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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2023 ("**Period**" or "**1H2023**") was HK$666.3 million, representing an increase of 13.3% compared to HK$588.2 million for the six months ended 30 June 2022 ("**Last Period**" or "**1H2022**").
- Gross profit of the Group for 1H2023 was HK$173.1 million, representing an increase of 34.9% compared to HK$128.4 million for 1H2022.
- Gross profit margin increased by 4.2 percentage points from 21.8% in 1H2022 to 26.0% in 1H2023.
- Net profit of the Group for 1H2023 was HK$87.0 million, representing an increase of 281.9% compared to HK$22.8 million for 1H2022.
- The Board has resolved to declare the payment of interim dividend of HK3.5 cents per ordinary share for 1H2023 (1H2022: Nil).

The board ("**Board**") of directors ("**Directors**") of Tycoon Group Holdings Limited ("**Company**" or "**Tycoon**") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**" or "**Tycoon Group**") for 1H2023, together with the comparative figures for 1H2022:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
	Notes	**2023**	2022
		HK$'000	*HK$'000*
Revenue	*6*	**666,286**	588,203
Cost of sales	*7*	**(493,158)**	(459,818)
Gross profit		**173,128**	128,385
Other gains/(losses), net	*6*	**32,213**	(3,491)
Selling and distribution expenses	*7*	**(55,001)**	(52,766)
General and administrative expenses	*7*	**(43,996)**	(35,784)
Operating profit		**106,344**	36,344
Finance costs		**(11,946)**	(4,057)
Share of results of investments accounted for using the equity method		**2,116**	(2,850)
Profit before income tax		**96,514**	29,437
Income tax expense	*8*	**(9,467)**	(6,642)
Profit for the period		**87,047**	22,795
Other comprehensive 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		**(1,513)**	(2,359)
Total comprehensive profit for the period		**85,534**	20,436

	Notes	Unaudited Six months ended 30 June **2023** ***HK$'000***	 2022 *HK$'000*
Profit attributable to:			
Equity holders of the Company		**87,528**	22,472
Non-controlling interests		**(481)**	323
		87,047	22,795
Total comprehensive income attributable to:			
Equity holders of the Company		**86,015**	20,113
Non-controlling interests		**(481)**	323
		85,534	20,436
Earnings per share attributable to equity holders of the Company			
Basic and diluted (HK cents per share)	*9*	**11**	3

The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited As at 30 June 2023 *HK$'000***	Audited As at 31 December 2022 *HK$'000*
Non-current assets			
Property, plant and equipment		**60,434**	60,954
Right-of-use assets	*11*	**14,123**	13,101
Intangible assets		**87,762**	38,664
Investments accounted for using the equity method		**–**	33,710
Prepayments and deposits		**1,348**	996
Financial assets at fair value through profit or loss		**70,400**	19,000
Deferred income tax assets		**8,310**	9,205
Other non-current asset		**6,983**	6,835
Total non-current assets		**249,360**	182,465
Current assets			
Inventories		**426,204**	341,818
Prepayments, deposits and other receivables		**162,463**	147,651
Amounts due from related parties		**2,035**	9,367
Trade receivables	*12*	**277,221**	256,213
Cash and cash equivalents		**70,511**	74,603
Total current assets		**938,434**	829,652
Total assets		**1,187,794**	1,012,117
Non-current liabilities			
Lease liabilities	*11*	**3,857**	3,010
Deferred income tax liabilities		**3,638**	1,170
Other non-current liability		**6,084**	–
Total non-current liabilities		**13,579**	4,180

	Notes	**Unaudited As at 30 June 2023** ***HK$'000***	Audited As at 31 December 2022 *HK$'000*
Current liabilities			
Trade payables	*13*	**345,968**	302,764
Other payables and accruals		**100,137**	68,101
Bank borrowings		**268,605**	278,368
Loan from a shareholder		**50,000**	50,000
Amounts due to related parties		**8**	8
Lease liabilities	*11*	**10,129**	10,220
Current tax liabilities		**12,591**	5,316
Total current liabilities		**787,438**	714,777
Total liabilities		**801,017**	718,957
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	*14*	**8,000**	8,000
Reserves		**371,944**	285,640
		379,944	293,640
Non-controlling interests		**6,833**	(480)
Total equity		**386,777**	293,160
Total equity and liabilities		**1,187,794**	1,012,117

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Tycoon Group Holdings Limited ("**Company**", together with its subsidiaries, the "**Group**") 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 ("**Stock Exchange**") by way of global offering ("**Global Offering**") since 15 April 2020.

The Company is an investment holding company. During the period, 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 was incorporated in the British Virgin Islands ("**BVI**").

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

This interim condensed consolidated financial information was approved for issue by the board of directors of the Company ("**Board**") on 30 August 2023.

This interim condensed consolidated financial information are unaudited and have been reviewed by the audit committee of the Board and approved for issue by the Board on 30 August 2023.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information is for the Group consisting of the Company and its subsidiaries. This interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. This interim condensed consolidated financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2022, as described in the annual consolidated financial statements, except for the estimation of income tax, the adoption of new and amended standards as set out below. Income tax expenses for the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new and amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

(b) Impact of new and amended standards issued but not yet applied by the Group

Certain new and amended standards have been issued but are not mandatory for application in the current reporting period. The Group did not early adopt these new and amended standards in the current reporting period. The Group is in the process of assessing the impact of adopting these standards on its current or future reporting periods and on foreseeable future transactions.

4 ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

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

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

(c) the retail store segment, which includes the operation of a retail store after the acquisition of a subsidiary.

