

# TARGET

## Intelligence Report

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**TYCOON GROUP HOLDINGS LTD:**

**HAS CHINA RESOURCES COMPANY LTD**

**FALLEN OUT OF FAVOUR IN THE SEAT OF POWER ?**

In spite of the second-largest shareholder of Tycoon Group Holdings Ltd () (Code: 3390, Main Board, The Stock Exchange of Hongkong Ltd), being a member of China Resources Company Ltd (), a large group of companies, wholly owned (and indirectly controlled) by the State Council of the People's Republic of China (PRC) via State-Owned Assets Supervision and Administration Commission of The State Council of the PRC (), Management of Tycoon Group Holdings Ltd determined that it would be only fitting and proper to consign 45 percent of the net proceeds, derived from its Global Offering, to repay a goodly portion of the Company's bank borrowings.

Interestingly, China Resources Pharmaceutical Group Ltd (), the company, beneficially owning 18.99 percent of the entire Issued and Fully Paid-Up Share Capital of Tycoon Group Holdings Ltd, reported, on April 27, 2020, that its Net Profit Attributable to Shareholders for the three months, ended March 31, 2019, came in at 134,263,675.74 renminbi (about \$HK147,042,892.00) with the company, having cash and cash equivalents, as at March 31, 2019, amounting to 1,092,584,658.22 renminbi (about \$HK1,196,576,866.00).

That which may appear anomalous about the above-mentioned, two paragraphs is that a company, as financially solid and as liquid as clearly is the case of China Resources Pharmaceutical Group Ltd, would require one of its associated companies to clear the decks of the lion's share of its indebtedness to lending organisations.

There is no indication that this medium could find, suggesting that China Resources Pharmaceutical Group Ltd had fallen out of favour with the powers-that-be at Beijing so that, one would suppose a single telephone call to any one of the four Principal Banks of Tycoon Group Holdings Ltd would be sufficient plaction to loosen any one of the banks' purse strings.

After all, according to this medium's intelligence, as at January 31, 2020, interest-bearing bank borrowings of Tycoon Group Holdings Ltd stood at a little more than \$HK165 million, while the amount of money, repaid to lending banks, was only about \$HK101.60 million.

### **The Initial Public Offering (IPO) Of Tycoon Group Holdings Ltd**

The Global Offering Prospectus of Tycoon Group Holdings Ltd was published and disseminated in the Hongkong Special Administrative Region (**HKSAR**) of the PRC on Monday, March 30, 2020.

Management of this provider of proprietary Chinese medicines, health supplements, skin care, personal care and other healthcare products in the HKSAR, sought to sell a total of 192,420,000 Offer Shares at the indicative Offer Price Per Share, ranging from a low of \$HK1.34 to a high of \$HK1.52.

Investors of the HKSAR were Offered the opportunity to subscribe to 19,242,000 Offer Shares (the HKSAR Offer Shares tranche), while International Investors, presumably, Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with this class of investors' corporate entities in which equity control was vested, were induced to subscribe to 173,178,000 Offer Shares (the International Offer Shares tranche).

On Tuesday, April 14, 2020, Management of Tycoon Group Holdings Ltd announced that the Offer Price Per Share had been struck at \$HK1.49 and that it was anticipated that the Company would net about \$HK225.70 million from the Global Offering.

With regard to the HKSAR Offer Shares tranche, the April 14, 2020 Announcement in respect of the Offer Price and Allotment Results, it was stated that this tranche had been '*slightly over-subscribed*'.

Management stated that a total of 15,956 valid applications for HKSAR Offer Shares had been received for a total of 130,676,000 Offer Shares, equivalent of approximately 6.79 times the 19,242,000 Offer Shares, initially available under this tranche.

As for the International Offer Shares tranche, Management stated that it had been '*moderately over-subscribed*', equivalent to 1.70 times the 173,178,000 International Offer Shares, initially available under this tranche.

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