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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investor should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, 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 announcement 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 announcement misleading.*

INTERIM RESULTS

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2021, together with the unaudited comparative figures for the corresponding period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Notes	Three months ended		Six months ended	
		30 September		30 September	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	6,856	7,046	14,396	13,268
Cost of sales		<u>(1,513)</u>	<u>(1,697)</u>	<u>(2,987)</u>	<u>(3,036)</u>
Gross profit		5,343	5,349	11,409	10,232
Other income	5	1	1,529	74	2,701
Other loss	5	–	(284)	–	(490)
Selling and distribution costs		(203)	(273)	(412)	(493)
Administrative expenses		(7,652)	(7,877)	(14,247)	(15,785)
Finance costs	6	(468)	(843)	(1,612)	(1,757)
Loss before income tax	7	(2,979)	(2,399)	(4,788)	(5,592)
Income tax expenses	8	–	–	–	–
Loss and total comprehensive expense for the period		<u>(2,979)</u>	<u>(2,399)</u>	<u>(4,788)</u>	<u>(5,592)</u>
Loss per share attributable to equity holders of the Company (expressed in HK cents per share)					
Basic and diluted	10	<u>(0.82)</u>	<u>(0.67)</u>	<u>(1.33)</u>	<u>(1.55)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	105,786	110,856
Rental deposits	12	357	357
		<u>106,143</u>	<u>111,213</u>
Current assets			
Inventories		7,766	6,616
Trade and other receivables	12	4,145	4,407
Cash and bank balances		2,118	3,911
		<u>14,029</u>	<u>14,934</u>
Current liabilities			
Trade and other payables	13	1,926	1,267
Bank borrowings	14	11,250	10,250
Lease liabilities	16	3,804	5,893
Tax payable		27	27
		<u>17,007</u>	<u>17,437</u>
Net current liabilities		<u>(2,978)</u>	<u>(2,503)</u>
Total assets less current liabilities		<u>103,165</u>	<u>108,710</u>

		As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Non-current liabilities			
Provision for long service payment		428	428
Provision for reinstatement cost		854	854
Bank borrowings	14	39,375	40,500
Promissory notes	15	38,122	37,358
Lease liabilities	16	1,040	1,672
		<u>79,819</u>	<u>80,812</u>
Net assets		<u>23,346</u>	<u>27,898</u>
EQUITY			
Share capital		42,207	41,879
Reserves		(18,861)	(13,981)
Total equity		<u>23,346</u>	<u>27,898</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital HK\$'000	Capital reserve HK\$'000 (Note (i))	Share options reserve HK\$'000	Contribution reserve HK\$'000 (Note (ii))	Accumulated losses HK\$'000	Total equity HK\$'000
As at 1 April 2021 (audited)	41,879	990	2,259	5,806	(23,036)	27,898
Lapse of share options	-	-	(73)	-	73	-
Exercise of share options	328	-	(92)	-	-	236
Loss and total comprehensive expense for the period	-	-	-	-	(4,788)	(4,788)
As at 30 September 2021 (unaudited)	42,207	990	2,094	5,806	(27,751)	23,346
As at 1 April 2020 (audited)	41,879	990	1,778	5,806	(13,941)	36,512
Transactions with equity holders of the Company						
Equity settled share-based payments	-	-	528	-	-	528
Loss and total comprehensive expense for the period	-	-	-	-	(5,592)	(5,592)
As at 30 September 2020 (unaudited)	41,879	990	2,306	5,806	(19,533)	31,448

Notes:

- (i) Capital reserve represented the excess of nominal value of shares of Ying Kee Tea Company Limited over the nominal value of shares allotted by the Company arising from reorganisation.
- (ii) Contribution reserve represents the deemed contribution by controlling shareholders through Chan Sing Hoi Enterprises Limited (“**Chan Sing Hoi Enterprises**”), in the issuance of non-interest bearing promissory notes to Chan Sing Hoi Enterprises in the current year, details of which are set out in note 15. The contribution reserve represents the difference between the fair value of assets acquired and the fair value of the non-interest bearing promissory notes issued.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Loss before income tax	(4,788)	(5,592)
Adjustments for:		
– Depreciation	5,199	2,838
– Amortisation of reinstatement cost	23	25
– Amortisation of intangible assets	–	5
– Interest income	(2)	(55)
– Interest expenses	1,612	1,757
– Equity settled share-based payment expenses	–	528
– Rent concessions	–	(93)
– Loss on early repayment on promissory note	–	490
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	2,044	(97)
Changes in working capital:		
– Inventories	(1,150)	(173)
– Trade and other receivables	262	(1,107)
– Trade and other payables	895	148
– Reversal for long service payment	–	(179)
	<hr/>	<hr/>
<i>Net cash from/(used in) operating activities</i>	2,051	(1,408)
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	2	55
Purchases of property, plant and equipment	(152)	(39)
Decrease in time deposits	–	11,007
	<hr/>	<hr/>
<i>Net cash (used in)/from investing activities</i>	(150)	11,023
	<hr/>	<hr/>

