THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you have sold or transferred all your shares in Cocoon Holdings Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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)

PROPOSED REFRESHMENT OF GENERAL MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 4 to 13 of this circular. A letter of advice from the Independent Financial Adviser is set out on pages 15 to 32 of this circular.

A notice convening the SGM of the Company to be held at Portion 2, 12th Floor, The Center, 99 Queen's Road Central, Hong Kong on 27 May 2026 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the SGM of the Company in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the SGM of the Company (i.e. not later than 11:00 a.m. on 25 May 2026 (Hong Kong time) or any adjournment thereof. Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the SGM of the Company or any adjourned meeting should you so wish. In such event, the instrument appointing a proxy shall be deemed revoked.

11 May 2026

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RESPONSIBILITY STATEMENT

This circular, for which the Directors (as defined therein) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules (as defined therein) for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

"2025 AGM"	the annual general meeting of the Company held on 27 June 2025
"Announcement"	the announcement of the Company dated 14 April 2026 in relation to, among others, the proposed refreshment of the Existing General Mandate
"associates"	has the meaning ascribed to this term under the Listing Rules
"Board"	board of Directors
"Company"	Cocoon Holdings Limited, a company incorporated in the Cayman Islands with limited liability and continued in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 428)
"controlling shareholder(s)"	has the meaning ascribe to this term under the Listing Rules
"Director(s)"	director(s) of the Company
"Existing General Mandate"	the general mandate granted to the Directors by the resolution of the Shareholders passed at the 2025 AGM to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the 2025 AGM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent board committee of the Company comprising all the independent non-executive Directors to advise the Independent Shareholders on the proposed grant of the New General Mandate

"Independent Financial Adviser" or "Draco Capital"	Draco Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the New General Mandate, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
"Independent Shareholders"	Shareholders other than any controlling Shareholders and their associates or, where there are no controlling Shareholders, any Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
"Latest Practicable Date"	7 May 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"New General Mandate"	the general mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolutions
"PRC"	the People's Republic of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"SGM"	the special general meeting of the Company to be convened and held at Portion 2, 12th Floor, The Center, 99 Queen's Road Central, Hong Kong on 27 May 2026 at 11:00 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, approving the New General Mandate by the Independent Shareholders, the notice of which is set out on pages SGM-1 to SGM-3 of this circular
"Share(s)"	the ordinary share(s) in the share capital of the Company

"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial Shareholder(s)"	has the meaning ascribed to this term under the Listing Rules
"%"	per cent.

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)

Executive Directors:
Mr. Chau Wai Hing *(Chairman)*
Mr. Wu Ming Gai

Independent non-executive Directors:
Ms. Leung Yin Ting
Dr. Wong Sze Lok
Ms. Lin Hsiu Mei

Registered office:
Canon's Court
22 Victoria Street
Hamilton, HM12
Bermuda

Principal place of business in Hong Kong:
Room 14A
Fortune House
61 Connaught Road Central
Central, Hong Kong

11 May 2026

To the Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

The purpose of this circular is to provide you with information regarding (i) the grant of the New General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the grant of the New General Mandate; and (iv) a notice of the SGM, at which ordinary resolution(s) will be proposed to the Independent Shareholders to consider and, if thought fit, approve the proposed grant of the New General Mandate by way of poll.

EXISTING GENERAL MANDATE

At the 2025 AGM, the Shareholders approved, among other things, the grant of the Existing General Mandate which authorised the Directors to allot, issue and deal with not more than 21,424,755 new Shares, being 20% of the issued share capital of the Company of 107,123,776 Shares as at the date of the 2025 AGM.

References are made to the announcements of the Company dated 22 July 2025 and 7 August 2025 in relation to the Placing of an aggregate of 21,424,755 new Shares under the Existing General Mandate (the "**Placing**"). Following completion of the Placing on 7 August 2025, the Existing General Mandate has been fully utilised by the Company.

PROPOSED GRANT OF NEW GENERAL MANDATE

As the Existing General Mandate has been fully utilised, the Board proposes to convene the SGM at which ordinary resolution(s) will be proposed to the Independent Shareholders that:

(i) the Directors be granted the New General Mandate to allot and issue Shares not exceeding 20% of the Company's issued share capital as at the date of passing the relevant resolution(s) at the SGM; and

(ii) the New General Mandate be extended to Shares repurchased by the Company pursuant to the repurchase mandate granted to the Directors at the 2025 AGM.

The Company has not refreshed the Existing General Mandate since the 2025 AGM. The New General Mandate will last until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting is required by any applicable laws or the Company's by-laws to be held; and

(iii) its revocation or variation by an ordinary resolution of the Shareholders in general meeting.

As at the Latest Practicable Date, the Company had 128,548,531 Shares in issue. On the basis that there are no changes in the issued share capital of the Company from the Latest Practicable Date and up to the date of the SGM, the Directors will be authorised to allot and issue up to 25,709,706 new Shares under the New General Mandate, representing 20% of the issued share capital of the Company as at the date of the SGM.

BACKGROUND AND REASONS FOR THE GRANT OF THE NEW GENERAL MANDATE

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.

In assessing the needs for the grant of the New General Mandate, the Board has considered the following:

(i) The Existing General Mandate has been fully utilised

During the period from the date of grant of the Existing General Mandate to the Latest Practicable Date, all of the Existing General Mandate (i.e. all 21,424,755 Shares) has been utilised as a result of the Placing in August 2025.

Although the next annual general meeting of the Company (the "**2026 AGM**") is currently expected to be held in mid-June 2026, if the Company were to wait until the 2026 AGM to seek a general mandate, any equity fund-raising could only be launched after completion of the 2026 AGM and the subsequent placing and listing approval process. In practical terms, this would materially delay the Company's ability to access the market and may cause it to miss favourable fund-raising windows arising before the 2026 AGM.

As an investment company under Chapter 21 of the Listing Rules, the Company's ability to identify and capture suitable investment opportunities is often highly time-sensitive, and its funding needs may arise on relatively short notice, particularly under volatile market conditions. The Board therefore considers it important for the Company to maintain sufficient financing flexibility during the period prior to the 2026 AGM, so that, if appropriate opportunities arise, the Company can respond promptly.

The Company has made a prudent assessment of its internal preparation timetable and coordination with relevant professional parties, and currently expects that the 2026 AGM will not be convened until mid-June 2026. The Board has also considered whether the 2026 AGM could be brought forward, but considers that doing so would involve rescheduling annual general meeting matters, finalisation of annual general meeting materials, and arrangements for notice and proxy despatch, and may not materially shorten the timetable for the Company to obtain an effective general mandate and to complete any subsequent fund raising. Accordingly, absent a refreshed general mandate before then, the Company would have limited flexibility to conduct equity fund-raising for approximately two months.

In light of the above, the Board considers it appropriate and in the interests of the Company and its shareholders as a whole to seek Independent Shareholders' approval at a general meeting now for the proposed refreshment of the general mandate under Rule 13.36(4) of the Listing Rules, rather than waiting until the 2026 AGM. The proposed refreshment is intended to preserve the Company's financing flexibility and does not mean that the Company will necessarily proceed with any immediate fund-raising exercise. Given

the current global economic condition, as detailed in paragraph (ii) below, the Board believes that it is important for the Company to have the option to maintain the flexibility to raise funds in a timely manner if and when suitable opportunities arise.

(ii) The need for readily available funding at a moment's notice to capitalise on investment opportunities

Recently, the global financial markets, in particular the Hong Kong and the United States (the "**U.S.**") equity markets, have experienced notable corrections and increased volatility amid prevailing macroeconomic uncertainties. Such market volatility may give rise to suitable investment opportunities from time to time. The Board considers that, for an investment company under Chapter 21 of the Listing Rules, maintaining financing flexibility would enable the Company to respond more promptly to such opportunities if and when they arise.

The Group searches for investment opportunities from time to time. In a volatile market environment, suitable opportunities may close within a relatively short timeframe. The Board considers that the New General Mandate would provide the Company with additional flexibility to raise capital in a timely manner if and when such market opportunities arise.

Nevertheless, as disclosed in the Company's announcement dated 30 March 2026 in respect of the Company's annual results for the year ended 31 December 2025, as at 31 December 2025, the Group only had available funds of approximately HK$4,452,000, which were mainly placed in banks and licensed securities firms. Such limited funds are largely reserved for the Group's general working capital to cover ongoing administrative and operating expenses. As an investment company, the principal activity of the Company is investment holding. The Group primarily engages in investments in securities listed on recognised stock exchanges, as well as in unlisted investments with potential for earnings growth and capital appreciation. The Company's operating cash inflows are mainly derived from dividend income from listed equity securities, with approximately HK$319,000 recognised in profit or loss for the year ended 31 December 2025. In light of the above, and given that the Existing General Mandate has been fully utilised as at the Latest Practicable Date, the Directors consider that the Group has limited immediately available funds for new investments. Therefore, there is a practical need for the Group to maintain financing flexibility. The Directors believe that the grant of the New General Mandate will significantly enhance the Group's financing capacity and financial flexibility, enabling the Company to strategically deploy capital when undervalued investment targets emerge, which is in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has not entered into any agreement, arrangement, understanding or undertaking in respect of the proposed issue of new Shares under New General Mandate. This is because the Board currently has no authority to issue new Shares, given that the Existing General Mandate has been fully utilised. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising and/or investment opportunities arise in order to support, among others, working capital requirements and future investment strategy of the Group.

