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Tycoon Group Holdings Limited
滿貫集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3390)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2024 ("**Financial Year**" or "**FY2024**") was HK$876.0 million, representing a decrease of 26.9% compared to HK$1,198.6 million for the year ended 31 December 2023 ("**FY2023**").
- Net profit of the Group for FY2024 was HK$6.0 million, representing a decrease of 98.0% compared to HK$297.3 million for FY2023.
- EBITDA *(non-HKFRS measure)* of the Group for FY2024 was HK$41.9 million (FY2023: HK$360.8 million) *(Note)*.
- Adjusted net profit *(non-HKFRS measure)* of the Group for FY2024 was HK$46.4 million (FY2023: HK$114.8 million) *(Note)*.
- The Board has resolved not to declare any final dividend for FY2024 (FY2023: HK3.5 cents).

Note: Each of EBITDA and adjusted net profit is a non-HKFRS measure. For the definitions, reasons of using such measures and details of calculation, please refer to the section headed "EBITDA and adjusted net profit (non-HKFRS measures)" set out on page 27 of this announcement.

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**" or "**Tycoon Group**") for the year ended 31 December 2024 together with the comparative figures for the corresponding period in 2023:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	**2024** **HK$'000**	2023 *HK$'000*
Revenue	*4*	**876,037**	1,198,649
Cost of sales	*5*	**(643,382)**	(877,547)
Gross profit		**232,655**	321,102
Other income	*4*	**4,489**	6,147
Other gains, net	*4*	**308**	202,875
Selling and distribution expenses	*5*	**(109,876)**	(108,524)
General and administrative expenses	*5*	**(95,325)**	(84,530)
Net impairment losses on financial assets		**(2,255)**	(520)
Operating profit		**29,996**	336,550
Finance costs		**(21,238)**	(23,416)
Share of results of investments accounted for using the equity method		**(3,297)**	4,562
Profit before income tax		**5,461**	317,696
Income tax credit/(expense)	*6*	**566**	(20,373)
Profit for the year		**6,027**	297,323
Other comprehensive (loss)/income			
Items that have been reclassified or may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of the financial statements of foreign subsidiaries		**(5,590)**	(737)
Reclassification of exchange reserve upon the disposal of subsidiaries		**–**	5,987
Total comprehensive income for the year		**437**	302,573

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Profit attributable to:			
Equity holders of the Company		**3,240**	297,319
Non-controlling interests		**2,787**	4
		6,027	297,323
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(2,350)**	302,569
Non-controlling interests		**2,787**	4
		437	302,573
Earnings per share attributable to the ordinary equity holders of the Company			
Basic (HK cents per share)	*7*	**HK0.4 cent**	HK38 cents
Diluted (HK cents per share)	*7*	**HK0.4 cent**	HK38 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	**2024** ***HK$'000***	2023 *HK$'000*
Non-current assets			
Property, plant and equipment		**53,058**	54,486
Right-of-use assets		**10,465**	17,181
Intangible assets		**82,861**	86,248
Investments accounted for using the equity method		**81,057**	102,203
Prepayments and deposits		**477**	862
Financial asset at fair value through profit or loss		**–**	57,750
Deferred income tax assets		**4,427**	3,663
Total non-current assets		**232,345**	322,393
Current assets			
Inventories		**167,027**	141,345
Prepayments, deposits and other receivables		**252,512**	161,294
Amounts due from related parties		**49,024**	88,206
Trade receivables	*9*	**270,635**	236,612
Cash and cash equivalents		**34,020**	39,101
Total current assets		**773,218**	666,558
Total assets		**1,005,563**	988,951
Non-current liabilities			
Lease liabilities		**4,476**	8,894
Deferred income tax liabilities		**2,987**	3,396
Total non-current liabilities		**7,463**	12,290

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Current liabilities			
Trade payables	*10*	**132,321**	156,714
Other payables and accruals		**50,008**	70,071
Bank borrowings		**270,296**	139,028
Loan from a shareholder		**50,000**	50,000
Lease liabilities		**6,207**	8,238
Current tax liabilities		**311**	9,064
Total current liabilities		**509,143**	433,115
Total liabilities		**516,606**	445,405
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	*11*	**8,000**	8,000
Reserves		**470,852**	528,228
		478,852	536,228
Non-controlling interests		**10,105**	7,318
Total equity		**488,957**	543,546
Total equity and liabilities		**1,005,563**	988,951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 and its subsidiaries (collectively, the "**Group**") are 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.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars ("**HK$'000**"), unless otherwise stated.

These consolidated financial statements were approved for issue by the board of directors of the Company (the "**Board**") on 28 March 2025.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

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**") as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRSs comprise the authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

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.

2.1.1 *Amended standards adopted by the Group*

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2024:

HKAS 1	Classification of Liabilities as Current or Non-current (amendments)
HKAS 1	Non-current Liabilities with Covenants (amendments)
HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)
HKAS 17 and HKFRS 7	Supplier Finance Arrangements (amendments)

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

2.1.2 *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group.

HKFRS 18 will replace HKAS 1 "Presentation of Financial Statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statement of profit or loss and other comprehensive income providing management-defined performance measures within the consolidated financial statements.

The management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

In addition to the abovementioned changes in presentation and disclosures, the Group is in the process of assessing the impact of adopting other new accounting standards and amendments to accounting standards and interpretation on its current or future reporting periods and on foreseeable future transactions.

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

(b) the e-commerce segment, which represents the operation of Combo Win Asia Limited ("**CWA**") and its subsidiaries (the "**CWA Group**"); and

(c) the retail store segment, which represents the operation of Hong Ning Hong Limited ("**HNH**").

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, which is a measure of adjusted profit before tax.