The management 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 before tax is measured consistently with the Group's profit before tax except that share of results of investments accounted for using the equity method, gain on disposal of a joint venture, gain on remeasurement of previously held interests in an associated company, fair value gain/(loss) on financial assets at fair value through profit or loss, foreign exchange differences, net, finance income, finance costs (other than interest on lease liabilities), corporate and other unallocated expenses and income tax expense are excluded from such measurement.

Segment assets exclude investments accounted for using the equity method, financial assets at fair value through profit or loss, investment in an insurance contract, 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 the interim condensed consolidated financial information.

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

	Six months ended 30 June (Unaudited)							
	Distribution		**E-commerce**		**Retail Store**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**375,147**	291,872	**275,420**	296,331	**15,719**	–	**666,286**	588,203
Inter-segment revenue	**23,418**	98,110	**–**	–	**–**	–	**23,418**	98,110
Reportable segment revenue	**398,565**	389,982	**275,420**	296,331	**15,719**	–	**689,704**	686,313
Reportable segment results	**64,803**	34,594	**19,772**	14,071	**497**	–	**85,072**	48,665
Share of results of investments accounted for using the equity method							**2,116**	(2,850)
Gain on disposal of a joint venture							**10,000**	–
Gain on remeasurement of previously held interests in an associated company							**1,414**	–
Fair value gain/(loss) on financial assets at fair value through profit or loss							**19,100**	(4,600)
Foreign exchange differences, net							**(336)**	95
Finance income							**140**	3
Finance costs (other than interests on lease liabilities)							**(11,736)**	(3,785)
Corporate and other unallocated expenses							**(9,256)**	(8,091)
Profit before income tax							**96,514**	29,437
Income tax expense							**(9,467)**	(6,642)
Profit for the period							**87,047**	22,795

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

	Distribution		E-commerce		Retail Store		Total	
	Unaudited	Audited	**Unaudited**	Audited	**Unaudited**	Audited	**Unaudited**	Audited
	As at	As at	**As at**	As at	**As at**	As at	**As at**	As at
	30 June	31 December	**30 June**	31 December	**30 June**	31 December	**30 June**	31 December
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**440,029**	367,263	**456,337**	472,530	**111,578**	–	**1,007,944**	839,793
Investments accounted for using the equity method							**–**	33,710
Financial assets at fair value through profit or loss							**70,400**	19,000
Investment in an insurance contract							**6,983**	6,835
Deferred income tax assets							**8,310**	9,205
Amounts due from related parties							**2,035**	9,367
Cash and cash equivalents							**70,511**	74,603
Corporate and other unallocated assets							**21,611**	19,604
Total							**1,187,794**	1,012,117

	Distribution		E-commerce		Retail Store		Total	
	Unaudited	Audited	**Unaudited**	Audited	**Unaudited**	Audited	**Unaudited**	Audited
	As at	As at	**As at**	As at	**As at**	As at	**As at**	As at
	30 June	31 December	**30 June**	31 December	**30 June**	31 December	**30 June**	31 December
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment liabilities	**(130,821)**	(164,920)	**(229,515)**	(208,081)	**(53,537)**	–	**(413,873)**	(373,001)
Deferred income tax liabilities							**(3,638)**	(1,170)
Bank borrowings							**(268,605)**	(278,368)
Loan from a shareholder							**(50,000)**	(50,000)
Amounts due to related parties							**(8)**	(8)
Current tax liabilities							**(12,591)**	(5,316)
Corporate and other unallocated liabilities							**(52,302)**	(11,094)
Total							**(801,017)**	(718,957)

	Six months ended 30 June (Unaudited)				
	Distribution	**E-commerce**	**Retail Store**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2023					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	**1,576**	**1,201**	**2**	**73**	**2,852**
Depreciation of right-of-use assets	**3,058**	**2,172**	**–**	**487**	**5,717**
Amortisation of intangible assets	**729**	**–**	**131**	**–**	**860**
Addition to non-current assets	**5,090**	**37**	**53,407**	**860**	**59,394**
2022					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	2,126	781	–	73	2,980
Depreciation of right-of-use assets	2,123	2,582	–	448	5,153
Amortisation of intangible assets	729	–	–	–	729
Addition to non-current assets	6,977	1,598	–	8,317	16,892

6 REVENUE, OTHER GAINS/(LOSSES), NET

Revenue, other gains/(losses), net recognised during the period are as follows:

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**666,286**	588,203
Disaggregated revenue information		
Geographical markets		
Hong Kong	**301,011**	222,951
Mainland China	**280,315**	300,909
Macau	**60,117**	54,192
Singapore	**21,489**	10,032
Others	**3,354**	119
Timing of revenue recognition		
Goods transferred at a point of time	**666,286**	588,203
Other gains/(losses), net		
Fair value gain/(loss) on financial assets at fair value through profit or loss	**19,100**	(4,600)
Loss on disposal of subsidiaries	**–**	(8)
Gain on disposal of a joint venture *(Note)*	**10,000**	–
Gain on remeasurement of previously held interests in an associated company	**1,414**	–
Government subsidies	**539**	565
Change in value of investment in an insurance contract	**148**	–
Others	**1,012**	552
	32,213	(3,491)

Note:

On 17 March 2023, Million Effort Investment Limited, an indirect wholly-owned subsidiary of the Company, disposed its entire 50% interests in Five Ocean Inc. and its liabilities, to JBM (BVI) Limited, a wholly-owned subsidiary of JBM (Healthcare) Limited ("JBM") at a consideration of HK$17,000,000. The consideration was settled by 20,000,000 shares issued by JBM at the issue price of HK$0.85 each. This is presented as a non-cash transaction in the interim condensed consolidated statement of cash flows for the six months ended 30 June 2023.