If the New General Mandate is approved by Shareholders, the Company intends to apply any proceeds raised through the utilisation of the New General Mandate in support of the principal business of the Group on HK and the U.S. security investments, listed or unlisted, in accordance with the Company's investment policies. The remaining balance, if any, will be utilised as the Group's general working capital. As of the Latest Practicable Date, the Company has not identified any new investments. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

(iii) Financing alternatives and divestments

The Board has considered alternative forms of financing, including bond offering, debt financing, rights issue, open offer or internal cash resources to meet its financial requirements as well as divestments of the Company's current investments. However, the Directors believe that the proposed New General Mandate serves the best interests of the Company and the Shareholders considering that:

(a) Debt financing generally will increase the debt gearing ratio of, and create additional obligations for paying interests on, the Group. Moreover, the terms of the financing facilities available to the Group depend on the financial institutions' assessment of the Group's financial strength. Financial institutions may additionally require collateral and other kinds of security for providing such financing facilities. However, given that the Company is an investment company, it lacks substantial fixed assets to pledge as collateral acceptable to financing institutions to secure such facilities. Instead, financial institutions may require the Company to pledge its equity investments from its portfolio, which will severely restrict the Group's ability to realise its investments in a timely manner and adversely impact the investment returns of the Group and the interests of the Shareholders. Bond offering may also present similar difficulties and disadvantages for the Group. In light of the indebtedness position of the Group for the year ended 31 December 2025 and lowered expectations for an interest rate cut, the burdens on interest payments may remain at a high level. This may adversely affect the Group's financial performance and position, and make it more challenging for the Company to secure funding through bond offering.

(b) Although equity financing, such as rights issue or open offer, etc., allows existing Shareholders to subscribe for their entitlements and maintain their respective shareholding interests in the Company, such methods generally require a longer timetable, may involve additional underwriting and administrative arrangements, and may not provide the same level of timing flexibility as an issue of Shares under a general mandate. Therefore, it would not allow the Company to satisfy its funding requirements in a timely manner.

(c) Raising funds by issuing new Shares under a specific mandate typically applies to circumstances where the Group has already identified certain investment opportunities in advance and requires shareholders' approval to finance these investments. However, the extra time needed for finalising the relevant terms of the fundraising plan, the preparation and publishing of the relevant circular, along with the necessary notice period for holding the general meeting to pass the relevant resolutions, may result in the loss of short-lived investment opportunities by the time such approvals are obtained. Consequently, the Directors believe that specific mandates may not provide the same level of time-sensitivity and flexibility required for the Group to promptly raise funds to seize such opportunities.

(d) The Board has also considered the possible realisation of part of the Company's existing investment portfolio. The Board does not consider it commercially desirable for the Company to rely solely on time-sensitive disposals of existing investments to meet its funding requirements, as such disposals may be affected by prevailing market conditions, trading liquidity and valuation levels, and may crystallise losses or reduce the Group's ability to participate in any future upside. Accordingly, while disposals of investments remain one of the alternatives that the Board may consider where appropriate, the Board considers that the New General Mandate would provide an additional and more flexible funding avenue for the Company.

Taking into account the above, including the Group's cash position, the timetable and execution uncertainty of alternative financing methods, the Board considers that the issue of Shares under the New General Mandate, can be completed within one to two weeks in general, would provide a practical and flexible additional fund-raising avenue, particularly where the funding requirement is relatively modest and time-sensitive. The Board considers that the proposed grant of the New General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the below equity fund raising activities, the Company has not carried out any other equity fund raising activities in the past twelve-month period immediately preceding the date of the Announcement and up to the Latest Practicable Date:

Date of announcement	Fund raising activities	Net proceeds raised	Intended use of proceeds	Actual use of the net proceeds as at Latest Practicable Date
26 May 2025 (completed on 12 June 2025)	Placing of new Shares under general mandate	Approximately HK$2.9 million	(i) Approximately HK$2.5 million for investment in the listed and/or unlisted securities (ii) Approximately HK$0.4 million for general working capital of the Group	(i) Approximately HK$2.5 million was fully utilised to invest in listed securities (ii) Approximately HK$0.4 million was fully utilised for operating expenses
22 July 2025 (completed on 7 August 2025)	Placing of new Shares under general mandate	Approximately HK$3.7 million	(i) Approximately HK$2.7 million for investment in the listed and/or unlisted securities (ii) Approximately HK$1.0 million for general working capital of the Group	(i) Approximately HK$2.7 million was fully utilised to invest in listed securities (ii) Approximately HK$1.0 million was fully utilised for operating expenses

POTENTIAL DILUTION OF SHAREHOLDING OF THE SHAREHOLDERS

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the New General Mandate (assuming no other Shares are issued or repurchased by the Company from the Latest Practicable Date up to and including the date when the New General Mandate is utilised in full), for illustrative and reference purpose:

Directors and Substantial Shareholder	**As at the Latest Practicable Date**		**Upon full utilisation of the New General Mandate (assuming there is no other change in the shareholding structure of the Company from the Latest Practicable Date)**	
	Number of shares	*Approximate %*	*Number of shares*	*Approximate %*
Yu Po Kwan	18,729,400	14.57	18,729,400	12.14
Chau Wai Hing *(Note 1)*	849,530	0.66	849,530	0.55
Wu Ming Gai *(Note 1)*	849,530	0.66	849,530	0.55
Wong Sze Lok *(Note 2)*	69,072	0.05	69,072	0.04
Other Shareholders				
Public Shareholders	108,050,999	84.06	108,050,999	70.05
Maximum number of new Shares that can be issued under the New General Mandate	–	–	25,709,706	16.67
Total	128,548,531	100.00	154,258,237	100.00

Note:

1. Being executive Directors.

2. Being an independent non-executive Director.

Assuming that (i) the grant of the New General Mandate is approved at the SGM; and (ii) no Shares will be issued and/or repurchased and cancelled from the Latest Practicable Date up to the date of the SGM (both dates inclusive), upon full utilisation of the New General Mandate, 25,709,706 Shares can be issued, which represents 20% and approximately 16.67% of the aggregate number of the issued Shares as at the Latest Practicable Date and the aggregate number of the enlarged issued Shares respectively. The aggregate shareholding of the existing public Shareholders will be diluted from approximately 84.06% as at the Latest Practicable Date to approximately 70.05% upon full utilisation of the New General Mandate, representing a potential maximum dilution in public shareholding by approximately 16.67%.

THE SGM

A notice convening the SGM to be held at Portion 2, 12th Floor, The Center, 99 Queen's Road Central, Hong Kong on 27 May 2026 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular for the purpose of considering and, if thought fit, passing the resolution to approve the grant of the New General Mandate.

Pursuant to Rule 13.36(4) of the Listing Rules, the grant of the New General Mandate will be subject to the Independent Shareholders' approval by way of ordinary resolution(s) at the SGM. Any controlling shareholders and their respective associates, or where there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions to approve the grant of the New General Mandate.

As at the Latest Practicable Date, to the best knowledge, belief and information of the Directors having made all reasonable enquiries, the Company has no controlling Shareholder. Accordingly, Mr. Chau Wai Hing and Mr. Wu Ming Gai, being executive Directors, are required to abstain from voting in favour of the ordinary resolution(s) regarding the grant of the New General Mandate at the SGM. Mr. Chau Wai Hing controls or is entitled to exercise control over the voting right at a general meeting of the Company in respect of his shareholding of 849,530 Shares in the Company (representing approximately 0.66% of the total issued share capital of the Company). Mr. Wu Ming Gai controls or is entitled to exercise control over the voting right at a general meeting of the Company in respect of his shareholding of 849,530 Shares in the Company (representing approximately 0.66% of the total issued share capital of the Company). In accordance with Rule 13.39(4) of the Listing Rules, all votes of the Independent Shareholders at the SGM shall be taken by poll.

A form of proxy for use at the SGM is enclosed. If you are unable to attend the SGM in person, you are requested to complete and return the form of proxy to Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. not later than 11:00 a.m. on 25 May 2026 (Hong Kong time) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting thereof (as the case may be) should you so wish.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Leung Yin Ting, Dr. Wong Sze Lok and Ms. Lin Hsiu Mei, has been established to advise the Independent Shareholders on the grant of the New General Mandate. None of the independent non-executive Directors has a material interest in the New General Mandate.

Draco Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the New General Mandate.

RECOMMENDATION

Based on the above, the Directors (including members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in this circular after taking into account the advice of the Independent Financial Adviser) consider that the grant of the New General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM as set out in the notice of SGM attached to this circular.