The adjusted profit before tax is measured consistently with the Group's profit before income tax except that gain on disposal of subsidiaries, gain on remeasurement of previously held interests in an associated company, gain on disposal of a joint venture, loss on disposal of property, plant and equipment, fair value gain on financial assets at fair value through profit or loss, change in value of investment in an insurance contract, exchange loss, finance income, finance costs (interests on bank borrowings and loan from a shareholder), share based payment expense and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude financial assets at fair value through profit or loss, deferred income tax assets, amounts due from related parties, cash and cash equivalents, receivable from disposal of subsidiaries 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, 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:

	Distribution		E-commerce		Retail Store		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**699,649**	684,284	**–**	406,397	**176,388**	107,968	**876,037**	1,198,649
Inter-segment revenue	**15,111**	22,094	**–**	–	**1,357**	8,905	**16,468**	30,999
Reportable segment revenue	**714,760**	706,378	**–**	406,397	**177,745**	116,873	**892,505**	1,229,648
Reportable segment results	**57,272**	94,919	**(3,297)**	48,380	**8,966**	7,611	**62,941**	150,910
Gain on disposal of subsidiaries							**–**	186,727
Gain on remeasurement of previously held interests in an associated company							**–**	1,414
Gain on disposal of a joint venture							**–**	10,000
Loss on disposal of property, plant and equipment							**–**	(388)
Fair value gain on financial assets at fair value through profit or loss							**837**	6,450
Change in value of investment in an insurance contract							**–**	148
Exchange loss							**(529)**	(314)
Finance income							**26**	207
Finance costs (interests on bank borrowings and loan from a shareholder)							**(20,041)**	(23,010)
Share based payment expense							**(20,574)**	(1,419)
Corporate and other unallocated expenses							**(17,199)**	(13,029)
Profit before income tax							**5,461**	317,696
Income tax credit/(expense)							**566**	(20,373)
Profit for the year							**6,027**	297,323

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

	Distribution		E-commerce		Retail Store		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**616,720**	478,349	**81,057**	102,203	**142,186**	137,275	**839,963**	717,827
Financial assets at fair value through profit or loss							**–**	57,750
Deferred income tax assets							**4,427**	3,663
Amounts due from related parties							**49,024**	88,206
Cash and cash equivalents							**34,020**	39,101
Receivable from disposal of subsidiaries							**60,000**	60,000
Corporate and other unallocated assets							**18,129**	22,404
Total							**1,005,563**	988,951

	Distribution		E-commerce		Retail Store		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment liabilities	**(148,103)**	(197,481)	**–**	–	**(44,011)**	(42,623)	**(192,114)**	(240,104)
Deferred income tax liabilities							**(2,987)**	(3,396)
Bank borrowings							**(270,296)**	(139,028)
Loan from a shareholder							**(50,000)**	(50,000)
Current tax liabilities							**(311)**	(9,064)
Corporate and other unallocated liabilities							**(898)**	(3,813)
Total							**(516,606)**	(445,405)

	Distribution	E-commerce	Retail Store	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2024					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	**3,476**	**–**	**24**	**206**	**3,706**
Depreciation of right-of-use assets	**6,456**	**–**	**1,985**	**494**	**8,935**
Amortisation of intangible assets	**1,050**	**–**	**1,570**	**–**	**2,620**
Addition to non-current assets	**2,444**	**–**	**1,621**	**422**	**4,487**
2023					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	**3,577**	**1,711**	**13**	**89**	**5,390**
Depreciation of right-of-use assets	**6,736**	**3,234**	**1,675**	**448**	**12,093**
Amortisation of intangible assets	**1,458**	**–**	**916**	**–**	**2,374**
Addition to non-current assets	**16,657**	**860**	**53,629**	**1,076**	**72,222**

(c) Geographical information

(i) Revenue from external customers

	2024	2023
	HK$'000	*HK$'000*
Mainland China	**–**	413,892
Hong Kong	**709,432**	623,747
Macau	**89,321**	112,655
Singapore	**65,575**	41,795
Malaysia	**9,561**	5,482
Others	**2,148**	1,078
Total revenue from contracts with customers	**876,037**	1,198,649
Timing of revenue recognition at a point in time	**876,037**	1,198,649

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

(ii) Non-current assets (other than investments accounted for using the equity method, deferred income tax assets and financial instruments)

	2024	2023
	HK$'000	*HK$'000*
Hong Kong	**97,221**	103,981
Macau	**40,196**	42,156
Singapore	**9,110**	10,295
Australia	**4**	98
Others	**330**	2,247
Total	**146,861**	158,777

(d) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year is set out below:

	2024	2023
	HK$'000	*HK$'000*
Distribution		
Customer A	**471,849**	431,973
Customer B	**89,791**	73,899

4 REVENUE, OTHER INCOME AND OTHER GAINS, NET

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

	2024	2023
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**876,037**	1,198,649
Timing of revenue recognition		
At a point in time	**876,037**	1,198,649
Other income		
Government grants *(Note a)*	**168**	748
Service income from a joint venture	**–**	117
Finance income	**26**	207
Dividend income	**1,575**	3,273
Others	**2,720**	1,802
	4,489	6,147
Other gains, net		
Fair value gain on financial assets at fair value through profit or loss	**837**	6,450
Change in value of investment in an insurance contract	**–**	148
Loss on disposal of property, plant and equipment	**–**	(388)
Gain on disposal of subsidiaries	**–**	186,727
Gain on remeasurement of previously held interests in an associated company	**–**	1,414
Gain on disposal of a joint venture	**–**	10,000
Exchange loss	**(529)**	(1,476)
	308	202,875

Note:

(a) The amounts recognised were primarily related to the government subsidies granted by the Government of the Hong Kong Special Administrative Region under SME Export Marketing Fund for the year ended 31 December 2024 (2023: Technology Voucher Programme). 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:

	2024	2023
	HK$'000	*HK$'000*
Cost of inventories sold (including write down of inventories of HK$5,989,000 (2023: HK$5,010,000))	**642,511**	877,547
Depreciation of property, plant and equipment, including leasehold land	**3,706**	5,390
Depreciation of right-of-use assets	**8,935**	12,093
Amortisation of intangible assets	**2,620**	2,374
Remuneration to the Company's auditor		
– Group annual audit services	**2,500**	2,500
– Non-audit services	**950**	1,500
Employee benefit expenses	**88,992**	65,856
Expenses under short-term leases	**2,167**	2,222
Advertising fee	**43,530**	42,874
Service expense to a joint venture	**–**	2,651

6 INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year ended 31 December 2024. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2024	2023
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong	**992**	18,304
– Others	**1,836**	1,227
Over-provision in prior years	**(2,221)**	(994)
Total current income tax	**607**	18,537
Deferred income tax	**(1,173)**	1,836
Total tax (credit)/expense for the year	**(566)**	20,373

