

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Tycoon Group Holdings Limited**

**滿貫集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3390)**

### **MAJOR TRANSACTION – PROVISION OF FINANCIAL ASSISTANCE**

#### **THE PROVISION OF FINANCIAL ASSISTANCE**

Reference is made to the announcements of the Company dated 7 July 2023, 27 July 2023 and 3 October 2023 and the circular of the Company dated 26 October 2023 in relation to, among other things, the Disposal. In summary, prior to completion of the Disposal, members of CWA Group had been wholly-owned subsidiaries of the Company, their operation had been funded by the internal resources of the Group as a whole, and as then members of the Group, have been sharing certain bank facilities obtained by the Group which were secured by, among other things, guarantees and security provided by certain members of the Group. In order to avoid unnecessary disruption to the operations of CWA Group, after completion, Dynasty Garden and ECF shall cooperate and use their respective reasonable efforts to procure, as soon as practicable and within one year after completion of the Disposal (or such other time as Dynasty Garden and ECF may agree), taking into account the then circumstances of CWA Group, the release of the all guarantees and security provided by any members of the Group to secure the obligations of any member of CWA Group in the relevant bank facilities.

Completion of the Disposal took place on 30 September 2023, upon which and up to the date of this announcement, the Group holds 49% equity interest in CWA. Due to a reduced consumption momentum of online customers from the PRC and the strong Hong Kong dollar status, the development and growth of the business of CWA Group was not as expected. As a result, the relevant banks providing the banking facilities which were utilised by CWA Group members, were not yet ready to release the guarantees and security provided by the Group in these banking facilities. As at the date of this announcement, members of CWA Group are still utilising the Relevant Bank Facilities, which are secured by guarantees and security provided by members of the Group. The continuance of the provision of the guarantees and security by the Group in the Relevant Bank Facilities constitute a provision of financial assistance by the Company under Chapter 14 of the Listing Rules.

## **LISTING RULES IMPLICATIONS**

The Provision of Financial Assistance constitutes a major transaction of the Company under the Listing Rules.

So far as the Company is aware having made all reasonable enquiries, no Shareholder is required to abstain from voting at the extraordinary general meeting of the Company for approving the Provision of Financial Assistance if one is to be convened. Tycoon Empire Investment Limited, which holds 431,474,326 Shares, representing approximately 53.93% of the issued share capital of the Company as at the date of this announcement, has given its approval in writing for the transaction in lieu of an approval from the Shareholders at the extraordinary general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. A circular containing the information required under the Listing Rules in relation to, among other things, the Provision of Financial Assistance will be despatched to the Shareholders for their information on or before 24 October 2024.

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 7 July 2023, 27 July 2023 and 3 October 2023 and the circular of the Company dated 26 October 2023 in relation to, among other things, the Disposal. In summary, prior to completion of the Disposal, members of CWA Group had been wholly-owned subsidiaries of the Company, their operation had been funded by the internal resources of the Group as a whole, and as then members of the Group, have been sharing certain bank facilities obtained by the Group which were secured by, among other things, guarantees and security provided by certain members of the Group. In order to avoid unnecessary disruption to the operations of CWA Group, after completion, Dynasty Garden and ECF shall cooperate and use their respective reasonable efforts to procure, as soon as practicable and within one year after completion of the Disposal (or such other time as Dynasty Garden and ECF may agree), taking into account the then circumstances of CWA Group, the release of the all guarantees and security provided by any members of the Group to secure the obligations of any member of CWA Group in the relevant bank facilities.

Completion of the Disposal took place on 30 September 2023, upon which and up to the date of this announcement, the Group holds 49% equity interest in CWA. Due to a reduced consumption momentum of online customers from the PRC and the strong Hong Kong dollar status, the development and growth of the business of CWA Group was not as expected. As a result, the relevant banks providing the banking facilities which were utilised by CWA Group members, were not yet ready to release the guarantees and security provided by the Group in these banking facilities. As at the date of this announcement, members of CWA Group are still utilising the Relevant Bank Facilities, which are secured by guarantees and security provided by members of the Group. The continuance of the provision of the guarantees and security by the Group in the Relevant Bank Facilities constitute a provision of financial assistance by the Company under the Chapter 14 of the Listing Rules.