Your attention is drawn to the letter of advice from the Independent Financial Adviser set out in pages 15 to 32 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the grant of the New General Mandate and the letter from the Independent Board Committee set out on page 14 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant of the New General Mandate.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee and the Letter from the Independent Financial Adviser to this circular.

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

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)

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Company to the Shareholders dated 11 May 2026 (the "**Circular**"), in which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings as defined in the Circular.

The Independent Board Committee has been established to advise the Independent Shareholders on whether the proposed grant of the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 13 of the Circular and the letter of advice from Draco Capital, the Independent Financial Adviser, appointed to advise the Independent Board Committee and the Independent Shareholders, as set out on pages 15 to 32 of this circular in relation to the proposed grant of the New General Mandate.

Having taken into consideration the factors and reasons as stated in the letter from the Board, and the opinion as stated in the letter of advice from the Independent Financial Adviser, we consider that the proposed grant of the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the proposed grant of the New General Mandate.

Yours faithfully,
For and on behalf of the
Independent Board Committee
Wong Sze Lok **Lin Hsiu Mei** **Leung Yin Ting**
Independent Non-executive Directors

The following is the full text of the letter from Draco Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



5/F Shun On Commercial Building
112-114 Des Voeux Road Central
Central, Hong Kong

11 May 2026

To the Independent Board Committee and the Independent Shareholders of Cocoon Holdings Limited

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the New General Mandate, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 11 May 2026 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

At the 2025 AGM, the Shareholders approved, among other things, the grant of the Existing General Mandate which authorised the Directors to allot, issue and deal with not more than 21,424,755 new Shares, being 20% of the issued share capital of the Company of 107,123,776 Shares as at the date of the 2025 AGM.

References are made to the announcements of the Company dated 22 July 2025 and 7 August 2025 in relation to the Placing of an aggregate of 21,424,755 new Shares under the Existing General Mandate (the "**Placing**"). Following completion of the Placing on 7 August 2025, the Existing General Mandate has been fully utilised by the Company.

As such, the Board proposed grant of the New General Mandate for the Directors to allot and issue new Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing of the relevant ordinary resolution at the SGM.

LISTING RULES IMPLICATIONS

Pursuant to Rule 13.36(4) of the Listing Rules, as the grant of the New General Mandate is proposed to be made before the next annual general meeting of the Company, it will be subject to Independent Shareholders' approval by way of an ordinary resolution at the SGM. Any controlling Shareholders and their associates, or where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the proposed grant of the New General Mandate.

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Company has no controlling shareholders. Accordingly, Mr. Chau Wai Hing and Mr. Wu Ming Gai, being executive Directors, together with their associates, are required to abstain from voting in favour of the ordinary resolution(s) regarding the grant of the New General Mandate at the SGM. In accordance with Rule 13.39(4) of the Listing Rules, all votes of the Independent Shareholders at the SGM shall be taken by poll.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, save for the aforesaid, no other Shareholder is required to abstain from voting on the proposed resolution(s) on the proposed grant of the New General Mandate at the SGM.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Leung Yin Ting, Dr. Wong Sze Lok and Ms. Lin Hsiu Mei, has been established to advise the Independent Shareholders on whether the proposed grant of the New General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to voting. We, Draco Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

During the past two years immediately preceding the IFA Obligation Commencement Time (as defined under Rule 13.84 of the Listing Rule), there was no engagement between the Company and us. Apart from normal professional fee payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group or the Directors, chief executive and substantial Shareholders or any of its subsidiaries or their respective associates, and any parties acting in concert with them. As at the Latest Practicable Date, there were no relationships or interests between (a) the Group and their respective subsidiaries and associates; and (b) us that could reasonably be regarded as a

hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser. Therefore, we consider ourselves eligible to act as the Independent Financial Adviser to the Company under the requirements of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the "**Management**"); and (iv) our review of the relevant public information.

We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon and continue to be so up to the date of the SGM. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and continue to be so up to the date of the SGM and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the SGM. Independent Shareholders will be informed of any material change of information and the representations made or referred to in the Circular as soon as possible up to the date of the SGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. In formulating our recommendation in relation to the proposed grant of the New General Mandate and pursuant to Rule 13.80(2), we have obtained and reviewed the relevant information in relation to the proposed grant of the New General Mandate, among others, (i) the annual report for the year ended 31 December 2024 of the Company (the "**2024 Annual Report**"); (ii) the annual report for the year ended 31 December 2025 of the Company (the "**2025 Annual Report**"); (iii) the recent announcements of the Company; and (iv) the information set out in the Circular.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed grant of the New General Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1 Background information

1.1 Information on the Group

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.

1.2 Financial Performance on the Group

FY2025 vs FY2024

With reference to the 2025 Annual Report, for the year ended 31 December 2025 ("**FY2025**"), the majority of Group's revenue for FY2025 was derived from dividend income. For FY2025, the Group recorded a revenue of approximately HK$319,000 as compared to approximately HK$254,000 in the year ended 31 December 2024 ("**FY2024**"), representing an increase of approximately 25.6%. The increase in revenue was mainly due to increase of dividend income during FY2025. Gross proceeds from disposals of trading securities for FY2025 was recorded of approximately HK$354,846,000 as compared to approximately HK$49,114,000 for

FY2024. The Group recorded a realised gain of approximately HK$23,988,000 (FY2024: approximately HK$6,673,000) and fair value loss of approximately HK$7,606,000 (FY2024: loss of approximately HK$78,891,000) on equity securities held by the Group during FY2025. The decrease in fair value loss in equity securities held by the Group was mainly attributable to better performance of the equity securities in the U.S. holding by the Group. During FY2025, no impairment loss of deposits and other receivables were recognised (FY2024: nil). With the better performance of certain publicly traded securities held by the Group during FY2025, the Group recorded profit attributable to owners of the Company was approximately HK$9,789,000 as compared to loss of approximately HK$76,810,000 in FY2024.

As at 31 December 2025, the Group's unlisted investments (comprised of certain financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income) were approximately HK$86,422,000 (2024: HK$48,441,000). Other receivables, deposits and prepayments was approximately HK$431,000 (2024: HK$216,000).

As at 31 December 2025, the net assets of the Group were approximately HK$178,251,000 (2024: HK$130,064,000), representing an increase of 37.05% compared with FY2024. The financial assets at fair value through profit or loss increased from approximately HK$115,713,000 as at 31 December 2024 to approximately HK$121,429,000 as at 31 December 2025 and the financial assets at fair value through other comprehensive income was approximately HK$57,368,000 (2024: HK$28,865,000) as at 31 December 2025.

As at 31 December 2025, the Group had available funds of approximately HK$4,452,000 which were mainly placed in banks and licensed securities firms as general working capital. Bank and cash balance in licensed securities firms held by the Group were mainly denominated in Hong Kong dollars.

The Group had shareholders' funds of approximately HK$178,251,000 at 31 December 2025 compared to HK$130,064,000 at 31 December 2024, representing an increase of approximately 37.05%.

As at 31 December 2025, the Group had borrowings of approximately HK$2,081,000 (2024: HK$13,939,000). The gearing ratio for the Group was 1.17% (2024: 10.72%) which represents the ratio of the Group's borrowings to the net asset value of the Group. This significant decrease in borrowings demonstrates a marked improvement in the Group's leverage and financial stability.

Please refer to the 2025 Annual Report for further information regarding the investments held by the Group and their performance.

2 Reasons for the Proposed Grant of the New General Mandate

The Existing General Mandate has been fully utilised

At the 2025 AGM, the Shareholders approved, among other things, the grant of the Existing General Mandate, which authorised the Directors to allot, issue and deal with not more than 21,424,755 new Shares, representing 20% of the issued share capital of the Company of 107,123,776 Shares as at the date of the 2025 AGM.

As disclosed in the announcements of the Company dated 22 July 2025 and 7 August 2025, the Company conducted a placing of an aggregate of 21,424,755 new Shares (the "**Placing**") under the Existing General Mandate. Following the completion of the Placing on 7 August 2025, the Existing General Mandate has been fully utilised in its entirety. Accordingly, the Company currently has no authority to allot or issue any new Shares pursuant to the Existing General Mandate.

As at the Latest Practicable Date, the Company has 128,548,531 Shares in issue, and the 2026 AGM is currently expected to be held in mid-June 2026. As advised by the Management, in the absence of the New General Mandate, the Company would, in practical terms, have no available authority to allot or issue new Shares for a period of approximately one and a half months prior to the 2026 AGM, during which any time-sensitive fund-raising opportunity arising would be foregone.

We have reviewed and considered the above, and note that the Existing General Mandate was fully utilised through the Placing completed on 7 August 2025, being approximately 10 months prior to the Latest Practicable Date. The Existing General Mandate has therefore been exhausted and the Company presently has no mandated authority to issue new Shares. We consider this to be a material constraint on the Company's financial flexibility, particularly given the nature of the Company's principal business as an investment holding company under Chapter 21 of the Listing Rules, which requires the ability to deploy capital swiftly in response to time-sensitive investment opportunities.

