount due to a director of approximately HK\$236,000 (2022: Nil); and (iv) net current assets of approximately HK\$64,655,000 as compared to approximately HK\$89,853,000 as at 31 December 2022. The gearing ratio (borrowings/total equity) was 14.2% (2022: 10.8%), borrowings included margin loan from securities broker and other financial liability – non-convertible bond. The current ratio of the Group was 6.46 compared to 8.41 as at 31 December 2022.

Charges on Assets

As at 31 December 2023, a portfolio of listed equity and debt securities held under margin account with carrying amounts of Nil (2022: HK\$17,396,000) have been pledged to secure margin loan from securities broker in accruals and other payables.

Capital Commitment and Contingent Liabilities

The Group had no material capital commitment and contingent liabilities as at 31 December 2023 (2022: Nil).

Share Capital and Capital Structure

As at 31 December 2023, the Company had 700,333,925 shares of HK\$0.01 each in issue (2022: 700,333,925 shares).

Foreign Exchange Exposure

Most of the investments and the business transactions of the Group are denominated in Hong Kong dollar. The board believes the foreign exchange exposure is minimal.

Material Acquisitions and Disposals of Subsidiaries

The Group did not have any material acquisition or disposal of subsidiaries during the year ended 31 December 2023.

Prospects

As we stand at the threshold of a new year, it's impossible not to reflect upon the trials and tribulations that have defined our journey over the past four years. The road has been challenging, marked by a prolonged downturn exacerbated by prevailing market sentiment.

The past four years have been a test of our fortitude and resilience. We have weathered storms that seemed unrelenting, facing headwinds fueled by widespread pessimism and uncertainty. Despite the adversity, our commitment to our investors and our unwavering belief in our fundamental principles have remained steadfast.

In hindsight, it's clear that our strategies, though carefully crafted, were not immune to the prevailing sentiment. The lessons learned from this prolonged downturn have been profound, reshaping our approach and sharpening our focus. We recognize the need for adaptability and agility in navigating today's complex and ever-changing market landscape.

Our commitment to delivering value to our shareholders remains unwavering. We recognize that rebuilding trust and restoring confidence will take time, but we are committed to the journey ahead. Through rigorous analysis, disciplined risk management, and a relentless pursuit of excellence, we are confident that we will emerge from this downturn stronger and more resilient than ever before.

Employees and Remuneration Policy

The Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance, qualification, experience and the remuneration policies are reviewed on a regular basis.

There are 15 employees, including 2 executive directors, 2 non-executive directors and 3 independent non-executive directors as at 31 December 2023. Remuneration policies are reviewed in accordance with the market situation and the performance of individual director from time to time. In addition to salaries, the Group provides employee benefits such as medical insurance and mandatory provident fund schemes. Moreover, discretionary bonus and share options will be paid or granted to employees based on the Group's and individual performances.

The emoluments of the directors were determined with reference to their duties and responsibilities with the Company, the Company's performance, prevailing market conditions and the market emoluments for directors of other listed companies and reviewed by the remuneration committee.

The Group's total staff costs (including directors' emoluments) for the year ended 31 December 2023 under review amounted to approximately HK\$7,701,000 (31 December 2022: approximately HK\$11,158,000).

Principal Risks and Uncertainties

Principal risks	Description	Mitigating actions
Business risk	Business risk is the risk of rapid changes in investment market could impact the Group's performance.	<ul style="list-style-type: none">• Continuously monitor the market dynamics and adopt a conservative approach on investment.
Economic risk	Economic risk is the risk of any downturn in economic conditions could impact the Group's performance.	<ul style="list-style-type: none">• Regularly review forward looking indicators to identify economic conditions.

Principal risks	Description	Mitigating actions
Liquidity risk	Liquidity risk is the risk that the Group would not be able to meet its financial obligations as they fall due.	<ul style="list-style-type: none"> • Regularly monitor liquidity and statement of financial position. • Maintain appropriate liquidity to cover commitments. • Limit liquidity risk exposure by investing securities listed on stock exchanges.
Price risk	Price risk is the risk that changes in equity prices would affect the Group's income and the value of its holdings of equities.	<ul style="list-style-type: none"> • Regularly monitor equity portfolio to address any portfolio issues promptly. • Spread price risk exposure by investing a number of equities.
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates would affect the Group's income and the value of its holdings of assets.	<ul style="list-style-type: none"> • Closely monitor statement of financial position and cashflow exchange risk exposures and consider appropriate use of financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge the exchange risk.
People risk	People risk is the risk of loss the services of any Directors, senior management and other key personnel could have a material adverse effect on the Group's businesses.	<ul style="list-style-type: none"> • Provide competitive reward and benefit packages to attract and retain the employees the Group needs. • Ensure that the staff of the Group has the right working environment to enable them to do the best job and maximise their satisfaction at work.

