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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING AGREEMENT

After trading hours on 13 May 2024, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has appointed the Placing Agent to procure, on a best efforts basis, Places to subscribe for up to 103,601,332 Placing Shares at a price of HK\$0.100 per Placing Share.

The maximum number of 103,601,332 Placing Shares represent (i) 17.14% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Placing). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$10,360,133.20.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds from the Placing will be approximately HK\$10.4 million and the net proceeds will be approximately HK\$10.2 million. It is intended that the net proceeds from the Placing will be utilised for investment in the listed and/or unlisted securities in the aggregate amount of approximately HK\$6.7 million, repayment of short term loan and payment of interest in the aggregate amount of approximately HK\$2.0 million and the remaining balance will be used as the Group's general working capital.

The Placing Price of HK\$0.100 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents (i) a discount of approximately 2.91% to the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on 13 May 2024, being the date of the Placing Agreement; and (ii) a premium of approximately 18.20% to the average closing price of HK\$0.0846 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 30 June 2023. The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date:

13 May 2024

Issuer:

The Company

Placing Agent:

Sorrento Securities Limited

The Placing Agent has conditionally agreed to procure, on a best efforts basis, Places to subscribe for up to 103,601,332 Placing Shares. The Placing Agent may carry out the Placing itself and/or through the agency of such other agents as the Placing Agent may agree with the Company. The Placing Agent will receive a placing commission of 0.75% of the aggregate Placing Price for the Placing Shares placed by the Placing Agent pursuant to its obligations under the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

Placees:

The Placing Shares are to be placed on a best efforts basis to not less than six Placees, who and whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent will use its reasonable endeavours to ensure that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the Listing Rules) of the Company.

Placing Price:

The Placing Price of HK\$0.100 per Placing Share represents:

- (i) a discount of approximately 2.91% to the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on 13 May 2024, being the date of the Placing Agreement; and
- (ii) a premium of approximately 18.20% to the average closing price of HK\$0.0846 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market prices of the Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing Shares:

The maximum number of 103,601,332 Placing Shares represent (i) 17.14% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Placing). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$10,360,133.20.

Ranking:

The Placing Shares will rank, when issued and fully paid up, pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Condition of the Placing:

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange agreeing to grant a listing of, and permission to deal in, the Placing Shares.

If the above condition is not satisfied on or before the Long Stop Date, all rights, obligations and liabilities of the Placing Agent and the Company under the Placing Agreement in relation to the Placing shall cease and determine and neither of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach and/or any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

Completion:

Completion of the Placing shall take place on the third Business Day following the day on which the above condition is satisfied (or such later date as may be agreed between the Company and the Placing Agent).

Termination:

The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the Completion Date to terminate the Placing Agreement if:

- (i) any Specified Event comes to the notice of the Placing Agent; or
- (ii) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the reasonable opinion of the Placing Agent and in its reasonable discretion may materially and adversely affect the business or financial condition or prospects of the Company as a whole; or
 - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the reasonable opinion of the Placing Agent and in its reasonable discretion will, or may be expected to, have a material adverse effect on the Placing; or
 - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the reasonable opinion of the Placing Agent and in its reasonable discretion has or may have a material adverse effect on the Placing; or
- (iii) there is any adverse change in the business or in the financial or trading position of the Company taken as a whole which being unaware of by the Placing Agent and in the reasonable opinion of the Placing Agent and in its reasonable discretion has or may have a material adverse effect on the Placing.

Upon termination of the Placing Agreement as described above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

The Directors are not aware of the occurrence of any of the above events as at the date of this announcement.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorised to allot and issue up to 103,601,332 Shares until the revocation, variation or expiration of the General Mandate. The Company has not exercised the power to allot and issue any new Shares pursuant to the General Mandate as at the date of this announcement. The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment company listed on the main board of the Stock Exchange under Chapter 21 of 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 maximum gross proceeds from the Placing will be approximately HK\$10.4 million. The maximum net proceeds from the Placing will amount to approximately HK\$10.2 million which is intended to be utilised for investment in the listed and/or unlisted securities in the aggregate amount of approximately HK\$ HK\$6.7 million, repayment of short term loan and payment of interest in the aggregate amount of approximately HK\$2.0 million, and the remaining balance will be used as the Group's general working capital. The net price per Placing Share will be approximately HK\$0.098.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

In the past twelve months immediately prior to the date of this announcement, the Group completed the following equity fund raising exercise to strengthen its financial position:

On 14 July 2023, the Company completed the issue of 86,334,444 placing shares under general mandate and raised gross proceeds of approximately HK\$17.3 million, with the actual net proceeds of approximately HK\$17.1 million (the "2023 Placing").

