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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)

UPDATE ON FINANCIAL INFORMATION

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).

DECREASE IN CONSOLIDATED LOSS FOR FY2021

The board of directors (“**Board**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and the potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (“**FY2021**”) and the other information currently available (collectively, the “**Available Information**”), the consolidated loss attributable to the equity holders of the Company for FY2021 is expected to decrease by not less than 60% compared to the consolidated loss of approximately HK\$61.1 million for the year ended 31 December 2020 (“**FY2020**”).

The expected decrease in the Group’s consolidated loss for FY2021 is primarily due to (i) an increase in revenue and gross profit; and (ii) a significant decrease in write-down of inventories.

Increase in revenue and gross profit

The Group’s revenue for FY2021 is expected to increase by more than 70% from HK\$506.0 million for FY2020 and its gross profit for FY2021 is expected to increase accordingly. The Directors attribute such increase to the significant increase in e-commerce sales as a result of continuous efforts in the development and expansion of e-commerce sales.

Decrease in write-down of inventories

For FY2020, the Group recorded a write-down of inventories of HK\$30.5 million for products which were not merchantable or products with short-shelf life returned from chain retailer customers of the Group; and provision for certain health and well-being related products with relatively shorter shelf life.

For FY2021, the amount of the Group's write-down of inventories is expected to decrease by more than 60%. The expected decrease in the Group's write-down of inventories was mainly due to (i) the decrease in the number of products that were returned from chain retailer customers of the Group; and (ii) the Group has taken into account the decline of consumer sentiment during the ongoing coronavirus pandemic and the Group has taken a more prudent approach in sourcing products and placing of purchase orders.

TURNAROUND OF OPERATING RESULTS DURING 2H2021

The Board is also pleased to inform the Shareholders and the potential investors that based on the Available Information, the Group's operating results during the second half of FY2021 ("**2H2021**") is expected to turn around to record a profit as opposed to a loss for the six months ended 30 June 2021 ("**1H2021**").

As disclosed in the interim report of the Company for 1H2021, the Group recorded an unaudited loss attributable to equity holders of the Company of approximately HK\$11.0 million for 1H2021, where such loss was inclusive of a fair value gain of HK\$9.6 million relating to the investment in JBM (Healthcare) Limited ("**JBM**"), in which the Group invested before JBM's listing on the Stock Exchange on 5 February 2021. For 2H2021, the Group recorded a fair value loss of approximately HK\$9.0 million on such investment in JBM.

Excluding the fair value gain/loss on financial assets at fair value through profit or loss relating to the investment in JBM, the Group is expected to achieve a turnaround of its operating results by recording a profit of not less than HK\$0.5 million for 2H2021.

GENERAL

The Company is still in the course of finalising its financial results for FY2021. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the Available Information and may be subject to adjustment and change. The unaudited consolidated management accounts 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 2022.

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, 24 February 2022

As at the date of this announcement, the executive Director is Mr. Wong Ka Chun Michael; the non-executive Directors are Mr. Yao Qingqi, Ms. Chong Yah Lien, 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).