## THE PROVISION OF FINANCIAL ASSISTANCE

The financial assistance provided by the Group to the CWA Group comprises the provision of guarantees and other collateral serving by members of the Group to licensed banks in Hong Kong for granting the Relevant Banking Facilities to the CWA Group as at 30 September 2024 which amounted to approximately HK\$385.8 million.

Further details of the Provision of Financial Assistance are as follows:

### Relevant Banking Facilities

As at 30 September 2024, being the day falling on one year after completion of the Disposal and as at the date of this announcement, members of CWA Group have been utilising the certain bank facilities provided by licensed banks in Hong Kong (“**Relevant Bank Facilities**”) as follows:

- Facility limit/total loan amount : Total amounted to approximately HK\$385.8 million of which:  
granted
- (1) approximately HK\$216.8 million was available solely to CWA Group; and
  - (2) approximately HK\$169.0 million was shared by both members of CWA Group and those of the Group.
- Lenders : Separately by the following licensed banks in Hong Kong, namely:
- (1) Hang Seng Bank Limited
  - (2) DBS Bank of (Hong Kong) Limited
  - (3) Shanghai Commercial Bank Limited
  - (4) Standard Chartered Bank (Hong Kong) Limited
  - (5) The Bank of East Asia, Limited
  - (6) United Overseas Bank Limited
  - (7) Citibank, N.A.

Named borrowers	:	<p>(1) With TAPGL (a subsidiary of CWA) as the named borrower, approximately HK\$201.8 million of the facility limit/total loan amount;</p> <p>(2) with TAPGL (a subsidiary of CWA) and Tycoon Global (a subsidiary of the Company) as the named borrowers, approximately HK\$169.0 million of the facility limit/total loan amount; and</p> <p>(3) with the Company, TAPGL (a subsidiary of CWA) and Tycoon Global as the named borrowers, HK\$15.0 million of the facility limit/total loan amount.</p>
Purpose	:	Business operations.
Interest	:	Ranging from HIBOR plus 1.95% to HIBOR plus 3.25%
Repayment	:	For the Relevant Banking Facility which is term loan, the maturity date is in October 2024. For the Relevant Banking Facilities which are revolving loans, the maturity date ranges from up to 6 months from the date of drawdown to 1 year on a revolving basis. For the Relevant Banking Facilities which are trade finance loans, the maturity date ranges from up to 90 days from the date of drawdown to 120 days.
Draw down amount	:	<p>As at 30 September 2024:</p> <p>(1) the total amount under the Relevant Bank Facilities drawn down by CWA Group is approximately HK\$180.6 million; and</p> <p>(2) the total amount under the Relevant Bank Facilities drawn down by Group is approximately HK\$109.0 million.</p>
Guarantees	:	<p>The Relevant Bank Facilities is guaranteed by:</p> <p>(1) corporate guarantees by the Company in respect of each of the Relevant Banking Facilities;</p> <p>(2) corporate guarantees by TAPGL in respect of two of the Relevant Banking Facilities; and</p> <p>(3) corporate guarantees by Tycoon Global in respect of two of the Relevant Banking Facilities.</p>

- Security : The security for the Relevant Bank Facilities includes, among other things:
- (1) a first legal charge over three properties in Hong Kong held by a member of the Group;
  - (2) assignments of rental proceeds in respect of rental proceeds over two properties in Hong Kong held by a member of the Group;
  - (3) a charge over certain trade receivables of TAPGL;
  - (4) factoring agreement executed by TAPGL;
  - (5) security agreement over certain bank accounts and investment from TAPGL;
  - (6) assignment of certain account receivables of TAPGL and Tycoon Global; and
  - (7) a charge over certain deposits of Tycoon Global.
- Other conditions : Other than the usual financial covenants, certain of the Relevant Banking Facilities required that (i) the Company to maintain a tangible networth not less than a certain amount, (ii) the Company to remain listed on the Stock Exchange, and/or (iii) Mr. Wong to remain as ultimate controller and single largest beneficial shareholder of the Company.

The terms for the grant of the Relevant Banking Facilities were on normal commercial terms and were negotiated on arms' length basis.

