



英記茶莊

YING KEE TEA HOUSE



2023/24

FIRST QUARTERLY
REPORT

YING KEE TEA HOUSE GROUP LIMITED
英記茶莊集團有限公司

(Incorporated in Hong Kong with limited liability)
Stock code : 8241

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*This report, for which the directors (the “**Directors**”) of Ying Kee Tea House Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*





Management Discussion and Analysis

Financial Highlights

	For the three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	7,040	7,192
Gross profit	5,431	5,557
Loss before taxation	(2,925)	(1,658)
Income tax expenses	–	–
Loss attributable to shareholders	(2,925)	(1,658)
Loss per share	(HK0.81 cents)	(HK0.46 cents)

Business and Operational Review

For the three months ended 30 June 2023 (the “**Reporting Period**”), the Company and its subsidiaries (collectively the “**Group**”) experienced a reduction in revenue attributable to the weak retail sentiment arising from high interest rate in the borrowing market. The overall retail environment remains uncertain in light of the interest rate fluctuations caused by the global economy and ongoing geopolitical events, coupled with the lowering of demand on non-essential products in the consumer market.

Financial Review

Revenue, gross profit and net loss

The consolidated revenue of the Group for the Reporting Period amounted to approximately HK\$7.0 million (three months ended 30 June 2022: approximately HK\$7.2 million), representing a decrease of approximately 2.1%. The gross profit for the Reporting Period amounted to approximately HK\$5.4 million (three months ended 30 June 2022: approximately HK\$5.6 million), decreasing by approximately 2.3%. Gross profit margin was approximately 77.1% (three months ended 30 June 2022: approximately 77.3%), representing a decrease of approximately 0.2% compared with that of the last corresponding period. Net loss for the Reporting Period was approximately HK\$2.9 million (three months ended 30 June 2022: Net loss of approximately HK\$1.7 million). The net loss for the Reporting Period was mainly due to increase in advertising expenses and increase in interest rates for both bank borrowings and promissory rates.



Management Discussion and Analysis

Selling and distribution costs

Selling and distribution costs increased by approximately 103.8% to approximately HK\$0.3 million (three months ended 30 June 2022: approximately HK\$0.1 million) primarily because of increase of advertising fees and reallocation of credit card charges, which is amounted to approximately HK\$65,000.

Administrative expenses

Administrative expenses decreased from approximately HK\$7.1 million for the three months ended 30 June 2022 to approximately HK\$7.0 million for the Reporting Period, representing a decrease of approximately 1.8%, primarily because of decrease in listing maintenance costs.

Finance costs

Finance costs for the Reporting Period amounted to HK\$1.1 million and were mainly interest of bank borrowings, finance lease and promissory notes, as compared to HK\$0.8 million for the three months ended 30 June 2022. The increase in finance costs is primarily due to higher bank borrowing rates.

Outlook and Prospect

With the gradual decline in COVID-19 cases and increased uptake of vaccination in Hong Kong and abroad, economy gradually recovered. However, the consumer sentiment in buying dispensable products like tea leaves remains weak when interest rates in the borrowing market is relatively high. Nonetheless, with the granting of the 2nd-installment of consumption vouchers to eligible Hong Kong residents under the 2023 Consumption Voucher Scheme on 16 July 2023 in the amount of HK\$2,000 (the “**2023 Consumption Vouchers**”), it is hoped that consumers' purchasing power will be heightened, and consumers will allocate some spending in the retail market of dispensable goods. As such, the Group remains cautiously optimistic about the prospects of the industry and the overall retail environment in Hong Kong.

The Directors have exercised prudence in cash flow management to safeguard the Group's assets and will continue to safeguard the Group's healthy operational environment to enable the Group to overcome this period of difficulty. With the Hong Kong Government's planned distribution of the 2023 Consumption Vouchers, it is expected that the overall buying sentiment will be positively stimulated. The Group is also prepared to participate in the upcoming HKTDC Food Expo held by the Hong Kong Trade Development Council followed by pop-up promotion and annual sale to generate additional revenue in the upcoming months.



Management Discussion and Analysis

Liquidity and Cash Flow Management

The Group adopted a prudent financial policy in order to maintain a healthy financial position under the uncertainty of the economic situation. The Group has funded its liquidity and capital requirements principally from cash generated from its operations.

At the end of the Reporting Period, the Group's net current liabilities amounted to approximately HK\$6.8 million (30 June 2022: approximately HK\$45.0 million) which was a decrease of approximately HK\$38.2 million or 84.9% due to the extension of maturity of promissory notes payable and reduction of trade payables. Cash and bank balances amounted to approximately HK\$1.1 million (30 June 2022: approximately HK\$1.4 million), a decrease of approximately HK\$0.3 million or 21.4%.

