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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2021 was HK$888.9 million, representing an increase of 75.7% compared to HK$506.0 million for the year ended 31 December 2020.
- Gross profit of the Group for the year ended 31 December 2021 was HK$151.7 million, representing an increase of 184.6% compared to HK$53.3 million for the year ended 31 December 2020.
- Net loss of the Group for the year ended 31 December 2021 was HK$17.4 million, representing a decrease in loss of 71.5% compared to a loss of HK$61.0 million for the year ended 31 December 2020.
- The Group's operating results during 2H2021 turned around to record an operating profit of HK$1.2 million as opposed to an unaudited loss attributable to equity holders of the Company of HK$11.0 million for the 1H2021.
- The Board has resolved not to declare any final dividend for the year ended 31 December 2021 (FY2020: a special dividend of HK2 cents per share).

The board ("**Board**") of directors ("**Directors**") of Tycoon Group Holdings Limited ("**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021 ("**Financial Year**" or "**FY2021**") together with the comparative figures for the corresponding period in 2020 ("**Last Year**" or "**FY2020**"):

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000 As restated (Note 2.2)
Revenue	*4*	**888,872**	505,991
Cost of sales	*5*	**(737,171)**	(452,683)
Gross profit		**151,701**	53,308
Other income and gains, net	*4*	**2,879**	6,599
Selling and distribution expenses	*5*	**(97,165)**	(58,737)
General and administrative expenses	*5*	**(65,198)**	(62,983)
Operating loss		**(7,783)**	(61,813)
Finance costs		**(6,261)**	(4,852)
Share of results of investments accounted for using the equity method		**(3,454)**	(1,804)
Loss before income tax		**(17,498)**	(68,469)
Income tax credit	*6*	**96**	7,504
Loss for the year		**(17,402)**	(60,965)
Other comprehensive income/(loss)			
Item that has been reclassified or may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of the financial statements of foreign subsidiaries		**451**	(112)
Total comprehensive loss for the year		**(16,951)**	(61,077)

	Notes	2021 HK$'000	2020 HK$'000 As restated (Note 2.2)
Loss attributable to:			
Equity holders of the Company		**(18,816)**	(61,134)
Non-controlling interests		**1,414**	169
		(17,402)	(60,965)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(18,365)**	(61,246)
Non-controlling interests		**1,414**	169
		(16,951)	(61,077)
Loss per share attributable to the ordinary equity holders of the company			
Basic and diluted *(HK cents per share)*	*7*	**HK(2) cents**	HK(8) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2021

	Notes	**2021** **HK$'000**	2020 *HK$'000*
Non-current assets			
Property, plant and equipment		**65,673**	63,271
Right-of-use assets		**9,389**	15,266
Intangible assets		**40,122**	32,760
Investments accounted for using the equity method		**36,900**	39,846
Prepayments and deposits		**1,145**	3,542
Financial assets at fair value through profit or loss		**23,633**	23,430
Deferred income tax assets		**11,897**	9,946
Total non-current assets		**188,759**	188,061
Current assets			
Inventories		**303,214**	125,336
Prepayments, deposits and other receivables		**108,333**	61,142
Amounts due from related parties		**4,561**	1,911
Trade receivables	*9*	**204,971**	124,116
Cash and cash equivalents		**71,625**	119,344
Total current assets		**692,704**	431,849
Total assets		**881,463**	619,910
Non-current liabilities			
Lease liabilities		**3,618**	7,413
Deferred income tax liabilities		**1,379**	778
Total non-current liabilities		**4,997**	8,191

	Notes	2021 HK$'000	2020 HK$'000
Current liabilities			
Trade payables	10	**306,637**	66,484
Other payables and accruals		**71,992**	50,045
Bank borrowings		**178,960**	131,865
Loan from a shareholder		**50,000**	50,000
Amounts due to related parties		**8**	996
Lease liabilities		**6,503**	9,042
Current tax liabilities		**1,104**	12,848
Total current liabilities		**615,204**	321,280
Total Liabilities		**620,201**	329,471
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	**8,000**	8,000
Reserves		**249,918**	280,157
		257,918	288,157
Non-controlling interests		**3,344**	2,282
Total equity		**261,262**	290,439
Total equity and liabilities		**881,463**	619,910

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Tycoon Group Holdings Limited (the "**Company**") is an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2017. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 14, 8/F., Wah Wai Centre, 38-40 Au Pui Wan Street, Shatin, New Territories, Hong Kong.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 15 April 2020.

The Company is an investment holding company. The Company's subsidiaries were principally engaged in the distribution and retail of health and well-being related products.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Tycoon Empire Investment Limited, which is incorporated in the British Virgin Islands.

This consolidated financial information is presented in thousands of units of Hong Kong dollars ("**HK$'000**"), unless otherwise stated.

The consolidated financial statements were approved for issue by the board of directors of the Company (the "**Board**") on 25 March 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("**FVPL**"), which are measured at fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The Group also elected to adopt the following amendment early:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period. The Group has not early adopted these new accounting standards, amendments and interpretations in the current reporting period and is in the process of assessing their impacts on the Group's future reporting periods and on foreseeable future transactions.