7 EXPENSES BY NATURE

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Cost of inventories sold	**493,283**	457,570
(Written back)/written-down of inventories	**(125)**	2,248
Depreciation of property, plant and equipment	**2,852**	2,980
Depreciation of right-of-use assets	**5,717**	5,153
Amortisation of intangible assets	**860**	729
Employee benefit expenses	**30,898**	27,841
Share-based payment expense	**289**	2,094
Expenses under short-term leases	**1,264**	1,151
Service expenses paid to a related party	**2,651**	10,315
Advertising fee	**14,457**	12,394

8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at 16.5% (six months ended 30 June 2022: same) of the estimated assessable profits for the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Current tax – Hong Kong	**7,353**	–
Current tax – Macau and others	**1,342**	637
Deferred tax	**772**	6,005
Total income tax expense for the period	**9,467**	6,642

9 EARNINGS PER SHARE

Basic

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

	Unaudited Six months ended 30 June	
	2023	2022
Profit attributable to equity holders of the Company (*HK$'000*)	**87,528**	22,472
Weighted average number of ordinary shares in issue (in thousands)	**781,577**	780,548
Basic earnings per share (HK cents)	**11**	3

Diluted

Diluted earnings 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 share price of the Company's shares for the period) 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 six months ended 30 June 2023, the calculation of diluted earnings per share was based on the profit attributable to equity holders of the Company and the adjusted weighted average number of ordinary shares outstanding assuming the conversion of all potentially dilutive ordinary shares, which was calculated as follows:

	Unaudited Six months ended 30 June 2023
Profit attributable to the equity holders of the Company (*HK$'000*)	**87,528**
Weighted average number of ordinary shares in issue (thousand shares)	**781,577**
Adjustment for share awards (thousand shares)	**6,005**
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	**787,582**
Diluted earnings per share attributable to the equity holders of the Company (HK cents per share)	**11**

For the six months ended 30 June 2022, the diluted earnings per share was the same as the basic earnings per share as the share awards would result in an antidilutive impact to the basic earnings per share.

10 DIVIDEND

The Directors has resolved to declare the payment of an interim dividend of HK3.5 cents (six months ended 30 June 2022: Nil) per ordinary share for the six months ended 30 June 2023 to the Shareholders.

11 LEASES

	Unaudited As at 30 June 2023 *HK$'000*	Audited As at 31 December 2022 *HK$'000*
Right-of-use assets		
Properties	**14,123**	13,101
Lease liabilities		
Non-current	**3,857**	3,010
Current	**10,129**	10,220
	13,986	13,230

During the six months ended 30 June 2023, the additions to right-of-use assets amounted to HK$6,814,000 (six months ended 30 June 2022: HK$8,492,000) and the depreciation expense incurred for the period amounted to HK$5,717,000 (six months ended 30 June 2022: HK$5,153,000).

12 TRADE RECEIVABLES

	Unaudited As at 30 June 2023 *HK$'000*	Audited As at 31 December 2022 *HK$'000*
Trade receivables	**272,207**	238,313
Amounts due from related parties	**5,014**	17,900
Total	**277,221**	256,213

The Group's credit terms to trade debtors range generally from 30 to 120 days. As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade receivables (including amounts due from related parties in trade nature) based on invoice date is as follows:

	Unaudited As at 30 June 2023 *HK$'000*	Audited As at 31 December 2022 *HK$'000*
Trade receivables		
Within 90 days	**169,104**	202,101
91 to 180 days	**60,473**	29,587
Over 180 days	**47,644**	24,525
Total	**277,221**	256,213

13 TRADE PAYABLES

	Unaudited As at 30 June 2023 *HK$'000*	Audited As at 31 December 2022 *HK$'000*
Trade payables	**220,288**	184,907
Amounts due to related parties	**125,680**	117,857
Total	**345,968**	302,764

As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade payables (including amounts due to related parties in trade nature) based on invoice date is as follows:

	Unaudited As at 30 June 2023 *HK$'000*	Audited As at 31 December 2022 *HK$'000*
Within 30 days	**86,150**	140,208
31 to 60 days	**43,936**	48,099
61 to 120 days	**109,985**	42,731
Over 120 days	**105,897**	71,726
Total	**345,968**	302,764

14 SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each	**Nominal value of ordinary shares** *HK$'000*
Authorised:		
At 31 December 2022, 1 January 2023 and 30 June 2023	**10,000,000,000**	**100,000**
Issued and fully paid:		
At 31 December 2022, 1 January 2023 and 30 June 2023	**800,000,000**	**8,000**

15 EVENT OCCURRING AFTER THE REPORTING PERIOD

On 7 July 2023, Dynasty Garden Limited ("**Vendor**"), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with the purchaser ("**SP Agreement**"), Eyolution Capital Fund ("**Purchaser**"), to dispose of 51% of the issued shares ("**Sales Shares**") of Combo Win Asia Limited ("**CWA**") at an aggregate consideration of of HK$130,000,000 ("**Disposal**"). The completion of the Disposal is conditional upon the fulfilment of conditions precedent. Upon completion, the Vendor will hold 49% equity interest in CWA, and each of CWA and its subsidiaries ("**Target Group**") will cease to be a subsidiary of the Company and their financial results will not be consolidated into the Group's consolidated financial statements but the Vendor will continue to hold 49% equity interest in each member of the Target Group.

