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)

PROFIT WARNING

This announcement is made by Tycoon Group Holdings Limited ("**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules ("**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and the Inside Information Provisions (as defined under the Listing Rules).

The board of directors ("**Board**") of the Company wishes to inform the shareholders of the Company ("**Shareholders**") and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 ("**FY2020**") and the information currently available, the Group expects to record, for FY2020, (i) a decrease in revenue of around 28% as compared to HK$700.8 million for the year ended 31 December 2019 ("**FY2019**"); and (ii) a loss after tax of not more than HK$70 million as compared to a profit after tax of approximately HK$54.5 million for FY2019.

DECREASE IN ANNUAL REVENUE BUT BETTER PERFORMANCE IN THE SECOND HALF OF FY2020

The Directors attribute the aforementioned decrease in revenue for FY2020 principally to the worse-than-expected performance of the Group particularly for the first half of 2020 as a result of the outbreak of coronavirus pandemic ("**COVID-19**") since early 2020.

Despite the revenue for FY2020 in overall decreased by around 28% when compared with that in FY2019, the management of the Group would like to draw the attention of the Shareholders and potential investors that the Group's performance improved in the second half of FY2020. The revenue of the Group for the second half of FY2020 increased by more than 75% when compared with the first half of FY2020 and more than 11% when compared with the second half of FY2019.

SUBSTANTIAL DECREASE IN LOSS IN THE SECOND HALF OF FY2020

Despite the Group is expected to record a loss after tax of not more than HK$70 million as compared to a profit after tax of approximately HK$54.5 million for FY2019, given the improved performance of the Group for the second half of FY2020, the loss for the second half of FY2020 has decreased substantially by more than 50% when compared with that in the first half of FY2020.

LOSS AFTER TAX IN FY2020

A loss after tax of not more than HK$70 million as compared to a profit after tax of around HK$54.5 million in FY2019 was mainly attributable to (i) the decrease in revenue as mentioned above, (ii) the decrease in gross profit margin; and (iii) the increase in operating costs which was partially offset by the increase in other income and gains.

DECREASE IN GROSS PROFIT MARGIN

The decrease in gross profit margin by around 11 percentage points (FY2019: 27.3%) was primarily due to (i) the change in the mix of sales channel, i.e. more sales by way of cross-border e-commerce instead of offline sales, which generated a lower gross profit margin due to the fierce competition in the e-commerce market; and (ii) the change in the mix of products sold i.e. more anti-pandemic products were sourced and sold by the Group and due to the keen competition of these products in the market, these products were sold at a relatively competitive price which also resulted in a lower gross profit margin.

INCREASE IN OPERATING COSTS

The increase in the Group's operating costs by approximately 32% (FY2019: HK$110.8 million) was primarily due to (i) a write-off of inventories of not more than HK$11 million (FY2019: nil) for products which are not merchantable or products with short-shelf life returned from chain retailer customers of the Group; (ii) a provision for impairment of inventories of around HK$20 million (FY2019: nil) for certain health and well-being related products with relatively shorter shelf life as the Group has taken into account the decline of consumer sentiment during the ongoing coronavirus crisis and the Group has implemented stringent policy on remaining shelf life of health and well-being products in order to safeguard the customers' health; and (iii) the increase in legal and compliance costs after listing of the shares of the Company on the Stock Exchange in April 2020.

INCREASE IN OTHER INCOME AND GAINS

The increase in other income and gains of approximately HK$6 million (FY2019: HK$0.4 million) was mainly attributable to the subsidy of HK$5 million from Hong Kong Government's Employment Support Scheme.

ANNUAL RESULTS TO BE FINALISED AND PUBLISHED BY THE END OF MARCH 2021

The Company is still in the course of finalising its financial results for FY2020. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Company and information currently available to the Board and may be subject to adjustment and change. All such unaudited consolidated management accounts and information currently available have not been reviewed by the auditors of the Company nor the audit committee of the Board. Shareholders and potential investors of the Company are advised to read the annual results of the Group which will be disclosed in the annual results announcement to be published by the Company by the end of March 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 15 March 2021

As at the date of this announcement, the Board comprises one executive Director, Mr. Wong Ka Chun Michael; 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.