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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Hang Tai Yue Group Holdings Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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恆泰裕集團控股有限公司
HANG TAI YUE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8081)

**CONNECTED TRANSACTION AT SUBSIDIARY LEVEL
IN RELATION TO LOAN AGREEMENT
SECURED BY SHARE MORTGAGE**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 3 to 8 of this circular.

The Loan Agreement and the Share Charge and the transactions contemplated thereunder have been approved by written shareholder’s approval obtained from Ms. Cheng Hei Yu, the controlling Shareholder, pursuant to Rule 20.35 of the GEM Listing Rules in lieu of a general meeting of the Company and this circular is being despatched to the Shareholders for information only.

24 September 2020

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CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the meanings as respectively ascribed below:

“Board”	the board of Directors
“Borrower”	Concord-Linked Limited
“Chairman”	the chairman of the Company
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Company”	Hang Tai Yue Group Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on GEM (stock code: 8081)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM as operated by the Stock Exchange
“GEM Listing Rules	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	18 September 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Lender”	Wong Jing Shong, a connected person of the Company at the subsidiary level
“Loan”	the loan in the principal amount of HK\$30,000,000 granted to the Company by the Lender pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement entered into between the Borrower and the Lender dated 4 September 2020 in respect of the Loan and the Share Mortgage

DEFINITIONS

“Maturity Date”	4 September 2021, being one (1) year after the signing of the Loan Agreement
“PRC”	the People’s Republic of China and, for the purpose of this circular, excluding Hong Kong, Macau and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Mortgage”	the share mortgage granted by the Company in favour of the Lender over the 51% interests in the Borrower held by the Company, for the repayment obligations of the Borrower under the Loan Agreement
“Share(s)”	ordinary shares of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“%”	per cent

LETTER FROM THE BOARD



恆泰裕集團控股有限公司 HANG TAI YUE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8081)

Executive Directors:

Mr. Hui Chun Sum (*Chairman*)
Ms. Lam Ching Yee (*Chief Executive Officer*)
Ms. Pauline Lam

Independent non-executive Directors:

Mr. Wong Siu Keung, Joe
Mr. Lee King Fui
Mr. Ho Kin Wai

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*

Unit B, 19/F
Centre Mark II
305-313 Queen's Road Central
Sheung Wan
Hong Kong

24 September 2020

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION AT SUBSIDIARY LEVEL IN RELATION TO LOAN AGREEMENT SECURED BY SHARE MORTGAGE

INTRODUCTION

Reference is made to the announcement of the Company dated 4 September 2020 in relation to the entering into of the Loan Agreement with the Lender, pursuant to which the Lender shall advance to the Borrower, a non-wholly owned subsidiary of the Company, the Loan in the sum of HK\$30,000,000 which is secured by the Share Mortgage executed by the Company in favour of the Lender in securing the repayment obligation of the Borrower under the Loan Agreement.

The purpose of this circular is to provide you with, among other things, further information on the Loan Agreement, the Share Mortgage and other information as required under the GEM Listing Rules.

LETTER FROM THE BOARD

THE LOAN AGREEMENT

- Date : 4 September 2020
- Parties : (a) Concord-Linked Limited (協盟有限公司) as borrower
(b) Wong Jing Shong as lender
- Principal amount : HK\$30,000,000
- Interest rate : The Borrower shall pay interest on the Loan at the interest rate of 5% per annum. Interest which shall accrue from day to day and be calculated on the basis of the actual number of days elapsed and a calendar month, including the first day of the period during which it accrues but excluding the last. The Borrower shall pay the interest accrued on the Loan together with the principal amount of the Loan on the Maturity Date.
- The interest rate was determined after arm's length negotiations among the parties and shall be calculated from the day following the date of drawdown up to the corresponding date of principal repayment.
- Conditions precedent : The Lender shall not be obliged to advance the Loan or any part thereof to the Borrower unless:
- (a) the Board having approved the Loan Agreement, the Share Mortgage and the transactions contemplated thereunder respectively;
 - (b) the Loan Agreement, the Share Mortgage and the transactions contemplated thereunder having been approved by the Shareholder(s) pursuant to Rule 20.34 or 20.35 of the GEM Listing Rules; and
 - (c) the Lender having received the executed Loan Agreement and the Share Mortgage.
- Drawdown : Subject to the fulfillment of the conditions precedent set out in the Loan Agreement, the Borrower may make a request for the Loan by delivering a drawdown request.

LETTER FROM THE BOARD

- Repayment : The Borrower shall pay the principal amount of the Loan together with interest accrued on the Loan on the Maturity Date. Unless it has become unlawful for the Lender to give effect to his obligations under the Loan Agreement, the Lender shall not demand repayment of the Loan as well as interest payment before the Maturity Date.
- Security : The Loan is secured by the Share Mortgage executed by the Company in favour of the Lender in respect of 51% interest in the Borrower.