At the end of the Reporting Period, the Group's current assets amounted to approximately HK\$11.1 million (30 June 2022: approximately HK\$11.8 million) and the Group's current liabilities amounted to approximately HK\$17.9 million (30 June 2022: approximately HK\$56.8 million). Current ratio was approximately 0.62 times as at the end of the Reporting Period (30 June 2022: approximately 0.21 times).

Gearing Ratio

Gearing ratio is calculated as total liabilities divided by the total equity as at the respective reporting date.

The gearing ratio as at the end of the Reporting Period was approximately 500.8% (30 June 2022: approximately 515.5%) because of decrease in total debts.

Capital Expenditure

For the Reporting Period, the Group's capital expenditure amounted to approximately HK\$9,800 (three months ended 30 June 2022: approximately HK\$35,000), mainly for plant and equipment.

Foreign Exchange Exposure

Since all of the assets and liabilities of the Group are situated in Hong Kong and denominated in Hong Kong dollars, and almost all of the Group's revenue is generated from Hong Kong, the functional and reporting currency of the Group is the Hong Kong dollar. There were no hedging instruments except for bank deposit and cash in hand of approximately RMB4,000 as at the end of the Reporting Period (30 June 2022: approximately RMB158,000). For payment of purchases in Renminbi, the Directors considered that the foreign exchange exposure was fairly covered as purchases in Renminbi only constituted a minor percentage of total purchases and their settlement within 60 days would not cause any material foreign exchange risk.



Management Discussion and Analysis

Principal Risks and Uncertainties

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that only well-established customers will be considered for open account terms and the approval of credit terms is subject to stringent credit check procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Interest rate risk

At the end of the Reporting Period, the Group had bank borrowings and interest rate risk was present. However, the interest rate risk was low, as the interest rate fluctuations during the Reporting Period were small due to the weak global economy.

Liquidity risk

The Group monitors its risk to a shortage of funds using monthly cash flow forecasts. The Group's objective is to maintain a balance between continuity of funding and flexibility through cash from funds generated from its operations.

Employees and Remuneration Policies

At the end of the Reporting Period, the Group had 53 employees (30 June 2022: 56) working in Hong Kong. Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonuses. Various training was provided to the employees. The total staff costs (including the remuneration of the Directors and Mandatory Provident Fund contributions) for the Reporting Period amounted to approximately HK\$3.1 million (three months ended 30 June 2022: approximately HK\$3.2 million).

Dividends

The board of Directors (the "**Board**") has resolved not to declare any dividend for the Reporting Period (three months ended 30 June 2022: Nil).

Contingent Liabilities

The Group had no significant contingent liabilities as at the end of the Reporting Period.



Management Discussion and Analysis

Charge on the Group's Assets

At the end of the Reporting Period, the Group had first and second legal charges on the ownership and rental rights respectively of the Group's assets, namely, the property at Shop B, Ground Floor, Siu Ying Commercial Building, 151–155 Queen's Road Central, 1–1B Wing Kut Street, Hong Kong and the property at Ground Floor, Mei Wah Building, No. 170 Johnston Road, Wanchai, Hong Kong as securities for the banking facilities granted to the Group.

Save as disclosed above, there was no other material charge on the Group's assets for the Reporting Period.

Events after the Reporting Period

Save as disclosed above, there were no material events occurring after the Reporting Period that would affect the results of the Group for the Reporting Period.

Corporate Governance Practices and Compliance

During the Reporting Period, the Group was committed to maintaining a high standard of corporate governance, and complying with the Code of Corporate Governance Practices to the extent practicable. The Company has applied the code provisions in the Corporate Governance Code (the “**CG Code**”) set out in Appendix 15 to the GEM Listing Rules. During the Reporting Period and to the best of the knowledge of the Board, the Company has complied with the relevant provisions under the CG Code.

The Board is responsible for the leadership and control of, and promoting the success of the Group. This is achieved by the setting of corporate strategic objectives and policies, and the monitoring and evaluation of operating activities and financial performance of the Group.

Securities Transactions of Directors

The Group has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry to all the Directors, and all the Directors have confirmed that they have complied with the Code of Conduct during the Reporting Period.

Purchase, Sale or Redemption of the Company’s Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.



Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

So far as the Directors are aware, as at the end of the Reporting Period, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name of Director/ Chief Executive	Capacity/Nature of interest	Number of Shares/ underlying Shares held/interested	Approximate percentage of shareholding
Mr. Chan Kwong Yuen	Interested in a controlled corporation	270,000,000 (Note 1)	74.66%
Mr. Chan Kun Yuen	Interested in a controlled corporation	270,000,000 (Note 1)	74.66%
Mr. Chan Shu Yuen	Interested in a controlled corporation	270,000,000 (Note 1)	74.66%
Mr. Wong Chee Chung	Beneficial owner	200,000	0.06%

Notes:

1. These 270,000,000 shares are held by Profit Ocean Enterprises Limited ("**Profit Ocean**"), a company owned by Tri-Luck Investments Limited ("**Tri-Luck**"), Wealth City Global Limited ("**Wealth City**"), Sky King Global Limited ("**Sky King**") and Coastal Lion Limited ("**Coastal Lion**") in equal shares, i.e., 25% each. Each of Tri-Luck, Wealth City, Sky King and Coastal Lion is wholly owned by Mr. Chan Tat Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Kwong Yuen respectively.

Under the acting in concert arrangement between Mr. Chan Kwong Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Tat Yuen, each of Coastal Lion, Wealth City, Sky King, Tri-Luck, Mr. Chan Kwong Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Tat Yuen is deemed to be interested in all the shares held by Profit Ocean for the purposes of the SFO.

Other Information

Long positions in ordinary shares of associated corporations

Name of Director/ Chief Executive	Name of associated corporation	Capacity/Nature of interest	Number of Shares held/ interested	Percentage of shareholding
Mr. Chan Kwong Yuen	Profit Ocean	Interest in a controlled corporation	250	25%
	Coastal Lion	Beneficial owner	100	100%
Mr. Chan Kun Yuen	Profit Ocean	Interest in a controlled corporation	250	25%
	Wealth City	Beneficial owner	100	100%
Mr. Chan Shu Yuen	Profit Ocean	Interest in a controlled corporation	250	25%
	Sky King	Beneficial owner	100	100%

Save as disclosed above, as at the end of the Reporting Period, none of the Directors or chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.



Other Information

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as known to the Directors or chief executives of the Company, as at the end of the Reporting Period, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were directly or indirectly, deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in ordinary Shares and underlying Shares of the Company

Name of Shareholder	Nature of interest and capacity	Number of Shares/ underlying Shares held/interested	Approximate percentage of the total issued shares
Profit Ocean	Beneficial owner	270,000,000	74.66%
Tri-Luck	Interest in a controlled corporation	270,000,000 (Note 1)	74.66%
Wealth City	Interest in a controlled corporation	270,000,000 (Note 1)	74.66%
Sky King	Interest in a controlled corporation	270,000,000 (Note 1)	74.66%
Coastal Lion	Interest in a controlled corporation	270,000,000 (Note 1)	74.66%
Mr. Chan Tat Yuen	Interest in a controlled corporation	270,000,000 (Note 1)	74.66%
Ms. Chu Min	Interest of spouse	270,000,000 (Note 2)	74.66%
Ms. Chan King Chi	Interest of spouse	270,000,000 (Note 3)	74.66%
Ms. Po Miu Kuen Tammy	Interest of spouse	270,000,000 (Note 4)	74.66%
Ms. Ng Wai Lam Lana Zoe	Interest of spouse	270,000,000 (Note 5)	74.66%

Notes:

1. The total issued capital of Profit Ocean is owned by Tri-Luck, Wealth City, Sky King and Coastal Lion in equal shares, i.e., 25% each, while the total issued share capital of each of Tri-Luck, Wealth City, Sky King and Coastal Lion is wholly owned by Mr. Chan Tat Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Kwong Yuen, respectively.

Under the acting in concert arrangement between Mr. Chan Tat Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Kwong Yuen, each of Tri-Luck, Wealth City, Sky King and Coastal Lion, Mr. Chan Tat Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Kwong Yuen is deemed to be interested in all the Shares held by Profit Ocean for the purposes of the SFO.

2. Ms. Chu Min is the spouse of Mr. Chan Tat Yuen. For purposes of the SFO, Ms. Chu Min is deemed to be interested in (i) the shares held by Mr. Chan Tat Yuen.
3. Ms. Chan King Chi is the spouse of Mr. Chan Kun Yuen. For purposes of the SFO, Ms. Chan King Chi is deemed to be interested in (i) the shares held by Mr. Chan Kun Yuen.
4. Ms. Po Miu Kuen Tammy is the spouse of Mr. Chan Shu Yuen. For purposes of the SFO, Ms. Po Miu Kuen Tammy is deemed to be interested in the shares held by Mr. Chan Shu Yuen.
5. Ms. Ng Wai Lam Lana Zoe is the spouse of Mr. Chan Kwong Yuen. For purposes of the SFO, Ms. Ng Wai Lam Lana Zoe is deemed to be interested in the shares held by Mr. Chan Kwong Yuen.

