



英記茶莊

YING KEE TEA HOUSE

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



2021 / 2022

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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 nine months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	29,073	28,214
Gross profit	22,774	21,919
Loss before taxation	(2,695)	(3,974)
Income tax expenses	–	–
Loss attributable to shareholders	(2,695)	(3,974)
Loss per share	(HK0.75 cents)	(HK1.10 cents)

Business and Operational Review

For the nine months ended 31 December 2021 (the “**Reporting Period**”), the Company and its subsidiaries (collectively referred to as the “**Group**”) experienced a slight 3% growth in revenue attributable to the improved retail sentiment during the Group’s annual sale in October followed by the Christmas retail period. However, the Group continued to go through an uncertain and distressed retail environment as retail businesses slowly recovered from gradual relaxation of social distancing measures implemented by the Hong Kong Government during the Reporting Period. Notwithstanding that the Group did not receive any further government grants and aid during the Reporting Period, the Group experienced a lower loss before taxation as compared to the last corresponding period.

Management Discussion and Analysis

Financial Review

Revenue, gross profit and net loss

The consolidated revenue of the Group for the Reporting Period amounted to approximately HK\$29.1 million (nine months ended 31 December 2020: approximately HK\$28.2 million), representing an increase of approximately 3.2%. The gross profit for the Reporting Period amounted to approximately HK\$22.8 million (nine months ended 31 December 2020: approximately HK\$21.9 million), increasing by approximately 4.1%. Gross profit margin was approximately 78.4% (nine months ended 31 December 2020: approximately 77.7%), representing an increase of approximately 0.7% compared with that of the last corresponding period. Net loss for the Reporting Period was approximately HK\$2.7 million (nine months ended 31 December 2020: Net loss of approximately HK\$4.0 million). The net loss for the Reporting Period was mainly due to the COVID-19 pandemic which weakened the retail industry.

Selling and distribution costs

Selling and distribution costs increased by approximately 8.3% to approximately HK\$1.3 million (nine months ended 31 December 2020: approximately HK\$1.2 million) primarily because of an increase in the costs of marketing material design and advertisement on online platform.

Administrative expenses

Administrative expenses decreased from approximately HK\$24.9 million for the nine months ended 31 December 2020 to approximately HK\$22.0 million for the nine months ended 31 December 2021, representing a decrease of approximately 11.6%, primarily because of reduction in rent of shops and booths, legal and professional fees, staff salaries and stock option scheme compensation, although there was a substantial depreciation on right of use assets.

Finance expenses

Finance charges of HK\$2.4 million for the Reporting Period were mainly interest on bank borrowings, interest on finance lease and interest on promissory notes as compared to HK\$2.7 million for the nine months ended 31 December 2020.

Management Discussion and Analysis

Outlook and Prospect

With the spread of the highly contagious Omicron variant of COVID-19, Hong Kong is seeing a re-tightening of social distancing measures. Although the Omicron variant has a purportedly milder impact on the infected than previous variants, the Group expects that this will still dampen the overall retail sentiment and the COVID-19 pandemic will continue to have a sizeable adverse impact on the local economy and beyond because of the rapid spread and highly infectious nature of the Omicron variant.

However, in view of the increasing vaccination rate among the general Hong Kong population and the widened access to booster vaccination from 1 January 2022 onwards, it is hoped that the economy will gradually recover and the Group remains 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.

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.

As at 31 December 2021, the Group's net current assets amounted to approximately HK\$1.6 million (31 December 2020: approximately HK\$9.6 million) which decreased by approximately HK\$8.0 million or 83.3% due to increase in revolving loan and lease liabilities. Cash and bank balances amounted to approximately HK\$5.5 million (31 December 2020: approximately HK\$2.1 million), an increase of approximately HK\$3.4 million or 161.9%. As at 31 December 2021, current assets amounted to approximately HK\$16.6 million (31 December 2020: approximately HK\$14.2 million) and current liabilities amounted to approximately HK\$15.0 million (31 December 2020: approximately HK\$4.6 million). Current ratio was approximately 1.11 times as at 31 December 2021 (31 December 2020: approximately 3.09 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 31 December 2021 was approximately 370.2% (31 December 2020: approximately 271.6%) because of a reduction of equity at the end of the period.

Management Discussion and Analysis

Capital Expenditure

For the nine months ended 31 December 2021, the Group's capital expenditure amounted to approximately HK\$0.2 million (nine months ended 31 December 2020: approximately HK\$0.3 million), 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 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 31 December 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 nine months ended 31 December 2021 were 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.