7 EARNINGS PER SHARE

Basic

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

	Year ended 31 December	
	2024	2023
Profit attributable to equity holders of the Company *(HK$'000)*	**3,240**	297,319
Weighted average number of ordinary shares in issue *(in thousands)*	**776,174**	781,316
Basic earnings per share *(HK cents)*	**0.4**	38

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 (2023: one) category of potentially dilutive ordinary shares: share awards (2023: same). 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 years ended 31 December 2024 and 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:

	Year ended 31 December	
	2024	2023
Profit attributable to equity holders of the Company *(HK$'000)*	**3,240**	297,319
Weighted average number of ordinary shares in issue *(in thousands)*	**776,174**	781,316
Adjustment for share awards *(in thousands)*	**6,411**	5,365
Weighted average number of ordinary shares in issues for diluted earnings per share *(in thousands)*	**782,585**	786,681
Diluted earnings per share *(HK cents)*	**0.4**	38

8 DIVIDEND

	2024	2023
	HK$'000	*HK$'000*
Paid dividend:		
Interim dividend declared		
– Nil (2023: HK3.5 cents per ordinary share)	**–**	28,000
Proposed dividend:		
Final dividend in respect of the year		
– Nil (2023: HK3.5 cents per ordinary share)	**–**	28,000

9 TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**272,117**	236,612
Less: Provision for impairment	**(1,482)**	–
	270,635	236,612

Included in the Group's trade receivables were amounts due from related parties of the Group of HK$18,495,000 (2023: HK$27,008,000) as at 31 December 2024.

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

	2024	2023
	HK$'000	*HK$'000*
Trade receivables:		
Within 90 days	**192,253**	153,289
91 to 180 days	**26,182**	28,159
Over 180 days	**53,682**	55,164
	272,117	236,612

10 TRADE PAYABLES

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

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**29,110**	19,493
31 to 60 days	**24,791**	25,178
61 to 120 days	**25,741**	36,981
Over 120 days	**52,679**	75,062
	132,321	156,714

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 related parties of the Group of HK$10,876,000 (2023: HK$8,629,000) as at 31 December 2024.

11 ISSUED CAPITAL

Shares

	2024 *HK$'000*	2023 *HK$'000*
Issued and fully paid:		
800,000,000 (2023: 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 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**10,000,000,000**	100,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**800,000,000**	8,000

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 omnichannel services for proprietary Chinese medicines ("**PCM**"), health supplements, skincare, personal care and other healthcare products, including brand agent, promotion and marketing, management, distribution and sales. Through years of dedicated efforts, the Group supplies to nearly 100,000 online and offline sales points across Hong Kong, Macau, the People's Republic of China (the "**PRC**" or "**Mainland China**"), and Southeast Asia, selling products from over 300 local and overseas brands. The Group also actively develops high-quality self-owned brands and collaborative brand products, offering more than 2,000 products. As a diversified business and industry pioneer in Hong Kong with a leading market advantage, the Group consistently adheres to its mission of bringing health and vitality to consumers, delivering reputable and quality products to consumers across various regions.

MARKET REVIEW

In 2024, Hong Kong's overall economy remained weak, but there was still rigid demand for daily necessities, especially medicines and health supplements. According to data from the Census and Statistics Department, the sales value of Chinese medicine category in December 2024 decreased by 2.2% year-on-year, which was relatively minor compared to the 9.7% year-on-year decrease in total retail sales value in December 2024. Furthermore, the Group has been closely monitoring market conditions and adjusting its strategies, launching new products to meet market demands. Several best-selling products during the year helped increase sales volume, enabling the Group to advance steadily despite the unfavourable operating environment.

On the other hand, according to the Hong Kong Tourism Board, preliminary figures for visitor arrivals to Hong Kong last year reached nearly 45 million, an increase of 31% compared to 2023. Among them, there was a significant increase in Southeast Asian visitors, with growth also seen in their spending power in Hong Kong.

The increasingly vibrant Southeast Asian market has attracted more and more Hong Kong enterprises to develop there, proving the appropriateness of the Group's strategy to actively expand into the Southeast Asian market in recent years. Early last year, the government updated the free trade agreement with ASEAN, increasing the number of product categories covered from over 200 to nearly 600, including medicines and food products. This helps enhance the market competitiveness of relevant products and obtain preferential tariff treatment. The Group will also seize this opportunity to bring more quality products to the Southeast Asian market.

BUSINESS REVIEW

The Group mainly operates two major operating segments, namely distribution business and retail store business. The distribution business of the Group mainly comprises 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 retail store business of the Group includes sales of products through its brick-and-mortar retail store. In addition, the Group provides omnichannel marketing and management services for the brands it represents.

During FY2023, the Group completed two transactions: (1) the acquisition of additional equity interest in Hong Ning Hong Limited ("**HNH**") in May 2023, whereby after the acquisition, HNH became a subsidiary of the Company. Upon completion of such acquisition, its performance has been consolidated into the financial results of the Group. HNH and its subsidiary are principally engaged in the retail (through one retail outlet) and wholesale of pharmaceutical products and proprietary medicines in Hong Kong; and (2) the disposal of 51% of the issued shares of Combo Win Asia Limited ("**CWA**") in September 2023, whereby each of CWA and its subsidiaries ("**CWA Group**" or "**Target Group**") ceased to be a subsidiary of the Company and their financial results were no longer consolidated into the Group's financial statements since 1 October 2023 ("**Accounting Effect of CWA 51% Disposal**"). CWA Group is principally engaged in e-commerce business and distribution business of healthcare and wellbeing related products in the PRC. As such, the following business review and the related management discussion and analysis should be read against such background.

For FY2024, the Group recorded revenue of approximately HK$876.0 million, representing a decrease of 26.9% compared to approximately HK$1,198.6 million for FY2023; and annual net profit of approximately HK$6.0 million (FY2023: HK$297.3 million), representing a year-on-year decrease of 98.0%. The decrease is primarily due to the (i) absence of the one-off gain on disposal of 51% interests of CWA of HK$186.7 million and the gain on disposal of a joint venture of HK$10.0 million recognised in FY2023; (ii) the increase in share-based payment expenses (FY2024: HK$20.6 million; FY2023: HK$1.4 million); and (iii) the negative impact on the Group's net profit as a result of the disposal of 51% stake in CWA during FY2023.