Save as disclosed above, as at the end of the Reporting Period, no person, other than the Directors whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" above, had or was deemed to have an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

At the end of the Reporting Period, the controlling shareholders did not pledge any of the shares of the Company to any party. The Company did not breach any loan agreement that is significant to the Group's operations nor enter into any loan agreements with covenants relating to specific performance by the controlling shareholders. Moreover, none of the Company nor its subsidiaries provided any financial assistance and guarantees to affiliated companies of the Company.



Other Information

Share Option Scheme

The purpose of the share option scheme of the Company (“**Share Option Scheme**”) is to enable the Company to grant options to selected participants (including, among others, full time employees, consultants, advisers and directors, and any distributor, contractor, supplier, agent, customer, business partner and service provider of any member of the Group) as incentives or rewards for their contribution to the Group. The Company conditionally approved and adopted the Share Option Scheme by written resolutions on 14 March 2018. Further details of the Share Option Scheme are set in the section headed “Statutory and General Information – 8. SHARE OPTION SCHEME” in Appendix IV of the prospectus of the Company dated 23 March 2018.

Details of the movement in the share options granted under the Share Option Scheme for the Reporting Period are as follows:

Name or category of participants	Date of grant of share options	Exercisable period	Exercise price of share options (HK\$)	Outstanding as at 1 April 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2023
Directors									
Mr. Chan Kwong Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	(3,200,000)	-
Mr. Chan Kun Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	(3,200,000)	-
Mr. Chan Shu Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	(3,200,000)	-
Mr. Siu Chi Ming	9 September 2019	1 June 2020 to 31 May 2023	0.189	200,000	-	-	-	(200,000)	-
Mr. Lee Wai Ho	9 September 2019	1 June 2020 to 31 May 2023	0.189	200,000	-	-	-	(200,000)	-
Mr. Wong Chee Chung	9 September 2019	1 June 2020 to 31 May 2023	0.189	200,000	-	(200,000)	-	-	-
Sub-total				10,200,000	-	(200,000)	-	(10,000,000)	-
Substantial Shareholder									
Mr. Chan Tat Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	(3,200,000)	-
Other Employees	9 September 2019	1 June 2020 to 31 May 2023	0.189	14,950,000	-	-	-	(14,950,000)	-
Total				28,350,000	-	(200,000)	-	(28,150,000)	-

Competing Interests

The Directors were not aware of any business or interest of the Directors or the controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the Reporting Period.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") was established on 14 March 2018 with written terms of reference in compliance with the requirements as set out in Rule 5.28 of the GEM Listing Rules and the CG Code.

The principal duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group. The Audit Committee currently comprises all three independent non-executive Directors, namely Mr. Lee Wai Ho, Mr. Siu Chi Ming and Mr. Wong Chee Chung. The chairman of the Audit Committee is Mr. Siu Chi Ming.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the Reporting Period and is of the opinion that such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By order of the Board

Ying Kee Tea House Group Limited

Chan Kwong Yuen

Chairman

Hong Kong, 11 August 2023

As at the date of this report, the Board comprises Mr. Chan Kwong Yuen, Mr. Chan Kun Yuen and Mr. Chan Shu Yuen as executive Directors; and Mr. Wong Chee Chung, Mr. Siu Chi Ming and Mr. Lee Wai Ho as independent non-executive Directors.



First Quarterly Results

The Board announces the unaudited condensed consolidated results of the Group for the Reporting Period together with the unaudited comparative figures for the corresponding period in 2022 as follows:

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months ended 30 June 2023

	Notes	Three months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	7,040	7,192
Cost of sales		(1,609)	(1,635)
Gross profit		5,431	5,557
Other income	5	1	864
Selling and distribution costs		(265)	(130)
Administrative expenses		(7,014)	(7,146)
Finance costs		(1,078)	(803)
Loss before income tax	6	(2,925)	(1,658)
Income tax expense	7	–	–
Loss and total comprehensive expense for the period attributable to equity holders of the Company		(2,925)	(1,658)
Loss per share attributable to equity holders of the Company			
Basic and diluted loss per share (HK cents)	9	(0.81)	(0.46)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 30 June 2023

