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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 2022**

**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 investors 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 2022 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2021, as follows:

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

For the six months ended 30 September 2022

	Notes	Three months ended		Six months ended	
		30 September		30 September	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	<b>7,259</b>	6,856	<b>14,451</b>	14,396
Cost of sales		<b>(1,671)</b>	(1,513)	<b>(3,306)</b>	(2,987)
<b>Gross profit</b>		<b>5,588</b>	5,343	<b>11,145</b>	11,409
Other income	5	<b>643</b>	1	<b>1,507</b>	74
Selling and distribution costs		<b>(435)</b>	(203)	<b>(565)</b>	(412)
Administrative expenses		<b>(6,982)</b>	(7,652)	<b>(14,128)</b>	(14,247)
Finance costs	6	<b>(817)</b>	(468)	<b>(1,620)</b>	(1,612)
<b>Loss before income tax</b>	7	<b>(2,003)</b>	(2,979)	<b>(3,661)</b>	(4,788)
Income tax expense	8	<b>–</b>	–	<b>–</b>	–
<b>Loss and total comprehensive expense for the period attributable to equity holders of the Company</b>		<b>(2,003)</b>	(2,979)	<b>(3,661)</b>	(4,788)
<b>Loss per share attributable to equity holders of the Company</b> <i>(expressed in HK cents per share)</i>					
Basic and diluted loss per share	10	<b>(0.55)</b>	(0.82)	<b>(1.01)</b>	(1.33)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	100,864	106,116
Rental deposits	12	357	357
		<u>101,221</u>	<u>106,473</u>
<b>Current assets</b>			
Inventories		7,951	6,881
Trade and other receivables	12	2,353	2,263
Cash and bank balances		1,702	1,871
		<u>12,006</u>	<u>11,015</u>
<b>Current liabilities</b>			
Trade and other payables	13	2,007	1,012
Bank borrowings	14	11,895	10,092
Lease liabilities	15	3,976	6,196
Tax payable		89	94
		<u>17,967</u>	<u>17,394</u>
<b>Net current liabilities</b>		<u>(5,961)</u>	<u>(6,379)</u>
<b>Total assets less current liabilities</b>		<u>95,260</u>	<u>100,094</u>

		<b>As at 30 September 2022 HK\$'000 (Unaudited)</b>	As at 31 March 2022 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Provision for long service payment		<b>428</b>	428
Provision for reinstatement cost		<b>854</b>	854
Bank borrowings	14	<b>37,125</b>	38,250
Promissory notes	16	<b>39,706</b>	38,910
Lease liabilities	15	<b>418</b>	1,262
		<u><b>78,531</b></u>	<u>79,704</u>
<b>Net assets</b>		<u><b>16,729</b></u>	<u>20,390</u>
<b>EQUITY</b>			
Share capital		<b>42,260</b>	42,260
Reserves		<u><b>(25,531)</b></u>	<u>(21,870)</u>
<b>Total equity</b>		<u><b>16,729</b></u>	<u>20,390</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Share capital <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i> <i>(Note (i))</i>	Share options reserve <i>HK\$'000</i>	Contribution reserve <i>HK\$'000</i> <i>(Note (ii))</i>	Accumulated losses <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
As at 1 April 2022	42,260	990	2,080	5,806	(30,746)	20,390
Lapse of share options	-	-	(7)	-	7	-
Loss and total comprehensive expense for the period	-	-	-	-	(3,661)	(3,661)
As at 30 September 2022 (unaudited)	<u>42,260</u>	<u>990</u>	<u>2,073</u>	<u>5,806</u>	<u>(34,400)</u>	<u>16,729</u>
As at 1 April 2021	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)	<u>42,207</u>	<u>990</u>	<u>2,094</u>	<u>5,806</u>	<u>(27,751)</u>	<u>23,346</u>

### 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 2020, details of which are set out in note 16. 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 2022