In terms of the distribution business, during the Financial Year, Hong Kong distribution sales amounted to HK$533.0 million, a year-on-year increase of 3.3% (FY2023: HK$515.8 million). Despite the slow recovery of the Hong Kong market, the Group actively innovated and launched products that catered to market needs, resulting in good sales performance. Macau distribution sales amounted to HK$89.3 million, a year-on-year decrease of 20.7%. The Southeast Asian market developed favorably, with overall distribution sales reaching HK$77.3 million, a significant year-on-year increase of 63.5%. Among them, Singapore distribution sales reached HK$65.6 million, an increase of 56.9% compared to HK$41.8 million in FY2023; Malaysia distribution sales recorded HK$9.6 million, a substantial increase of 74.4% (FY2023: HK$5.5 million); Thailand, another newly developed market, generated HK$2.1 million in distribution sales (FY2023: Nil). The Southeast Asian distribution business is expected to continue its strong growth in 2025.

Regarding the retail store business, in May 2023, the Group increased its shareholding in HNH to 61%. HNH became a subsidiary of the Group, and its performance is consolidated into the financial results of the Group ("**Accounting Effect of HNH Acquisition**"). In March 2024, the Group further increased its shareholding in HNH from 61% to 70%. During the Financial Year, the Group's Hong Kong retail store business revenue was HK$176.4 million (FY2023: HK$108.0 million).

Upon completion of the disposal of CWA as described above, the results of the e-commerce business segment are accounted for using the equity method at 49%. The share of loss of investment accounted for using the equity method of HK$3.3 million (2023: share of profit of HK$4.6 million) primarily consists of 49% of the CWA's profit for the year of HK$2.2 million (2023: HK$9.1 million) less CWA's amortisation expense of intangible assets, net of deferred tax liabilities, of HK$9.0 million (2023: HK$4.1 million), being the net loss shared by the Group for FY2024.

Omnichannel brand marketing and management services for brands

During the Financial Year, the Group continued to provide omnichannel marketing and management services for the brands it represents, including brand agent, promotion and marketing, management, distribution and sales. By providing one-stop services for brands, the Group upgrades its business chain and diversifies its product portfolio and businesses, helping to increase the Group's market share and gross profit margin.

The Group represented numerous overseas brands, including the exclusive distribution rights in Hong Kong and Macau for Culturelle®, one of the global best-selling probiotic brands, as well as the Japanese anti-hair loss and hair protection brand, Kaminowa, and a leading French baby washing care brand, Biolane, during the Financial Year. For Biolane, the Group also has exclusive distribution rights in Hong Kong, Singapore and Malaysia. The Group also exclusively represents Helaslim, a best-selling Japanese slimming and beauty brand, in Singapore.

During the Financial Year, the Group also obtained the exclusive distribution rights in Singapore and Malaysia for PNKids, a leading Singaporean kid's multivitamin brand; the distribution rights for the popular Korean body care brand, plu, in Hong Kong, Macau, Singapore and Malaysia. The Group was appointed as the general distributor in Hong Kong for the well-known Mainland Chinese brand "Dong-E-E-Jiao" (東阿阿膠); and represented "Taiji Huoxiang Zhengqi Oral Liquid" (太極牌藿香正氣口服液) in Hong Kong. The Group hopes to help more renowned Mainland Chinese brands enter the Hong Kong and Southeast Asian markets in the future.

Popular self-owned brands and collaborative brand products

In addition to its brand agency business, the Group continues to actively develop its own brand products. Popular brands under the Group include "Boost & Guard Pro" (BG Pro 博健專研), "Craft by Wakan" (和漢匠心), and "Kinmen Qiangxiao" (金門強效). Currently, more than 60 trademarks for self-owned brand products have been registered. Hot-selling products include "Craft by Wakan Japan Probiotics", "BG Pro Immunoglobulin Capsules", "BG Pro Ultra Purity Deep Sea Fish Oil", and "Kinmen Qiangxiao I-Tiao-Gung Plaster", among others.

The Group closely monitors market demands and has launched multiple new products in different categories, including upgraded versions of best-selling products, such as the new "Craft by Wakan Japan SlimPro" with added slimming formula, "BG Pro Brain Booster", "Kinmen Qiangxiao I-Tiao-Gung Pain Relief Penetrating Liquid", and "Kinmen Qiangxiao I-Tiao-Gung Pain Relief Roller Cream". The Group is also actively cooperating with two large local personal care product chain stores to launch new products that closely meet market demands and establish a comprehensive sales channel network.

The Group has also fully leveraged its marketing and brand management capabilities in promoting its own brands. The health supplement market is highly competitive, requiring extensive advertising to attract consumers. Our marketing team has rich experience and is innovative, tailoring targeted promotions for different products. In addition to traditional television and outdoor advertising, we have increased promotional efforts on social media platforms such as Xiaohongshu, achieving remarkable results. The Group has also invited famous artists as brand ambassadors, including celebrity Ms. Lin Min Chen (林明禎小姐) as the spokesperson for the star products "Craft by Wakan Japan Probiotics" and "Craft by Wakan Japan SlimPro", as well as renowned artist Mr. Louis Cheung (張繼聰先生) as the ambassador for the best-selling brand "Kinmen Qiangxiao".

Regarding collaborative brands, to support the Group's strategy of strengthening the development of its own brands, Mr. Wong Ka Chun Michael, the Chairman, Executive Director and Chief Executive Officer of the Group, personally acquired Po Wo Tong, a century-old Hong Kong brand. Po Wo Tong is collaborating with the Group to launch and sell more new products, revitalising and diversifying this century-old brand while strengthening the Group's collaborative brand product projects. The Group will continue to 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 and preferences of Mainland China visitors travelling under the Individual Visit Scheme, as well as the new trends in the overall PCM and health supplement products market.

International strategic positioning shows results with Southeast Asian market development bearing fruit

To establish a diversified procurement network and enrich its product portfolio, the Group has continuously deepened its strategic presence overseas, establishing procurement centers and professional teams in Japan, Korea, Singapore, Malaysia, Thailand, Vietnam, Indonesia, Cambodia, Macau, Australia, France and other regions, achieving diversification and internationalization of the Group's product portfolio.