Principal risks	Description	Mitigating actions
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs on civil and/or criminal proceedings and reputational damage being incurred.	<ul style="list-style-type: none"> • Monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement for any compulsory changes. • Seek legal or other specialist advice as appropriate.

Environmental Policy

The Group is committed to acting in an environmentally responsible manner in our business operations and promoting green measures towards environmental protection to our employees. Our group adheres to the principle of recycling, reducing and reusing. Encouraging paper recycling culture, doubled-sided printing and copying, and encouraging energy-saving culture by switching off idle lightings and electrical appliance are implemented by the Group. In order to enhance environmental sustainability, the Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the Group's business operation.

Compliance with Regulations

During the year, there was no incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group as far as the board is aware.

Relationship with Employee, Customers, Suppliers and Others

As the Group is engaged in investment in listed and unlisted financial instruments, there are no major customers and suppliers during the year.

The Group understands the importance of maintaining a good relationship with its suppliers, customers, employees and other stakeholders to meet the Group's immediate and long-term goals. Although there are no major customers and suppliers during the year the Company creates a framework for motivating staff and a formal communication channel in order to maintain healthy relationships with its employees and other stakeholders.

Financial Key Performance Indicators

The Group's net asset value is a key indicator of the financial performance and it decreased to approximately HK\$71,883,000 as at 31 December 2023 (2022: HK\$97,177,000). During the year ended 31 December 2023, the Group suffered from (i) a loss of approximately HK\$25,294,000, mainly because of loss arising in change in fair value of financial asset through profit or loss amounting to approximately HK\$12,032,000; and (ii) the administrative expenses and other operating expenses amounting to approximately HK\$13,225,000.

The net asset value per share was approximately HK\$0.1, which was calculated on the above net assets value and 700,333,925 ordinary shares of HK\$0.01 each in issue as at 31 December 2023.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (“**2024 AGM**”) of the Company will be held on or before 30 June 2024. A notice convening the 2024 AGM and the book closure of register of members, for the purpose of ascertaining shareholders' entitlement to attend the 2024 AGM, will be published and despatched in the manner as required by the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in due course.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received confirmation of independence from all 3 independent non-executive Directors (the “**Independent Non-executive Director(s)**”) of the Company, namely Ms. Lui Sau Lin, Mr. Fung Wai Ching and Mr. Chung Wang Hei in accordance with Rules 3.13 of the Listing Rules.

The Board has reviewed the independence of all Independent Non-executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the Independent Non-executive Directors has been impaired up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules on the Stock Exchange as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 December 2023. To ensure Directors’ dealings in the securities of the Company (the “**Securities**”) are conducted in accordance with the Model Code, a Director is required to notify designated executive Directors in writing and obtain a written acknowledgement from the designated executive Directors prior to any dealings the Securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code in Appendix 14 of the Listing Rules during the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2023.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management in conjunction with the external auditors of the Group’s consolidated financial statements for the year ended 31 December 2023, the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal controls, and financial reporting matters of the Group for the year ended 31 December 2023.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2023 have been agreed by the Group’s auditor, Elite Partners CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 31 December 2023 and up to the date of this announcement.

PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2023 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/walnutcapital/) and the 2023 annual report containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Walnut Capital Limited
Mung Kin Keung
Co-chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the board of the Company comprises two executive directors, namely, Mr. MUNG Kin Keung (Co-chairman) and Mr. MUNG Bun Man, Alan; two non-executive directors, namely, Dr. NG Kit Chong (Co-chairman) and Mr. WANG Mingmin; and three independent non-executive directors, namely, Mr. FUNG Wai Ching, Ms. LUI Sau Lin and Mr. CHUNG Wang Hei.