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Cash flows from financing activities		
Proceeds from borrowings	4,000	4,000
Interest paid	(848)	(856)
Payment of lease liabilities	(2,721)	(403)
Repayment of bank borrowings	(4,125)	(11,125)
Repayment of promissory note	–	(5,000)
	<hr/>	<hr/>
<i>Net cash used in financing activities</i>	(3,694)	(13,384)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(1,793)	(3,769)
Cash and cash equivalents at the beginning of the period	3,911	5,798
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period, represented by cash and bank balances	2,118	2,029
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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

Ying Kee Tea House Group Limited (the “**Company**”) was incorporated in Hong Kong with limited liability. The address of its registered office and its principal place of business is 8/F., Wah Shing Centre, 5 Fung Yip Street, Siu Sai Wan, 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 immediate 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 six months ended 30 September 2021 (“**Interim Period**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”).

The unaudited condensed consolidated financial statements for the Interim Period 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 Interim Period have been prepared in accordance with the accounting policies adopted in the Group’s annual financial statements for the year ended 31 March 2021, except for the adoption of the new and amended HKFRSs effective as of 1 April 2021.

The unaudited condensed consolidated financial statements for the Interim Period have not been audited by the Company’s independent auditor but have been reviewed by the Company’s audit committee and approved for issue by the Board on 11 November 2021.

The preparation of the unaudited condensed consolidated financial statements of the Group for the Interim 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 directors have reviewed the current performance and cash flow forecast prepared by management as part of their assessment of the Group's ability to continue as a going concern, and after carefully considering the matters described below, the directors have a reasonable expectation that the Group is able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to the following:

- (i) the Group generated net cash inflows from operating activities of approximately HK\$2.1 million during the six months ended 30 September 2021 and expects to continue to improve its working capital management and generate sufficient cash flows to meet its liabilities as and when they fall due in the next twelve months;
- (ii) at 30 September 2021, the Group had available unutilised bank facilities of HK\$14,100,000;
- (iii) the Group has the ability to obtain new banking and other financing facilities and has the ability to renew or refinance the banking facilities upon maturity; and
- (iv) the related company, Golden Ocean International Holdings Limited ("**Golden Ocean**"), an entity controlled by the substantial shareholders of the Company, has undertaken to provide continuing financial support to the Group for a period of twelve months from the date of approval of the unaudited condensed consolidated financial statements for the six months ended 30 September 2021 by the directors in order to maintain the Group as a going concern.

Consequently, the directors have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

3. ADOPTION OF NEW AND AMENDED HKFRSs

The condensed consolidated financial statements for the Interim Period have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 March 2021, except for the adoption of the following amended HKFRSs which are effective as of 1 April 2021.

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendments to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of these amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

At the date of authorisation of these condensed consolidated interim financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. None of the new and amended HKFRSs are expected to have a material impact on the Group's condensed consolidated interim financial statements.

4. REVENUE AND SEGMENT REPORTING

4.1 Revenue

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of tea products	6,856	6,904	14,396	12,994
Food and beverage retails	–	142	–	274
	<u>6,856</u>	<u>7,046</u>	<u>14,396</u>	<u>13,268</u>

4.2 Segment information

The Group has determined the operating segments based on the information reported to the executive directors, the chief operating decision maker. During the year, the chief operating decision maker regards the Group's sales of tea products as a single operating segment and assesses the operating performance and allocates the resources of the Group as a whole. Accordingly, no segment information is presented.

Geographical information

No separate analysis of segment information by geographical segment is presented as all the Group's revenue are derived from Hong Kong based on the location of customers and the Group's non-current assets are located in Hong Kong.

Information about major customers

During the Interim Period, none of the Group's customers contributed over 10% of the Group's revenue.