### **Relevant Inter-Company Balance**

As set out in the circular of the Company dated 26 October 2023, the account receivables (other than trade balance) owing by members of the CWA Group to the Group amounted to approximately HK\$61.0 million as at 30 June 2023 (“**Relevant Inter-Company Balance**”). Such amount represented previous shareholders' contributions to the working capital of CWA Group, accumulated since the inception of the Group (as TAPGL, a subsidiary of CWA, was in fact the first operating company of the then Group) up to the time when the controlling stake of CWA Group was held by the Group before the Disposal. The Relevant Inter-Company Balance is interest free and repayable on demand.

As at 30 September 2024, the Relevant Inter-Company Balance has been settled in full.

## **INFORMATION ON THE PARTIES**

### **The Group**

The Group is a reputable omnichannel marketing and management service integrator of healthcare and wellbeing related products in Hong Kong. The Group specialises in providing one-stop services for Proprietary Chinese Medicine (PCM) and health supplement products, including brand agent, marketing, management, distribution, and sales.

Tycoon Global is a major operating company principally engaged in the distribution business of healthcare and wellbeing related products in Hong Kong which is an indirect wholly-owned subsidiary of the Company.

Dynasty Garden is an investment holding company which is an indirect wholly-owned subsidiary of the Company. Dynasty Garden holds 49% of the issued shares in CWA.

### **CWA Group**

CWA is a company incorporated in BVI with limited liability and principally engaged in investment holding and CWA Group is principally engaged in e-commerce business and distribution business of healthcare and wellbeing related products in the PRC. As at the date of this announcement, CWA is owned as to 51% by ECF and 49% by Dynasty Garden.

ECF is an exempted company with limited liability incorporated in the Cayman Islands and registered with the Cayman Islands Monetary Authority as a mutual fund under the Mutual Funds Act of the Cayman Islands. ECF's proposed investment objective is to invest in consumer and/or e-commerce companies and its investment manager is Kudos Summit Asset Management, a corporation licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (a) the investors of ECF comprised of Chu Yin Sang Ken, Mak Kai Ming Maurice and Ng Hui Yee Ethel (each an individual), subscribed for 38.98%, 29.24% and 31.78% of the participating shares respectively; and (b) each of ECF, Kudos Summit Asset Management Limited and their respective ultimate beneficial owner(s) is an Independent Third Party.

TAPGL is principally engaged in distribution business of healthcare and wellbeing related products through operation of online stores and wholesale to e-commerce customers in PRC which is an indirect wholly-owned subsidiary of CWA.

### **Lenders of the Relevant Banking Facilities**

Hang Seng Bank Limited is a licensed bank in Hong Kong and the securities of which are listed on the Main Board of the Stock Exchange (stock code: 11).

DBS Bank of (Hong Kong) Limited is a licensed bank in Hong Kong, and its holding company is DBS Group Holdings Ltd, the securities of which are listed on the Singapore Exchange (stock code: D05).

Shanghai Commercial Bank Limited is a licensed bank in Hong Kong, and its ultimate holding company is The Shanghai Commercial & Savings Bank, Ltd., the securities of which are listed on the Taiwan Stock Exchange (stock code: 5876).

Standard Chartered Bank (Hong Kong) Limited is a licensed bank in Hong Kong, and its holding company is Standard Chartered PLC, the securities of which are listed on the London Stock Exchange (stock code: STAN) and the Main Board of the Stock Exchange (stock code: 2888).

The Bank of East Asia, Limited is a licensed bank in Hong Kong and the securities of which are listed on the Main Board of the Stock Exchange (stock code: 23).

United Overseas Bank Limited is a licensed bank in Hong Kong, a company incorporated in Singapore with limited liability, the securities of which are listed on the Singapore Stock Exchange (U11.SI).

Citibank, N.A. is a licensed bank in Hong Kong, a national banking association organised and existing under the laws of the United States of America.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the above banks and their respective ultimate beneficial owner(s) is an Independent Third Party.

## **REASONS FOR THE PROVISION OF FINANCIAL ASSISTANCE**

The Group specialises in providing one-stop services for Proprietary Chinese Medicine (PCM) and health supplement products, including brand agent, marketing, management, distribution, and sales. Over the years, the Group has established a strong online and offline sales network in Hong Kong, Macau, the PRC and Southeast Asia. The Group has provided over 200 local and overseas brands, and over 1,500 products to consumers and developed several popular and quality self-owned brands. As one of the market leaders, the Group has diversified its business to maintain competitive advantages in the market. The Group strives to bring reputable and quality products to consumers through its online and offline dual-channel business model.