Pursuant to the SP Agreement, the Vendor has granted to the Purchaser a put option, pursuant to which the Purchaser is entitled to, subject to completion of the Disposal, sell at its discretion all (and not part) of the Sale Shares held by it to the Vendor and/or other party(ies) procured by the Vendor upon the occurrence of the put option triggering events.

The conditions precedent to the SP Agreement have not been satisfied and completion of the Disposal has not taken place as at the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Tycoon Group is a reputable omnichannel marketing and management service integrator of healthcare and wellbeing-related products in Hong Kong. The Group specialises in providing one-stop services for Proprietary Chinese Medicine ("**PCM**") and health supplement products, including brand agent, marketing, management, distribution, and sales. Through years of efforts, the Group has established a strong online and offline sales network in Hong Kong, Macau and the People's Republic of China (the "**PRC**"). The Group has provided over 200 local and overseas brands, and over 1,500 products to consumers and developed several popular and quality self-owned brands. As one of the market leaders, the Group has diversified its businesses to maintain competitive advantages in the market. The Group strives to bring reputable and quality products to consumers through its online and offline dual-channel business model.

MARKET REVIEW

In 2023, Hong Kong continued to be affected by geopolitical situations, a weak European economy and interest rate hikes in the United States. Early in the year, normal travel fully resumed between Hong Kong and Mainland China, with strong local consumer sentiment and a rebound in visitor arrivals. Hong Kong's economic performance improved markedly in the first quarter of 2023, with real GDP growing by 2.7% year-on-year and having contracted by 4.1% as compared with the fourth quarter of 2022. On a seasonally adjusted quarter-to-quarter comparison, real GDP surged by 5.3%. The resumption of cross-border activities between Hong Kong and Mainland China has had a positive impact on the retail market. This, coupled with the two rounds of consumption vouchers issued by the HKSAR Government to stimulate the local economy, has provided further support to local consumption.

On the visitor front, according to the statistics of the Hong Kong Tourism Board, a total of about 13 million visitor arrivals were recorded in the first half of 2023, of which more than 70% came from Mainland China, with about 10 million arrivals. Compared to the first half of 2022, when there were only a total of approximately 76,000 visitors to Hong Kong, the number of visitors has rebounded significantly. Separately, data from the Census and Statistics Department showed that retail sales in Hong Kong in the first 6 months of this year amounted to HK$205.1 billion, representing approximately 85% of the figure in the same period in 2019, i.e. before the outbreak of the epidemic, and the overall retail market is entering into the stage of recovery. Comparing the retail sales value performance of the Chinese drugs and herbs, and the medicines and cosmetics categories in the first six months of 2023, there was a year-on-year growth of 33% and 39% respectively from 2022, reflecting the pleasing performance of the retail sales of Chinese medicines and healthcare products, and the continuous improvement in the overall business environment of the retail market.

Although Mainland visitor arrivals have rebounded, there are still a long way from the normal level before the epidemic which was about 30 million visitor arrivals recorded in the first half of 2018. Compared with the number of visitor arrivals in the first half of 2023, the number of visitor arrivals has only recovered to about 40% of the pre-epidemic level, and there is still room for substantial growth in the second half of the year. The Group expects that the consumer and service sectors will continue to drive Hong Kong's economic recovery in the second half of the year as overall visitor arrivals continue to rise. Coupled with the fact that the second half of the year is traditionally a peak season for consumer spending, with a large number of long holidays such as the summer holidays, the Mid-Autumn Festival and Christmas, as well as a number of international events, which is believed to be conducive to the boosting of local consumer spending and confidence, the Group is confident that its offline sales business will once again take off and lead the overall development of the Group to new heights under a host of favourable factors.

BUSINESS REVIEW

The Group mainly operates three major operating segments, namely distribution business, e-commerce business and retail store business. The distribution business of the Group mainly includes the distribution of consumer products to sizable chain retailers, non-chain retailers (mainly pharmacies) and traders in Hong Kong, Macau, Mainland China and Southeast Asia. The e-commerce business of the Group includes wholesale business to e-commerce clients and operation of online stores, focusing on cross-border e-commerce sales to Mainland China. The retail store business of the Group includes sales of products through its brick-and-mortar retail store. In addition, the Group provides omnichannel brand marketing and management services for the brands it represents.

During the Period, the Group recorded revenue of approximately HK$666.3 million, an increase of 13.3% from the Last Period of HK$588.2 million. The Group's net profit reached a record high for the half-yearly results, surging to HK$87.0 million (1H2022: HK$22.8 million), representing an increase of 281.9% year-on-year. The Group's revenue is back on track and continues to generate profit, mainly due to a significant rebound in the number of Individual Visit Scheme ("**IVS**") travellers as a result of the full resumption of normal travel between Hong Kong and Mainland China, and the relaxation of anti-epidemic restrictive measures, as well as the Group's continuous optimisation of its product portfolio, which has led to an increase in overall revenue and gross profit.

In July 2023, the Group announced the sale of a 51% stake in Combo Win Asia Limited ("**CWA**"), which is principally engaged in the e-commerce business and distribution business of healthcare and wellbeing related products in the PRC, to an independent third party, Eyolution Capital Fund, for a consideration of HK$130 million. Upon completion of the transaction, the Group will hold 49% equity interest in CWA. The proceeds from this transaction will provide the Group with more resources to strengthen its distribution business in Hong Kong, Macau and Southeast Asia.