THE SHARE MORTGAGE

- Charge : First fixed charge and as continuing security for the repayment and discharge of the secured obligations set out below.
- Secured Party : The Lender
- Secured Obligations : all obligations and liabilities, whether present or future, actual or contingent, primary or collateral, in any capacity, alone or jointly with any other person, on the part of the Borrower under the Loan Agreement together with the interest thereon thereunder where such interest is due and payable in accordance with and at the rate or rates provided thereunder; and all fees, expenses and disbursements (including but without limitation, legal fees) properly incurred by the Lender in enforcing the Share Mortgage.
- Securities : 51 ordinary shares of the Borrower, which represent 51% of the total issued capital of the Borrower, beneficially owned by the Company and the dividends payable under the 51 ordinary shares of the Borrower.
- Events of Default : In default of repayment of the Loan or payment of interest. The Lender shall not enforce the Share Mortgage unless the Borrower is in default of repayment of the Loan or payment of interest on the Maturity Date.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP AND THE BORROWER

The Group is principally engaged in the business segments including (i) mobile internet cultural business and provision of information technology (IT) services; (ii) provision of hospitality and related services in Australia; (iii) money lending business; and (iv) assets investments business.

The Borrower is an investment holding company incorporated in the British Virgin Islands with limited liability and is a non-wholly owned subsidiary of the Company. As at the date of this circular, the Borrower is owned as to 51% by the Company and 49% by the Lender. The Borrower and its subsidiaries are principally involved in the provision of information technology (IT) services.

INFORMATION ON THE LENDER

The Lender is a shareholder of the Borrower holding 49% interest and is the director of the Borrower as well as a number of subsidiaries of the Borrower (which are also subsidiaries of the Company). As the Borrower, a non-wholly owned subsidiary of the Company, is owned as to 49% by the Lender, the Lender is a connected person of the Company at the subsidiary level.

REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT AND THE SHARE MORTGAGE

The Borrower has been suffering from fierce industry competition causing it loss-making since the financial year ended 31 December 2017 as well as in a net liability position. For the year ended 31 December 2019, the Borrower recorded net loss of approximately HK\$50 million and net liabilities of approximately HK\$31 million as at 31 December 2019. Both the loss and the net liabilities position of the Borrower were even worse in the first quarter of 2020.

Due to the dire financial situation of the Borrower, the Company has been exploring various financing possibilities such as equity financing and debt financing. However, given that equity financing will inevitably trigger a deemed disposal under the Rule 19.29 of the GEM Listing Rules to which the Company is subject, debt financing is the only choice.

Apart from entering into the Loan Agreement with the Lender, the management of the Borrower has continuously approached and negotiated with independent third parties including several banks and financial institutions for a commercial loan in the first half of 2020. However, these financial institutions had indicated that they would likely reject the Borrower's loan application given its net loss/liabilities position. As such, both the Board and the Borrower considered debt financing from independent third parties to be a less viable option.

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On the other hand, although the cash and cash equivalents of the Group as at 30 June 2020 amounted to approximately HK\$165.9 million as stated in the Company's unaudited interim results for the six months ended 30 June 2020, the Group had net current liabilities of approximately HK\$123.2 million as at 30 June 2020, of which interest-bearing bank and other borrowings that were repayable within one year (or on demand) amounted to approximately HK\$239.6 million. Given that these borrowings are due soon, the Board is of the view that its financial resources should be reserved for repaying these borrowings and for working capital purposes, and in particular, for the development of other business segments that have higher profit potential, such as its hospitality and related services business in Australia and its money lending business.

Given that (i) equity financing is not a viable option as it will inevitably trigger a deemed disposal under the Rule 19.29 of the GEM Listing Rules to which the Company is subject; and (ii) the Borrower would unlikely obtain debt financing from independent third parties; and (iii) the Group would like to allocate its financial resources to repay its borrowings as well as to its other business segments that have higher profit potential, the Board and the Lender had discussed from time to time about the provision of shareholder's financing by the Lender as an alternative means of financing the Borrower. As the financial need of the Borrower remained imminent, the Board and the Lender commenced an arms' length negotiation on the Loan and the Lender required the Board to secure the repayment of the Loan by the Share Mortgage, which the Board considered as not unreasonable given the Borrower's net loss/liabilities position. Taking into account the lack of alternative financing options currently available to the Borrower, the Board considers that the Loan Agreement, including the Share Mortgage contemplated thereunder, is entered into on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the date of this circular, the Borrower, a non-wholly owned subsidiary of the Company, is owned as to 49% by the Lender and hence, the Lender is a connected person of the Company at the subsidiary level. Accordingly, the Loan Agreement and the Share Mortgage contemplated thereunder constitute connected transactions between the Group and the Lender at the subsidiary level.