In July 2023, the Group announced the Disposal of the Group's 51% stake in CWA, principally engaged in the e-commerce business and distribution business of healthcare and wellbeing related products in the PRC, to an independent third party, ECF. Completion of the Disposal took place on 30 September 2023, whereby members of the CWA Group ceased to be subsidiaries of the Company, and the Group currently holds a 49% equity interest in CWA.

Given that prior to the Disposal, CWA Group, which was part of the Group, has been utilising certain bank facilities to conduct its ordinary course of business, and that the Group would continue to own 49% of CWA Group after the Disposal, the Group acknowledges the importance and the need to avoid unnecessary disruption to the operations of CWA Group and to maintain the financial stability and operational continuity of CWA Group, which is in the interests of the Group and the Shareholders as a whole. From a commercial and practical perspective and in order to allow a smooth transition, the Group has agreed to include in the SP Agreement provisions to secure the release of the guarantees and security provided by the Group as soon as practicable and within a certain timeframe, that is, one year after completion of the Disposal (or such other time as Dynasty Garden and ECF may agree), taking into account the then circumstances of CWA Group, to arrange and implement the necessary steps for the release of the guarantees and security provided by the Group in the banking facilities and for banking facilities to be obtained independently by CWA Group.

The business of CWA Group has been affected by a reduced consumption momentum of online customers from the PRC and the strong Hong Kong dollar status. Consequently, the development and growth of the business of CWA Group was not as expected. After the completion of the Disposal, both the Group and CWA Group engaged in discussions with relevant banks regarding the potential release of guarantees and security provided by the Group and/or the banking facilities to be obtained independently by CWA Group. Nonetheless, the relevant banks, providing the banking facilities which were utilised by CWA Group members, were not prepared to release the guarantees and security provided by the Group in these banking facilities. Based on the feedback from the relevant banks, it became evident that in order to secure the most favorable terms and rates for such banking facilities, the banks would necessitate the continuation of certain guarantees and security provided by Group members for the provision of the Relevant Banking Facilities.

Taking into account the above regarding the commercially negotiated terms, the assessment of the CWA Group's circumstances and factoring in the continued ownership stake of the Group in CWA Group, the Group agreed to the Provision of Financial Assistance by providing certain guarantees and securities by members of the Group under the Relevant Banking Facilities. The decision to the Provision of Financial Assistance was to show the Group's commitment to ensuring the stability and continuity of operations of CWA Group, in which the Group has a 49% ownership stake, while also maintaining a strategic approach to financial management and partnerships with banking institutions.

The Directors have performed the following works to assess the credit risks of the Provision of Financial Assistance: (i) assessed there was no default history of CWA Group; (ii) obtained and reviewed the financial statements and asset lists of CWA Group as at 30 June 2024 which indicate that as at such date, the revenue, total assets (mainly consisted of cash and bank balance, prepayments and other intra-group receivables), total liabilities, and cash and bank balance recorded by CWA Group were approximately HK\$242.4 million, HK\$332.5 million, HK\$296.1 million, and HK\$10.5 million, respectively; and (iii) as shareholder of CWA, reviewed and assessed the business plans of CWA Group which indicate that they had had sustainable business in past financial two years, and are of the view that the business of CWA Group are expected to bring sufficient returns which can cover CWA Group's repayment obligations under the Relevant Banking Facilities.

As a safeguard measure, the Group, under its existing risk management framework, will continue to regularly monitor and review and communicate with CWA Group from time to time to see if there is any material adverse change towards the financial position of CWA Group which may potentially impair their ability to fulfill its obligations under the Relevant Bank Facilities. By establishing these measures, it is expected that the Group would be able to oversee and control CWA Group's utilisation of the Relevant Bank Facilities effectively.

The terms for the grant of the Relevant Banking Facilities were on normal commercial terms and were negotiated on arms' length basis. Based on the above factors, the Directors (including the independent non-executive Directors) are of the view that the terms of the Provision of Financial Assistance under the Relevant Banking Facilities are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **FINANCIAL EFFECT OF THE PROVISION OF FINANCIAL ASSISTANCE**

The Provision of Financial Assistance will not have any immediate effect on the Group's earnings, assets and liabilities.