2.2 RECLASSIFICATION OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

The Group has written down inventories of HK$30,518,000, which includes provision for inventories of HK$20,111,000 and write-off of inventories of HK$10,407,000, in general and administrative expenses for the year ended 31 December 2020. An adjustment is made to reclassify the provision for inventories and write-off of inventories from general and administrative expenses to cost of sales with reference to HKAS 1 and HKAS 2. Hence, the cost of sales of HK$422,165,000 and general and administrative expenses of HK$93,501,000 for the year ended 31 December 2020 as previously stated in the consolidated statement of profit or loss and other comprehensive income have been restated to HK$452,683,000 and HK$62,983,000, respectively. As a result, the gross profit of HK$83,826,000 for the year ended 31 December 2020 as previously stated in the consolidated statement of profit or loss and other comprehensive income have been restated to HK$53,308,000. The above reclassification has no impact on the consolidated statement of financial position as at 31 December 2020 and the loss of HK$60,965,000 on the consolidated statement of profit or loss and other comprehensive income for the year then ended 31 December 2020.

3 OPERATING SEGMENT INFORMATION

The executive director has been identified as the chief operating decision-maker. The executive director reviews the Group's internal reports in order to assess performance and allocate resources. The executive director has determined the operating segments based on these reports. Operating segments are reported in manner consistent with the internal reporting to the Group's key management personnel as follows:

(a) the e-commerce segment, which includes the operation of online stores and wholesale to e-commerce customers;

(b) the distribution segment, which includes the operation of distributing products to chain retailers, non-chain retailers and traders; and

(c) the retail stores segment, which includes the operation of retail stores.

The executive director monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax.

The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that share of results of investments accounted for using the equity method, gain on disposal of property, plant and equipment, gain on disposal of subsidiaries, fair value gain on financial assets at fair value through profit or loss, foreign exchange differences, net, finance income, finance costs (other than interests on lease liabilities), corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude investments accounted for using the equity method, financial assets at fair value through profit or loss, deferred income tax assets, amounts due from related parties, cash and cash equivalents and corporate and other unallocated assets as these assets are managed on a group basis. Segment liabilities exclude deferred income tax liabilities, bank borrowings, loan from a shareholder, amounts due to related parties, current tax liabilities, and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

Information provided to the executive director is measured in a manner consistent with that of the consolidated financial information.

(a) The following table presents revenue and results for the Group's reportable segments:

	E-commerce		**Distribution**		**Retail stores**		**Total**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**545,962**	224,687	**339,697**	274,267	**3,213**	7,037	**888,872**	505,991
Inter-segment revenue	**–**	–	**16,363**	19,879	**–**	–	**16,363**	19,879
Reportable segment revenue	**545,962**	224,687	**356,060**	294,146	**3,213**	7,037	**905,235**	525,870
Reportable segment results	**17,689**	4,322	**(7,757)**	(35,657)	**(1,764)**	(6,700)	**8,168**	(38,035)
Share of results of investments accounted for using the equity method							**(3,454)**	(1,804)
Gain on disposal of property, plant and equipment							**200**	651
Gain on disposal of subsidiaries							**–**	109
Fair value gain on financial assets at fair value through profit or loss							**203**	580
Foreign exchange differences, net							**(715)**	(969)
Finance income							**6**	124
Finance costs (other than interests on lease liabilities)							**(5,667)**	(4,191)
Corporate and other unallocated expenses							**(16,239)**	(24,934)
Loss before income tax							**(17,498)**	(68,469)
Income tax credit							**96**	7,504
Loss for the year							**(17,402)**	(60,965)

(b) **The following table presents the total assets and liabilities for the Group's reportable segments:**

	E-commerce		Distribution		Retail stores		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**385,429**	36,247	**318,829**	345,534	**307**	1,980	**704,565**	383,761
Investments accounted for using the equity method							**36,900**	39,846
Financial assets at fair value through profit or loss							**23,633**	23,430
Deferred income tax assets							**11,897**	9,946
Amounts due from related parties							**4,561**	1,911
Cash and cash equivalents							**71,625**	119,344
Corporate and other unallocated assets							**28,282**	41,672
Total							**881,463**	619,910

	E-commerce		Distribution		Retail stores		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment liabilities	**(215,525)**	(12,593)	**(135,496)**	(84,281)	**(162)**	(81)	**(351,183)**	(96,955)
Deferred income tax liabilities							**(1,379)**	(778)
Bank borrowings							**(178,960)**	(131,865)
Loan from a shareholder							**(50,000)**	(50,000)
Amounts due to related parties							**(8)**	(996)
Current tax liabilities							**(1,104)**	(12,848)
Corporate and other unallocated liabilities							**(37,567)**	(36,029)
Total							**(620,201)**	(329,471)

	E-commerce *HK$'000*	Distribution *HK$'000*	Retail stores *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
2021					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	**1,345**	**4,125**	**28**	**67**	**5,565**
Depreciation of right-of-use assets	**2,710**	**6,180**	**–**	**1,062**	**9,952**
Amortisation of intangible assets	**–**	**1,173**	**–**	**–**	**1,173**
Addition to non-current assets	**5,545**	**13,584**	**6**	**2,082**	**21,217**
2020					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	282	2,839	1,018	227	4,366
Depreciation of right-of-use assets	637	4,929	1,864	726	8,156
Amortisation of intangible assets	–	242	–	–	242
Addition to non-current assets	188	10,629	397	229	11,443

(c) Geographical information

Revenue from external customers

	2021 ***HK$'000***	2020 *HK$'000*
Mainland China	**558,847**	224,053
Hong Kong	**225,167**	234,636
Macau	**95,752**	46,675
Singapore	**8,925**	627
Australia	**181**	–
Total revenue from contracts with customers	**888,872**	505,991
Timing of revenue recognition		
At a point of time	**888,872**	505,991

The revenue above is based on the location of the customers.