LETTER FROM THE BOARD

As the Loan Agreement and the Share Mortgage contemplated thereunder have been approved by the Board and the independent non-executive Directors have confirmed that the respective terms of the Loan Agreement and the Share Mortgage are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Loan Agreement and the Share Mortgage contemplated thereunder will constitute a connected transaction which are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules. However, for the purpose of committing to higher corporate governance, the drawdown of the Loan is conditional upon, among the others, the Loan Agreement and the Share Mortgage having been approved by the Shareholder(s) pursuant to Rule 20.34 or 20.35 of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for such approval. Ms. Cheng Hei Yu, being the controlling Shareholder holding 3,765,987,973 Shares, representing approximately 70.57% of the issued Shares as at the date of this circular, has given her written approval for the Loan Agreement, the Share Mortgage and the transactions contemplated thereunder and such written approval can be accepted in lieu of holding a general meeting of the Company pursuant to Rule 20.35 of the GEM Listing Rules. As a result, no special general meeting of the Company will be convened for the purpose of approving the Loan Agreement and the Share Mortgage pursuant to Rule 20.35 of the GEM Listing Rules.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Loan Agreement and the Share Mortgage contemplated there under are on normal commercial terms which are made on an arm's length basis and are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

The Company has obtained from Ms. Cheng Hei Yu, the controlling Shareholder, a written approval for the Loan Agreement and the Share Mortgage contemplated thereunder in lieu of holding a general meeting of the Company, and hence, no general meeting of the Company will be convened to approve the Loan Agreement and the Share Mortgage contemplated thereunder

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
On behalf of the Board
Hang Tai Yue Group Holdings Limited
Hui Chun Sum
Chairman

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. 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.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had, or was deemed to have, any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the Chief Executive were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Long positions in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of shares	Approximate percentage of issued share capital in the Company
Ms. Cheng Hei Yu (鄭熹榆)	Beneficial owner	3,765,987,973 (L)	70.57%

Notes:

Abbreviations: "L" stands for long position

Approximate percentage of issued share capital in the Company is calculated on the basis of 5,336,235,108 Shares in issue as at Latest Practicable Date.

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no other person, other than the Directors or chief executive of the Company and (in the case of the other members of the Group) other than the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up, despite the increase in loss for the six months ended 30 June 2020 as compared with the corresponding period in 2019.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

6. INTERESTS OF DIRECTORS IN COMPETING BUSINESS

Mr. Hui Chun Sum, an executive Director, is the ultimate sole shareholder of Chinese Financial Limited, which is a company principally engaged in the money lending business in Hong Kong. Ms. Pauline Lam, an executive Director, is the director and sole shareholder of Jin Li Da Limited, which is a company principally engaged in the money lending business in Hong Kong. Mr. Lee King Fui, an independent non-executive Director, is an independent non-executive director of Easy Repay Finance & Investment Limited (Stock Code: 8079), the shares of which are listed on GEM and is principally engaged in the money lending business in Hong Kong.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up or were proposed to be acquired or disposed of by or leased to any member of the Group; and none of the Directors or their respective associates was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Unit B, 19/F, Centre Mark II, 305-313 Queen's Road Central Sheung Wan, Hong Kong from 24 September 2020 to 7 October 2020 (both days inclusive):

- (a) the Loan Agreement;
- (b) the Share Mortgage;

- (c) the letter from the Board, the text of which is set out on pages 3 to 8 of this circular;
- (d) the memorandum and articles of association of the Company;
- (e) the written approval dated 4 September 2020 from Ms. Cheng Hei Yu; and
- (f) this circular.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Lam Ching Yee (“**Ms. Lam**”) who is also an executive Director and the chief executive officer of the Company. Ms. Lam was the financial controller of the Company from September 2013 to June 2019. Ms. Lam obtained her Bachelor of Business Administration (Honours) in Finance from the City University of Hong Kong in 2006 and she is a member of the Hong Kong Institute of Certified Public Accountants. Ms. Lam has more than ten years of experience in the areas of corporate restructuring, financial management, merger and acquisition and auditing. With effect from 23 June 2016, Ms. Lam has been appointed as an executive director of Finsoft Financial Investment Holdings Limited, a company whose shares are listed on GEM (Stock Code: 8018).
- (b) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (c) The principal share registrar and transfer office of the Company in Bermuda is Conyers Corporate Services (Bermuda) Limited at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (d) The Hong Kong branch share registrar of the Company is Hong Kong Registrars Limited at Room 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (e) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.