5. OTHER INCOME AND OTHER LOSS

5.1 Other income

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	–	8	2	55
Government grants (<i>Note</i>)	–	1,484	–	2,539
Rent concessions	–	23	–	93
Sundry income	1	14	72	14
	<u>1</u>	<u>1,529</u>	<u>74</u>	<u>2,701</u>

Note: For the six months ended 30 September 2020, the Group recognised the government grants from HKSAR Government under the “Anti-epidemic Fund” as follows:

- (i) Employment Support Scheme, which aims to retain employment and combat COVID-19, under the Anti-epidemic Fund of the Government of HK\$1,979,000. The purpose of the funding is to provide financial support to enterprises to retain their employee who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.
- (ii) Retail Sector Subsidy Scheme under the Anti-epidemic Fund of HK\$560,000.

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.

5.2 Other loss

The Group had early repaid part of the promissory notes with the amounts of HK\$5,000,000, resulting in a loss on early repayment of promissory note of HK\$490,000 incurred during the six months ended 30 September 2020.

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest on bank loans and overdrafts	36	373	743	811
Imputed interest expenses from promissory notes	385	449	764	901
Finance charges on lease liabilities	47	21	105	45
	468	843	1,612	1,757

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	1,104	1,131	2,204	2,261
Depreciation of right-of-use assets	1,831	288	2,995	577
Total depreciation	2,935	1,419	5,199	2,838
Amortisation of reinstatement cost	12	11	23	25
Amortisation of trademark	–	2	–	5
Total amortisation	12	13	23	30
Lease charges in respect of premises				
– short term leases	334	1,736	535	3,305
– variable lease payment (<i>Note</i>)	128	131	158	202
Total lease charges	462	1,867	693	3,507
Auditor's remuneration	100	100	200	200
Cost of inventories recognised as an expense	1,220	1,409	2,423	2,474
Exchange loss, net	–	–	–	1
Share-based payment	–	–	–	528

Note: The contingent rentals are charged based on pre-determined percentages of realised sales less the minimum lease payments of the respective leases.

8. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been provided as the Group incurred taxation loss for the six months ended 30 September 2021 and 2020.

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax				
Hong Kong profits tax				
– Current period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

No deferred tax asset has been recognised in relation to unrecognised tax losses as at 30 September 2021 due to the unpredictability of future profit streams. These tax losses do not expire under current legislation.

9. DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend for the Interim Period (six months ended 30 September 2020: Nil).

10. LOSS PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss				
Loss for the period attributable to equity holders of the Company	<u>(2,979)</u>	<u>(2,399)</u>	<u>(4,788)</u>	<u>(5,592)</u>
Number of shares				
Weighted average number of ordinary shares used in calculating diluted earnings per share (<i>in thousands</i>)	<u>361,250</u>	<u>360,000</u>	<u>361,059</u>	<u>360,000</u>

There were no dilutive potential ordinary shares arising from the conversion of the Company's share options since the average market price of ordinary shares during the six months ended 30 September 2020 was lower than the exercise price of the options and therefore, diluted loss per share equals to basic loss per share for the six months ended 30 September 2020.

For the Interim Period, diluted loss per share is the same as basic loss per share. 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 is not taken into account as they had anti-dilutive effects.

11. PROPERTY, PLANT AND EQUIPMENT

During the Interim Period, the Group acquired property, plant and equipment valued at approximately HK\$152,000 (six months ended 30 September 2020: HK\$39,000).

During the Interim Period, the Group did not recognise right-of-use assets in property, plant and equipment and lease liabilities in relation to retail shops through the tenancy agreements (30 September 2020: HK\$2,236,000). The Group made fixed payments during the contract period.

As at 30 September 2021, the carrying amount of the Group's right-of-use assets in relation to properties was HK\$4,380,000 (31 March 2021: HK\$7,375,000).

As at 30 September 2021, leasehold land and buildings with a carrying amount of HK\$98,920,000 (31 March 2021: HK\$100,861,000) was pledged to secure general banking facilities granted to the Group. The details in relation to these leases are set out in note 14.