Change in use of proceeds from the 2023 Placing

Reference is made to the announcements of the Company dated 26 June 2023, 14 July 2023 and the annual report of the Company for the year ended 31 December 2023 (“**2023 Annual Report**”). The Board wishes to update the market in relation to the use of proceeds from the 2023 Placing.

As disclosed in the 2023 Annual Report, the unutilised net proceeds from the 2023 Placing were approximately HK\$7.4 million (the “**Remaining Proceeds**”), among which approximately (i) HK\$4.4 million was intended to be used for repayment of short term loan and payment of interest; and (ii) HK\$3.0 million was intended to be used for general working capital of the Group.

As at the date of this announcement, the Company was still under negotiation of the repayment terms of short term loan with the creditors, also, the Board was of the view that the Hong Kong stock market is relatively low due to oversold. After weighing up the risks and benefits of adopting a timely investment approach, the Board resolved to improve the use efficiency of the Remaining Proceeds by reallocating the Remaining Proceeds originally intended for repayment of short term loan of approximately HK\$4.4 million and general working capital of approximately HK\$1.5 million to invest in the listed and unlisted securities. The remaining net proceeds from the 2023 Placing of approximately HK\$1.5 million was used for general working capital of the Group as intended. The Remaining Proceeds has been fully utilised as at the date of this announcement.

The Board considers that the above change in use of the Remaining Proceeds is in line with the Company's prudent treasury policy, and the adaptive investment strategy under current investment environment is intended to protect the interest of the investors and to enhance the Company's investment portfolio and achieve net asset appreciation. Therefore, the Board considers that the change in use of proceeds from the 2023 Placing is in the best interest of the Company and the Shareholders as a whole.

Save for the aforesaid 2023 Placing, the Company has not conducted any fund raising activities in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after completion of the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the issued share capital of the Company before the completion of the Placing) are set out below:

	As at the date of this announcement		Immediately after completion of the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the issued share capital of the Company before the completion of the Placing)	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
YU Po Kwan	67,594,000	11.18	67,594,000	9.55
Placees	—	—	103,601,332	14.63
Other Public Shareholders	<u>536,747,108</u>	<u>88.82</u>	<u>536,747,108</u>	<u>75.82</u>
	<u>604,341,108</u>	<u>100.00</u>	<u>707,942,440</u>	<u>100.00</u>

DEFINITIONS

In this announcement, following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 30 June 2023 at which the General Mandate was granted to the Directors
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors

“Business Day”	a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“chief executive”	has the meaning ascribed thereto in the Listing Rules
“Company”	Cocoon Holdings Limited, a company incorporated in the Cayman Islands with limited liability and continued in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion Date”	the third Business Day following the day on which the condition set out in the Placing Agreement is satisfied (or such later date as maybe agreed between the Company and the Placing Agent)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 103,601,332 Shares, being 20% of the issued share capital of the Company as the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive, controlling shareholders or substantial shareholders of the Company or its subsidiaries and their respective associates

“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 May 2024 or such later date as the Company and the Placing Agent may agree in writing
“Placees”	any Professional Investor(s) whom the Placing Agent or its sub-agent(s) has procured to subscribe for any of the Placing Shares
“Placing”	the placing by the Placing Agent, on a best efforts basis, of up to 103,601,332 Placing Shares to be allotted and issued to the Placees pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Sorrento Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities), regulated activities for the purpose of the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 13 May 2024 in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.100 per Placing Share
“Placing Shares”	a maximum of 103,601,332 new Shares to be placed pursuant to the Placing Agreement and each a “Placing Share”
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Professional Investor”	has the same meaning as ascribed thereto in Part 1 of Schedule 1 to the SFO and any rules made thereunder
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Specified Event”	an event occurring or matter arising on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the undertakings, warranties and representations contained in the Placing Agreement untrue or incorrect and such would have an adverse impact or effect on the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 13 May 2024

As at the date hereof, the Board comprises two executive Directors, namely Mr. Chau Wai Hing and Mr. Wu Ming Gai; and three independent non-executive Directors, namely Ms. Chan Man Yi, Ms. Leung Yin Ting and Mr. Wong Sze Lok.