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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

*This announcement, for which the directors (the "**Directors**") of Ying Kee Tea House Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.*

FINANCIAL HIGHLIGHTS

- The consolidated revenue of the Group (as defined below) for the financial year ended 31 March 2024 (the "**Reporting Year**") amounted to approximately HK$33.9 million (2023: HK$37.4 million), representing a decrease of 9.4%.

- The gross profit for the year amounted to approximately HK$26.2 million (2023: HK$28.7 million), decreasing 8.7% year on year. Gross profit margin was 77.1% (2023: 76.8%) 0.3% higher than that of last year.

- Net loss attributable to the owners of the Company for the Reporting Year was approximately HK$14.7 million (2023 (restated): net loss of HK$6.1 million).

- Basic and diluted loss per share attributable to equity holders of the Company was HK$4.06 cents (2023 (restated): loss per share of HK$1.68 cents) for the Reporting Year.

- The board of Directors (the "**Board**") does not recommend the payment of a final dividend for the Reporting Year.

The Board announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2024 together with the audited comparative figures for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	**2024** *HK$'000*	2023 *HK$'000* (Restated)
Revenue	4	**33,937**	37,442
Cost of sales		**(7,770)**	(8,696)
Gross profit		**26,167**	28,746
Other income	5	**76**	1,552
Selling and distribution costs		**(1,816)**	(1,986)
Administrative expenses		**(34,751)**	(31,074)
Finance costs	6	**(4,358)**	(3,324)
Loss before income tax	7	**(14,682)**	(6,086)
Income tax credit	8	**–**	15
Loss for the year		**(14,682)**	(6,071)
Other comprehensive (expense)/income			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on long service payment obligations		**(164)**	21
Other comprehensive (expense)/income for the year, net of tax		**(164)**	21
Total comprehensive expense for the year attributable to equity holders of the Company		**(14,846)**	(6,050)
Loss per share attributable to equity holders of the Company (expressed in HK cents per share)			
Basic and diluted loss per share	11	**(4.06)**	(1.68)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	**88,636**	98,787
Rental deposits	14	**518**	11
		89,154	98,798
Current assets			
Inventories	13	**6,663**	6,974
Trade and other receivables	14	**2,796**	2,559
Tax recoverable		**55**	–
Cash and bank balances		**2,912**	2,278
		12,426	11,811
Current liabilities			
Trade and other payables	15	**1,243**	939
Bank borrowings	16	**15,836**	11,542
Lease liabilities	18	**6,343**	5,837
Tax payable		**–**	10
		23,422	18,328
Net current liabilities		**(10,996)**	(6,517)
Total assets less current liabilities		**78,158**	92,281
Non-current liabilities			
Provision for long service payment		**808**	517
Provision for reinstatement cost		**747**	854
Bank borrowings	16	**33,750**	36,000
Promissory notes	17	**35,698**	33,463
Lease liabilities	18	**586**	70
		71,589	70,904
Net assets		**6,569**	21,377
Equity			
Share capital	19	**42,312**	42,260
Reserves		**(35,743)**	(20,883)
Total equity		**6,569**	21,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 reporting date, the Company's holding company is Profit Ocean Enterprises Limited ("**Profit Ocean**"), a company incorporated in the British Virgin Islands ("**BVI**").

The financial information relating to the years ended 31 March 2023 and 2024 included in this preliminary annual results announcement do not constitute the statutory annual consolidated financial statements of the Company for those years, but is derived from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the statutory annual consolidated financial statements for the year ended 31 March 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance, and will deliver the financial statements for the year ended 31 March 2024 to the Registrar of Companies within the prescribed time limit.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable requirement of the Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis. The 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.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

In preparing the consolidated financial statements of the Group, the directors have given consideration to the future liquidity of the Group in light of its net loss of approximately HK$14,682,000 (2023 (restated): HK$6,071,000) incurred for the year ended 31 March 2024 and, as at that date, the Group had net current liabilities of approximately HK$10,996,000 (2023: HK$6,517,000).

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

(i) the Group generated net cash inflows from operating activities of approximately HK$6,025,000 during the year ended 31 March 2024 and expects to continue to improve its working capital management and generate sufficient cash flows to meet its liabilities as and when they fall due in the next twelve months;

(ii) at 31 March 2024, the Group had available unutilised bank facilities of HK$1,244,000;

(iii) the Group has the ability to maintain the existing banking facilities; 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 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.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning on 1 April 2023

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2023:

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except for those mentioned below, 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.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 "Making Materiality Judgements" to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are applied by the Group on 1 April 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in note 2 to the consolidated financial statements may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the consolidated financial statements.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates by introducing a definition for accounting estimates, which is now defined as "monetary amounts in the financial statements that are subject to measurement uncertainty".

Besides, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimates typically involve the use of judgements or assumptions based on latest available reliable information. A change in accounting estimate that results from new information or new development is not correction of an error. Therefore, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. In addition, two illustrative examples are added to illustrate how to apply the new definition of accounting estimates.