Regarding the Relevant Banking Facilities, in the event that CWA Group failed to pay or settle any of the bank loans/facilities under the Relevant Banking Facilities which had guarantees and securities provided by the Group, the members of the Group which had provided such guarantees or securities may be asked by the relevant banks concerned to be liable for due performance by CWA Group of its obligations under the Relevant Banking Facilities and may be required to pay or settle on behalf of CWA Group the amount that were unpaid or not settled together with other charges and expenses. In that case, the Group's cash and bank balance in the financial statements of the Company may be materially and adversely affected.

As at the date of this announcement, members of CWA Group have met all repayment obligations due under the Relevant Banking Facilities in accordance with the respective terms of the Relevant Banking Facilities. No event of default has been triggered under the Relevant Banking Facilities as far as the Group is aware of as at date of this announcement.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Provision of Financial Assistance is more than 25% but less than 75%, the Provision of Financial Assistance constitutes a major transaction of the Company under the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transaction; and (2) the written shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transaction.

So far as the Company is aware having made all reasonable enquiries, no Shareholder is required to abstain from voting at the extraordinary general meeting of the Company for approving the Provision of Financial Assistance if one is to be convened.

Tycoon Empire Investment Limited, which holds 431,474,326 Shares, representing approximately 53.93% of the issued share capital of the Company as at the date of this announcement, has given its approval in writing for the transaction in lieu of an approval from the Shareholders at the extraordinary general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting in relation to the Provision of Financial Assistance will be convened.

A circular containing the information required under the Listing Rules in relation to, among other things, the Provision of Financial Assistance will be despatched to the Shareholders for their information on or before 24 October 2024.

As the total loan amount granted/facility limit of the Relevant Banking Facilities exceed 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the Provision of Financial Assistance gives rise to the general disclosure obligations of the Company under Rules 13.13 and 13.15 of the Listing Rules. Where the circumstances giving rise to the disclosure under Rule 13.13 of the Listing Rules continue to exist at the Company's interim period end or annual financial year end, the Company will comply with the relevant disclosure requirements under Rule 13.20 of the Listing Rules in the interim report or annual report of the Company.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Business Day”	any day(s) (except any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“CWA”	Combo Win Asia Limited, a company incorporated in BVI with limited liability and as at the date of this announcement, owned as to 49% by the Group
“CWA Group”	CWA and its subsidiaries
“Company”	Tycoon Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange

“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 51% issued shares in CWA by Dynasty Garden to ECF pursuant to the SP Agreement, completion of which took place on 30 September 2023
“Dynasty Garden”	Dynasty Garden Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“ECF”	Eyolution Capital Fund, an exempted company with limited liability incorporated in the Cayman Islands, and registered with the Cayman Islands Monetary Authority as a mutual fund under the Mutual Funds Act of the Cayman Islands. To the best knowledge of the Directors, each of the investment manager of the fund, the investors and their respective ultimate beneficial owners is an Independent Third Party
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HIBOR”	Hong Kong Interbank Offered Rate
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of the Company and the connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Wong Ka Chun Michael, an executive Director, the chairman of the Board, chief executive officer and one of the controlling shareholders of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Provision of Financial Assistance”	collectively, the continuing arrangement regarding the guarantees and securities provided by members of the Group under the Relevant Banking Facilities as more particularly described in the section headed “The Provision of Financial Assistance” in this announcement
“Relevant Banking Facilities”	the banking facilities which have been utilised/are utilising by members of CWA Group, as more particularly described in the section headed “The Provision of Financial Assistance – Relevant Banking Facilities” in this announcement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“SP Agreement”	the agreement for the sale and purchase of shares dated 7 July 2023 entered into by and among Dynasty Garden, the Company and ECF in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TAPGL”	Tycoon Asia Pacific Group Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of CWA
“Tycoon Global”	Tycoon Global Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

On behalf of the Board  
**Tycoon Group Holdings Limited**  
**Wong Ka Chun Michael**  
*Chairman, Executive Director  
and Chief Executive Officer*

Hong Kong, 2 October 2024

*As at the date of this announcement, the executive Director is Mr. Wong Ka Chun Michael; the non-executive Directors are Mr. Cao Weiyong, Ms. Liang Yan, Ms. Li Ka Wa Helen and Mr. Lau Ka On David; and the independent non-executive Directors are Mr. Chung Siu Wah, Ms. Chan Ka Lai Vanessa and Mr. Mak Chung Hong (also known as Mak Tommy Chung Hong).*