4 REVENUE, OTHER INCOME AND GAINS, NET

Revenue, other income and gains, net recognised during the year are as follows:

	2021	2020
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**888,872**	505,991

	2021	2020
	HK$'000	*HK$'000*
Other income and gains, net		
Fair value gain on financial assets at fair value through profit or loss	**203**	580
Gain on disposal of property, plant and equipment	**200**	651
Gain on disposal of subsidiaries	**–**	109
Government grants *(Note)*	**643**	5,678
Service income from a joint venture	**1,439**	–
Others	**394**	(419)
	2,879	6,599

Note:

The amounts recognised were primarily related to the government subsidies granted by the Government of the Macau Special Administrative Region (2020: the Government of the Hong Kong Special Administrative Region under Employment Support Scheme and the Government of the Macau Special Administrative Region) for the year ended 31 December 2021. There were no unfulfilled conditions and other contingencies attaching to these grants.

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, general and administrative expenses are analysed as follows:

	2021	2020 As restated (Note 2.2)
	HK$'000	*HK$'000*
Cost of inventories sold (including written-down of inventories of HK$10,461,000 (2020: HK$30,518,000)) *(Note)*	**737,171**	452,683
Depreciation of property, plant and equipment, including leasehold land	**5,565**	4,366
Depreciation of right-of-use assets	**9,952**	8,156
Amortisation of intangible assets	**1,173**	242
Remuneration to the Company's auditor		
– Group annual audit services	**2,100**	2,390
– Non-audit services	**–**	561
Employee benefit expenses	**53,354**	38,578
Expenses under short-term leases	**4,073**	2,708
Impairment of property, plant and equipment	**–**	1,103
Impairment of right-of-use assets	**–**	4,961
Impairment of intangible assets	**999**	450
Listing expenses	**–**	11,447

Note:

During the year ended 31 December 2021, the ongoing global pandemic of COVID-19 has been affecting the demand of certain of the Group's health and well-being related products. Management had carried out an assessment over the realisability of inventories based on their expiry dates, expected market demand and other factors. As a result, HK$10,461,000 of inventories (2020: HK$30,518,000) has been written down to their net realisable values and was recognised in the consolidated statement of profit or loss and other comprehensive income.

6 INCOME TAX CREDIT

Hong Kong profits tax and the People's Republic of China ("**PRC**") enterprise income tax have been provided at the rate of 16.5% (2020: 16.5%) and 25% (2020: 25%) on the estimated assessable profits for the year ended 31 December 2021 respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2021	2020
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong	**22**	–
– PRC	**1,099**	–
– Others	**965**	120
Overprovision in prior years	**–**	(432)
Total current income tax	**2,086**	(312)
Deferred income tax	**(2,182)**	(7,192)
Total tax credit for the year	**(96)**	(7,504)

7 LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2021	2020
Loss attributable to equity holders of the Company *(HK$'000)*	**(18,816)**	(61,134)
Weighted average number of ordinary shares in issue *(in thousands)*	**780,000**	732,940
Basic loss per share *(HK cents)*	**(2)**	(8)

Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares: share awards. For the share awards, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the year) based on the monetary value of the outstanding share awards. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share awards.

For the year ended 31 December 2021, the diluted loss per share was the same as the basic loss per share as the share awards would result in antidilutive impact to the basic loss per share (2020: No adjustment has been made to the basic loss per share presented for the year ended 31 December 2020 as the Group had no potentially dilutive ordinary shares in issue during the year).

8 DIVIDEND

No dividend has been declared by the Company for the year ended 31 December 2021. A special dividend of HK2 cents per ordinary share for the year ended 31 December 2020, amounting to HK$16,000,000 was approved at the annual general meeting held on 25 May 2021. This amount was not reflected as a dividend payable in the consolidated financial statements for the year ended 31 December 2020. The special dividend was paid during the year ended 31 December 2021.

	2021	2020
	HK$'000	*HK$'000*
Dividend paid during the year:		
Special dividend in respect of the year ended 31 December 2020		
– HK2 cents per ordinary share	**16,000**	–
Proposed special dividend:		
Special dividend in respect of the year ended 31 December 2020		
– HK2 cents per ordinary share	**–**	16,000

9 TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**204,971**	124,116

The Group's trading terms with its customers are mainly on credit. The credit period ranges from 30 to 120 days. Each customer has a maximum credit limit and the credit limit is reviewed regularly. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Included in the Group's trade receivables were amounts due from related parties of the Group of HK$14,579,000 (2020: HK$18,479,000) as at 31 December 2021, which is repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables based on the invoice date is as follows:

	2021	2020
	HK$'000	*HK$'000*
Trade receivables:		
Within 90 days	**172,629**	116,191
91 to 180 days	**25,912**	4,977
Over 180 days	**6,430**	2,948
	204,971	124,116

10 TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the reporting periods, based on the invoice date, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**60,543**	23,026
31 to 60 days	**88,264**	19,715
61 to 120 days	**112,385**	22,974
Over 120 days	**45,445**	769
	306,637	66,484

Trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 120 days.

Included in the Group's trade payables were amounts due to the related parties of the Group of HK$190,895,000 (2020: HK$2,187,000) as at 31 December 2021, which is repayable on credit terms similar to those offered to the major suppliers of the Group.

11 ISSUED CAPITAL

Shares

The Company is a limited liability company incorporated in the Cayman Islands on 14 June 2017. The authorised share capital of the Company upon its incorporation was HK$380,000 divided into 38,000,000 shares of HK$0.01 each. The authorised share capital of the Company was increased to HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each on 23 March 2020.