Distribution business

The sales environment of the Group's distribution business in Hong Kong and Macau has improved significantly as a result of the rebound in the number of travellers since the full resumption of travel between Hong Kong and Mainland China. In the first half of 2023, the Group's distribution sales in Hong Kong grew significantly by 28.0% year-on-year, while distribution sales in Macau also rose by 10.9%, with the growth attributable to the synergies under the resumption of normal travel between the three places. Apart from continuing to focus on the development of Hong Kong, Macau and Mainland China, the Group has also invested resources in recent years to step up its efforts in expanding the Southeast Asian market, with the Group's distribution sales in Southeast Asia rising significantly by 114.2% year-on-year in the first half of 2023.

In view of the fact that the Group's distribution business is growing rapidly and is expected to return to the pre-epidemic level, the Group will focus its resources on promoting the distribution business in the future. The Group plans to use the additional funds obtained from the sale of CWA stake to strengthen its investment in the distribution business, including the distribution business in Hong Kong, Macau and Southeast Asia, and also the development of its own brands, so as to promote the Group's long-term development, continue to enrich its product portfolio, enhance its gross profit margins, and generate better results.

The Group's offline distribution channels in Mainland China are also gaining momentum, with the overseas healthcare brands it represents being sold through health and beauty chains in Mainland China, such as Mannings, Watsons, Olé, Sam's Club, PureH2B and Rainbow Shopping Mall etc.

E-commerce business

The e-commerce business continued to make steady profit contributions to the Group as a result of the rising public health awareness caused by the epidemic as well as the trend of online shopping, which boosted demand for PCM, healthcare products and personal care products. During the Period, the segment result of the e-commerce business amounted to HK$19.8 million (1H2022: HK$14.1 million).

Retail store business

The Group is keen to widen its sales channels to offline retail shops. In May 2023, the Group acquired an additional 12% equity interest in Hong Ning Hong Limited ("**HNH**") at a cost of HK$9.12 million. Together with the 49% equity interest already owned by the Group, the Group now owns a total of 61% equity interest in HNH. Upon completion of the acquisition, HNH became a subsidiary of the Group, and its performance is consolidated into the financial results of the Group. The operating subsidiary company of HNH is principally engaged in the retail and wholesale of pharmaceutical products and proprietary medicines in Hong Kong.

Omnichannel brand marketing and management services for brands

During the Period, the Group continued to develop the omnichannel brand marketing and management business, which includes brand agent, promotion and marketing, management and distribution, providing one-stop services for brands as well as upgrading the Group's business chain and diversifying the Group's product portfolio and businesses, helping to increase the Group's market share and gross profit margin.

Under the Group's comprehensive strategy, the Group has acquired the distribution rights of a number of internationally renowned brands, including the sole distributorship in China for one of the global best-selling probiotic brands, Culturelle®, as well as the exclusive distribution rights in Hong Kong for Japanese anti-hair loss and hair protection brand, Kaminowa; leading French baby washing care brand, Biolane; and Korean anti-hair loss and hair protection brand, Dr Banggiwon. For Biolane, the Group also has exclusive distribution rights in Singapore and Malaysia. In addition, the Group has also secured exclusive distribution rights in Hong Kong and Macau for Nu-Prep, one of the best-selling star products of the Malaysian herbal health product brand from Biotropics Malaysia Berhad ("**Biotropics Malaysia**").

The probiotic brand Culturelle®, whose right of exclusive distribution in China has been granted to the Group, has sold well in Mainland China because of its ability to promote intestinal health, maintain the ecological balance of the intestine and strengthen the immune system. As for the Korean anti-hair loss and hair protection brand, Dr Banggiwon, it has been selling well in South Korea without any advertisement due to its excellent anti-hair loss effect and good value for money, and has been well-received in Hong Kong since its launch. With increased consumer awareness of hair care and an ageing population, the Group is optimistic about the future sales prospects of anti-hair loss products.

Active own-brand development

In addition to its brand agency business, the Group is also actively developing its own brands. The Group has established and developed its own well-received brands of healthcare products, including "Boost & Guard Pro (BG Pro 博健專研)", "Craft by Wakan (和漢匠心)", and "Kinmen Qiangxiao (金門強效)". The Group will also invest more resources in its own brands with higher gross profit margins, and will develop and launch more of its own brands and different products to cater for the needs of Mainland visitors travelling under the IVS after the reopening of the border, as well as the new trend of the PCM and healthcare products market as a whole.

Expanding international presence and tapping into the Southeast Asian market

In order to build a diversified sourcing network and enrich its product portfolio, the Group has been strengthening its overseas presence, and has established sourcing centres in Japan, South Korea, Singapore, Malaysia, Thailand, Vietnam, Macau, Australia and France, diversifying and internationalising the product portfolio.

In 2022, the Group entered into a strategic collaboration agreement with Biotropics Malaysia, a company wholly owned by Khazanah Nasional Berhad, a Malaysian state-owned sovereign fund. The Group leverages its extensive brand management and marketing experience to bring Biotropics Malaysia's premium natural health products to the Greater China region, building international awareness for the brand.

The Group's internationalisation strategies have also borne fruit. Last year, a subsidiary of the Company entered into a cooperation agreement with, among others, a company under JD Logistics, Inc. (HKEX Stock Code: 2618.HK). The cooperation agreement authorises Tycoon Group to operate operation centres and storage centres in France, allowing the Group to attract and source more European brands and products. It is believed to be conducive to the development of the Group's sourcing activities from the European region in the future, so as to optimise the Group's product portfolio.

Regarding business development in Southeast Asia, the Group has set up companies in Singapore and Malaysia before going public. With the passing of the epidemic, the Group will put more resources into the Southeast Asian market, focusing on strengthening the distribution business in Malaysia and Singapore, and making reference to the successful distribution model in Hong Kong by distributing products through large personal care product chains in Malaysia and Singapore, which is expected to become another major profit-contributing region for the Group in the future.