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Loss before income tax	(3,661)	(4,788)
Adjustments for:		
– Depreciation	5,277	5,199
– Amortisation of reinstatement cost	23	23
– Interest income	–	(2)
– Interest expenses	1,620	1,612
	<hr/>	<hr/>
Operating profit before working capital changes	3,259	2,044
Changes in working capital:		
– Inventories	(1,070)	(1,150)
– Trade and other receivables	(90)	262
– Trade and other payables	995	895
	<hr/>	<hr/>
<i>Cash generated from operations</i>	3,094	2,051
Income taxes paid	(5)	–
	<hr/>	<hr/>
<i>Net cash from operating activities</i>	3,089	2,051
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Interest received	–	2
Purchases of property, plant and equipment	(48)	(152)
	<hr/>	<hr/>
<i>Net cash used in investing activities</i>	(48)	(150)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Interest paid	(824)	(848)
Proceeds from new bank borrowings	5,000	4,000
Payment of lease liabilities	(3,064)	(2,721)
Repayment of bank borrowings	(4,322)	(4,125)
	<hr/>	<hr/>
<i>Net cash used in financing activities</i>	(3,210)	(3,694)
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	(169)	(1,793)
Cash and cash equivalents at the beginning of the period	1,871	3,911
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period, represented by cash and bank balances</b>	<u>1,702</u>	<u>2,118</u>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2022*

## 1. GENERAL INFORMATION

Ying Kee Tea House Group Limited (the “**Company**”) was incorporated in Hong Kong with limited liability on 14 September 2017. The address of its registered office was 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. As at the end of the reporting period, 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 for the six months ended 30 September 2022 (“**Interim Period**”) have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

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 consolidated financial statements for the year ended 31 March 2022, except for the adoption of the amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) which are effective for the annual period beginning on 1 April 2022.

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 Interim 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\$3.1 million during the Interim Period 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) as at 30 September 2022, the Group had available unutilised bank facilities of HK\$13,244,000;
- (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 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.

The preparation of the unaudited condensed consolidated financial statements for the Interim Period in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim results announcement contains the unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the annual financial statements for the year ended 31 March 2022. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statement prepared in accordance with HKFRSs.

The condensed consolidated financial statements for the Interim Period are unaudited, but have been reviewed by the Company's audit committee and authorised for issue by the board of directors on 11 November 2022.

The financial information relating to the financial year ended 31 March 2022 that is included in the unaudited condensed consolidated financial statements for the Interim Period as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The 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**

#### **Amended HKFRSs that are effective for annual period beginning on 1 April 2022**

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 consolidated financial statements for the year ended 31 March 2022, except for the adoption of the following amended HKFRSs which are effective for the annual period beginning on 1 April 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The adoption of the 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 the unaudited condensed consolidated financial statements for the Interim Period, 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 <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective date not yet determined

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. The new and amended HKFRSs are expected to have no material impact on the unaudited condensed consolidated financial statements for the Interim Period.

## 4. REVENUE AND SEGMENT REPORTING

### 4.1 Revenue

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of tea products	<u>7,259</u>	<u>6,856</u>	<u>14,451</u>	<u>14,396</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 six months ended 30 September 2022 and 2021, 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*

During the six months ended 30 September 2022 and 2021, 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 six months ended 30 September 2022 and 2021, none of the Group's customers contributed over 10% of the Group's revenue.

## 5. OTHER INCOME

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	–	–	–	2
Government grants ( <i>Note</i> )	423	–	1,287	–
Sundry income	220	1	220	72
	<u>643</u>	<u>1</u>	<u>1,507</u>	<u>74</u>

*Note:* The Group received the government grants from Hong Kong Special Administrative Region Government under the “Anti-epidemic Fund” during the six months ended 30 September 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.