The Southeast Asian market has been an overseas expansion strategy actively promoted by the Group in recent years, and the results have been encouraging, with strong performance in distribution sales in the Southeast Asian market, particularly in Singapore and Malaysia, which have gradually entered a harvest period. The Group established companies in Singapore and Malaysia even before its listing and in 2022 obtained the exclusive distribution rights for TJ-TYT Pharmaceuticals (M) Sdn. Bhd. in Malaysia (which is mainly engaged in the production and wholesale of PCM, health supplements, and healthcare products in Malaysia, among others), strengthening the sales network and increasing the customer base, making significant contributions to the expansion of sales business in Singapore and Malaysia.

At the same time, the Group has established partnerships with several major personal care product chain stores in Malaysia and Singapore, such as Watsons and Guardian (equivalent to Mannings in Hong Kong), for product distribution, referencing the successful distribution model in Hong Kong. Currently, the Group has become one of the main agents for PCM and health supplements in Singapore and has comprehensively covered most retail channels in Singapore, including major chain retail stores and pharmacies.

In addition to Singapore and Malaysia, the Group has obtained food licenses from Thailand's Food and Drug Administration as well as drug import and sales licenses in Cambodia. Thailand has already begun recording revenue during the Financial Year. According to a report from the Hong Kong Trade Development Council, Thailand's healthcare industry is well-developed, and Thailand's distribution sales are expected to grow exponentially in the year ending 31 December 2025 ("**FY2025**"); Cambodia is also expected to begin recording revenue in FY2025.

E-commerce Business

In February 2025, as a result of the exercise of put option by the purchaser in the disposal of CWA, the Group completed the repurchase of 51% of CWA's issued shares. Accordingly, CWA and its subsidiaries have been reinstated as wholly-owned subsidiaries of the Company, and their financial results have been consolidated into the Group's financial statements since 1 March 2025. CWA and its subsidiaries are primarily engaged in e-commerce operations and distribution of health and wellness-related products in PRC. For details, please refer to the section headed "Events after the reporting period" of this announcement and the announcements of the Company dated 5 February 2025 and 28 February 2025.

FUTURE OUTLOOK

Optimizing the Scale, Upholding the Profit

The economic recovery in Hong Kong and Macau has been slow, with both governments striving to seek strategies to stimulate the economy. In 2025, they will continue to implement event-based economic initiatives to drive tourism and retail sectors. With the rebound in Mainland Individual Visit Scheme tourists, coupled with Hong Kong's resumption of the Shenzhen "Multiple-entry Permit" at the end of last year, revenue related to popular products targeting individual travelers is expected to increase, driving distribution sales in both Hong Kong and Macau. The Group will also adjust its product portfolio in a timely manner to cater to the different needs of local consumers and tourists.

Regarding sales operations in China, facing the weakened purchasing power due to RMB depreciation and consumption downgrading, the Group will continue to increase revenue and reduce expenses, adjust its product portfolio, open more brand online flagship stores, and develop more new products suitable for the market.

In the future, the Group will not only continue to allocate resources for development in Hong Kong, Macau, and Mainland China, but also strengthen its development in the Southeast Asian market.

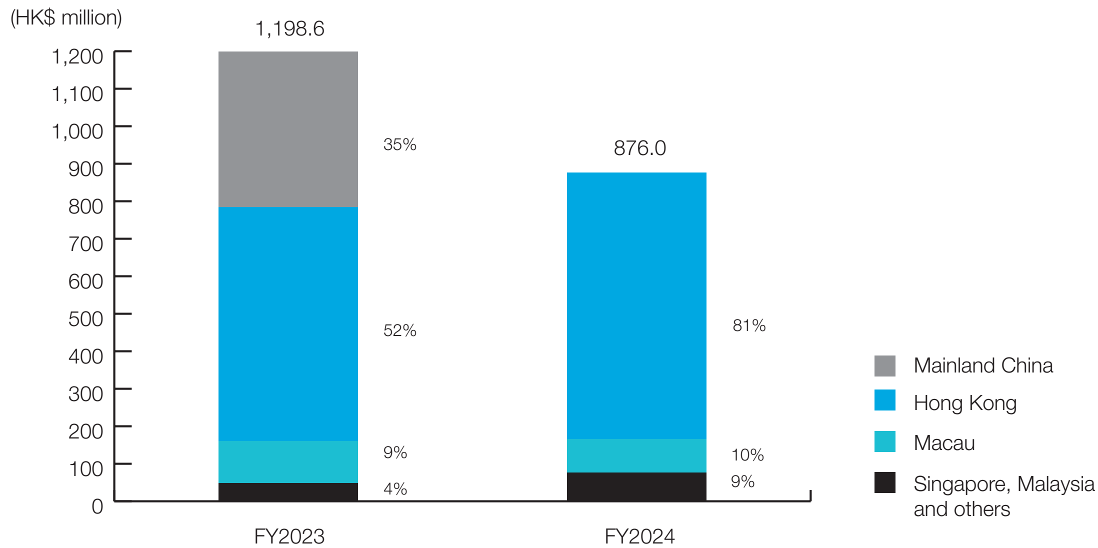
Empowering the Growth, Embracing the NEW

The Southeast Asian market is vast, comprising not only the local population but also a significant proportion of Chinese residents, with a strong demand for reputable health products and proprietary Chinese medicines. The Group has gradually introduced many international and local renowned brands to Southeast Asia. For example, in FY2025, it will begin exclusive distribution of the well-known century-old brand Lee Chung Shing Tong Po Chai Pills in major chain retail stores in Singapore, which is expected to further boost distribution sales in Southeast Asia.

In addition to continuing to strengthen sales in Singapore and Malaysia, the Group has also actively deployed sales operations in other Southeast Asian countries where it has established footholds. Thailand has already begun recording revenue this year, with local distribution sales expected to grow exponentially in FY2025. Cambodia will also begin recording revenue in FY2025. The Group's next step will be to expand its sales operations in Vietnam, increasing its advancement and market share in Southeast Asia, diversifying the Group's revenue, reducing risks, increasing its market share in the Southeast Asian health and wellness market, and laying the foundation for the Group's long-term development.