The amendments are applied by the Group on 1 April 2023 and are applied prospectively. Earlier application is permitted. The directors expect that the amendments have no material impact on the consolidated financial statements.

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 "Income Taxes" does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 "Income Taxes".

The amendments are effective for annual reporting period beginning on or after 1 April 2023. Earlier application is permitted. The directors expect that the amendments have no material impact on the consolidated financial statements.

Amendments to HKAS 12 "International Tax Reform – Pillar Two Model Rules"

The amendments provide mandatory temporary relief from accounting for deferred tax arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules (i.e. global minimum tax rules designed to ensure that large multinational business pay a minimum effective rate of tax of 15% on profits in all countries) ("**Pillar Two Model Rules**"). Entities shall apply this temporary exception immediately and retrospectively upon issuance of the amendments and disclose the fact of the application.

Besides, the amendments also introduce additional disclosure requirements to help users of financial statements to understand an entity's exposure to income taxes arising from the Pillar Two Model Rules. These disclosures are required in periods in which the legislation for Pillar Two Model Rules is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 April 2023.

The directors expect that the amendments have no impact on the consolidated financial statements because the Group does not fall into the scope of the Pillar Two Model Rules.

Issued but not yet effective HKFRSs

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related to amendments to Hong Kong Interpretation 5[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of exchangeability[2]

[1] Effective for annual periods beginning on or after 1 January 2024
[2] Effective for annual periods beginning on or after 1 January 2025
[3] 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. Information on amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

*Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" ("**2020 Amendments**") and related amendments to Hong Kong Interpretation 5 and Amendments to HKAS 1 "Non-current Liabilities with Covenants" ("**2022 Amendments**")*

The amendments provide further guidance to clarify how to classify debt and other liabilities as current or non-current which are summarised as follows:

- It clarifies that a liability is non-current if an entity has a right (instead of unconditional right as stated before the amendments) to defer settlement of the liability for at least twelve months from the end of the reporting period. This right has to be existed at the end of the reporting period, regardless of whether the lender tests for compliance at the date or at a later date;

- Any expectations about events after the reporting period do not impact the assessment made at the end of the reporting period as to the classification of the liability; and

- "Settlements" are newly defined as a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of cash, other economic resources (e.g. goods or services), or entity's own equity instruments. Thus, if the counterparty conversion option is classified as liability under HKAS 32 "Financial Instruments: Presentation", the transfer of equity instruments by exercising the conversion option constitute settlement of liability for the purpose of current or non-current classification of liabilities. One exception to the definition is that if the counterparty conversion option is classified as equity in accordance with HKAS 32, the transfer of equity instruments by exercising the conversion option does not constitute settlement of liability and would be disregarded when determining whether the liability is current or non-current.

2022 Amendments issued in 2022 clarified that only covenants of a liability arising from a loan arrangement, which an entity must comply with on or before the reporting date (even if the covenant is only assessed after the reporting date) affect the classification of that liability as current or non-current. Those covenants to be complied with after the reporting date do not affect such classification at the reporting date.

Besides, the 2022 Amendments required an entity to provide additional disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The 2022 Amendments also deferred the effective date of the 2020 Amendments to the annual reporting periods beginning on or after 1 January 2024, in which both amendments are to be applied as a package and apply retrospectively. Earlier application is permitted.

Based on the Group's outstanding liabilities as at 31 March 2024, and the related terms and conditions stipulated in the bank borrowings agreements between the Group and the relevant financial institutions, the application of 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 7 and HKFRS 7 "Supplier Finance Arrangements"

The amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangement ("**SFA**") and require additional disclosures to enhance the transparency of SFAs and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The additional disclosures required by the amendments complement the existing disclosures in HKAS 7 and HKFRS 7. They require entities to disclose:

- the terms and conditions of the arrangement;
- the amount of the liabilities that are part of the arrangement, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities are included on the statement of financial position;
- ranges of payment due dates; and
- liquidity risk information.

The amendments, with certain specific transition reliefs, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The directors of the Group expect that the amendments have no material impact on the consolidated financial statements because the Group does not have SFA.

Amendments to HKAS 21 "Lack of exchangeability"

The amendments to HKAS 21 clarify the approach that should be taken by entities when they are reporting foreign currency transactions, translating foreign operations, or presenting financial statements in a different currency, and there is a long-term lack of exchangeability between the relevant currencies.

The amendments:

(a) introduce a definition of whether a currency is exchangeable and the process by which an entity should assess this exchangeability (i.e. a currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations); and

(b) set out a framework under which an entity can determine the spot exchange rate at the measurement date (by an observable exchange rate without adjustment or another estimation technique) when a currency lacks exchangeability.

Besides, the amendments also require an entity to disclose the additional information when it estimates a spot exchange rate due to lack of exchangeability.

The amendments are effective for annual periods beginning on or after 1 January 2025. Earlier application is permitted. The directors of the Group expect that the amendments have no material impact on the consolidated financial statements.