## 6. FINANCE COSTS

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank borrowings and overdrafts	374	36	731	743
Imputed interest expenses from promissory notes	402	385	796	764
Finance charges on lease liabilities	41	47	93	105
	<u>817</u>	<u>468</u>	<u>1,620</u>	<u>1,612</u>

## 7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	1,076	1,104	2,150	2,204
Depreciation of right-of-use assets	1,564	1,831	3,127	2,995
Total depreciation	<u>2,640</u>	<u>2,935</u>	<u>5,277</u>	<u>5,199</u>
Amortisation of reinstatement cost	<u>12</u>	<u>12</u>	<u>23</u>	<u>23</u>
Lease charges in respect of premises				
– short term leases	163	334	308	535
– variable lease payments ( <i>Note</i> )	359	128	544	158
Total lease charges	<u>522</u>	<u>462</u>	<u>852</u>	<u>693</u>
Auditor's remuneration	100	100	200	200
Cost of inventories recognised as an expense	<u>1,390</u>	<u>1,220</u>	<u>2,741</u>	<u>2,423</u>

*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 EXPENSE

No provision for Hong Kong Profits Tax has been provided as the Group incurred taxation losses for the six months ended 30 September 2022 and 2021.

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Current tax</b>				
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 2022 and 2021 due to the unpredictability of future profit streams. These tax losses do not expire under current legislation.

## 9. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2022 and 2021.

## 10. LOSS PER SHARE

The basic loss per share is calculated based on the loss attributable to equity holders of the Company and on the weighted average number of 361,450,000 ordinary shares (six months ended 30 September 2021: 361,059,000) for the Interim Period.

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Loss</b>				
Loss for the period attributable to equity holders of the Company	<u>(2,003)</u>	<u>(2,979)</u>	<u>(3,661)</u>	<u>(4,788)</u>
<b>Number of shares</b>				
Weighted average number of ordinary shares used in calculating diluted earnings per share ( <i>in thousands</i> )	<u>361,450</u>	<u>361,250</u>	<u>361,450</u>	<u>361,059</u>

For the six months ended 30 September 2022 and 2021, 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

For the Interim Period, the Group acquired property, plant and equipment valued at approximately HK\$48,000 (six months ended 30 September 2021: HK\$152,000).

For the six months ended 30 September 2022 and 2021, 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. The Group made fixed payments during the contract period.

As at 30 September 2022, the carrying amount of the Group's right-of-use assets in relation to properties was HK\$4,178,000 (31 March 2022: HK\$7,305,000).

As at 30 September 2022, leasehold land and buildings with a carrying amount of HK\$94,668,000 (31 March 2022: HK\$96,600,000) was pledged to secure general banking facilities granted to the Group. The details in relation to these borrowings are set out in note 14.

## 12. TRADE AND OTHER RECEIVABLES

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
<b>Trade receivables</b>	<b>517</b>	576
Less: ECL allowance	—	—
	<u>517</u>	<u>576</u>
<b>Deposits, prepayments and other receivables</b>		
Rental and other deposits	<b>1,624</b>	1,653
Other receivables	<b>127</b>	83
Prepayments	<b>442</b>	308
Less: ECL allowance	—	—
	<u>2,710</u>	<u>2,620</u>
Less: non-current portion		
Rental deposits	<u>(357)</u>	<u>(357)</u>
	<u><b>2,353</b></u>	<u>2,263</u>

The directors consider that the fair value of trade and other receivables are not materially different from their carrying amount 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 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
0–30 days	<b>462</b>	383
31–60 days	<b>50</b>	93
61–90 days	—	79
Over 90 days	<b>5</b>	21
	<u>517</u>	<u>576</u>

### 13. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2022 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2022 HK\$'000 (Audited)</b>
Trade payables	971	357
Accrued charges and other payables	<u>1,036</u>	<u>655</u>
	<b><u>2,007</u></b>	<b><u>1,012</u></b>

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

	<b>As at 30 September 2022 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2022 HK\$'000 (Audited)</b>
0–30 days	722	357
31–60 days	<u>249</u>	<u>–</u>
	<b><u>971</u></b>	<b><u>357</u></b>

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

## 14. BANK BORROWINGS

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Carrying amount repayable:		
Within one year	11,895	10,092
In the second year	2,250	2,250
In the third to fifth years	34,875	36,000
	<u>49,020</u>	<u>48,342</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)	(9,645)	(7,842)
Less: carrying amount of bank loans that are repayable within one year	<u>(2,250)</u>	<u>(2,250)</u>
Amounts shown under current liabilities	<u>(11,895)</u>	<u>(10,092)</u>
Amounts shown under non-current liabilities	<u>37,125</u>	<u>38,250</u>
Secured ( <i>Notes i &amp; ii</i> )	44,375	43,500
Unsecured ( <i>Note iii</i> )	<u>4,645</u>	<u>4,842</u>
	<u>49,020</u>	<u>48,342</u>

