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## **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)**

### **DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF SHARES IN THE TARGET COMPANY**

The Board announces that after trading hours on 27 July 2020, the Subscriber, an indirect wholly-owned subsidiary of the Company, the Target Holding and the Target Company entered into the Subscription Agreement, pursuant to which the Subscriber agreed to subscribe for, and the Target Company agreed to allot and issue, the Subscription Shares at the aggregate Subscription Price of HK\$20,000,000 in cash. The Target Group is principally engaged in branded healthcare business comprising branded medicines, proprietary Chinese medicines and branded health and wellness products such as health supplements, personal care products and diagnostic kits.

#### **IMPLICATIONS UNDER THE LISTING RULES**

Given the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board announces that after trading hours on 27 July 2020, the Subscriber, an indirect wholly-owned subsidiary of the Company, the Target Holding and the Target Company entered into the Subscription Agreement, pursuant to which the Subscriber agreed to subscribe for, and the Target Company agreed to allot and issue, the Subscription Shares at the aggregate Subscription Price of HK\$20,000,000 in cash.

The principal terms of the Subscription Agreement are summarised as follows:

## **THE SUBSCRIPTION AGREEMENT**

**Date** : 27 July 2020

### **Parties**

**Subscriber** : Profit Cape Limited, an indirect wholly-owned subsidiary of the Company and principally engaged in investment holding.

**Target Holding** : JBM Group (BVI) Limited, a company incorporated in BVI with limited liability and principally engaged in investment holding.

**Target Company** : JBM (Healthcare) Limited, a company incorporated in the Cayman Islands with limited liability which as at the date of the entering into of the Subscription Agreement, was a wholly-owned subsidiary of the Target Holding.

### **Assets to be acquired**

The Subscriber agreed to subscribe, and the Target Company agreed to allot and issue, the Subscription Shares at the aggregate Subscription Price of HK\$20,000,000.

The Subscription is part of a strategic investment (“**Target Strategic Investment**”) by the Subscriber and other investor(s) by way of subscription of new Target Shares. All such other investor(s), whom may be identified by the Target Company, are expected to be Independent Third Parties. Pursuant to the Subscription Agreement, upon completion of the Target Strategic Investment and the Target Subsidiary Reorganisation, the Subscription Shares are expected to represent approximately 2.36% of the enlarged issued share capital of the Target Company as enlarged by the allotment and issue of the Subscription Shares and such other Target Shares to the other investor(s) under the Target Strategic Investment and the Target Subsidiary Reorganisation. Further particulars of the Target Company and the Target Group are set out in section headed “Information of the Target Company and the Target Holding” below.

### **Subscription Price**

The Subscription Price per Subscription Share is HK\$1.00. The aggregate Subscription Price of HK\$20,000,000 shall be payable to the Target Company in cash at Completion.

The aggregate Subscription Price will be funded by the internal resources and/or bank borrowings of the Group.

The Subscription Price was determined after arm's length negotiations between the parties to the Subscription Agreement on normal commercial terms with reference to the historical financial performance of the Target Group, a discount to the historical price-earning multiple of comparable companies and the reasons as set out in the section headed "Reasons for and benefits of the Subscription" below.

### **Completion**

Completion shall take place on the 3rd Business Day after the date of the Subscription Agreement (or such other date as the Subscriber and the Target Company may agree in writing).

### **Right to sell back the Subscription Shares**

Pursuant to the Subscription Agreement, in the event that the Potential Listing does not occur on or before 30 September 2021, the Subscriber shall have the right, but not the obligation, to sell all (and not part) of the Subscription Shares and the Target Holding shall, subject to compliance with the Listing Rules, purchase all (and not part) of the Subscription Shares, at a consideration equivalent to the Subscription Price.

In the event that the Company exercises such right to sell back, the Company shall comply with all applicable requirements under the Listing Rules as and when appropriate.

### **Lock-up undertaking**

Pursuant to the Subscription Agreement, the Subscriber shall not, from the date of Completion up to the 180th calendar day after the completion of the Potential Listing (both days inclusive), (a) mortgage, pledge or otherwise create encumbrance over its legal or beneficial interest in the Subscription Shares; (b) sell, transfer, assign or otherwise dispose (directly or indirectly) any of the Subscription Shares or any legal or beneficial interest therein; (c) enter into any agreement with respect to voting rights attached to any of the Subscription Shares; (d) create any options, rights, interests or encumbrances in relation to any of the Subscription Shares; or (e) agree to do any of the above (a) to (d).

### **INFORMATION ON THE TARGET COMPANY AND THE TARGET HOLDING**

The Target Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Target Group is principally engaged in branded healthcare business comprising branded medicines, proprietary Chinese medicines and branded health and wellness products such as health supplements, personal care products and diagnostic kits.

