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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the announcements of Cocoon Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 18 July 2019, 30 July 2019, 2 August 2019, 13 August 2019, 12 September 2019, 13 September 2019 and 18 October 2019 (together, the “**Announcements**”), the circular dated 21 August 2019 (the “**Circular**”) and the prospectus dated 25 September 2019 (the “**Prospectus**”) in relation to the Rights Issue on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date. Capitalised terms used in this announcement shall have the same meanings as those used in the Announcements, the Circular and the Prospectus unless the context requires otherwise.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

As disclosed in the Announcements, the Circular and the Prospectus, the net proceeds raised from the Rights Issue were approximately HK\$65.44 million, after expenses (the “**Net Proceeds**”). As disclosed in the annual report of the Company for the year ended 31 December 2019, an aggregate sum of approximately HK\$30 million of the Net Proceeds from the Rights Issue has not been utilised (the “**Remaining Proceeds**”). The Remaining Proceeds were originally allocated to invest approximately HK\$10.0 million to HK\$15.0 million in one of the one-stop mobile transportation platform and approximately HK\$10.0 million to HK\$15.0 million to subscribe for the shares of an overseas property developer.

REASONS FOR AND BENEFITS OF CHANGE IN USE OF PROCEEDS

In view of the global outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020, the economic outlook and financial market in Hong Kong remain uncertain. As at the date of this announcement, the pandemic is not yet under control, the social distancing measures and mandatory stay at home order are implementing over the majority cities of the world. The pandemic even makes the social behavior changed. The Group therefore believes that the one-stop mobile transportation platform is suffering serious impact due to the pandemic and the social distancing measures. The Board has weighed up the risks and the benefits and considered the adoption of a timely investment approach to stop investing in the above-mentioned investment.

The Board had resolved to change in use of the Remaining Proceeds approximately HK\$10.0 million to HK\$15.0 million with the intention to apply such amount towards investment in listed and unlisted securities (i) in banking and finance sector; (ii) in energy industry; and (iii) in provision of internet of things and internet services industry. The reason for change in use of the Remaining Proceeds is the internet of things and internet services industry will be benefited from the change in social behavior. On the other hand, the Board considers that the market price of certain listed securities in banking and finance sector and also energy sector are comparatively low due to oversold.

The rest of the Remaining Proceeds approximately HK\$10.0 million to HK\$15.0 million will be utilised as intended to subscribe for the shares of our overseas property developer according to the Announcements, the Circular and the Prospectus.

The Board considers that the above change in use of the Remaining Proceeds has allowed the Company to fit with the timely investment approach and the current investment environment in order to enhance our investment portfolio and achieve net asset appreciation and therefore, is in the best interest of the Company and its shareholders as a whole.

By order of the Board
Cocoon Holdings Limited
Wu Ming Gai
Chairman

Hong Kong, 18 May, 2020

As at the date hereof, the board of directors of the Company comprises two executive Directors, namely Mr. Wu Ming Gai and Ms. Chan Carman Wing Yan; three non-executive Directors, namely Mr. William Keith Jacobsen, Mr. Chen Albert and Mr. Wong Chung Yan Sammy; and three independent non-executive Directors, namely Ms. Chan Man Yi, Ms. Leung Yin Ting and Mr. Jiang Qian.