### Notes:

- (i) As at 30 September 2022 and 31 March 2022, the balances were secured by property, plant and equipment as set out in note 11.
- (ii) As at 30 September 2022, the amount of HK\$5,000,000 (31 March 2022: HK\$3,000,000) included in the secured borrowings were guaranteed by certain subsidiaries of the Company.
- (iii) As at 30 September 2022, the amount of HK\$4,645,000 (31 March 2022: 4,842,000) included in the unsecured borrowings were guaranteed by Hong Kong Special Administrative region 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 2.30% to 4.44% (31 March 2022: 2.31% to 3%) per annum.

## 15. LEASE LIABILITIES

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Total minimum lease payments:		
Due within one year	4,036	6,336
Due in the second to fifth years	422	1,279
	<u>4,458</u>	<u>7,615</u>
Future finance charges on leases liabilities	(64)	(157)
	<u>4,394</u>	<u>7,458</u>
Present value of leases liabilities	<u>4,394</u>	<u>7,458</u>
	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Present value of minimum lease payments:		
Due within one year	3,976	6,196
Due in the second to fifth years	418	1,262
	<u>4,394</u>	<u>7,458</u>
Less: Portion due within one year included under current liabilities	(3,976)	(6,196)
	<u>418</u>	<u>1,262</u>
Portion due after one year included under non-current liabilities	<u>418</u>	<u>1,262</u>

As at 30 September 2022, lease liabilities amounted to HK\$4,394,000 (31 March 2022: HK\$7,458,000) were effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

For the Interim Period, the total cash outflows for the leases (including short-term leases) were HK\$4,009,000 (six months ended 30 September 2021: HK\$3,519,000).

## 16. PROMISSORY NOTES

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
At beginning of period/year	38,910	37,358
Imputed interest charged	796	1,552
	<u>39,706</u>	<u>38,910</u>
At the end of period/year	<u>39,706</u>	<u>38,910</u>



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.

## 17. COMMITMENTS

### (a) Capital commitments

Capital commitments of the Group outstanding as at 30 September 2022 and 31 March 2022 not provided for were as follows:

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Contracted but not provided for:		
– Machinery and equipment	–	50
	<u>          </u>	<u>          </u>

### (b) Lease commitments

#### *As lessee*

At the end of each reporting period, the lease commitments for short-term leases were as follows:

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Within one year	145	166
	<u>          </u>	<u>          </u>

In addition to the above, variable payments were charged on certain retail shops and concession counters based on pre-determined percentages of realised sales, but generally with a basic or minimum lease payments as agreed of the respective leases.

## 18. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group entered into the following material related party transactions for the six months ended 30 September 2022 and 2021:

### 18.1 Names and relationship

<b>Name of related party</b>	<b>Relationship with the Group</b>
Chan Kwong Yuen	Director of the Company
Chan Kun Yuen	Director of the Company
Chan Tat Yuen	Director of the Company
Chan Sing Hoi Enterprises	An entity controlled by substantial shareholders of the Company
Golden Ocean	An entity controlled by substantial shareholders of the Company

### 18.2 Related party transactions

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Sales of goods to:</b>		
Chan Kun Yuen	<b>4</b>	–
Chan Kwong Yuen	<b>4</b>	–
Chan Tat Yuen	<b>22</b>	–
<b>Lease payment:</b>		
Golden Ocean	<b>1,722</b>	1,850
<b>Imputed interest expense:</b>		
Chan Sing Hoi Enterprises	<b>796</b>	764

Rental expenses paid to related party were negotiated on an arm's length basis with reference to the market rentals.

Sales of goods to directors were made in the normal course of business and according to the prices and terms similar to those made to other parties.