12. TRADE AND OTHER RECEIVABLES

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Trade receivables	799	982
Less: ECL allowance	—	—
	<u>799</u>	<u>982</u>
Deposits, prepayments and other receivables		
Rental and other deposits	2,718	3,004
Other receivables	1	—
Prepayments	984	778
Less: ECL Allowance	—	—
	<u>3,703</u>	<u>3,782</u>
	4,502	4,764
Less: non-current portion		
Rental deposits	<u>(357)</u>	<u>(357)</u>
	<u>4,145</u>	<u>4,407</u>

The directors of the Group consider that the fair values of trade and other receivables are not materially different from their carrying amounts and the ECL are considered as insignificant because these balances have short maturity periods on their inception.

The Group's sales to customers are mainly on cash basis. The Group also grants credit terms of 0 to 75 days to certain corporate customers. Based on the invoice dates (or date of revenue recognition if earlier), the ageing analysis of trade receivables, net of ECL allowance, was as follows:

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
0–30 days	676	862
31–60 days	86	88
61–90 days	34	27
Over 90 days	3	5
	<u>799</u>	<u>982</u>

13. TRADE AND OTHER PAYABLES

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Trade payables	1,026	361
Accrued charges and other payables	900	906
	<u>1,926</u>	<u>1,267</u>

Purchases are generally made without prescribed credit terms. Based on the invoice dates, the ageing analysis of trade payables was as follows:

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
0–30 days	688	361
31–60 days	338	–
	<u>1,026</u>	<u>361</u>

All amounts are short term and hence the carrying values of trade and other payables are considered to be reasonable approximation of fair values.

14. BANK BORROWINGS

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Carrying amount repayable:		
Within one year	11,250	10,250
In the second year	2,250	2,250
In the third to fifth years	6,750	6,750
After the fifth year	30,375	31,500
	<u>50,625</u>	<u>50,750</u>
Less: carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	(9,000)	(8,000)
Less: amounts shown under current liabilities	<u>(2,250)</u>	<u>(2,250)</u>
Amounts shown under non-current liabilities	<u>39,375</u>	<u>40,500</u>
Secured (<i>Note (i)</i>)	41,625	42,750
Unsecured (<i>Note (ii) & (iii)</i>)	<u>9,000</u>	<u>8,000</u>
	<u>50,625</u>	<u>50,750</u>

Notes:

- (i) At 30 September 2021 and 31 March 2021, the balances were secured by property, plant and equipment as set out in note 11.
- (ii) At 30 September 2021, the amount of HK\$4,000,000 (31 March 2021: HK\$3,000,000) included in the unsecured borrowings were guaranteed by certain subsidiaries of the Company.
- (iii) At 30 September 2021, the amount of HK\$5,000,000 (31 March 2021: HK\$5,000,000) included in the unsecured borrowings were guaranteed by The Government of Hong Kong Special Administrative Region (“**HKSAR**”) under SME Financing Guarantee Scheme and personal guarantees given by Chan Shu Yuen, Chan Kwong Yuen, Chan Kun Yuen and Chan Tat Yuen, the controlling shareholders of the Group.

The effective interest rates range from 2.06% to 3.00% (31 March 2021: 2.13% to 3.00%) per annum.

15. PROMISSORY NOTES

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
At 1 April	37,358	44,724
Imputed interest charged (<i>Note 6</i>)	764	1,722
Loss on early repayment of promissory notes (<i>Note 5</i>)	–	912
Less: Repayment of promissory notes	–	(10,000)
	<hr/>	<hr/>
Amounts shown under non-current liabilities	38,122	37,358

On 25 March 2020, the Company issued two promissory notes with principal amounts of HK\$25,500,000 and HK\$25,000,000 respectively as part of the consideration for the acquisition of two properties from the related company, Chan Sing Hoi Enterprises. The promissory notes were issued at a discounted value which is calculated by the Group's effective interest rate of 4.16% p.a. to discount the value of the promissory notes into their fair value at inception date amounting to approximately HK\$44,694,000.

The promissory notes were unsecured and interest-free on its principal sum. The promissory notes will be matured in 3 years from the date of issue, being 25 March 2023 (the "Maturity Date") and the Company may, at its sole and absolute discretion, further extend the Maturity Date for another three years.

16. LEASE LIABILITIES

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Total minimum lease payments:		
Due within one year	3,891	6,058
Due in the second to fifth years	1,063	1,719
	<hr/>	<hr/>
	4,954	7,777
Future finance charges on leases liabilities	(110)	(212)
	<hr/>	<hr/>
Present value of leases liabilities	4,844	7,565

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Present value of minimum lease payments:		
Due within one year	3,804	5,893
Due in the second to fifth years	1,040	1,672
	4,844	7,565
Less: Portion due within one year included under current liabilities	(3,804)	(5,893)
Portion due after one year included under non-current liabilities	1,040	1,672

During the Interim Period, the total cash outflows for the leases are HK\$3,519,000 (six months ended 30 September 2020: HK\$3,955,000).