	2021	2020
	HK$'000	*HK$'000*
Issued and fully paid:		
800,000,000 (2020: 800,000,000) ordinary shares of HK$0.01 each	**8,000**	8,000

The movements in share capital were as follows:

	Number of ordinary shares of HK$0.01 each	**Nominal value of ordinary shares**
		HK$'000
Authorised:		
At 31 December 2019 and 1 January 2020 *(note (i))*	38,000,000	380
Increase in authorised share capital on 23 March 2020 *(note (iii))*	9,962,000,000	99,620
At 31 December 2020, 1 January 2021 and 31 December 2021	10,000,000,000	100,000

	Number of ordinary shares of HK$0.01 each	Nominal value of ordinary shares
		HK$'000
Issued and fully paid:		
At 31 December 2019 and 1 January 2020 *(notes (i) and (ii))*	10,000,000	100
Capitalisation issue of shares *(note (iv))*	597,580,000	5,976
Issue of new shares pursuant to the Global Offering *(note (v))*	192,420,000	1,924
At 31 December 2020, 1 January 2021 and 31 December 2021	800,000,000	8,000

Notes:

(i) On 14 June 2017, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. Upon incorporation, 1 nil-paid ordinary share of HK$0.01 was issued and allotted by the Company to its then shareholder.

(ii) Pursuant to a written resolution passed on 30 November 2018, 9,999,999 ordinary shares of HK$0.01 each were allotted, issued and credited as fully paid to the Company's then sole shareholder and the one nil-paid share held by such sole shareholder was also credited as fully paid.

(iii) Pursuant to the written resolutions of the shareholders of the Company passed on 23 March 2020, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of a par value of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 shares of a par value of HK$0.01 each, by the creation of an additional 9,962,000,000 shares with a par value of HK$0.01 each.

(iv) Pursuant to the authority given by the resolutions in writing of the then shareholders of the Company passed on 23 March 2020, an aggregate amount of approximately HK$5,976,000 standing to the credit of the share premium of the Company was approved to be capitalised and applied in paying in full at par of 597,580,000 ordinary shares of HK$0.01 each for allotment and issue to the then shareholders of the Company on 15 April 2020.

(v) In connection with the Global Offering, 192,420,000 ordinary shares of par value of HK$0.01 each were issued at a price of HK$1.49 per share for a total cash consideration, before share issue expenses of HK$31,839,000, of approximately HK$286,706,000. Dealings in the shares of the Company on the Stock Exchange commenced on 15 April 2020.

12 BUSINESS COMBINATION

On 14 May 2021, Key Zone Investment Inc. ("**Key Zone**"), a wholly-owned subsidiary of the Company, entered into a share purchase agreement with independent third parties to acquire 100% of the issued share capital of Fu Qing Chinese Medical Trading Pte. Ltd. ("**Fu Qing**") at an aggregate consideration of Singapore dollars 3,385,000 (equivalent to HK$19,494,000) (the "**Acquisition**"). Upon the completion of the Acquisition on 3 August 2021, Fu Qing become an indirect wholly-owned subsidiary of the Company. Acquisition-related costs of HK$344,000 have been charged to the general and administrative expense in the consolidated statement of profit or loss and other comprehensive income.

The provisional fair values of the identifiable assets and liabilities of Fu Qing assumed, the consideration paid as at the date of acquisition were as follows:

	HK$'000
Consideration	
Cash paid	17,726
Consideration payable	1,768
	19,494
Intangible assets	4,895
Trade receivables	604
Prepayments, deposits and other receivables	1,342
Inventories	9,341
Bank overdraft	(305)
Other payables and accruals	(190)
Deferred tax liabilities	(832)
Total identifiable net assets at fair value	14,855
Goodwill on acquisition	4,639
	19,494
Cash consideration paid	17,726
Add: Bank overdraft assumed	305
	18,031

The goodwill is attributable to a number of factors, amongst others, the synergies expected to arise after the Group's acquisition of Fu Qing. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of trade receivables is HK$604,000. The gross contractual amount for trade receivables due is HK$604,000, all of which is expected to be collectible. The fair value of the acquired identifiable assets was provisional pending receipt of the final valuations of those assets. Deferred income tax liabilities of HK$832,000 have been provided in relation to the fair value adjustments.

The revenue included in the consolidated statement of profit or loss and other comprehensive income since 3 August 2021 contributed by Fu Qing was HK$8,124,000. It had net profit of HK$383,000 over the same period. Had Fu Qing been consolidated from 1 January 2021, the consolidated statement of profit or loss and other comprehensive income would show pro-forma revenue of HK$889,839,000 and net loss of HK$17,339,000.

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

BUSINESS REVIEW

The Group operates three business segments, namely the e-commerce business, the distribution business, and the retail store business. The Group's e-commerce business includes the operation of online stores and wholesale to e-commerce customers. The Group's distribution business includes the distribution of consumer products to large chain retailers, non-chain retailers (mainly pharmacies) and traders primarily in Hong Kong and Macau. The Group's retail store business includes sales of products through its brick-and-mortar retail store in Macau. The e-commerce business and the distribution business are the Group's main business segments.

In FY2021, the Group's revenue was HK$888.9 million, a 75.7% increase from HK$506.0 million for FY2020. The Directors attributed 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.

The Group's consolidated loss for FY2021 decreased sharply by 71.5% to HK$17.4 million (FY2020: Consolidated loss of approximately HK$61.0 million). The decrease in the Group's consolidated loss for FY2021 was primarily due to an increase in revenue and gross profit.

The Group's operating results during the second half of FY2021 ("**2H2021**") turned around to record a profit as opposed to a loss for the first half of FY2021 ("**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**", HKEX Stock Code: 2161.HK), 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 its investment in JBM. Excluding fair value loss on the investment in JBM, the Group recorded an operating profit of HK$1.2 million for 2H2021.