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

As at 30 September 2022 and 31 March 2022, the controlling shareholders of the Group, Chan Shu Yuen, Chan Kwong Yuen, Chan Kun Yuen and Chan Tat Yuen, have provided cross personal guarantees to the bank for banking facilities granted to the Group as set out in note 14 and no corporate guarantees to the banks for banking facilities granted to the Group.

Outstanding balances arising from leasing of retail shops and the office premise included in leases liabilities as at 30 September 2022 and 31 March 2022 were as follows:

	<b>As at 30 September 2022 <i>HK\$'000</i> (Unaudited)</b>	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Payable to a related party – Golden Ocean	<b>1,708</b>	3,393

### 18.3 Key management personnel remunerations

Key management personnel remunerations in the Group including amounts paid to the directors for the six months ended 30 September 2022 and 2021 were as follows:

	<b>Six months ended 30 September 2022 <i>HK\$'000</i> (Unaudited)</b>	2021 <i>HK\$'000</i> (Unaudited)
Salaries, allowances and other benefits	<b>1,733</b>	1,733
Retirement scheme contributions	<b>46</b>	49
	<b>1,779</b>	1,782

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS

	For the six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	14,451	14,396
Gross profit	11,145	11,409
Loss before taxation	(3,661)	(4,788)
Income tax expense	–	–
Loss attributable to shareholders	(3,661)	(4,788)
Loss per share	<u>(HK1.01 cents)</u>	<u>(HK1.33 cents)</u>

### BUSINESS AND OPERATIONAL REVIEW

For the six months ended 30 September 2022 (the “**Reporting Period**”), the Company and its subsidiaries (the “**Group**”) experienced a slight growth in revenue despite the overall weak retail sentiment caused by the Hong Kong Government’s extension of coronavirus disease 2019 (“**COVID-19**”)-related social distancing measures amidst the fifth and sixth waves of the COVID-19 pandemic, with the number of reported daily cases peaking in early September 2022. Nonetheless, the Group continued to go through a distressed retail environment, which was further compounded by interest rate fluctuations and uncertainties caused by the global economy and ongoing geopolitical events.

### FINANCIAL REVIEW

#### Revenue, gross profit and net loss

The consolidated revenue of the Group for the Reporting Period amounted to approximately HK\$14.5 million (six months ended 30 September 2021: approximately HK\$14.4 million), representing an increase of approximately 0.4%. The gross profit for the Reporting Period amounted to approximately HK\$11.1 million (six months ended 30 September 2021: approximately HK\$11.4 million), decreasing by approximately 2.3%. Gross profit margin was approximately 77.1% (six months ended 30 September 2021: approximately 79.2%), representing a decrease of approximately 2.1% compared with that of the last corresponding period. Net loss for the Reporting Period was approximately HK\$3.7 million (six months ended 30 September 2021: net loss of approximately HK\$4.8 million). The decrease in net loss for the Reporting Period relative to the corresponding period in 2021 was mainly due to the receipt of government grants by the Group during the Reporting Period.

### **Selling and distribution costs**

Selling and distribution costs increased by approximately 37.1% to approximately HK\$0.6 million (six months ended 30 September 2021: approximately HK\$0.4 million) primarily because of increase of advertising expenses and commission paid to HKTV Mall.

### **Administrative expenses**

Administrative expenses decreased slightly from approximately HK\$14.2 million for the six months ended 30 September 2021 to approximately HK\$14.1 million for the Reporting Period, representing a mere decrease of approximately 0.8%.

### **Finance expenses**

Finance charges for the Reporting Period amounted to HK\$1.6 million (six months ended 30 September 2021: HK\$1.6 million), and were mainly interests on bank borrowings and overdrafts, finance lease and promissory notes.

## **OUTLOOK AND PROSPECT**

In view of the introduction of the simplified “0+3” quarantine arrangement for inbound travelers starting from 26 September 2022 and resumption of major international events such as the Hong Kong Sevens, the Group is optimistic that retail and tourism in Hong Kong will steadily recover. The Group’s current annual sale, commenced in October 2022, coincides with the latest round of consumption voucher distribution under the 2022 (Phase II) Consumption Voucher Scheme. Overall, the Group hopes to see a long-term increase in sales volume and foot traffic in the latter half of the financial year. Further, with Christmas in December 2022 and Chinese New Year in January 2023 following soon after the annual sale, the Group is optimistic that these events will drive revenue higher for the rest of the financial year, leading towards a better overall annual performance.