We have further enquired with the Management as to whether the Company could simply await the 2026 AGM to seek a fresh general mandate, or alternatively bring forward the 2026 AGM. As advised by the Management, even if a general mandate were obtained at the 2026 AGM, any equity fund-raising thereunder could only be launched following completion of the 2026 AGM and the subsequent placing and listing approval process, which would in practical terms materially delay the Company's ability to access the equity capital markets and may cause the Company to miss favourable fund-raising windows arising prior to that time. We have also been advised that the Board has considered whether the 2026 AGM could be convened on an earlier date, but takes the view that doing so would necessitate the rescheduling of annual general meeting matters, the finalisation of annual general meeting materials, and the arrangements for notice and proxy despatch, and

would not materially shorten the overall timetable required for the Company to obtain an effective general mandate and to complete any subsequent fund-raising. Having considered the foregoing, we are of the view that the Board's preference to seek the refreshment of the general mandate at the SGM, rather than to await or bring forward the 2026 AGM, is reasonable.

We further note that, given the expected timing of the 2026 AGM, there exists a residual period of approximately two months during which the Company would be unable to conduct any equity fund-raising under a general mandate. As an investment company whose operating cash inflows are principally derived from dividend income, amounting to approximately HK$319,000 for FY2025, and whose available liquid funds as at 31 December 2025 were limited to approximately HK$4,452,000, maintained primarily for general working capital purposes, we are of the view that the Company has minimal financial buffer to meet any immediate investment or operational funding requirements without external capital-raising.

We further note that the proposed refreshment of the general mandate is sought pursuant to Rule 13.36(4) of the Listing Rules and is intended to preserve the Company's financing flexibility during the interim period prior to the 2026 AGM. As confirmed by the Management, the proposed grant of the New General Mandate does not, in and of itself, signify that the Company will necessarily proceed with any immediate issue of new Shares, and any actual utilisation will remain subject to the Board's assessment of prevailing market conditions, the suitability of investment or fund-raising opportunities, and compliance with the applicable requirements of the Listing Rules.

Having considered the foregoing, we concur with the view of the Board that the full utilisation of the Existing General Mandate, taken together with the Company's limited available liquid resources and the practical timing constraints prior to the 2026 AGM, gives rise to a genuine and demonstrable need for the proposed grant of the New General Mandate in order to restore and preserve the Company's financing flexibility on a timely basis.

The need for readily available funding at a moment's notice to capitalise on investment opportunities

As disclosed in the Letter from the Board, the global financial markets, in particular the Hong Kong and the United States equity markets, have recently experienced notable corrections and increased volatility amid prevailing macroeconomic uncertainties. The Board considers that such market volatility may, from time to time, give rise to suitable investment opportunities, and that, for an investment company under Chapter 21 of the Listing Rules, maintaining financing flexibility would enable the Company to respond more promptly to such opportunities if and when they arise.

As further noted by the Board, the Group searches for investment opportunities from time to time, and in a volatile market environment such suitable opportunities may close within a relatively short timeframe. The Board considers that the New General Mandate will provide the Company with additional flexibility to raise capital in a timely manner if and when such market opportunities arise.

Notwithstanding the above, as disclosed in 2025 Annual Report, the Group had available funds of approximately HK$4,452,000 as at 31 December 2025, which were mainly placed in banks and licensed securities firms. Such limited funds are largely reserved for the Group's general working capital to cover ongoing administrative and operating expenses. As an investment company, the principal activity of the Company is investment holding, and the Group primarily engages in investments in securities listed on recognised stock exchanges, as well as in unlisted investments with potential for earnings growth and capital appreciation. The Company's operating cash inflows are mainly derived from dividend income from listed equity securities, with approximately HK$319,000 recognised in profit or loss FY2025. In light of the foregoing, and given that the Existing General Mandate has been fully utilised as at the Latest Practicable Date, the Directors consider that the Group has limited immediately available funds for new investments. Therefore, there is therefore a practical need for the Group to maintain financing flexibility through the grant of the New General Mandate. The Directors believe that the grant of the New General Mandate will significantly enhance the Group's financing capacity and financial flexibility, enabling the Company to strategically deploy capital when undervalued investment targets emerge, which is in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, we understand that the Company has not entered into any agreement, arrangement, understanding or undertaking in respect of the proposed issue of new Shares under the New General Mandate. However, based on our communication with the Management, the Board has indicated that it cannot rule out the possibility that the Company will conduct debt and/or equity fund-raising exercises when suitable fund-raising and/or investment opportunities arise. If the New General Mandate is approved by the Independent Shareholders, the Company intends to apply any proceeds raised through the utilisation of the New General Mandate in support of the principal business of the Group, being investments in Hong Kong and the US securities, listed or unlisted, in accordance with the Company's investment policies, with any remaining balance to be applied as general working capital of the Group.

We have further reviewed and considered the above and have had discussions with the Management in relation to the Company's current investment strategy and the rationale for maintaining ready financing capacity.

We note that global financial markets have recently experienced notable corrections and increased volatility amid prevailing macroeconomic uncertainties. We understand that, for an investment company whose principal activity is the acquisition of listed and unlisted securities with potential for capital appreciation and dividend yield, periods of heightened market volatility may, from time to time, give rise to suitable investment opportunities. We therefore concur with the view of the Board that suitable opportunities arising in a volatile market environment may close within a relatively short timeframe, and that the ability to raise capital in a timely manner is of particular importance for a Chapter 21 investment company such as the Group.

Based on the financial information disclosed in the 2025 Annual Report, we note that the Group's available liquid funds amounted to approximately HK$4,452,000 as at 31 December 2025, which are largely reserved to meet general working capital and ongoing operating expenses. The Group's primary source of operating cash inflow is dividend income from its listed equity portfolio, which amounted to approximately HK$319,000 for the FY2025, such amount is manifestly insufficient to fund any meaningful new investment without external capital-raising. Furthermore, the Group's investment portfolio as at 31 December 2025 comprises primarily listed and unlisted equity securities, the realisable value of which is subject to prevailing market conditions, and the timely disposal of which may not always be practicable, particularly in a volatile market environment where such liquidation may itself be value-destructive.

With reference to the 2025 Annual Report, we note that the Group's available funds of approximately HK$4,452,000 as at 31 December 2025 are largely earmarked for the Group's general working capital and ongoing administrative and operating expenses, and accordingly are not freely deployable for new investments. We further note that the Group's operating cash inflows of approximately HK$319,000 for FY2025, being principally dividend income from listed equity securities, are commensurate with the scale of an investment holding company under Chapter 21 of the Listing Rules but are, on any reasonable view, insufficient to fund any meaningful new investment in the absence of external capital-raising. We are therefore of the view that the Directors' belief that the grant of the New General Mandate would significantly enhance the Group's financing capacity and financial flexibility, and would enable the Company to strategically deploy capital when undervalued investment targets emerge, is reasonable and consistent with the Group's current liquidity profile and investment strategy.

We further note that, as a result of the full utilisation of the Existing General Mandate and the Group's limited cash resources, the Company presently has no readily available means to raise new capital at short notice. The Group does not have material fixed assets available for collateralisation, which constrains its access to debt financing. In this context, the grant of the New General Mandate represents the most practicable and timely avenue available to the Company to restore its capital-raising capacity.

We note that, as at the Latest Practicable Date, the Company has not identified any specific new investment target, nor has it entered into any agreement or arrangement in respect of the utilisation of the New General Mandate. We have duly considered this factor. Notwithstanding the absence of any identified target at this stage, we are of the view that this does not diminish the strategic rationale for maintaining the financing flexibility afforded by a general mandate, particularly for an investment company that by its very nature is required to respond opportunistically to market conditions. The grant of a general mandate is, by design, a pre-emptive measure intended to preserve optionality, and its value lies precisely in its availability ahead of the identification of any specific opportunity.

Having considered the foregoing in its totality, including the current state of global financial markets, the Group's constrained liquidity position, the nature of the Group's principal activities as an investment holding company, and the time-sensitive character of investment opportunities in volatile market conditions, we concur with the view of the Board that there is a genuine and substantiated need for the Company to have readily available funding at a moment's notice. We are therefore of the view that this constitutes a sound and reasonable basis for the proposed grant of the New General Mandate, and that such grant is in the interests of the Company and the Shareholders as a whole.

3 Other Financing Alternatives and Divestments

As set out in the Letter from the Board, the Board has considered various alternative forms of financing, including bond offering, debt financing, rights issue, open offer, internal cash resources and issuance of new Shares under a specific mandate as well as divestments of the Company's current investment, to meet the funding requirements of the Group. Having considered the relevant merits and limitations of each alternative, the Directors are of the view that the proposed grant of the New General Mandate represents the most appropriate financing option for the Company in the circumstances.

(a) Debt Financing and Bond Offering

As advised by the Management, debt financing will increase the debt gearing ratio of, and create additional interest payment obligations for, the Group. The terms of any financing facilities available to the Group are dependent on the financial institutions' assessment of the Group's financial strength, and financial institutions may additionally require collateral and other forms of security as a precondition for providing such facilities.