In FY2021, the distribution business in Hong Kong could only recover steadily due to the ongoing pandemic and the travel restrictions and social distancing measures imposed by the Hong Kong SAR Government. As for the distribution business in Macau, as the pandemic in Macau was relatively under control, and the normal traveller clearance with Mainland China was resumed earlier in the second half of 2020, tourists from the two places resumed travelling. The Group also took the lead in order to seize the opportunities brought by the economic recovery of Macau and acquired 80% interest in a distributor in Macau in late 2020, expanding the Group's business in Macau. During the Financial Year, the Group's distribution business in Macau recorded sales of HK$92.5 million, a significant increase of 133.6% compared to that of HK$39.6 million for the FY2020.

Compared with the distribution business affected by the pandemic, the e-commerce business continued to record significant growth compared to Last Year. During the Financial Year, the Group's e-commerce sales revenue reached HK$546.0 million, recorded a year-over-year increase of 1.4 times compared to HK$224.7 million, reflecting the success of the Group's online and offline dual-channel commerce strategy. With the combined effect of reducing infection risk by staying home and the travel restrictions in Mainland China, consumers turned to e-commerce platforms, which helped the growth of the Group's e-commerce business. The Group's e-commerce revenue was mainly derived from Mainland China, possibly because Mainland Chinese consumers turned to e-commerce platforms to purchase reputable products as visiting to Hong Kong through Individual Visit Scheme was restricted. The Group expects that the trend of consumers switching from offline to online shopping will continue and will keep on actively exploring the market in Mainland China to cope with the expansion of e-commerce business.

The Group is committed to sourcing quality health and well-being related products with the mission to bring a healthy and energetic lifestyle to customers. During the Financial Year, the Group has successfully obtained the distribution right of several new brands. Being led by one of the substantial shareholders of the Company, China Resources Pharmaceutical Group Limited ("**CR Pharma**", HKEX Stock Code: 3320.HK), the Group has obtained the online and offline sole distribution right in China for Culturelle (being one of the new brands that the Group has secured during the Financial Year), the best seller of the probiotic brands in the United States as well as a leading probiotic brand in the United States. The Group anticipates that the sales of Culturelle® products will be one of the key drivers of business growth. During the Financial Year, the commencement of sales of Culturelle® products was also another main reason for the increase in the Group's Mainland China business revenue.

Meanwhile, the Group has been actively expanding its Online-to-Offline ("**O2O**") business and the online and offline dual-channel commerce strategy. It has successfully obtained the offline distribution right in China for the Australia's No. 1 hand cream brand DU'IT. The products have been launched at Sam's Club, KKV, The Colorists, PureH2B, and Rainbow shopping mall in the second half of 2021. The sales of DU'IT and Culturelle® products will both be key drivers of the increase in the Group's sales revenue.

During the Financial Year, Tycoon Group had formed a new joint venture with a subsidiary of JBM to develop and manufacture own-brand products to expand its health supplement product market collaboratively, leveraging the respective strengths of the two groups to form a closer alliance to implement several strategic collaborations. The partners hoped to utilise the strong development and manufacturing capabilities of JBM to develop certain own-brand products that cater for and suit the market trends and consumers' needs, and utilised the Group's brand management expertise and distribution channels to distribute these own-brand products to seize the market share. The joint venture was owned as to 50% by the Group and 50% by JBM, and was jointly controlled by both groups. For details, please refer to the voluntary announcement of the Company dated 8 April 2021. The own-brand "SEASONS (田心日辰)" and "Slimming Expert (修腩專家)" had launched a number of healthcare products and contributed to the Group's sales since 2021. It is expected that more new products will be launched to expand the product portfolio and to optimise the gross profit margin.

During the Financial Year, the Group has completed the first round of deployment around the world. Our sourcing centers have been established in Australia, Japan, Malaysia, Singapore, Macau and Thailand. As an omnichannel brand marketing and management service integrator, the Group has expanded its territory. The Group will continue to source more high-quality healthcare and beauty related products to further expand the diversity of the Group's product portfolio.

FUTURE OUTLOOK

The coronavirus disease 2019 ("**COVID-19**") pandemic has changed consumers' habits, driving them from shopping offline to shopping online. This phenomenon is reflected in the growth of the Group's Mainland China cross-border e-commerce business despite the pandemic. The Directors expect the trend of online shopping will continue in the future and hence, the Group will seize the opportunities and devote more resources into the e-commerce business, continue to seek co-operation opportunities with reputable brands and assist them to expand their e-commerce business in Mainland China.

As of 2021, the Group has offered a total of more than 1,500 products, and has been actively providing consumers with new products and own-brand products and distributing them across its channels, including online and offline channels in Hong Kong, Macau and Mainland China. The Group will continue to source new products to enrich its product portfolio. The Group's gross profit margin will gain momentum as its own-brand products and products distributed through offline channels are relatively favorable to drive the Group's gross profit margin. In addition, since the gross profit margin of the Hong Kong market had been maintained at a considerable level before the impact of the pandemic, it is expected that when the local pandemic situation eases, normal traveller clearance between the two places will resume, and the Group's gross profit margin is also expected to further improve. The Group, together with CR Pharma, obtained the distribution right in China for certain health supplement products under the brand of Culturelle®, which also enables the Group to embrace the huge domestic network of CR Pharma Group to bring high-quality products to domestic consumers through online and offline channels. It is anticipated that Culturelle® products will be one of the key drivers of sales growth.