FINANCIAL REVIEW

Revenue



	Revenue		
	FY2024	FY2023	
Geographical markets	***HK$ million***	*HK$ million*	Change
Hong Kong	**709.4**	623.7	▲13.7%
Mainland China	**–**	413.9	▼100.0%
Macau	**89.3**	112.7	▼20.7%
Singapore, Malaysia and others	**77.3**	48.3	▲59.8%
Total	**876.0**	1,198.6	▼26.9%

- The Group's total revenue for the Financial Year decreased by 26.9% to HK$876.0 million (FY2023: HK$1,198.6 million), which was mainly due to the net decrease effect of the Accounting Effect of CWA 51% Disposal and the Accounting Effect of HNH Acquisition.

- In Hong Kong, revenue for FY2024 increased by 13.7% to HK$709.4 million (FY2023: HK$623.7 million) as a result of the Accounting Effect of HNH Acquisition and a slight increase by 3.3% in the distribution business. In Macau, revenue for FY2024 decreased by 20.7% to HK$89.3 million (FY2023: HK$112.7 million). It is in line with the sluggish performance of the retail sector during the Financial Year which was mainly due to the change in the consumption patterns of visitors and residents as well as the strength of the Hong Kong dollar. Meanwhile, the outperformance of the Hong Kong distribution business over the decrease in retail sales value (Chinese medicine category) of 14.8% in Hong Kong reported by the Census and Statistics Department for the same period was mainly due to the optimization of our product portfolio.

- In Singapore and Malaysia, revenue for FY2024 increased by 58.9% to HK$75.1 million (FY2023: HK$47.3 million) as a result of our continuous efforts in the development and expansion of the business in the region.

- Regarding the revenue from Mainland China, due to the Accounting Effect of CWA 51% Disposal, the revenue from Mainland China was not consolidated into the Group since October 2023.

Profitability

The gross profit of the Group decreased by 27.5% to HK$232.7 million for the Financial Year as compared to that of HK$321.1 million for FY2023, and the gross profit margin decreased by 0.2 percentage points to 26.6%. Decrease in gross profit and gross profit margin was mainly due to the increase in the cost of goods but the Group did not pass on all the increased costs to consumers due to market strategy considerations.

Selling and distribution expenses of the Group for the Financial Year increased by 1.2% to HK$109.9 million, as compared to HK$108.5 million for FY2023 due to the net effect of (i) the disposal of 51% stake in CWA in September 2023 ("**Disposal**") as a result of which the net profit of CWA Group was not consolidated to the Group's financial statements; (ii) the increase in advertisement and promotional expenses for brand building of our own brands; and (iii) the increase in promoter-related expenses to boost the sale of own brands products.

General and administrative expenses of the Group for the Financial Year increased by 12.8% to HK$95.3 million, as compared to HK$84.5 million for FY2023 which was mainly due to the increase in the share-based payment expenses to HK$20.6 million for FY2024 (FY2023: HK$1.4 million).

Finance costs of the Group for the Financial Year decreased by 9.3% to HK$21.2 million as compared to HK$23.4 million for FY2023 due to the Accounting Effect of CWA 51% Disposal.

Other income and other gains, net

Other income and other gains, net, of the Group for the Financial Year was HK$4.8 million (FY2023: HK$209.0 million). The significant amount in FY2023 was mainly composed of (i) the gain of HK$186.7 million on disposal of 51% interests of the then subsidiary of the Company (i.e. CWA); (ii) the gain of HK$10.0 million 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 (Healthcare) Limited ("**JBM**", HKEX Stock Code: 2161.HK); and (iii) the fair value gain of HK$6.5 million on the investment in JBM as at the end of the FY2023 due to its fluctuation in share price.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company for the Financial Year was HK$6.0 million as compared to HK$297.3 million for FY2023. The decrease is primarily due to the (i) absence of the one-off gain on disposal of 51% interests of CWA of HK$186.7 million and the gain on disposal of a joint venture of HK$10.0 million recognised in FY2023; (ii) the increase in share-based payment expenses (FY2024: HK$20.6 million; FY2023: HK$1.4 million); and (iii) the negative impact on the Group's net profit as a result of the disposal of 51% stake in CWA during FY2023.

EBITDA and adjusted net profit (non-HKFRS measures)

To supplement the Group's consolidated financial statements which are presented in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), the Company also uses (i) EBITDA; and (ii) profit for the year adjusted by items which are non-cash in nature and non-indicative to the Group's operating performance ("**Adjusted Net Profit**") as additional financial measures, which are not required by, or presented in accordance with, HKFRS.

EBITDA*(Note)* is calculated based on profit for the year (FY2024: HK$6.0 million; FY2023: HK$297.3 million) before interest (FY2024: HK$21.2 million; FY2023: HK$23.2 million), tax (FY2024: tax credit HK$0.6 million; FY2023: tax expense HK$20.4 million), depreciation and amortisation (FY2024: HK$15.3 million; FY2023: HK$19.9 million), where "interest" is regarded as including finance income and finance costs.

The following table reconciles profit for the year to Adjusted Net Profit*(Note)* for both years:

	2024	2023
	HK$'000	*HK$'000*
Profit for the year	**6,027**	297,323
Adjusted by:		
Share-based payment expenses	**20,574**	1,419
Impairment loss on financial assets	**2,255**	520
Net provision for inventories	**3,169**	249
Depreciation of property, plant and equipment	**3,706**	5,390
Depreciation of right-of-use assets	**8,935**	12,093
Amortisation of intangible assets	**2,620**	2,374
Gain on disposal of subsidiaries	**–**	(186,727)
Gain on remeasurement of previously held interests in an associated company	**–**	(1,414)
Gain on disposal of a joint venture	**–**	(10,000)
Fair value gain on financial assets at fair value through profit or loss	**(837)**	(6,450)
	46,449	114,777

The main reason for the decline is attributable to the Disposal as a result of which the net profit of CWA Group was not consolidated into the Group's financial statements. The Group shares 49% of the results of CWA Group as an associated company under the equity method since then. The weak economy and consumption downgrading have worsened the performance of the CWA Group for FY2024 and this, inevitably, has negative impact on the Group's net profit for the year. Disregarding the negative effect caused by the Disposal, it should be noted that the Group has recorded gross profit increment in its other markets (other than the Mainland China market which is operated by the CWA Group), notwithstanding such increase, the Group has also incurred more advertisement and promotional expenses for brand building of our own brands; and promoter-related expenses to boost the sale of own brands products.