In this regard, we note that the Company is an investment holding company operating under Chapter 21 of the Listing Rules, and as such, it lacks substantial fixed assets that could be pledged as collateral acceptable to financing institutions to secure such facilities. Instead, financial institutions would likely require the Company to pledge its equity investment portfolio as security, which would severely restrict the Group's ability to realise its investments in a timely manner and adversely impact both investment returns and the interests of the Shareholders as a whole.

With respect to bond offering, we note that, as disclosed in the 2025 Annual Report, the Group's available liquid funds as at 31 December 2025 amounted to approximately HK$4,452,000, and the Group recorded total borrowings of approximately HK$2,081,000 and finance costs of approximately HK$691,000 for the year ended 31 December 2025. Notwithstanding that the Group's gearing ratio of approximately 1.2% as at 31 December 2025 is at a relatively low level, having regard to the Group's limited recurring operating cash inflows and prevailing market expectations of fewer interest rate cuts than previously anticipated, the imposition of any incremental fixed interest payment obligations through a bond offering would, in the view of the Management, weigh disproportionately on the Group's financial performance and financial position.

We have reviewed and considered the above. We note that the Group does not hold material fixed assets that are capable of being pledged as collateral for debt financing purposes. The Group's principal assets consist of listed and unlisted equity securities, the pledging of which would materially impair the Group's ability to manage its investment portfolio and realise its investments in a timely and value-maximising manner, which is directly contrary to the Group's investment mandate and business strategy. We have further reviewed the 2025 Annual Report and note that, as at 31 December 2025, the Group recorded borrowings of approximately HK$2,081,000 with a gearing ratio of approximately 1.2%, and incurred finance costs of approximately HK$691,000 for FY2025, of which approximately HK$690,000 represented imputed interest on promissory notes. Whilst the Group's current gearing level is modest, we are of the view that, having regard to (i) the Group's limited recurring operating cash inflows of approximately HK$319,000 for the year ended 31 December 2025, and (ii) prevailing market expectations of fewer interest rate cuts than previously anticipated, the assumption of any meaningful incremental fixed interest payment obligation through debt financing or bond offering would be disproportionately burdensome relative to the Group's revenue-generating capacity. Furthermore, given the Group's limited operating cash inflows, we concur with the view of the Directors that debt financing and bond offering are not appropriate or practicable financing alternatives for the Group in the current circumstances.

(b) Rights Issue and Open Offer*

As noted by the Board, equity financing through a rights issue or open offer would afford existing Shareholders the opportunity to subscribe for their pro-rata entitlements and thereby maintain their respective shareholding interests in the Company. However, such methods generally require a longer timetable to complete, may involve additional underwriting and administrative arrangements, and may not provide the same level of timing flexibility as the issuance of Shares under a general mandate.

In particular, a rights issue or open offer requires, among other things, the preparation and despatch of a prospectus or circular, compliance with applicable statutory and regulatory requirements, and the convening of a general meeting where shareholder approval is required. Based on publicly available information on transactions of this nature on the Stock Exchange, we note that the time required to complete a rights issue or open offer from announcement to completion is typically in the order of more than two months. Given the time-sensitive nature of investment opportunities available to the Group as an investment company, such a timetable would in all likelihood render the Company unable to satisfy its funding requirements in a timely manner.

Furthermore, on a non-underwritten basis, the ultimate fund-raising size under a rights issue or open offer cannot be assured, as it is subject to the take-up rate of existing Shareholders. On a fully underwritten basis, lengthy discussions with potential commercial underwriters may be required, and additional costs including underwriting commissions and administrative expenses would be incurred, further reducing the cost-efficiency of these alternatives.

We concur with the view of the Directors that a rights issue or open offer would not provide the Group with the requisite speed and certainty of funding necessary to capitalise on time-sensitive investment opportunities. We note that, whilst pre-emptive equity instruments preserve the pro-rata shareholding interests of existing Shareholders, the protracted timetable, execution uncertainty, and additional costs associated with such instruments render them unsuitable as a primary financing mechanism for an investment company that must be capable of deploying capital at short notice.

(c) Issuance of New Shares under a Specific Mandate

As set out in the Letter from the Board, raising funds by issuing new Shares under a specific mandate typically applies to circumstances where the Group has already identified a specific investment opportunity in advance and requires Shareholders' approval to finance such investment. However, the additional time required for finalising the relevant terms of the fund-raising plan, preparing and publishing the relevant circular, and satisfying the requisite notice period for convening a general meeting to pass the relevant resolutions, would in aggregate result in a material delay of several weeks. This may cause the Company to lose short-lived investment opportunities by the time the necessary approvals are obtained.

We concur with the view of the Directors that a specific mandate does not provide the same level of time-sensitivity and flexibility required for the Group to promptly raise funds to seize market opportunities. We note that the very nature of a specific mandate, requiring identified targets, finalised terms, and shareholder approval on each occasion, introduces a structural delay that is fundamentally at odds with the Group's investment strategy of opportunistic capital deployment in response to prevailing market conditions.

(d) Divestments of existing investments

As further set out in the Letter from the Board, the Board has also considered the possible realisation of part of the Company's existing investment portfolio as a means of meeting its funding requirements. The Board does not consider it commercially desirable for the Company to rely solely on time-sensitive disposals of existing investments, given that such disposals may be materially affected by prevailing market conditions, trading liquidity and valuation levels, and may crystallise losses or reduce the Group's ability to participate in any future upside.

We have considered the above and have had discussions with the Management on this point. Based on our review of the 2025 Annual Report, we note that the Group's investment portfolio comprises principally listed and unlisted equity securities, the realisable value of which is inherently subject to prevailing market conditions and trading liquidity, and the orderly disposal of which may not always be practicable, particularly during periods of heightened market volatility. We further note that the Group's investment strategy is premised on holding investments with potential for medium- to long-term capital appreciation and dividend yield, and forced or accelerated divestments could undermine that strategy by crystallising losses or eliminating future upside participation. Accordingly, we concur with the view of the Directors that, whilst divestments of existing investments remain one of the alternatives that the Board may consider where appropriate, reliance on divestments alone as a primary funding mechanism is not commercially desirable, and the New General Mandate would provide the Company with an additional and more flexible funding avenue.

(e) Internal Cash Resources*

As noted above, the Group's available liquid funds as at 31 December 2025 amounted to approximately HK$4,452,000, which are largely reserved for the Group's general working capital to cover ongoing administrative and operating expenses. The Group's operating cash inflows are principally derived from dividend income from its listed equity portfolio, amounting to approximately HK$319,000 for FY2025. In light of the above, internal cash resources are manifestly insufficient to fund any meaningful new investment, and their reservation for working capital purposes further limits their deployment for investment activities.

Based on our review on the 2025 Annual Report, we are of the view that the Group's internal cash resources may be inadequate to meet any material investment funding requirements, having regard to the scale of the Group's investment portfolio and the quantum of capital typically required to acquire meaningful positions in listed or unlisted securities. We therefore consider internal cash resources to be an insufficient and impracticable standalone financing alternative.

(f) Issuance of New Shares under a General Mandate*

As compared to the financing alternatives discussed above, the issuance of new Shares under a general mandate can generally be completed within one to two weeks, providing the Company with significantly greater speed and flexibility in the fund-raising process, particularly where the funding requirements is relatively modest and time-sensitive in nature. It does not require the preparation of a circular or the convening of a general meeting on each occasion of issuance, thereby avoiding the administrative costs, procedural delays, and execution uncertainties associated with the other financing methods. Furthermore, we note that the theoretical maximum dilution to existing Shareholders arising from the issuance of new Shares at a maximum discount of 20% to the benchmark price under a 20% general mandate is approximately 3.33%, which we consider to be a limited and manageable dilution effect relative to the financing flexibility afforded.

Having considered and evaluated each of the financing alternatives set out above, we are of the view that the issuance of new Shares under the New General Mandate is the most appropriate and practicable financing option available to the Group in the current circumstances, having regard to: (i) the Group's limited internal cash resources and constrained liquidity position; (ii) the absence of material fixed assets available for collateralisation, which limits the Group's access to debt financing, and the limited capacity of the Group to assume incremental fixed interest payment obligations through bond offering having regard to its current indebtedness profile and recurring cash inflows; (iii) the protracted timetable and execution uncertainty associated with rights issues, open offers and specific mandates; (iv) the commercial undesirability of relying solely on time-sensitive divestments of the Group's existing investment portfolio to meet funding requirements; (v) the time-sensitive and opportunistic nature of the Group's investment activities; and (vi) the relatively limited theoretical dilution impact on existing Shareholders. We therefore concur with the view of the Directors that the grant of the New General Mandate is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

4 Equity fund-raising activities of the Company in the past 12 months

Save for the below equity fund raising activities, the Company has not carried out any other equity fund raising activities in the past twelve-month period immediately preceding the date of the Announcement and up to the Latest Practicable Date:

Date of announcement	Fundraising activity	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds
26 May 2025 (completed on 12 June 2025)	Placing of new Shares under general mandate	Approximately HK$2.9 million	(i) Approximately HK$2.5 million for investment in listed and/or unlisted securities; (ii) Approximately HK$0.4 million for general working capital of the Group	(i) Approximately HK$2.5 million was fully utilised to invest in listed securities; (ii) Approximately HK$0.4 million was fully utilised for operating expenses
22 July 2025 (completed on 7 August 2025)	Placing of new Shares under general mandate	Approximately HK$3.7 million	(i) Approximately HK$2.7 million for investment in listed and/or unlisted securities; (ii) Approximately HK$1.0 million for general working capital of the Group	(i) Approximately HK$2.7 million was fully utilised to invest in listed securities; (ii) Approximately HK$1.0 million was fully utilised for operating expenses

Based on the above, net proceeds from the previous fund-raising activities in the past 12 months have been fully utilised as intended.