17. COMMITMENTS

(a) Capital commitments

Capital commitments of the Group outstanding at 30 September 2021 and 31 March 2021 not provided for were as follows:

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Contracted but not provided for:		
– Machinery and equipment	50	107

(b) Operating lease commitments

At the reporting date, the lease commitments for short-term leases are as follows:

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Within one year	55	166

18. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in these condensed consolidated interim financial statements, the Group entered into the following material related party transactions during the Interim Period:

18.1 Names and relationship

Name of related party	Relationship with the Group
Chan Sing Hoi Enterprises Limited	An entity controlled by the Controlling Shareholders
Golden Ocean International Holdings Limited	An entity controlled by the Controlling Shareholders

18.2 Related party transactions

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Lease payment:		
Golden Ocean International Holdings Limited	1,850	2,635
Imputed interest expense:		
Chan Sing Hoi Enterprises Limited	<u>764</u>	<u>901</u>

Lease payment paid to related party was negotiated on an arm's length basis with reference to the market rentals.

The imputed interest would be amortised to interest expenses over the three years term of the promissory notes.

18.3 Key management personnel remunerations

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, allowances and other benefits	1,733	1,890
Retirement scheme contributions	49	67
Share-based payments	—	348
	<u>1,782</u>	<u>2,305</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	14,396	13,268
Gross profit	11,409	10,232
Loss before taxation	(4,788)	(5,592)
Income tax expenses	–	–
Loss attributable to shareholders	(4,788)	(5,592)
Loss per share	<u>(HK1.33 cents)</u>	<u>(HK1.55 cents)</u>

Business and Operational Review

For the six months ended 30 September 2021 (the “**Reporting Period**”), the Group experienced growth in revenue although the Group continued to go through a distressed retail environment with retail businesses reeling from tightened social-distancing measures caused by the COVID-19 infections in Hong Kong. With the raise of the public epidemic prevention awareness reflected by the increase in the participation of the vaccination programme implemented by the Hong Kong Government, the community would anticipate the number of confirmed COVID-19 cases would likely be reduced to zero in Hong Kong. Nevertheless, it is difficult to predict the development of the COVID-19 pandemic. The COVID-19, especially the Delta variant, may continue to have a negative impact on the global and local economy which may adversely affect the Group’s business. It is hoped that the economy would gradually recover and the Group remains optimistic about the prospects of the industry and the overall retail environment in Hong Kong.

Financial Review

Revenue, gross profit and net loss

The consolidated revenue of the Group for the Reporting Period amounted to approximately HK\$14.4 million (six months ended 30 September 2020: approximately HK\$13.3 million), representing an increase of approximately 8.3%. The gross profit for the Reporting Period amounted to approximately HK\$11.4 million (six months ended 30 September 2020: approximately HK\$10.2 million), increasing by approximately 11.8%. Gross profit margin was approximately 79.2% (six months ended 30 September 2020: approximately 76.7%),

representing an increase of approximately 2.5% compared with that of the last corresponding period. Net loss for the Reporting Period was approximately HK\$4.8 million (six months ended 30 September 2020: Net loss of approximately HK\$5.6 million). The decrease in net loss for the Reporting Period relative to the corresponding period of 2020 was mainly due to reduction of staff salaries, rent on shop and booths and share option compensation expenses.

Selling and distribution costs

Selling and distribution costs reduced by approximately 20.0% to approximately HK\$0.4 million (six months ended 30 September 2020: approximately HK\$0.5 million) and was in line with that of the corresponding period of 2020.

Administrative expenses

Administrative expenses decreased from approximately HK\$15.8 million for the six months ended 30 September 2020 to approximately HK\$14.2 million for the six months ended 30 September 2021, representing a decrease of approximately 10.1%, primarily because of decrease of rent on shops and booths, staff salaries with the cessation of operation of iTea and share option compensation expenses.

Finance expenses

Bank mortgage and revolving loan interest, promissory note interest and finance lease interest totaled HK\$1.6 million (six months ended 30 September 2020: HK\$1.7 million).