In terms of policy of the PRC, in November 2020, the central government of the PRC promulgated the Work Plan ("**Work Plan**") for Regulatory Innovation and Development of Pharmaceutical and Medical Device in the Guangdong-Hong Kong-Macao Greater Bay Area ("**GBA**") (粵港澳大灣區藥品醫療器械監管創新發展工作方案), which specifically allows, among others, designated healthcare institutions operating in the nine cities of the GBA to use Hong Kong-registered drugs with urgent clinical use upon approval and simplification of the registration process for importing proprietary Chinese medicines ("**PCM**") for external use registered in Hong Kong. Approved PCM can be distributed in the GBA. The relevant measures have greatly facilitated the market expansion of Hong Kong PCM manufacturers, and brought unprecedented development opportunities to the Chinese medicine industry in Hong Kong. The Directors expect that there will be great business opportunities for the Group to source products, such as urgent clinical use drugs and medical devices, for the hospitals in the GBA upon the implementation of the Work Plan. As for PCM, in this Financial Year, the Group has entered into a strategic cooperation framework agreement with China Resources Guangdong Pharmaceutical Co., Ltd ("**CR Guangdong**"), a non-wholly-owned subsidiary of CR Pharma, and Hong Kong Guobiao Inspection and Testing Co., Ltd ("**Guobiao**"). The three parties reached a preliminary understanding in relation to the further extensive cooperation in various areas including provision of integrated services for research and development and full commercial scale production of medicines in GBA. For details, please refer to the voluntary announcement of the Company dated 22 November 2021. The cooperation is in line with national and the Hong Kong SAR government policies. The Guangdong Provincial Medical Products Administration announced earlier that the holder of any traditional PCM for external use that has been registered with the Chinese Medicine Council of Hong Kong and in use in Hong Kong for more than 5 years may apply for registration through the streamlined procedures. Such PCM, upon successful approval, may be sold in the GBA. This indicated the streamlining of the approval procedures for Hong Kong registered traditional PCM for external use to be registered and sold in the Guangdong-Hong Kong-Macao GBA. Such measures greatly facilitated the Group's expansion into the GBA. The Group has been actively advancing on relevant work and expects to assist customers in completing product registration going forward.

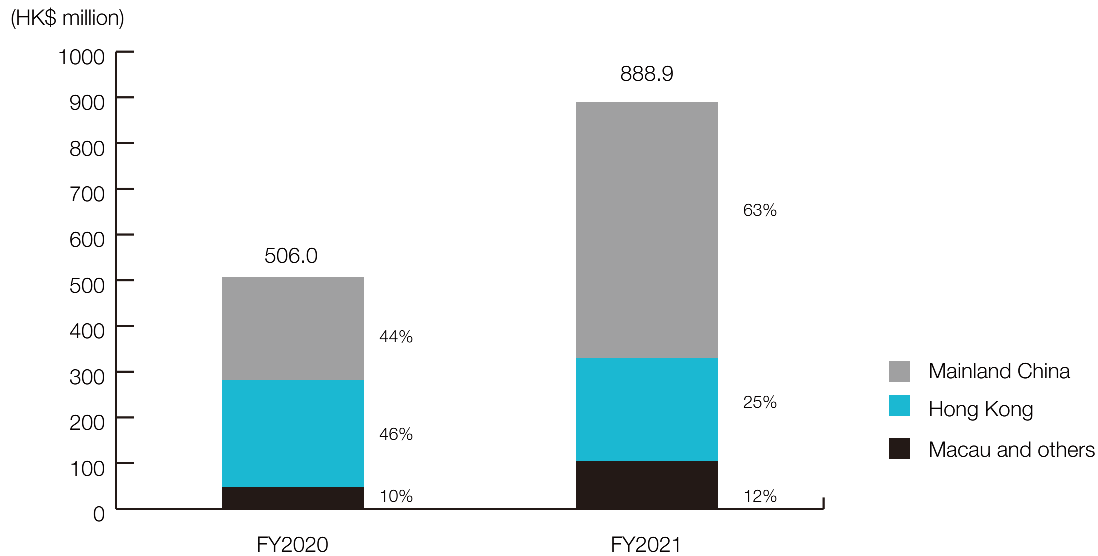
Under the background of favorable policies of the PRC and the cooperation with CR Guangdong and Guobiao, the Group entered the huge blue ocean market of PCM in China and the pharmaceutical and healthcare products market in the GBA during the Financial Year. The bright future and broad growth space will bring significant opportunities for the Group's business in the GBA. The Group is expected to bring high-quality PCM brands from Hong Kong and Macau to the blue ocean market of PCM throughout China.

Given the large population in China and the strong demand for reputable PCM and health supplement products, together with the favorable policy stated above, the Group expects that the future business growth will mainly come from Mainland China and therefore will continue to actively develop Mainland China market and seize the opportunities in the GBA. The Group has set up a joint venture company in China with a wholly-owned subsidiary of CR Pharma, one of the substantial shareholders of the Company, in early 2020. The joint venture has commenced operation since the last quarter of 2021, by leveraging on CR Pharma's sales network of more than 110,000 downstream customers and over 840 self-owned retail pharmacies across Mainland China to distribute high quality products selected by the Group from overseas for Chinese consumers, actively expanding the Mainland offline market. The Group is expected to benefit from the business activities of such joint venture starting from 2022.