Saved as disclosed above, the Directors confirmed that the Company has not conducted any equity fund-raising activities in the past 12 months immediately preceding the Latest Practicable Date.

5 Potential dilution effect to the Existing Public Shareholders

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the New General Mandate (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the date of the full utilisation of the New General Mandate):

Directors and Substantial Shareholder	**As at the Latest Practicable Date**		**Upon full utilisation of the New General Mandate (assuming there is no other change in the shareholding structure of the Company from the Latest Practicable Date)**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Yu Po Kwan	18,729,400	14.57%	18,729,400	12.14%
Chau Wai Hing *(Note 1)*	849,530	0.66%	849,530	0.55%
Wu Ming Gai *(Note 1)*	849,530	0.66%	849,530	0.55%
Wong Sze Lok *(Note 2)*	69,072	0.05%	69,072	0.04%
Other Shareholders				
Public Shareholders (new Shareholders upon the full utilisation of the New General Mandate excluded)	108,050,999	84.06%	108,050,999	70.05%
New Shareholders upon the full utilisation of the New General Mandate	–	–	25,709,706	16.67
Total:	128,548,531	100.00%	154,258,237	100.00%

Note:

1. Being executive Directors.

2. Being an independent non-executive Directors.

At the Latest Practicable Date, the shareholding of the existing public Shareholders was approximately 84.06%. Assuming that (i) the grant of the New General Mandate is approved at the SGM; and (ii) no Shares will be issued and/or repurchased and cancelled from the Latest Practicable Date up to the date of the SGM (both dates inclusive), upon full utilisation of the New General Mandate, 25,709,706 Shares can be issued, which represents 20% and approximately 16.67% of the aggregate number of the issued Shares as at the Latest Practicable Date and the aggregate number of the enlarged issued Shares respectively. The aggregate shareholding of the existing public Shareholders will be diluted from approximately 84.06% as at the Latest Practicable Date to approximately 70.05% upon full utilisation of the New General Mandate, representing a potential maximum dilution in public shareholding by approximately 14.01%.

We further note that, as at the Latest Practicable Date, the Company has not identified any specific allottees in respect of any proposed issuance under the New General Mandate, and the dilution analysis above is presented on a purely hypothetical basis for illustrative purposes. Any actual issuance of new Shares pursuant to the New General Mandate will be subject to the pricing requirements under the Listing Rules, which require that the issue price shall not represent a discount of more than 20% to the benchmark price as defined in the Listing Rules.

Having considered that (i) the reasons for the Refreshment of General Mandate as discussed in the section headed "2. REASONS FOR THE PROPOSED GRANT OF THE NEW GENERAL MANDATE" in this letter; (ii) the Company may have a need to raise fund as mentioned above; (iii) as compared to pre-emptive fund raisings such as rights issue or open offer, the potential dilution impact on the existing public Shareholders may be even greater if the Shareholders choose not to subscribe for the Shares under the right issue or open offer; (iv) the new Shares generally cannot be allotted and issued at more than 20% discount to market price under the New General Mandate while the subscription price under a rights issue or open offer would normally set at a greater discount to the market price; (v) the New General Mandate will provide the Group with more financial flexibility and options to raise further capital for the Group's operations as the Company is able to respond to the fund-raising opportunities at short notice and in a timely manner together with such business benefits to be derived under the Group's potential business expansion based on the grant of the New General Mandate whereas there is a lack of certainty in the successful implementation of other alternative financing methods; and (vi) the shareholding interests of all the existing Shareholders will be diluted in proportion to their respective shareholdings upon any utilisation of the New General Mandate, we concur with the view of the Directors are of the view that the aforesaid dilution impact on the shareholding of the existing public Shareholders to be acceptable.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the proposed grant of New General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the proposed grant of the New General Mandate.

Yours faithfully,
For and on behalf of
Draco Capital Limited

Kevin Choi	**Leon Au Yeung**
Managing Director	*Director*

Mr. Kevin Choi and Mr. Leon Au Yeung are licensed persons under the SFO to carry out type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officers of Draco Capital Limited. Mr. Kevin Choi and Mr. Leon Au Yeung have over 15 and 12 years of experience in corporate finance industry, respectively.

This appendix serves as an additional disclosure requirement pursuant to Rule 21.09 of the Listing Rules in connection with the circular of the Company. This appendix includes particulars given in compliance with the Listing Rules for the purpose of giving information to the public with regard to the Company.

INVESTMENT PORTFOLIO AND PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS

Set out below are the details of all listed investments and all other investments with a value of more than 5% of the Company's gross assets, and details of at least the ten largest investments as at 31 December 2025. Save for the investments disclosed herein, there are no other listed investments or other investments with a value of more than 5% of the Company's gross assets as at 31 December 2025.

Name of investee company	Proportion of investee's capital owned	Cost	Market value as at 31 December 2025	Net assets/ (liabilities) attributable to the investment as at 31 December 2025	Dividend income during the year	Dividend cover	Principal activities	Provision for diminution in value of investments made during the year	Reason for the provision
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*			*HK$'000*	
Listed equity securities									
Hong Kong									
Tencent Holdings Limited	0.00%*	770	899	227	56	5.42	Provision of value-added services, financial technology and business services and online advertising services	109	*Note 1*
Alibaba Group Holding Limited	0.00%*	739	828	612	118	3.63	Engaged in online retail platform, cloud computing, digital media and entertainment	154	*Note 1*
BYD Company Limited	0.00%*	5,990	5,254	1,643	34	25.6	Engaged in the manufacture and testing of semiconductor integrated circuit wafers	736	*Note 1*
Xiaomi Corporation	0.00%*	3,098	2,743	788	–	–	Engaged in the research, development and sales of smartphones, Internet of things and lifestyle products, the provision of Internet services, and investment business	355	*Note 1*
United States									
Tesla Inc.	0.00%*	18,493	18,542	946	–	–	Engaged in the design development manufacture and sale of electric vehicles and energy generation and storage systems	–	*Note 2*
Readen Holding Corporation	7.81%	12,046	6,692	4,071	–	–	A venture capital corporation which is active in the Fintech, Online Payment and E-commerce industries	–	*Note 2*
Winchester Holding Group	1.05%	20,966	40,568	42	–	–	Engaged in the manufacturing of cars in South Africa for production	–	*Note 2*
Sante Technology Holdings Inc.	23.44%	29,598	3,756	(31)	–	–	A company which intend to acquire and merger potential AI technology related companies by offering a unique platform with technology function, marketing function, finance function and resources integration function.	10,571	*Note 1*
GSG Group Inc.	15.82%	9,609	10,083	(190)	–	–	A company is originally a development-stage company focused on investment consultancy for real estate in Asia, has recently expanded into the media devices industry	–	*Note 2*

Name of investee company	Proportion of investee's capital owned	Cost	Market value as at 31 December 2025	Net assets/ (liabilities) attributable to the investment as at 31 December 2025	Dividend income during the year	Dividend cover	Principal activities	Provision for diminution in value of investments made during the year	Reason for the provision
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*			*HK$'000*	
Unlisted equity security									
LNPR Group Inc.	5.18%	24,111	19,485	499	–	–	Engaged in online education business	4,626	*Note 3*
Perfect Path Limited	20.00%	18,500	57,368	70,477	–	–	A private entity incorporated in Anguilla, which principally engaged in gold mining business.	–	
Chelsea Tech, Inc.	4.00%	8,000	9,569	130	–	–	Engaged in promotion of "Metaverse" and art NFT	–	*Note 4*

* *Less than 0.01%*

Note:

1. The investment is stated at fair value with reference to quoted market price after making provision for diminution in value.

2. No provision for diminution in value as fair value with reference to quoted market price is higher than carrying value as of 31 December 2025.

3. During the year ended 31 December 2025, the fair value of LNPR Group Inc., which was determined at the market value based on its valuation conducted by an independent valuer, increased by approximately 0.01% to approximately HK$19.5 million. During the year ended 31 December 2025, reversal of impairment provision of approximately HK$2,800 was made for the reason of write-up of the fair value. During the period from 31 December 2025 to the Latest Practicable Date, there is no further updates.

4. During the year ended 31 December 2025, the fair value of Chelsea Tech, Inc., which was determined at the market value based on its valuation conducted by an independent valuer. During the period from 31 December 2025 to the Latest Practicable Date, there is no further updates.