The Directors have exercised prudence in cash flow management to safeguard the Group’s assets during the Reporting Period, and will continue to do so to protect the Group’s healthy operational environment and 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 the end of the Reporting Period, the Group's net current liabilities amounted to approximately HK\$6.0 million (31 March 2022: net current liabilities of approximately HK\$6.4 million), which was a decrease of approximately HK\$0.4 million or 6.6% due to the payment of lease liabilities albeit that there was also an increase in current portion of bank borrowings. Cash and bank balances amounted to approximately HK\$1.7 million (31 March 2022: approximately HK\$1.9 million), a decrease of approximately HK\$0.2 million or 9.0%.

As at the end of the Reporting Period, current assets amounted to approximately HK\$12.0 million (31 March 2022: approximately HK\$11.0 million) and current liabilities amounted to approximately HK\$18.0 million (31 March 2022: approximately HK\$17.4 million). Current ratio was approximately 0.7 times as at the end of the Reporting Period (31 March 2022: approximately 0.6 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 576.8% (31 March 2022: approximately 476.2%) because of the loss incurred for the period.

### **CAPITAL EXPENDITURE**

For the Reporting Period, the Group's capital expenditure amounted to approximately HK\$48,000 (six months ended 30 September 2021: approximately HK\$152,000), 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 revenue is generated from Hong Kong, the functional and reporting currency is the Hong Kong dollar. There were no hedging instruments except for cash and bank balances of approximately RMB157,000 as at the end of the Reporting Period (31 March 2022: approximately RMB181,000). 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.

## 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 the end of the Reporting Period, the Group had bank borrowings and interest rate risk was present. According to a sensitivity analysis based on the existing Prime Rate and Hong Kong Inter-Bank Offered Rate ("HIBOR") as at 30 September 2022, the Group envisages that its borrowing costs would increase if the Prime Rate and HIBOR were increased, as follows:

<b>Increase in Prime Rate and HIBOR</b>	<b>Increase in interest expenses for the coming 12 months</b>
0.25%	HK\$120,170
0.50%	HK\$240,340

### Liquidity risk

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

## EMPLOYEES AND REMUNERATION POLICIES

As at the end of the Reporting Period, the Group had 57 employees (30 September 2021: 57) 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 during the Reporting Period. The total staff costs (including remuneration of Directors and Mandatory Provident Fund contributions) for the Reporting Period amounted to approximately HK\$5.6 million (six months ended 30 September 2021: approximately HK\$5.6 million).

## DIVIDENDS

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

## **CONTINGENT LIABILITIES**

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

## **CHARGE ON THE GROUP'S ASSETS**

As at the end of the Reporting Period, the Group has first and second legal charges on ownership and rental rights 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 during the Reporting Period.

## **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 Reporting Period.

## **OTHER INFORMATION**

### **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**”) as set out in Appendix 15 to the GEM Listing Rules. During the Reporting Period 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 enquiries with all of the Directors, all of the Directors 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.

## 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 of the Company ("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. 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**

<b>Name of Director/ chief executive</b>	<b>Name of associated corporation</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares held/ interested</b>	<b>Percentage of shareholding</b>
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.

### **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, 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%

#### Notes:

- 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 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 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.

As at the end of the Reporting Period, 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 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 at 1 April 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding at 30 September 2022
<b>Directors</b>									
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				<u>10,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,200,000</u>
<b>Substantial Shareholder</b>									
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	15,050,000	-	-	-	(100,000)	14,950,000
Total				<u>28,450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>28,350,000</u>

100,000 share options granted under the Share Option Scheme lapsed in July 2022. After the Reporting Period and up to the date of this announcement, no Shares have been issued and allotted under the Share Option Scheme.

## 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 November 2022

*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 website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at [www.yingkeetea.com](http://www.yingkeetea.com).*