The Group will continue to develop its O2O business and the online and offline dual-channel commerce strategy to maintain the strong advantages of the Group's e-commerce business. At the same time, the Group will vigorously develop the offline distribution business in the GBA, in order to provide brand owners with more comprehensive one-stop omnichannel brand marketing and management services, covering the PRC, Hong Kong and Macau, as well as online and offline channels. The Group will also take a prudent attitude and continue to explore good opportunities for merge and acquisition to seek for more cooperation solutions that are beneficial to the development of the Group. Meanwhile, the Group will continue to monitor the development of the pandemic and actively respond to mitigate the impact of the outbreak on the performance of the Group, so as to maximize returns for our shareholders.

FINANCIAL REVIEW

Revenue



Geographical markets

	FY2021 ***HK$ million***	FY2020 *HK$ million*	Change
Mainland China	**558.8**	224.1	▲149.4%
Hong Kong	**225.2**	234.6	▼4.0%
Macau	**95.8**	46.7	▲105.1%
Others	**9.1**	0.6	▲1,352.3%
Total	**888.9**	506.0	▲75.7%

- The Group's total revenue for the Financial Year was up by 75.7% to HK$888.9 million (FY2020: HK$506.0 million).

- During FY2021, revenue from Mainland China jumped by 149.4% to HK$558.8 million (FY2020: HK$224.1 million). Such increase was mainly attributable to the tighter travel restrictions from Mainland China to Hong Kong, driving customers in Mainland China to online platforms for products of good reputation and quality; and the commencement of sales of health supplement products under the brand of Culturelle which is a leading probiotic brand in the United States.

- In Hong Kong, revenue for FY2021 shrank by 4.0% to HK$225.2 million (FY2020: HK$234.6 million) as the COVID-19 pandemic and closure of major border crossings weighed on consumer spending.

- In Macau, revenue for FY2021 increased substantially by 105.1% to HK$95.8 million (FY2020: HK$46.7 million) mainly due to the expansion of the Group's business following the acquisition of 80% interest in a Macau distributor in September 2020 and the reopening of major border crossings between Macau and Mainland China in second half of year 2020.

Profitability

The gross profit of the Group increased by 184.6% to HK$151.7 million for FY2021 as compared to that of HK$53.3 million for FY2020, and the gross profit margin increased by 6.6 percentage points to 17.1%. Increase in gross profit and gross profit margin was primarily due to (i) the expansion of the Group's e-commerce sales; (ii) the improvement in the gross profit margin of certain e-commerce products; and (iii) the decrease in write-down of inventories from HK$30.5 million in FY2020 to HK$10.5 million in this Financial Year.

Selling and distribution expenses of the Group for the Financial Year increased by 65.4% to HK$97.2 million, as compared to HK$58.7 million for FY2020 because the significant increase in e-commerce sales entails a substantial increase in website service fee and certain marketing fee.

General and administrative expenses of the Group for FY2021 were HK$65.2 million which were similar to FY2020.

Finance costs of the Group for the Financial Year increased by 29.0% to HK$6.3 million as compared to HK$4.9 million for FY2020 due to the increase in interest-bearing bank borrowings.

Other income and gains, net

Other income and gains of the Group decreased to HK$2.9 million for FY2021 as compared to that of HK$6.6 million for FY2020 primarily due to the absence of the subsidy from Hong Kong Government's Employment Support Scheme.

Loss attributable to shareholders

The loss attributable to shareholders of the Company for FY2021 was HK$18.8 million as compared to a loss of HK$61.1 million for FY2020. The significant decrease is primarily due to (i) the increase in revenue and gross profit; which is offset with (ii) the corresponding increase in selling and distribution expenses, each as discussed above.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Acquisition of Fu Qing Chinese Medical Trading Pte. Limited

With a view to expanding the Group's distribution business overseas, on 14 May 2021, Key Zone Investment Inc. ("**Key Zone**"), a wholly-owned subsidiary of the Company, entered into a share purchase agreement with independent third parties to conditionally acquire the entire issued share capital of Fu Qing Chinese Medical Trading Pte. Ltd. ("**Fu Qing**"), a distributor in Singapore at an aggregate consideration of Singapore dollars 3,385,000 (equivalent to HK$19,494,000) ("**Acquisition of Fu Qing**"). The Acquisition of Fu Qing was completed on 3 August 2021. Immediately after completion of the Acquisition of Fu Qing, Fu Qing has become an indirect wholly-owned subsidiary of the Company and the accounts of Fu Qing should be consolidated to the accounts of the Group. The Directors confirmed that the Acquisition of Fu Qing did not constitute a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Financial Year.

UPDATE ON THE PRE-IPO SHAREHOLDERS AGREEMENT

Reference is made to the prospectus of the Company dated 30 March 2020 ("**Prospectus**") and the announcement of the Company dated 18 June 2021.

As set out in the section headed "Pre-IPO Investments" in the Prospectus, the Company, the controlling shareholders of the Company ("**Controlling Shareholders**") and the pre-IPO investors entered into a shareholders' agreement on 19 February 2019 ("**Pre-IPO Shareholders Agreement**").

Under the Pre-IPO Shareholders Agreement, China Resources Pharmaceutical Retail Group Limited ("**CR Pharma Retail**"), being one of the pre-IPO investors, was granted certain special rights by the Controlling Shareholders, which have survived after listing of the shares ("**Shares**") of the Company on the Stock Exchange ("**Global Offering**"). Such rights include, without limitation, the right to receive compensation from the Controlling Shareholders in the event that the aggregated sum of the audited consolidated net profit of the Company for the two financial years ended 31 December 2020 (excluding certain expenses) is less than HK$274.0 million ("**Target Profit**").