5. For listed equity securities, net assets attributable to the investments are based on latest published financial information of the relevant investment. For unlisted investments, net assets attributable to investment are based on latest financial statements or management accounts of the relevant investment.

6. Dividend coverage is calculated with the numerator being (i) the profit for the year available from the latest annual report available as of 31 December 2025 or 31 March 2025 of the relevant investment; less (ii) (where applicable) dividends paid on preferred shares during the fiscal year, and the denominator being the dividend declared and/or paid during the fiscal year.

Save as disclosed above, there is no other outstanding matter as at the Latest Practicable Date.

PARTICULARS OF DIRECTORS

1. Name and address of Directors

Name	Address
Executive Directors	
Chau Wai Hing	Flat House, No. 126-L, Ling Shan Tsuen, Fanling, Hong Kong
Wu Ming Gai	G/F., Block 39, 222 Shek Wu Tong, Ilife Pat Heung, Yuen Long, Hong Kong
Independent Non-executive Directors	
Leung Yin Ting	Flat 213, 2/F., Block M, Kornhill, Quarry Bay, Hong Kong
Lin Hsiu Mei	Flat D, 4/F, Block 1, Sunshine Grove, 6 Tak Yi Street, Sha Tin, Hong Kong
Wong Sze Lok	Flat C, 10/F., Tower 10, Yee Lai Court (South Horizons), 10 South Horizon Drive, Hong Kong

2. Profiles of Directors

Executive Directors

Mr. Chau Wai Hing, aged 60, was appointed as executive Director and a member of investment committee of the Board on 23 April 2021 and re-designated as chairman of the investment committee of the Board with effect from 20 June 2022. Mr. Chau has taken up the position as the Chairman with effect from 1 December 2022. Mr. Chau possesses over 30 years of experience in banking, finance and wealth management and held executive positions at several international financial institutions and listed companies. Mr. Chau graduated from City University of Hong Kong with a Bachelor's Degree in Quantitative Analysis for Business, Postgraduate Certificate in Professional Accounting and Master Degree in Finance. He also holds a Master Degree in Professional Accounting from the Southern Cross University in Australia. Mr. Chau is a fellow member of the Institute of Public Accountants in Australia, a fellow member of the Institute of Financial Accountants, a chartered member of the Chartered Institute for Securities and Investment and a fellow member of the Hong Kong Securities and Investment Institute. Mr. Chau previously joined the Company as a non-executive Director and an executive Director for the period from July 2015 to September 2015 and September 2015 to February 2019 respectively. Mr. Chau was a licensed person to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO from July 2020 to April 2021. Mr. Chau is currently an independent non-executive director of abc Multiactive Limited (stock code: 8131) since October 2023 and an executive director and

the chairman of the board of UBA Investments Limited (stock code: 768) since September 2021 and 6 June 2025 respectively. He was an independent non-executive director of Carnival Group International Holdings Limited (stock code: 996) from May 2019 to December 2023, a company incorporated in the Bermuda with limited liability and the listing of the shares were cancelled on 7 December 2023 and was ordered to be wound up by the High Court of Hong Kong on 23 August 2022, Vestate Group Holdings Limited (Stock code: 1386) from February 2017 to March 2021 and he was also an executive director of UBA Investments Limited (Stock code: 768) from December 2008 to April 2015.

Mr. Wu Ming Gai, aged 50, joined the Company in July 2015. He was re-designated from a non-executive Director to an executive Director effective from 1 March 2016 and appointed as the chairman (the "**Chairman**") of the Board in February 2019 and ceased to be the Chairman with effect from 1 December 2022. He is also a director of each subsidiary of our Company. Mr. Wu is the director and responsible officer of Tiger Securities Asset Management Company Limited ("**Tiger Securities**") (as the investment manager of the Company since 1 March 2016). Mr. Wu is currently licensed under the Securities and Futures Commission ("**SFC**") to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (assets management) regulated activities accredited to Tiger Securities. He has obtained the Honor Diploma of Accounting from the Hong Kong Shue Yan University in July 1999. He has over 13 years of management experience in fund accounting and asset management. He was the chief operating officer of Tiger Securities from 2007 to 2012 responsible for the overall operation of fund management. Since 2013, he has been the director of the same company responsible for the general management of regulated activities.

Independent Non-executive Directors

Ms. Lin Hsiu Mei, aged 64, was appointed as an independent non-executive Director, member of each of the audit committee (the "**Audit Committee**"), nomination committee (the "**Nomination Committee**") and remuneration committee (the "**Remuneration Committee**") of the Company on 1 August 2024. She is obtained a bachelor of commerce degree in Accounting from Tam Kang University and a master of commerce degree in Accounting from Soochow University. She also obtained the qualification of certified public accountant in Taiwan and the PRC in 1986 and 1997 respectively. She possesses extensive experience in accounting, auditing and finance. Ms. Lin is currently a licensed person to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"). She has served as an independent non-executive director of The First Insurance Co., Ltd., the shares of which are listed on The Taiwan Stock Exchange Corporation (stock code: 2852) since 27 June 2019.

Ms. Leung Yin Ting, aged 44, was appointed as an independent non-executive Director, member of each of the Audit Committee and Remuneration Committee of the Company on 14 December 2018. She was appointed as a member of the Nomination Committee of the Company on 17 June 2022. Ms. Leung is a barrister in Hong Kong and was called to the Bar of Hong Kong in 2013. She is currently a member of HKICPA and has achieved the specialist qualification in insolvency of HKICPA in 2016. Ms. Leung obtained a Bachelor degree of Laws from University of Warwick, the United Kingdom in 2004, and Postgraduate Certificate in Laws from the University of Hong Kong in 2006. Before pursuing her career in Law, she has more than four years' audit experience in the Big Four accounting firms in Hong Kong.

Dr. Wong Sze Lok, aged 53, was appointed as an independent non-executive Director, a chairman of the Remuneration Committee and a member of the Nomination Committee on 23 April 2021. Dr. Wong was appointed as a member of Audit Committee on 17 June 2022 and re-designated as the chairman of the Audit Committee on 1 August 2024. He has extensive experience in auditing and corporate governance. Dr. Wong was the chief financial officer of Century Entertainment International Holdings Limited (formerly known as Amax International Holdings Limited) (Stock code: 959), the financial controller of Guoan International Limited (Stock code: 143), an independent non-executive director of Grand Field Group Holdings Limited (Stock code: 115), an independent non-executive director of ETHK Labs Inc. (IVD Medical Holding Limited) (Stock code: 1931) from 28 March 2024 to 13 January 2026, an alternate director of Values Cultural Investment Limited from 27 May 2025 to 30 May 2025, a company secretary of Unitas Holdings Limited (Stock code: 8020) from August 2018 to April 2024 and a company secretary of Wai Hung Group Holdings Limited (Stock code: 3321) from February 2024 to November 2025. Dr. Wong is currently an independent non-executive director of TBK & Sons Holdings Limited (Stock code: 1960), China e-wallet Payment Group Limited (delisted on 12 March 2026, previous stock code: 802), Aowei Holding Limited (Stock code: 1370) and IVD Medical Holding Limited (Stock code: 1931). Dr. Wong obtained a bachelor of arts degree in accountancy from The Hong Kong Polytechnic University in November 1996, a master of management degree from Macquarie University in November 2004, a certificate of higher education in Law from University of Essex in December 2021 and an executive doctor of business administration from Sabi University in December 2024. Dr. Wong is currently a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of The Institute of Chartered Accountants in England and Wales and a Certified Information Systems Auditor.

INVESTMENT MANAGER INFORMATION

Investment Manager	Tiger Securities Asset Management Company Limited B3 29/F TML Tower 3 Hoi Shing Road Tsuen Wan, New Territories, Hong Kong
Director of the Investment Manager	Mr. Wu Ming Gai

THE INVESTMENT MANAGER

Tiger Securities Asset Management Company Limited ("**Tiger Securities**" or the "**Investment Manager**") has provided investment management services to the Company since 1 March 2016. The Board is of the view that the investment experience of Tiger Securities and its responsible officers is relevant to the investment strategies of the Company and that its investment experience and expertise will be beneficial to the Company and its Shareholders as a whole.

Tiger Securities, a company incorporated in Hong Kong in 2006 with limited liability and is a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Tiger Securities is principally engaged in the business of provision of investment management services covering traditional and alternative investments via various platforms and securities trading and brokerage services.

Set out below the profiles of the director of Tiger Securities:

Sole Director

Mr. Wu Ming Gai is the sole director and responsible officer of Tiger Securities. Mr. Wu is also an executive Director of the Company. For further details of Mr. Wu, please refer to "Profiles of Directors" of this section.

THE CUSTODIAN

Since all the available-for-sale assets held by the Company are listed and unlisted equity securities, the Company did not appoint any custodian to provide custodian services.

The Directors confirm that none of the Directors, Tiger Securities, any investment adviser or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the Company, or any re-allowance of other types on purchases charged to the Company.