FUTURE OUTLOOK

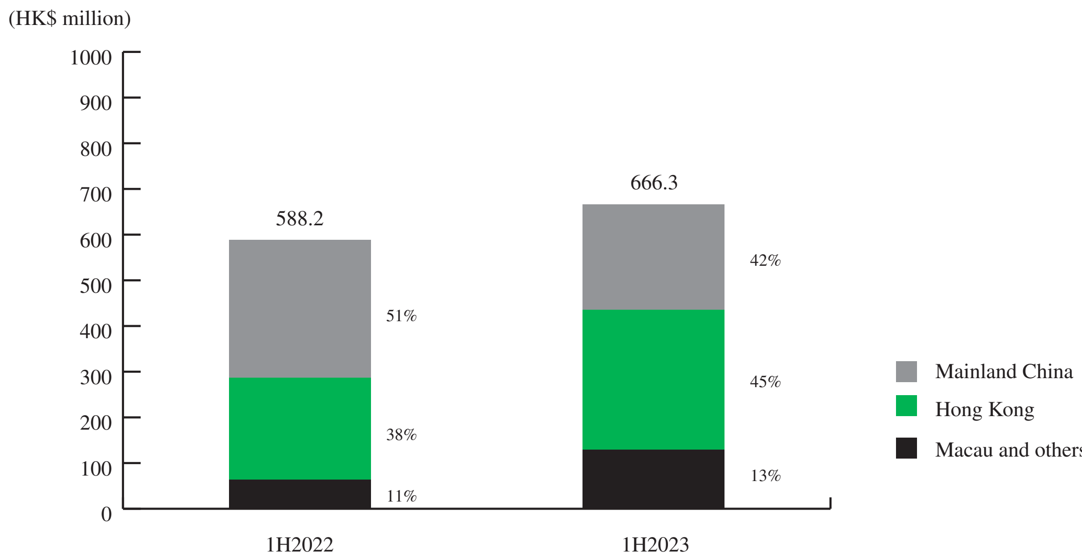
Hong Kong's economy has been recovering steadily since the full resumption of normal travel between Hong Kong and Mainland China in early 2023. The HKSAR Government expects the economy to continue to improve in the coming quarters and forecasts that the real GDP growth for the whole year of 2023 will be maintained at the range of 3.5% to 5.5%, as announced in the Budget.

The Group expects that the revenue associated with the popular products among IVS visitors will rise and the Group's offline distribution business is expected to exceed the pre-epidemic level. As the economies of Mainland China, Hong Kong and Macau recover, the Group will capitalise on the opportunities brought about by the full resumption of normal travel and step up its efforts to promote its business in the Hong Kong and Macau markets, as well as introduce more popular overseas brands to the Hong Kong, Macau and PRC markets. At the same time, the Group continued to expand into the promising Greater Bay Area market by enriching and optimising its product portfolio and launching more own-brand products, with a dual-track strategy to cater for the needs and preferences of local consumers and IVS visitors, with a view to improving gross profit margins and increasing sales. On the other hand, leveraging on the strength of its omnichannel marketing network, the Group will actively co-operate with large-scale pharmaceutical enterprises in the PRC to introduce renowned products from the PRC into the Hong Kong, Macau and Southeast Asian markets, thereby strengthening its international presence.

Looking forward, the Group will focus on its omnichannel brand marketing business, complemented by its diversified sales network, to strengthen its efforts in driving business growth in the PRC, Hong Kong and Macau. The Group will also be active in the Southeast Asian market, offering a wider range of health and lifestyle-related products to bring health and vitality to consumers and enhance their quality of life.

FINANCIAL REVIEW

Revenue



Geographical markets	Revenue **1H2023** ***HK$ million***	1H2022 *HK$ million*	Change
Hong Kong	**301.0**	223.0	▲35.0%
Mainland China	**280.3**	300.9	▼6.8%
Macau	**60.1**	54.2	▲10.9%
Others	**24.9**	10.1	▲146.5%
Total	**666.3**	588.2	▲13.3%

- The Group's total revenue for the Period was up by 13.3% to HK$666.3 million (1H2022: HK$588.2 million).
- In Hong Kong, revenue for the Period jumped by 35.0% to HK$301.0 million (1H2022: HK$223.0 million). In Macau, revenue for the Period increased by 10.9% to HK$60.1 million (1H2022: HK$54.2 million). It was due to the full resumption of normal traveller clearance between mainland China and Hong Kong and relaxation of the pandemic restrictive measures bringing more visitors under the Individual Visit Scheme since early 2023, resulting in the increase in revenue of the Group derived from Hong Kong and Macau markets.
- During the Period, revenue from Mainland China decreased by 6.8% to HK$280.3 million (1H2022: HK$300.9 million).
- In other markets such as Singapore, revenue for the Period increased by 146.5% to HK$24.9 million (1H2022: HK$10.1 million) as a result of continuous efforts in the development and expansion of sales in Singapore.

Profitability

The gross profit of the Group increased by 34.9% to HK$173.1 million for the Period as compared to that of HK$128.4 million for the Last Period, and the gross profit margin increased by 4.2 percentage points to 26.0%. Increase in gross profit and gross profit margin was primarily due to (i) the expansion of the Group's total revenue, (ii) the changes in product mix; and (iii) the improvement in the gross profit margin of certain products.

Selling and distribution expenses of the Group for the Period increased by 4.2% to HK$55.0 million, as compared to HK$52.8 million for the Last Period due to increase in promotional expense and marketing fee.