Given that the Target Profit was not met, the Controlling Shareholders had approached CR Pharma Retail to liaise for amendment of certain terms of the Pre-IPO Shareholders Agreement. On 18 June 2021, the Company, the Controlling Shareholders, Pre-IPO Investor A and Pre-IPO Investor B entered into a modification deed to amend the Pre-IPO Shareholders Agreement ("**Amended Pre-IPO Shareholders Agreement**"). Pursuant to the Amended Pre-IPO Shareholders Agreement, certain special rights granted to Pre-IPO Investor A by the Controlling Shareholders were amended such as (i) the profit guarantee period is extended to 31 December 2023; and (ii) the Target Profit is still HK$274.0 million but covering the five financial years ending 31 December 2023.

For details of the Amended Pre-IPO Shareholders Agreement, please refer to the announcement of the Company dated 18 June 2021.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

200,000,000 Shares are charged by Tycoon Empire Investment Limited ("**Tycoon Empire**"), the controlling shareholder of the Company, in favour of CR Pharma Retail, a wholly-owned subsidiary of CR Pharma ("**Share Charge**") as security for the performance by Tycoon Empire and Mr. Wong Ka Chun Michael of their obligations under the Pre-IPO Shareholders Agreement, and such Share Charge was originally effective until 30 June 2021. With the profit guarantee period being extended to 31 December 2023 under the Amended Pre-IPO Shareholders Agreement, the parties to the Share Charge released the Share Charge and entered into a new share charge pursuant to which such new share charge shall be effective until 30 June 2024 with all other material terms remain unchanged.

For details of the Share Charge and the new share charge, please refer to "Pre-IPO Investments" in the Prospectus and the announcement of the Company dated 18 June 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed a total of 186 employees in Hong Kong, Mainland China, Macau, Singapore, Malaysia, Australia, Japan and Thailand (31 December 2020: 172). During the Financial Year, the total staff costs incurred were approximately HK$53.4 million (FY2020: HK$38.6 million). The Group's remuneration policy is based on position, duties and performance of the employees. Employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and subsidies. The performance appraisal cycle varies according to the positions of employees. In order to provide incentives to and to recognise the contributions of employees of the Group, the Group has also adopted a share award scheme and share option scheme.

DIVIDEND

The Board has resolved not to declare any final dividend for the FY2021 (FY2020: a special dividend of HK2 cents per share).

USE OF PROCEEDS FROM LISTING

The Shares were listed on the Stock Exchange by way of Global Offering on 15 April 2020 ("**Listing Date**"), and the net proceeds from the Global Offering (after deducting listing expenses) amounted to approximately HK$224.5 million ("**Net IPO Proceeds**").

The Group has utilised and will continue to utilise the Net IPO Proceeds in accordance with the purposes set out in "Future Plans and Use of Proceeds" in the Prospectus. The table below sets out the planned applications of the Net IPO Proceeds and actual usage up to 31 December 2021:

Use of proceeds	**Adjusted on a pro rata basis based on the actual Net IPO Proceeds** *(HK$ million)*	**Percentage of the total Net IPO Proceeds**	**Actual use of the Net IPO Proceeds from the Listing Date to 31 December 2021** *(HK$ million)*	**Unutilized Net IPO Proceeds as at 31 December 2021** *(HK$ million)*	**Expected timeline of utilizing the unutilized Net IPO Proceeds**
Further developing supply chain and retail management	66.6	30%	56.8	9.8	On or before 31 December 2022
Further investing in brand management to increase mass awareness of the Group and its products	33.8	15%	33.0	0.8	On or before 31 December 2022
Repaying loans	101.6	45%	101.6	–	
General working capital	22.5	10%	22.5	–	
Total	224.5	100%	213.9	10.6	

As at the date of this announcement, the unutilised Net IPO Proceeds were deposited into interest-bearing bank accounts at licensed banks in Hong Kong.

ANNUAL GENERAL MEETING

An annual general meeting of the Company ("**AGM**") will be held on Wednesday, 25 May 2022 and the notice of the AGM will be published and despatched to the shareholders of the Company ("**Shareholders**") in accordance with the Company's articles of association and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 20 May 2022 to Wednesday, 25 May 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 pm on Thursday, 19 May 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the Financial Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions of the Company by the Directors ("**Securities Dealing Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with the Directors, all the Directors confirmed that they had complied with the Securities Dealing Code during the Financial Year.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Listing Rules.

To the best of the knowledge of the Board, the Company has fully complied with the requirements under the then prevailing CG Code during the Financial Year, except for the deviation from code provision C.2.1 of the CG Code.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The roles of the chairman and the chief executive officer of the Group is not separated and are performed by the same individual, Mr. Wong Ka Chun Michael, who has been responsible for overall strategic planning and management of the Group since the Group was founded and has extensive knowledge and experience in the healthcare and personal care products industry. The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed together with the Company's management, the accounting principles and practices adopted by the Group, has discussed the internal control and financial reporting matters and has reviewed the audited consolidated financial statements of the Group for the Financial Year.

EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF THE 2021 ANNUAL RESULTS ANNOUNCEMENT AND 2021 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tycoongroup.com.hk). The annual report of the Company for the Financial Year containing all the information required under the Listing Rules will be published on the aforesaid websites of the Stock Exchange and the Company and will be despatched to the Shareholders in due course.

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

Hong Kong, 25 March 2022

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Wong Ka Chun Michael; four non-executive Directors, namely Mr. Yao Qingqi, Ms. Chong Yah Lien, Ms. Li Ka Wa Helen and Mr. Lau Ka On David; and three independent non-executive Directors, namely Mr. Chung Siu Wah, Ms. Chan Ka Lai Vanessa and Mr. Mak Chung Hong (also known as Mak Tommy Chung Hong).