Management Discussion and Analysis

Employees and Remuneration Policies

As at 31 December 2021, the Group had 62 employees (31 December 2020: 63) 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 nine months ended 31 December 2021 amounted to approximately HK\$9.6 million (nine months ended 31 December 2020: approximately HK\$10.4 million).

Dividends

The board of Directors (the “**Board**”) has resolved not to declare any dividend for the nine months ended 31 December 2021 (nine months ended 31 December 2020: Nil).

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2021.

Charge on the Group’s Assets

As at 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2021.

Other Information

Corporate Governance Practices and Compliance

During the nine months ended 31 December 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 nine months ended 31 December 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. The Group having made specific enquires with all of the Directors, all of the Directors confirmed that they have complied with the Code of Conduct during the nine months ended 31 December 2021.

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

During the nine months ended 31 December 2021, 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 31 December 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 (Note 1)	74.70%
	Beneficial owner	3,200,000 (Note 2)	0.89%
Mr. Chan Kun Yuen	Interested in a controlled corporation	270,000,000 (Note 1)	74.70%
	Beneficial owner	3,200,000 (Note 2)	0.89%
Mr. Chan Shu Yuen	Interested in a controlled corporation	270,000,000 (Note 1)	74.70%
	Beneficial owner	3,200,000 (Note 2)	0.89%
Mr. Siu Chi Ming	Beneficial owner	200,000 (Note 2)	0.06%
Mr. Lee Wai Ho	Beneficial owner	200,000 (Note 2)	0.06%
Mr. Wong Chee Chung	Beneficial owner	200,000 (Note 2)	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**").

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, 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 31 December 2021.

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 31 December 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	74.70%
Tri-Luck	Interest in a controlled corporation	270,000,000 (Note 1)	74.70%
Wealth City	Interest in a controlled corporation	270,000,000 (Note 1)	74.70%
Sky King	Interest in a controlled corporation	270,000,000 (Note 1)	74.70%
Coastal Lion	Interest in a controlled corporation	270,000,000 (Note 1)	74.70%
Mr. Chan Tat Yuen	Interest in a controlled corporation	270,000,000 (Note 1)	74.70%
	Beneficial owner	3,200,000 (Note 2)	0.89%
Ms. Chu Min	Interest of spouse	270,000,000 (Note 3)	74.70%
		3,200,000 (Note 3)	0.89%
Ms. Chan King Chi	Interest of spouse	270,000,000 (Note 4)	74.70%
		3,200,000 (Note 4)	0.89%
Ms. Po Miu Kuen Tammy	Interest of spouse	270,000,000 (Note 5)	74.70%
		3,200,000 (Note 5)	0.89%
Ms. Ng Wai Lam Lana Zoe	Interest of spouse	270,000,000 (Note 6)	74.70%
		3,200,000 (Note 6)	0.89%

Other Information

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 31 December 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 31 December 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.

Other Information

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 nine months ended 31 December 2021 are as follows:

Name or category of participants	Date of grant of share options	Exercisable period	Exercise price of share options (HK\$)	Outstanding at 1 April 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding at 31 December 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 Chung	9 September 2019	1 June 2020 to 31 May 2023	0.189	200,000	-	-	-	-	200,000
Sub-total				10,200,000	-	-	-	-	10,200,000
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	17,500,000	-	1,450,000	50,000	950,000	15,050,000
Total				30,900,000	-	1,450,000	50,000	950,000	28,450,000

Other Information

After the Reporting Period, no shares were issued and allotted to an employee of the Company (not being a director of the Company) 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 nine months ended 31 December 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 nine months ended 31 December 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 February 2022

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.

Third Quarterly Results

The Board announces the unaudited condensed consolidated results of the Group for the three months and nine months ended 31 December 2021 together with the unaudited comparative figures for the corresponding periods in 2020 as follows:

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

For the three and nine months ended 31 December 2021

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	14,677	14,946	29,073	28,214
Cost of sales		(3,312)	(3,259)	(6,299)	(6,295)
Gross profit		11,365	11,687	22,774	21,919
Other income	5	155	1,018	229	3,719
Other loss	5	-	(422)	-	(912)
Selling and distribution costs		(911)	(657)	(1,323)	(1,150)
Administrative expenses		(7,711)	(9,114)	(21,958)	(24,897)
Finance costs		(805)	(896)	(2,417)	(2,653)
Profit/(Loss) before income tax	6	2,093	1,616	(2,695)	(3,974)
Income tax expenses	7	-	-	-	-
Profit/(Loss) and total comprehensive income/ (expense) for the period		2,093	1,616	(2,695)	(3,974)
Profit/(Loss) per share for profit/ (loss) attributable to equity holders of the Company					
Basic and diluted (HK cents)	9	0.58	0.45	(0.75)	(1.10)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2021