General and administrative expenses of the Group for the Period increased by 22.9% to HK$44.0 million, as compared to HK$35.8 million for the Last Period which was mainly due to the increase in staff costs, depreciation, amortisation and professional fees.

Finance costs of the Group for the Period increased by 194.5% to HK$11.9 million as compared to HK$4.1 million for 1H2022 due to the increase in interest-bearing bank borrowings and the general increase in interest rate.

Other gains/(losses), net

Other gains/(losses), net, of the Group for the Period was HK$32.2 million (1H2022: other losses of HK$3.5 million) which was mainly composed of the fair value gain on the investment in JBM (Healthcare) Limited ("**JBM**", HKEX Stock Code: 2161.HK) as at the period end due to its fluctuation in share price and the gain on disposal of its entire 50% interests in Five Ocean Inc., the then joint venture of the Company to JBM (BVI) Limited, a wholly-owned subsidiary of JBM.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company ("**Shareholders**") for the Period was HK$87.5 million as compared to HK$22.5 million for the Last Period. The increase is primarily due to (i) the increase in revenue and gross profit which is partly offset with the increase in overall selling and distribution expenses, general and administrative expense, and finance costs as discussed above; (ii) the fair value gain on financial assets at fair value through profit or loss; and (iii) the gain on disposal of a joint venture.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group has funded the liquidity and capital requirements primarily through bank borrowings, loan from a shareholder and cash generated from the operating activities.

As at 30 June 2023, the Group had cash and cash equivalents of approximately HK$70.5 million (31 December 2022: HK$74.6 million), which were mainly denominated in Hong Kong dollars and Chinese Renminbi. The gearing ratio (defined as net debt divided by total equity plus net debt, where net debt includes interest-bearing bank borrowings, loan from a shareholder, lease liabilities less cash and cash equivalents) of the Group as at 30 June 2023 was 40.8% (31 December 2022: 47.6%). The decrease was mainly due to the percentage of increment of total equity is higher than the percentage of increment of net debt during the Period.

CAPITAL STRUCTURE

As at 30 June 2023, the borrowings included secured interest-bearing bank borrowings of approximately HK$190.2 million (31 December 2022: HK$239.4 million), unsecured interest-bearing bank borrowings of approximately HK$78.4 million (31 December 2022: HK$39.0 million) and loan from a shareholder with maturity date on 29 September 2023 of approximately HK$50.0 million (31 December 2022: HK$50.0 million). Except for the Group's interest-bearing bank borrowings of HK$8.7 million (31 December 2022: HK$9.2 million) which was denominated in MOP, the Group's interest-bearing bank borrowings are all denominated in Hong Kong dollars. All borrowings are at floating rates.

Maturity analysis of bank borrowings of the Group as at 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023 *HK$'000*	31 December 2022 *HK$'000*
Within one year	**238,066**	242,012
In the second year	**20,375**	24,088
In the third to fifth years, inclusive	**2,214**	4,049
Beyond five years	**7,950**	8,219
	268,605	278,368

As at 30 June 2023, the Company's issued share capital was HK$8.0 million and the number of its issued ordinary shares was 800,000,000 of HK$0.01 each.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's reporting currency is Hong Kong dollars. The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables, payables and cash balances that are denominated in a foreign currency. The currency giving rise to this risk is primarily Chinese Renminbi. During the Period, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Group's management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

PLEDGE OF ASSETS

As at 30 June 2023, (i) certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK$52.0 million (31 December 2022: HK$53.3 million) were pledged to secure certain bank loans granted to the Group; and (ii) all the Group's equity interest in HNH were pledged to secure a loan from a shareholder granted to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 30 March 2020 ("**Prospectus**") and this announcement, the Group does not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

On 28 April 2023, an indirect wholly-owned subsidiary of the Company as purchaser ("**Purchaser**"), entered into a sale and purchase agreement with an indirect wholly-owned subsidiary of Jacobson Pharma Corporation Limited (HKEX Stock Code: 2633.HK) as seller ("**Seller**"), pursuant to which the Purchaser has agreed to purchase, and the Seller has agreed to sell 12% of the issued shares of HNH, a company then owned as to 49% by the Purchaser, for an aggregate consideration of HK$9,120,000. Completion of such acquisition took place on 31 May 2023 whereby HNH and its operating subsidiary became partially (61%) owned subsidiaries of the Company. For details, please refer to the announcement of the Company dated 28 April 2023.

In connection with the abovementioned acquisition, the parties also entered into a put option deed and a call option deed. Pursuant to the call option deed, the Seller has granted to the Purchaser a call option, the exercise of which shall require the Seller to sell all or any of the option shares to the Purchaser at the option price. The maximum number of the option shares is 90,000 issued shares of HNH, which represents 9% of its issued share capital.

Pursuant to the put option deed, the Purchaser has granted to the Seller a put option, the exercise of which shall require the Purchaser to purchase all or any of the option shares from the Seller at the option price. The maximum number of the option shares is 90,000 issued shares of HNH, which represents 9% of the issued share capital of HNH.

Save as disclosed in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries and associated companies during the Period.