Note:
Each of EBITDA and adjusted net profit is a non-HKFRS measure used by the management for monitoring the core business performance of the Group. Such measures are not an expressly permitted measure under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally because the Group has historically reported certain non-GAAP results to investors, the Group considers the inclusion of non-GAAP measures provides consistency in its financial reporting.

LIQUIDITY AND FINANCIAL RESOURCES

During the Financial Year, 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 31 December 2024, the Group had cash and cash equivalents of approximately HK$34.0 million (31 December 2023: HK$39.1 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 31 December 2024 was 38.3% (31 December 2023: 23.8%). The increase was mainly due to the increase in bank borrowings during the Financial Year.

CAPITAL STRUCTURE

As at 31 December 2024, the borrowings included secured interest-bearing bank borrowings of approximately HK$231.3 million (31 December 2023: HK$100.0 million), unsecured interest-bearing bank borrowings of approximately HK$39.0 million (31 December 2023: HK$39.0 million) and loan from a shareholder with maturity date on 31 March 2025 of approximately HK$50.0 million (31 December 2023: HK$50.0 million). Except for the Group's interest-bearing bank borrowings of HK$7.9 million (31 December 2023: HK$8.4 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 31 December 2024 and 2023 is as follows:

	31 December 2024 *HK$'000*	31 December 2023 *HK$'000*
Within one year	**262,855**	131,083
In the second year	**492**	469
In the third to fifth years, inclusive	**1,582**	1,506
Beyond five years	**5,367**	5,970
	270,296	139,028

As at 31 December 2024, 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.

The purpose of the treasury policy is to safeguard the Group's financial assets and minimise the liquidity risk and interest rate risk and ensure the Group has sufficient liquidity and sources of funding to meet its current and future obligations.

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 Financial Year, 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 31 December 2024, (i) certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK$31.9 million (31 December 2023: HK$33.4 million) were pledged to secure certain bank loans granted to the Group; and (ii) all the Group's equity interests in HNH were pledged to secure the loan from a shareholder granted to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Annual Report 2023, the Group does not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Acquisition of 12% and 9% Equity Interest in HNH

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$9.1 million. 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.

Subsequently on 28 March 2024, the Purchaser and the Seller further entered into another sale and purchase agreement pursuant to which the Seller further sold 9% of the issued shares of HNH to the Purchaser for an aggregate consideration of HK$6.8 million and completed the transaction on the same day so that the Group's equity interest in HNH and its operating subsidiary increased from 61% to 70%. In consideration of the parties agreeing to enter into and perform such sale and purchase agreement, the Purchaser and the Seller agreed to terminate the call option deed and the put option deed and to release and discharge each other party from their respective obligations thereunder with effect from 28 March 2024.

Disposal of 51% interest in CWA

On 7 July 2023, Dynasty Garden Limited ("**Dynasty Garden**" or "**Vendor**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the purchaser ("**SP Agreement**"), Eyolution Capital Fund ("**ECF**"), to dispose of 51% of the issued shares of CWA ("**Sale Shares**") at an aggregate consideration of HK$130.0 million. The completion of the Disposal took place on 30 September 2023. Upon completion, each of the members of CWA Group ceased to be a subsidiary of the Company and their financial results were not consolidated into the Group's financial statements but the Vendor would continue to hold 49% equity interest in the Target Group.

Pursuant to the SP Agreement, the Vendor had granted ECF a put option, pursuant to which ECF would be 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, which included the Target Group failing to meet any of the performance targets.

In order to avoid unnecessary disruption to the operations of CWA, certain transitional financial assistances would continue to exist for a certain period after the completion of the Disposal and such arrangement therefore, constituted provision of financial assistance by the Group to the Target Group ("**Provision of Financial Assistance**") under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). 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. Each of the Disposal and the Provision of Financial Assistance was approved by way of a written Shareholder's approval by Tycoon Empire Investment Limited, which as at the date of such approval held approximately 56.01% of the issued shares of the Company, pursuant to Rule 14.44 of the Listing Rules.

For details of the Disposal, the Provision of Financial Assistance and its continuation as at 30 September 2024 and the exercise of put option, please refer to the announcements of the Company dated 7 July 2023, 27 July 2023, 3 October 2023, 2 October 2024, 24 October 2024, 5 February 2025 and 28 February 2025 and the circulars of the Company dated 26 October 2023 and 25 November 2024.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the Financial Year.

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

Reference is made to the circular of the Company dated 26 October 2023 in relation to the disposal of 51% interest in CWA ("**Major Disposal Circular**"). As disclosed in the Major Disposal Circular, the Provision of Financial Assistance (as defined in the Major Disposal Circular) to the Target Group would continue for a period of time as a transitional arrangement after completion of the Disposal. Such arrangement, apart from amounting to a major transaction of the Company, would also constitute advance to an entity under Rule 13.13 of the Listing Rules and provision of guarantee to affiliated companies of the Company under Rule 13.16 of the Listing Rules.

The completion of the Disposal took place on 30 September 2023.

As disclosed in the Major Disposal Circular, as at 30 June 2023, the maximum amount of the Provision of Financial Assistance (comprising the total amount of the Relevant Banking Facilities which could be drawn down by the Target Group and guaranteed by the Company and the Relevant Inter-Company Balance of non-trade nature) amounted to HK$389.5 million.

As at 31 December 2024, the maximum amount of the Provision of Financial Assistance was HK$272.5 million.

As at 31 December 2024, approximately HK$141.7 million of the Relevant Banking Facilities were utilised by the Target Group and secured by guarantees of the Company. Certain of the Group's property, plant and equipment were pledged to secure bank loans of HK$0.3 million granted to the Target Group. The interest rate of the Relevant Banking Facilities is ranging from USD Prime-1.25% to HIBOR+3.00% and the repayment term is ranging from 90 days to 1 year after utilisation. Such Relevant Banking Facilities were provided by licensed banks in Hong Kong and were secured by corporate guarantees provided by the Company, charges over three properties held by a member of the Group, and other non-current asset held by a member of the Target Group.

The Relevant Inter-Company Balance was interest free and repayable on demand.

In February 2025, as a result of the exercise of put option by the Purchaser, the Group completed the repurchase of 51% of CWA's issued shares. Accordingly, CWA and its subsidiaries have been reinstated as wholly-owned subsidiaries of the Company, and their financial results have been consolidated into the Group's financial statements since 1 March 2025. As such, CWA and its subsidiaries are now no longer the associated companies of the Company.