Outlook and Prospect

Returning to normal business in the local community depends on lifting of the social distancing ban as well as easing the entry and departure of travelers, which may still be delayed by confirmed cases of COVID-19 found on travelers entering Hong Kong. The Directors are prudent in cash flow management to safeguard the Group's assets and will continue to provide a healthy operational environment to overcome this period of difficulty. With the cessation of business of iTea from 1 April 2021, the Group envisaged decrease in rent, utilities, staff salaries and benefits onwards. While the Group will enter the peak season of business in the third and fourth quarter with gradual increase in revenue over time, the Directors are optimistic that net loss will be narrowed for the year. The Group will continue to restrain costs and expenses in the course of turning around from loss to profit in the forthcoming year.

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 funded the liquidity and capital requirements principally from cash generated from operations and remaining proceeds from listing.

As at 30 September 2021, the Group's net current liabilities amounted to approximately HK\$3.0 million (31 March 2021: net current liabilities of approximately HK\$2.5 million) which increased by approximately HK\$0.5 million or 20% due to increase in interests of revolving bank borrowings, finance lease and government guaranteed loan. Cash and bank balances amounted to approximately HK\$2.1 million (31 March 2021: approximately HK\$3.9 million), a decrease of approximately HK\$1.8 million or 46.2%. As at 30 September 2021, current assets amounted to approximately HK\$14.0 million (31 March 2021: approximately HK\$14.9 million) and current liabilities amounted to approximately HK\$17.0 million (31 March 2021: approximately HK\$17.4 million). Current ratio was approximately 0.8 as at 30 September 2021 (31 March 2021: approximately 0.86).

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 30 September 2021 was approximately 414.7% (31 March 2021: approximately 352.2%) because of increase in bank borrowings and lease liabilities.

Capital Expenditure

For the six months ended 30 September 2021, the Group's capital expenditure amounted to approximately HK\$152,000 (six months ended 30 September 2020: approximately HK\$39,000), mainly for plant and equipment.

Foreign Exchange Exposure

Since all of the assets and liabilities are situated in Hong Kong and denominated in Hong Kong dollars; and almost all of the revenue is generated from Hong Kong, the functional and reporting currency is Hong Kong dollar. There was no hedging instrument for payment of purchases in Renminbi as the Directors considered the payments in Renminbi were minor portion of total purchases and settlement within 60 days would not cause material foreign exchange risk.

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

As at 30 September 2021, 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 six months ended 30 September 2021 was small due to the weak global economy.

Liquidity risk

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

Employees and Remuneration Policies

As at 30 September 2021, the Group had 57 employees (30 September 2020: 59) 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 bonus. Various training was provided to the employees. The total staff costs (including remuneration of Directors and mandatory provident funds contributions) for the six months ended 30 September 2021 amounted to approximately HK\$5.6 million (six months ended 30 September 2020: approximately HK\$5.9 million).

Dividend

The Board has resolved not to declare any dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 September 2021.

Charge on the Group's Assets

As at 30 September 2021, the Group has first and second legal charges on ownership and rental right respectively of the Group's assets, namely, property at Shop B, Ground Floor, Siu Ying Commercial Building, 151–155 Queen's Road Central, 1–1B, Wing Kut Street, Hong Kong and property at Ground Floor, Mei Wah Building, No. 170 Johnston Road, 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 six months ended 30 September 2021.

Event after the Reporting Period

Save as disclosed above, there were no material events after the Reporting Period that would affect the result of the Group for the six months ended 30 September 2021.

OTHER INFORMATION

Corporate Governance Practices and Compliance

During the six months ended 30 September 2021, the Group was committed to maintaining a high standard of corporate governance, and to comply to the extent practicable with the Code of Corporate Governance Practices. The Company has applied the code provisions and recommended best practices in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules. During the six months ended 30 September 2021 and to the best 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 up of corporate strategic objectives and policies, and the monitoring and evaluations 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 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. Having made specific enquires of all Directors, all Directors confirmed that they have complied with the Code of Conduct during the six months ended 30 September 2021.