As at the date of the entering into of the Subscription Agreement, the Target Company was a wholly-owned subsidiary of the Target Holding. The Target Holding is a wholly-owned subsidiary of Jacobson Pharma Corporation Limited, a company the issued shares of which are listed on the Main Board of the Stock Exchange (stock code 2633). As at the date of this announcement, a fellow subsidiary of the Target Holding held approximately 7.07% of the issued shares of the Company and the Group and certain fellow subsidiaries of the Target Holding are engaging in various business cooperations, including as a supplier of the Group and co-investing in companies which are not members of the Group.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Target Company and the Target Holding and its ultimate beneficial owner(s) is an Independent Third Party.

Set out below is a summary of certain financial information of the Target Group for the two years ended 31 March 2020:

	<b>For the year ended 31 March 2019</b>	<b>For the year ended 31 March 2020</b>
	<i>HK\$</i>	<i>HK\$</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	307,515	381,542
Profit before taxation	69,849	56,269
Profit after taxation	59,268	46,600

The unaudited total assets and net assets of the Target Group as at 31 March 2020 were approximately HK\$1,370,539,000 and HK\$698,848,000 respectively.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Company is an investment holding company. The Group principally engages in the provision of a variety of proprietary Chinese medicine, health supplement, skin care, personal care and other healthcare products through diversified online and offline sales channels, through the operation of distributing products to chain retailers, non-chain retailers and traders, and operation of offline store, online stores and e-commerce portals to consumers.

The Group believes that its success largely depended on the ability to source and sell new products that can meet the Group's selection criteria, consumer preferences and changing market demands, such that the continued supply of new and quality products is an important factor in retaining the customer base of the Group. As set out in the section headed "Business – Business strategies" in the prospectus of the Company dated 30 March 2020, one of the Group's strategies to further expand its business and increase its market share is to broadening product selection by introducing new third-party brand products and developing new products for customers.

The Target Group is principally engaged in branded healthcare business comprising branded medicines, proprietary Chinese medicines and branded health and wellness products such as health supplements, personal care products and diagnostic kits. The Directors believe that the Subscription will strengthen its strategic relationship with the Target Group, which could allow the Group to access to a more broader product portfolio, further strengthen the Group's capability and competitiveness as a provider of health and well-being related products and promote the confidence of the Group's suppliers and chain retailer customers as their distributor and supply chain partner respectively. In addition, the Directors believe that the Subscription can provide the Group with an opportunity to generate potential investment returns by investing in the Target Group.

The terms of the Subscription Agreement were determined after arm's length negotiations between the parties thereto. In light of the above reasons, the Directors (including the independent non-executive Directors) are of the view that the Subscription and that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Given the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

## **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(s)”	any day(s) (other than a Saturday, a Sunday, public holiday and any day on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open in Hong Kong for business
“BVI”	the British Virgin Islands
“Completion”	the completion of the Subscription
“connected person”	has the meaning ascribed to it in the Listing Rules
“Company”	Tycoon Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability the issued shares of which are listed on the Main Board of the Stock Exchange

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Potential Listing”	a listing of the Target Shares on a recognized stock exchange as specified in the Subscription Agreement
“Subscriber”	Profit Cape Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 27 July 2020 entered into between the Subscriber, the Target Holding and the Target Company in relation to the Subscription
“Subscription Price”	HK\$1.00, the subscription price for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Shares”	20,000,000 Target Shares to be allotted and issue to the Subscriber pursuant to the Subscription Agreement
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	JBM (Healthcare) Limited, a company incorporated in the Cayman Islands with limited liability

“Target Group”	collectively, the Target Company and its subsidiaries
“Target Holding”	JBM Group (BVI) Limited, a company incorporated in BVI with limited liability
“Target Share(s)”	ordinary shares with par value of HK\$0.01 each in the share capital of the Target Company
“Target Subsidiary Reorganisation”	a proposed acquisition by the Target Group of a minority shareholding interest in a non-wholly owned subsidiary of the Target Company and the consideration of which may be settled by the issue of Target Shares by the Target Company

On behalf of the Board  
**Tycoon Group Holdings Limited**  
**Wong Ka Chun Michael**

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 27 July 2020

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wong Ka Chun Michael and Mr. Chan Fan Shing; four non-executive Directors, namely Mr. Yao Qingqi, Ms. Chong Yah Lien, Mr. Ng Wang Yu Gary and Ms. Li Ka Wa Helen; and three independent non-executive Directors, namely Mr. Wong Yuk Woo Louis, Mr. Chung Siu Wah and Ms. Chan Ka Lai Vanessa.*