	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 2021 (audited)	41,879	990	2,259	5,806	(23,036)	27,898
Exercise of share options	381	-	(106)	-	-	275
Lapse of share options	-	-	(73)	-	73	-
Loss and total comprehensive expense for the period	-	-	-	-	(2,695)	(2,695)
At 31 December 2021 (unaudited)	42,260	990	2,080	5,806	(25,658)	25,478
As at 1 April 2020 (audited)	41,879	990	1,778	5,806	(13,941)	36,512
Equity settled share-based payments	-	-	528	-	-	528
Lapse of share options	-	-	(47)	-	47	-
Loss and total comprehensive expense for the period	-	-	-	-	(3,974)	(3,974)
At 31 December 2020 (unaudited)	41,879	990	2,259	5,806	(17,868)	33,066

Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 31 December 2021

1. General Information

The Company was incorporated in Hong Kong with limited liability on 14 September 2017. 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 on 16 April 2018.

The Company is an investment holding company. 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 Reporting 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 ("**HKICPA**") and the accounting principles generally accepted in Hong Kong. The unaudited condensed consolidated financial statements of the Group also include the applicable disclosure provisions of the GEM Listing Rules.

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 Reporting 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 Reporting Period have not been audited by the Company's independent auditor but have been reviewed by the Audit Committee.

The preparation of the unaudited condensed consolidated financial statements of the Group for the Reporting 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.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 31 December 2021

2. Basis of Preparation (Continued)

The financial information relating to the year ended 31 March 2021 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 Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the statutory annual consolidated financial statements for the year ended 31 March 2021 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.

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

In the current period, the Group has applied for the first time the new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operation and effective for the Group's unaudited condensed consolidated financial statements for the period beginning on 1 April 2021.

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.

4. Revenue

	Three months ended 31 December		Nine months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales of tea products	14,677	14,801	29,073	27,795
Food and beverage retails	–	145	–	419
	14,677	14,946	29,073	28,214

Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 31 December 2021

5. Other Income and Other Gain or Loss

5.1 Other Income

	Three months ended 31 December		Nine months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	1	2	3	57
Government grants (Note)	–	1,004	–	3,543
Rent concessions	–	12	–	105
Sundry income	154	–	226	14
	155	1,018	229	3,719

Note: For the nine months ended 31 December 2020, the Group has received the government grants from HKSAR Government under the "Anti-epidemic Fund" during the outbreak of the COVID-19 pandemic. 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 Gain or Loss

The Group has early repaid part of the promissory notes with the amounts of HK\$10,000,000, resulting in a loss on early repayment of promissory note of HK\$912,000 incurred during the nine months ended 31 December 2020.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 31 December 2021

6. Profit/(Loss) before Income Tax

Profit/(Loss) before income tax is arrived at after (crediting)/charging:

	Three months ended		Nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Auditor's remuneration	128	100	328	300
Cost of inventories recognised as an expense	2,925	2,923	5,348	5,397
Depreciation of property, plant and equipment	1,103	1,281	3,307	3,542
Depreciation of right of use assets	1,498	275	4,493	852
Amortisation of reinstatement cost	11	11	34	36
Amortisation of intangible assets	–	2	–	7
Lease charges in respect of premises				
– short term leases and leases with lease term short than 12 months as at initial application of HKFRS 16	619	2,663	1,154	5,968
– variable lease payment (Note)	255	530	413	732
Exchange (loss)/gain, 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.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 31 December 2021

7. Income Tax Expense

No provision for Hong Kong Profit has been provided as the Group incurred taxation loss for the nine months ended 31 December 2021 and 2020.

	Three months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current tax				
Hong Kong profits tax				
– Current period	–	–	–	–

8. Dividends

The directors of the Company do not recommend the payment of any dividend for the nine months ended 31 December 2021 (nine months ended 31 December 2020: nil).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 31 December 2021

9. (Loss)/Profit per Share

The basic (loss)/profit per share is calculated based on the followings:

	Three months ended 31 December		Nine months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit/(Loss)				
Profit/(Loss) for the period attributable to equity holders of the Company	2,093	1,616	(2,695)	(3,976)
Number of shares				
Weighted average number of ordinary shares (in thousands)	361,393	360,000	361,186	360,000

There were no dilutive potential ordinary shares during the nine months ended 31 December 2020 and therefore, diluted loss per share equals to basic loss per share.

For the nine months ended 31 December 2021, the potential shares arising from the conversion of the Company's share options have not been taken into account as they would decrease the loss per share attributable to equity holders of the Company and have anti-dilutive effects.