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

During the six months ended 30 September 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 30 September 2021, 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 (“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 <i>(Note 1)</i>	74.74%
	Beneficial owner	3,200,000 <i>(Note 2)</i>	0.89%
Mr. Chan Kun Yuen	Interested in a controlled corporation	270,000,000 <i>(Note 1)</i>	74.74%
	Beneficial owner	3,200,000 <i>(Note 2)</i>	0.89%
Mr. Chan Shu Yuen	Interested in a controlled corporation	270,000,000 <i>(Note 1)</i>	74.74%
	Beneficial owner	3,200,000 <i>(Note 2)</i>	0.89%
Mr. Siu Chi Ming	Beneficial owner	200,000 <i>(Note 2)</i>	0.06%
Mr. Lee Wai Ho	Beneficial owner	200,000 <i>(Note 2)</i>	0.06%
Mr. Wong Chee Chung	Beneficial owner	200,000 <i>(Note 2)</i>	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 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 of the Company held by Profit Ocean for purposes of the SFO.

2. These shares are derived from the interests in share options granted by the Company pursuant to the share option scheme adopted by the Company on 14 March 2018 (“**Share Option Scheme**”).

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, 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 as at 30 September 2021.

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 30 September 2021, 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, 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	74.74%
Tri-Luck	Interest in a controlled corporation	270,000,000 (Note 1)	74.74%
Wealth City	Interest in a controlled corporation	270,000,000 (Note 1)	74.74%
Sky King	Interest in a controlled corporation	270,000,000 (Note 1)	74.74%
Coastal Lion	Interest in a controlled corporation	270,000,000 (Note 1)	74.74%
Mr. Chan Tat Yuen	Interest in a controlled corporation	270,000,000 (Note 1)	74.74%
	Beneficial owner	3,200,000 (Note 2)	0.89%
Ms. Chu Min	Interest of spouse	270,000,000 (Note 3)	74.74%
		3,200,000 (Note 3)	0.89%
Ms. Chan King Chi	Interest of spouse	270,000,000 (Note 4)	74.74%
		3,200,000 (Note 4)	0.89%
Ms. Po Miu Kuen Tammy	Interest of spouse	270,000,000 (Note 5)	74.74%
		3,200,000 (Note 5)	0.89%
Ms. Ng Wai Lam Lana Zoe	Interest of spouse	270,000,000 (Note 6)	74.74%
		3,200,000 (Note 6)	0.89%

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%, 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 purposes of the SFO.

2. These 3,200,000 shares are derived from the interests in share options granted by the Company pursuant to the Share Option Scheme.
3. 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; and (ii) share options granted to Mr. Chan Tat Yuen by the Company pursuant to the Share Option Scheme.
4. 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; and (ii) share options granted to Mr. Chan Kun Yuen by the Company pursuant to the Share Option Scheme.
5. 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 (i) the shares held by Mr. Chan Shu Yuen; and (ii) share options granted to Mr. Chan Shu Yuen by the Company pursuant to the Share Option Scheme.
6. 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 (i) the shares held by Mr. Chan Kwong Yuen; and (ii) share options granted to Mr. Chan Kwong Yuen by the Company pursuant to the Share Option Scheme.

Save as disclosed above, as at 30 September 2021, 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.

As at 30 September 2021, the controlling shareholders did not pledge any of the shares to any party. The Company did not breach any loan agreement that is significant to the Group’s operations nor enter into loan agreements with covenants relating to specific performance of the controlling shareholders. Moreover, none of the Company nor its subsidiaries provided any financial assistance and guarantees to affiliated companies of the Company.

Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants (including, among others, full time employee, consultant, adviser and director, 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 Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees of the Company, the Directors and other selected participants for their contributions 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 six months ended 30 September 2021 are as follows:

Name or category of participants	Date of grant of share options	Exercisable period	Exercise price of share options (HKD)	Outstanding at 1 April 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding at 30 September 2021
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 Chun	9 September 2019	1 June 2020 to 31 May 2023	0.189	200,000	-	-	-	-	200,000
Sub-total				<u>10,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,200,000</u>
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, consultants and advisors	9 September 2019	1 June 2020 to 31 May 2023	0.189	17,500,000	-	1,250,000	50,000	950,000	15,250,000
Total				<u>30,900,000</u>	<u>-</u>	<u>1,250,000</u>	<u>50,000</u>	<u>950,000</u>	<u>28,650,000</u>

After the Reporting Period, 200,000 shares were issued and allotted to an employee of the Company (not being a director of the Company) on 6 October 2021 pursuant to the exercise of share options under the Share Option Scheme by the said employee.

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 conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2021.

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 of three members, being all 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 six months ended 30 September 2021 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 November 2021

As at the date of this announcement, 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.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.yingkeetea.com.