	Share capital HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Contribution reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
As at 1 April 2023 (audited)	42,260	990	2,072	12,843	(37,420)	20,745
Exercise of share options	52	–	(14)	–	–	38
Lapse of share options	–	–	(2,058)	–	2,058	–
Loss and total comprehensive expense for the period	–	–	–	–	(2,925)	(2,925)
At 30 June 2023 (unaudited)	42,312	990	–	12,843	(38,287)	17,858
As at 1 April 2022 (audited)	42,260	990	2,080	5,806	(30,746)	20,390
Loss and total comprehensive expense for the period	–	–	–	–	(1,658)	(1,658)
At 30 June 2022 (unaudited)	42,260	990	2,080	5,806	(32,404)	18,732



Notes to the Unaudited Condensed Consolidated Financial Statements

For the three months ended 30 June 2023

1. General Information

Ying Kee Tea House Group Limited (the “**Company**”) was incorporated in Hong Kong with limited liability on 14 September 2017. As at the reporting date, the address of its registered office is 8/F, Wah Shing Centre, 5 Fung Yip Street, Siu Sai Wan, Hong Kong and its principal place of business is Hong Kong.

The Company’s shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 April 2018.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the retail trading of tea products. The Company’s holding company is Profit Ocean Enterprises Limited, a company incorporated in the British Virgin Islands.

2. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 (“**Relevant Period**”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the accounting principles generally accepted in Hong Kong. The unaudited condensed consolidated financial statements also include the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

The unaudited condensed consolidated financial statements for the Relevant Period have been prepared in accordance with the accounting policies adopted in the Group’s annual financial statements for the year ended 31 March 2023, except for the adoption of the new and amended HKFRSs effective as of 1 April 2023.

The unaudited condensed consolidated financial statements for the Relevant Period have not been audited by the Company’s independent auditor but have been reviewed by the Company’s audit committee.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the three months ended 30 June 2023

2. Basis of Preparation (Continued)

The preparation of the unaudited condensed consolidated financial statements of the Group for the Relevant Period is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group's accounting policies.

The financial information relating to the year ended 31 March 2023 included in these financial statements as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company will deliver the statutory annual consolidated financial statements for the year ended 31 March 2023 to the Registrar of Companies of Hong Kong as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance within the prescribed limit.

The Company's independent auditor has reported on those financial statements. The independent auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

3. Adoption of New and Amended HKFRSs

HKICPA has issued a number of new and amended HKFRSs that are first effective or available for early adoption for the Relevant Period. The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. The Group has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the three months ended 30 June 2023

4. Revenue

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Sales of tea products	7,040	7,192

5. Other Income

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank interest income	1	–
Government grants (Note)	–	864
	1	864

Note: The Group received the government grants from Hong Kong Special Administrative Region ("HKSAR") Government under the "Anti-epidemic Fund" during the three months ended 30 June 2022. There were neither unfulfilled conditions nor other contingencies attached to the receipt of those grants. There is no assurance that the Group will continue to receive such grant in the future.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the three months ended 30 June 2023

6. Loss before Income Tax

Loss before income tax is arrived at after charging:

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Auditor's remuneration	100	100
Cost of inventories recognised as an expense	1,294	1,351
Depreciation of property, plant and equipment	1,060	1,074
Depreciation of right-of-use assets	1,631	1,563
Amortisation of reinstatement cost	11	11
Loss on disposal of property, plant and equipment	28	–
Operating lease charges in respect of premises		
Lease charges:		
– Short term leases	145	145
– Variable lease payments	99	185

7. Income Tax Expense

No provision for Hong Kong Profits Tax has been provided as the Group incurred taxation loss for the three months ended 30 June 2023 and 2022.

	Three months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Current tax		
Hong Kong profits tax		
– Current period	–	–

8. Dividends

The Board does not recommend the payment of any dividend for the three months ended 30 June 2023 (three months ended 30 June 2022: Nil).



Notes to the Unaudited Condensed Consolidated Financial Statements

For the three months ended 30 June 2023

9. Loss per Share

The basic loss per share is calculated based on the followings:

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss		
Loss for the period attributable to equity holders of the Company	(2,925)	(1,658)
Number of shares		
Weighted average number of ordinary shares (in thousands)	361,507	361,450

Diluted loss per share is the same as basic loss per share for both periods. The potential shares arising from the conversion of the Company's share options would decrease the loss per share attributable to equity holders of the Company and are not taken into account as they had anti-dilutive effects.