SIGNIFICANT INVESTMENT HELD

As of 30 June 2023, the Group's investment in JBM was regarded as a significant investment of the Group as the value of the Group's investment in JBM amounted to 5% or more of the Group's total assets. Details of the Group's investment in JBM are as follows:

(i) Details of the investment in JBM:	55,000,000 ordinary shares in JBM, representing 6.02% equity interests in JBM. The cost of the Group's investment in JBM is HK$52.3 million.
(ii) Fair value of the investment in JBM as at 30 June 2023:	HK$70.4 million
(iii) The investment's size relative to the Group's total assets as at 30 June 2023:	5.7%
(iv) The performance of the investment in JBM:	Fair value gain on financial assets at fair value through profit or loss of HK$19.1 million for the six months ended 30 June 2023 A final dividend of HK2.5 cents per share for the year ended 31 March 2023 was declared and approved by JBM.
(v) Principal activity of JBM and its subsidiaries:	The principal activity of JBM is investment holding. The subsidiaries of JBM are principally engaged in manufacturing and trading of branded medicines, health and wellness products and PCM.
(vi) Future prospects of JBM:	JBM has a compelling product portfolio consisting of leading brands and science-based technology. COVID-19 intensified health awareness and consumer urgency to proactively manage well-being, along with aging populations, sedentary lifestyles and growing health consciousness amid rising living standards, fueling the growth momentum of the consumer healthcare market. Meanwhile, with the favorable policy support for the development of PCM in the Greater Bay Area, as a prominent player in the PCM and concentrated Chinese medicine Granules

	market in Hong Kong, JBM is well-positioned to capitalise on the potential of the thriving market, which boasts a substantial population of over 70 million in the Greater Bay Area.
(vii)The Group's investment strategy:	Long term and strategic investment on business partner.

Save for those disclosed above, the Group did not hold any significant investments during the Period.

CAPITAL COMMITMENT

As at 30 June 2023, the Group had no material capital commitment (31 December 2022: Nil).

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no material contingent liabilities (31 December 2022: Nil).

UPDATE ON THE PRE-IPO SHAREHOLDERS AGREEMENT

Reference is made to the 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 of Hong Kong Limited ("**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 ordinary shares of the Company are charged by Tycoon Empire Investment Limited ("**Tycoon Empire**"), the Controlling Shareholder, in favour of CR Pharma Retail, a wholly-owned subsidiary of China Resources Pharmaceutical Group Limited ("**CR Pharma**", HKEX Stock Code: 3320.HK) ("**Share Charge**") as security for the performance by Tycoon Empire and Mr. Wong Ka Chun Michael of their obligations under the Amended Pre-IPO Shareholders Agreement.

For details of the 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 30 June 2023, the Group employed a total of 208 employees in Hong Kong, Mainland China, Macau, Singapore, Malaysia, Australia, Japan and Thailand (30 June 2022: 174). During the Period, the total staff costs incurred was approximately HK$30.9 million (Last Period: HK$27.8 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 a Share Option Scheme.

DIVIDEND

The Directors has resolved to declare the payment of an interim dividend of HK3.5 cents (Last Period: Nil) per ordinary share for the six months ended 30 June 2023 to the Shareholders. The interim dividend will be paid on or about 30 October 2023 to the Shareholders whose names appear on the register of members of the Company on 13 October 2023.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility of the Shareholders to the interim dividend, the register of members of the Company will be closed from Thursday, 12 October 2023 to Friday, 13 October 2023 (both days inclusive). During such period, no transfer of the shares of the Company will be registered. In order to be eligible to qualify for the interim dividend, unregistered holders of the Shares shall ensure that all transfer documents accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 11 October 2023.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Disposal of 51% interest in CWA

On 7 July 2023, Dynasty Garden Limited ("**Vendor**"), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with the purchaser ("**SP Agreement**"), Eyolution Capital Fund ("**Purchaser**"), to dispose of 51% of the issued shares of CWA ("**Sale Shares**") at an aggregate consideration of HK$130,000,000 ("**Disposal**"). The completion of the Disposal is conditional upon the fulfilment of conditions precedent. Upon completion, each of CWA and its subsidiaries ("**Target Group**") will cease to be a subsidiary of the Company and their financial results will not be consolidated into the Group's consolidated financial statements but the Vendor will continue to hold 49% equity interest in each member of the Target Group.

Pursuant to the SP Agreement, the Vendor has granted to the Purchaser a put option, pursuant to which the Purchaser is entitled to, subject to completion of the Disposal, sell at its discretion all (and not part) of the Sale Shares held by it to the Vendor and/or other party(ies) procured by the Vendor upon the occurrence of the put option triggering events.

In order to avoid unnecessary disruption to the operations of CWA, certain transitional financial assistance are expected to continue to exist for a certain period after the completion and such arrangement therefore, constituted provision of financial assistance by the Group (other than the members of the Target Group) to the Target Group under the Listing Rules ("**Provision of Financial Assistance**").

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of each of the Disposal and the Provision of Financial Assistance was more than 25% but less than 75%, each of the Disposal and the Provision of Financial Assistance constituted a major transaction of the Company under the Listing Rules and was subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, conditions precedent to the SP Agreement have not been satisfied and completion of the Disposal has not taken place.

For details, please refer to the announcement of the Company dated 7 July 2023.

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 CG Code during the Period, except for the deviation from code provisions 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.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

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 ("**Model Code**") 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 Period.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Board ("**Audit Committee**") has reviewed with the Company's management, the accounting principles and practices adopted by the Group, has discussed internal control and financial reporting matters and has reviewed the unaudited condensed consolidated financial statements of the Group for the Period.

The Audit Committee is satisfied that the unaudited condensed consolidated financial statements of the Group for the Period were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the Period.

PUBLICATION OF THE 2023 INTERIM RESULTS ANNOUNCEMENT AND 2023 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tycoongroup.com.hk). The interim report of the Company for the Period 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 dispatched to the Company's shareholders in due course.

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

Hong Kong, 30 August 2023

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. Cao Weiyong, 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).