For details, please refer to the section headed "Events after the reporting period" of this announcement and the announcements of the Company dated 5 February 2025 and 28 February 2025.

SIGNIFICANT INVESTMENT HELD

As of 31 December 2024, the Group did not hold any significant investments.

CAPITAL COMMITMENT

As at 31 December 2024, the Group had no material capital commitment (31 December 2023: Nil).

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities (31 December 2023: Nil).

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 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 was extended to 31 December 2023; and (ii) the Target Profit was still HK$274.0 million but covering five financial years ended 31 December 2023.

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

The aggregated sum of the audited net profit of the Company for the five financial years ended 31 December 2023 has exceeded the Target Profit and thus the profit guarantee under the Amended Pre-IPO Shareholders Agreement undertaken by the Controlling Shareholder in favour of CR Pharma Retail has been met. The Share Charge was accordingly released in July 2024 (as more particularly described in the paragraph headed "Pledge of Shares by Controlling Shareholder" below).

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

200,000,000 Shares 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 announcement of the Company dated 18 June 2021.

As disclosed above, given that the aggregated sum of the audited net profit of the Company for the five financial years ended 31 December 2023 has exceeded the Target Profit, the Share Charge in respect of the 200,000,000 shares of the Company was released in July 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed a total of 260 employees (31 December 2023: 130). During the Financial Year, the total staff costs incurred were approximately HK$89.0 million (FY2023: HK$65.9 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.

ANNUAL GENERAL MEETING

An annual general meeting of the Company ("**AGM**") will be held on Friday, 30 May 2025 and the notice of the AGM will be published and (where applicable) despatched to the shareholders of the Company ("**Shareholders**") in accordance with the Company's articles of association and the Listing Rules in due course.

DIVIDEND

The Board has resolved not to declare any final dividend for the FY2024 (FY2023: HK3.5 cents).

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 Monday, 26 May 2025 to Friday, 30 May 2025 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 pm on Friday, 23 May 2025.

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

During the Financial Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury share). As at 31 December 2024, the Company did not hold any treasury shares.

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 C3 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 C1 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 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 are 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 ("**Audit Committee**") has reviewed together 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 audited consolidated financial statements of the Group for the Financial Year.

EVENTS AFTER THE REPORTING PERIOD

Exercise of Put Option

Reference is made to the announcements of the Company dated 7 July 2023, 27 July 2023 and 3 October 2023, and the Major Disposal Circular in relation to, among other things, the disposal of the Sale Shares, being 51% of the issued shares of CWA, by Dynasty Garden, an indirect wholly-owned subsidiary of the Company, and the grant of the Put Option to the purchaser, ECF. Capitalised terms used in this announcement shall have the same meanings as those defined in the Major Disposal Circular unless the context otherwise requires.

As disclosed in the Major Disposal Circular, the Put Option was granted to ECF under the SP Agreement pursuant to which it may be exercised by ECF to require Dynasty Garden to purchase or to procure the purchase, either by itself and/or other third party(ies), all the Sale Shares held by it upon the occurrence of any of the Put Option Triggering Events, during the period commencing from the date of Completion and within two years after Completion.

On 27 January 2025, the Company received a notice of exercise of the Put Option from ECF under which Dynasty Garden was required to purchase the Sale Shares back from ECF. The Put Option Triggering Event on which ECF relied on to exercise the Put Option was that the Target Group had failed to meet one of its performance targets in relation to target turnover and target profits. The Exercise Price payable by Dynasty Garden to ECF for the Sale Shares was calculated as HK$106.0 million. It was intended that the Exercise Price shall be settled in cash and funded from the internal resources of the Group. In accordance with the terms of the SP Agreement, the Exercise Price was determined with reference 51% of the valuation of CWA Group reported on by an Independent valuer, jointly appointed by Dynasty Garden and ECF, as the fair value of CWA Group as at 31 December 2024 and on a valuation methodology jointly approved by Dynasty Garden and ECF. As at 31 December 2024, ECF had not paid the Remaining Consideration (being an amount of HK$60.0 million) in accordance with the provisions of the SP Agreement. As such, the Exercise Price that was required to be paid by Dynasty Garden shall be equal to the amount of the Exercise Price in excess of the Remaining Consideration, being a net amount of HKS$46.0 million to ECF at completion of the Put Option exercise. The completion of the purchase of the Sale Shares with ECF took place on 28 February 2025 as agreed by ECF and Dynasty Garden.

The grant of the Put Option was part and parcel of the terms of the Disposal and as set out in the Major Disposal Circular, such grant was approved by Tycoon Empire by way of written approval at the time when the Disposal was approved.

Upon completion of the purchase of the Sale Shares, each of CWA and its subsidiaries have become a wholly-owned subsidiary of the Company and their financial results have been consolidated into the financial statements of the Group. Accordingly, any Provision of Financial Assistance (each as defined in the Major Disposal Circular and the circular of the Company dated 25 November 2024) shall cease to be a notifiable transaction under Chapter 14 of the Listing Rules or subject to any implications relating to financial assistance or relevant advance to an entity under Chapter 13 of the Listing Rules.

Change of Directors

Mr. Cao Weiyong tendered his resignation as a non-executive Director with effect on 10 January 2025. On 10 January 2025, the Board has resolved to appoint Mr. Hu Yang as a non-executive Director with effect from 10 January 2025. Mr. Hu Yang will hold his office until and will offer himself for re-election at the forthcoming AGM.

Save as disclosed, there has been no significant event affecting the Group after the Financial Year and up to the date of this announcement.

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 2024 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 and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF THE 2024 ANNUAL RESULTS ANNOUNCEMENT AND 2024 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 aforementioned websites and despatched to the Shareholders upon request 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, 28 March 2025

As at the date of this announcement, the executive director is Mr. Wong Ka Chun Michael; the non-executive directors are Mr. Hu Yang, Ms. Liang Yan, Ms. Li Ka Wa Helen and Mr. Lau Ka On David; and the independent non-executive directors are Mr. Chung Siu Wah, Ms. Chan Ka Lai Vanessa and Mr. Mak Chung Hong (also known as Mak Tommy Chung Hong).