RISKS RELATING TO THE COMPANY

The Group's activities expose it to a variety of financial risks: foreign exchange risk, price risk, credit risk, interest rate risk and liquidity risk. Investors should also be aware that the Company is subject to the risk of decrease in the price and value of its investments measured at amortised cost, fair value through profit or loss and fair value through other comprehensive income. As a result, the income of the Company and its net asset value may therefore go down as well as go up, subject to the prevailing market conditions.

INVESTMENT OBJECTIVES

The investment objectives of the Group is to achieve an enhanced earnings stream and capital appreciation from its investments. 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's investment objectives above may be altered without Shareholders' approval.

INVESTMENT POLICIES

The Company has adopted a diversified investment approach. A substantial portion of the assets is invested in equity securities, convertible bonds and debt securities issued by listed and unlisted companies in Hong Kong as well as the PRC and overseas or such other types of investment that provide reasonable returns. The Company has also adopted, among others, the following investment policies:

– the Company may, at its sole discretion, invest in any securities, listed or unlisted, including warrants, money market instruments, bank deposits, currency investments, commodities, options, convertible securities, futures contracts and precious metals or any other forms of investments in securities which would enable the Company to achieve good income or capital appreciation.

– the Company may, for hedging purposes only, buy, write or sell warrants, covered warrants, options or traded options on its underlying investments. The Company may also buy or sell futures contracts on stock indices or shares (if any) as a means to hedge against adverse price movements of its investments.

– in order to hedge against interest rate risks, the Company may enter into forward interest rate agreements, interest rates and US treasury bond futures contracts and interest rate swaps. The Company may also, for hedging purpose only, purchase and write (sell) put or call options or options on futures on interest rates. The Company will only engage in transactions in options and futures which are traded on a recognised securities or futures exchange.

– cash pending investment, reinvestment or distribution will be placed in bank deposits in any currency, obligations of the United States or Hong Kong governments, their respective agencies or instrumentalities, or securities and other instruments denominated in any currency issued by various governments or international development agencies.

The Company's investment policies above may be altered without Shareholders' approval.

INVESTMENT RESTRICTIONS

Under the By-laws and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company. Among others, that the Company may/should not:

– either on its own or in conjunction with any connected person, take legal, or effective, management control of any company or other entity in which it invests or controls 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 such company or other entity; and

– invest in any company or other entity if as a result, more than 20% of the Company's net asset value as at the date of such investment would be invested in any one such company or other entity.

Pursuant to Rules 21.04(3)(a) and (b) of the Listing Rules, the Company has to comply with the investment restrictions above at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules. The abovementioned investment restrictions will not be altered unless approved by the Shareholders.

The Board has no present intention to change any of the above-mentioned investment restrictions.

Save for the unlisted securities, as at the Latest Practicable Date, the Company has no present intention to invest in options, warrants, commodities, futures contracts or precious metals.

BORROWING POWER

The Board may exercise all the powers of the Company to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party, save and except that the aggregate amount of all moneys borrowed by the Company (including the amount of any loan capital and debentures)

which remains outstanding from time to time may not exceed an amount representing 50% of the net asset value at the time when a borrowing is made. The above borrowing restriction may be altered by an ordinary resolution of the Company.

DISTRIBUTION POLICY

The Company's investment objective is to achieve capital appreciation and, accordingly, the Company's investment portfolio is not expected to generate significant income. It is therefore not expected that the Company will have significant (if any) dividend income after expenses available for distribution by way of dividend and therefore the Company does not expect to declare dividend. Any declaration of distributions will be made at the discretion of the Directors and may be either from profit, reserves of the Company (including Share premium account) or any amount lawfully available for distribution.

WORKING CAPITAL MANAGEMENT POLICY

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to the Shareholders through the optimisation of the debt and equity balance. The working capital management policies aim to manage the cost of capital and the risks associated with each class of capital and to balance the Group's overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

Furthermore, the Group manages liquidity risk by regularly monitoring current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group had no bank borrowings and did not pledge any assets to obtain collateral overdrafts and other loan facilities during the year ended 31 December 2025.

FOREIGN CURRENCY MANAGEMENT AND EXCHANGE CONTROL

The investments of the Company were mainly denominated in HK$ and United States Dollar. The Company currently does not have a foreign currency hedging policy. However, the Group monitors its foreign exchange currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Company does not have a significant exposure to foreign currency risk as HK$ remains pegged to United States Dollar, significant exposure is not expected in United States Dollar transactions and balances.

To the best knowledge, information and belief of the Directors, there are no foreign exchange controls in force in Hong Kong and United States.

TAXATION

The taxation of income and capital gains of the Company are subject to the fiscal law and practice of Hong Kong. Prospective investors should consult their own professional advisers on the tax implications of investing, holding or disposing of Shares under the laws of the jurisdiction in which they are liable to taxation.

FEES AND EXPENSES

The Company will pay the fees of the Investment Manager, as described below. In addition, the Company will pay certain other costs and expenses incurred in its operation, including taxes, expenses for legal, auditing and consulting services, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest and brokerage cost.

INVESTMENT MANAGEMENT FEES

Pursuant to the investment management agreement dated 29 February 2016, a supplemental investment management agreement dated 24 November 2016 and a renewal agreement dated 26 November 2025 entered into by the Company and the Investment Manager, the Company will pay to the Investment Manager a management fee as described below:

Management Fees

According to the renewal agreement dated 26 November 2025, the Company shall pay Tiger Securities a management fee of 1% per annum on the net asset value as per the management account of the Company of the preceding month with an annual cap of HK$1,500,000 for the investment management services period to 31 August 2026.

The above management fees paid or payable to Tiger Securities are continuing connected transactions ("**CCT**") as defined in Chapter 14A of the Listing Rules but regarded as de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules as the CCT had fulfill the relevant requirements.

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)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Cocoon Holdings Limited (the "**Company**") will be held at Portion 2, 12th Floor, The Center, 99 Queen's Road Central, Hong Kong on 27 May 2026 at 11:00 a.m. (or any adjournment thereof will be held at the duly notified place, day and time) for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company. Capitalised terms defined in the circular dated 11 May 2026 issued by the Company (the "**Circular**") shall have the same meanings when used in this notice of Meeting unless otherwise specified.

ORDINARY RESOLUTIONS

1. "**THAT**

   a) the general mandate (the "**Existing General Mandate**") granted to the directors of the Company (the "**Directors**") to allot, issue and deal with the unissued shares of the Company pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 June 2025 (the "**2025 AGM**") be and is hereby revoked (without prejudice to any valid exercise of the Existing General Mandate prior to the passing of this resolution);

   b) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company ("**Shares**") and to make or grant offers, agreements and options, which would or might require Shares to be allotted, issued or dealt with, whether during or after the end of the Relevant Period be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant: (a) a rights issue where Shares are offered to shareholders ("**Shareholders**") of the Company on a fixed record date in proportion to their then holdings of Shares in the Company (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory applicable to the Company); or (b) any scrip dividend or similar arrangement providing for the allotment of securities in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company; or (c) the exercise of subscription rights attaching to share options under any option scheme; or (d) a specific authority granted by the Shareholders in general meeting of the Company, the additional Shares allotted, issued or

dealt with (including Shares agreed conditionally or to be allotted, issued or dealt with, whether pursuant to an option or otherwise) shall not in aggregate exceed 20% of the aggregate number of Shares in issue at the date of passing this ordinary resolution and the said approval shall be limited accordingly; and

c) for the purpose of this ordinary resolution, "**Relevant Period**" means the period from the passing of this ordinary resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting is required by any applicable laws or the Company's articles of association to be held; and

(iii) the revocation or variation of the authority given under this ordinary resolution by an ordinary resolution of the Shareholders in general meeting."

2. "**THAT** conditional upon the passing of resolution numbered 1 as set out in the notice convening the Meeting, the general and unconditional mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with Shares pursuant to resolution numbered 1 as set out in the notice convening the Meeting be and is hereby extended by the addition thereto an amount representing the aggregate number of Shares bought back by the Company under the authority granted pursuant to resolution numbered 4 as set out in the notice convening the 2025 AGM, provided that such amount shall not exceed 10% of the total number of Shares in issue at the date of the 2025 AGM."

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

Hong Kong, 11 May 2026

Registered office:
Canon's Court
22 Victoria Street
Hamilton, HM12
Bermuda

Principal place of business in Hong Kong:
Room 14A
Fortune House
61 Connaught Road Central
Central, Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.

2. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the share registrar and transfer office of the Company, to Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the Meeting (i.e. not later than 11:00 a.m. on 25 May 2026 (Hong Kong time) or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the Meeting or any adjourned meeting thereof should he so wishes.

3. For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from 21 May 2026 to 27 May 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Meeting, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen' s Road East, Hong Kong, for registration not later than 4:30 p.m. on 20 May 2026.

4. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint shareholding.

5. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Meeting if shareholders so wish.

6. The resolutions set out in this notice of special general meeting will be put to Shareholders to vote taken by way of a poll.