New HKICPA guidance on the accounting implication of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism

In June 2022, the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will take effect on 1 May 2025 (the “**Transition Date**”). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset LSP in respect of an employee’s service from the Transition Date (the “**Abolition**”). In addition, the last month’s salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date.

Prior to 1 April 2023, the Group applied practical expedient in paragraph 93(b) of HKAS 19 (the “**Practical Expedient**”) to account for the offsetable MPF benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (the “**Guidance**”) that provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism.

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations. As a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contribution after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, the Group ceased to apply the Practical Expedient and reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19. This change in accounting policy upon the cessation in applying the Practical Expedient has resulted in a catch-up adjustment in profit or loss in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2023, with the corresponding adjustment to the carrying amount of the LSP obligations during the year ended 31 March 2023. This change in accounting policy did not have any impact on the opening balance of equity as at 1 April 2022. The Group has assessed the implications of this new Guidance on the above accounting policy and the Guidance has a material impact on how the Group's results and financial position for the current or prior periods have been prepared or presented in the consolidated statements.

This change in accounting policy has been applied retrospectively by restating the balances as at 31 March 2023. The following table summarises the impacts of the adoption of the Guidance on the comparatives presented in the Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.

Consolidated statement of financial position as at 31 March 2023

	Carrying amount as at 31 March 2023 (before the adoption)	**Impact of adoption of the Guidance**	**Restated carrying amount as at 31 March 2023 (after the adoption)**
	HK$'000	*HK$'000*	*HK$'000*
LSP obligations	1,149	(632)	517
Accumulated losses	37,420	(632)	36,788

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2023

	Original amount (before the adoption)	**Impact of adoption of the Guidance**	**Restated amount (after the adoption)**
	HK$'000	*HK$'000*	*HK$'000*
Administrative expenses	31,685	(611)	31,074
Loss for the year	6,682	(611)	6,071
Actuarial gain on LSP	–	(21)	(21)
Other comprehensive income	–	(21)	(21)
Loss per share			
Basic and diluted	HK$(1.85)	HK$0.17	HK$(1.68)

4. REVENUE AND SEGMENT REPORTING

4.1 Revenue

	2024	2023
	HK$'000	*HK$'000*
Sales of tea products	**33,937**	37,442

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following types of customer and good:

	2024	2023
	HK$'000	*HK$'000*
Type of customer		
– Individuals	**32,439**	36,127
– Corporate	**1,498**	1,315
	33,937	37,442

	2024	2023
	HK$'000	*HK$'000*
Type of good		
– Tea leaves	**32,203**	36,147
– Tea wares	**1,518**	1,090
– Tea gift sets	**216**	205
	33,937	37,442

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 years ended 31 March 2024 and 2023, the chief operating decision maker regards the Group's sales of tea products business as a single reportable and operating segment and assesses the operating performance and allocates the resources of the Group as a whole. Accordingly, no segment information is presented.

Geographical information

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

Information about major customers

During the years ended 31 March 2024 and 2023, none of the Group's customers contributed over 10% of the Group's revenue.

5. OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Bank interest income	**5**	3
Sundry income	**29**	219
Write-back of other payable	**–**	43
Write-back of provision of reinstatement cost	**42**	–
Government subsidies *(note)*	**–**	1,287
	76	1,552

Note: During the year ended 31 March 2023, the Group has received funding support amounting to HK$1,287,000 from the Employment Support Scheme ("**ESS**") under the Anti-epidemic Fund, set up by Hong Kong Special Administrative Region ("**HKSAR**") Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the ESS, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. 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. There was no government grant received during the year ended 31 March 2024.

6. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest charges on bank loans	**2,055**	1,593
Imputed interest expenses from promissory notes	**2,235**	1,590
Finance charges on lease liabilities	**68**	141
	4,358	3,324

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2024	2023
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**4,253**	4,301
Depreciation of right-of-use assets	**6,507**	6,247
Total depreciation	**10,760**	10,548
Amortisation of reinstatement cost	**28**	46
Total amortisation	**28**	46
Lease charges in respect of premises		
– short term leases	**311**	311
– variable lease payments	**1,405**	1,819
Total lease charges	**1,716**	2,130
Auditor's remuneration	**521**	548
Cost of inventories recognised as an expense	**6,538**	7,428
Exchange losses, net	**–**	2
Loss on disposal of property, plant and equipment	**28**	–
Impairment loss of property, plant and equipment	**3,918**	1,576
Impairment loss of right-of-use assets	**1,743**	–

8. INCOME TAX CREDIT

	2024	2023
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
– Current year	**–**	52
– Over provision in respect of prior years	**–**	(67)
Income tax credit	**–**	(15)

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits subject to Hong Kong Profits Tax for the years ended 31 March 2024 and 2023.

Reconciliation between income tax credit and accounting loss at applicable tax rate is as follow:

	2024	2023
	HK$'000	*HK$'000*
		(Restated)
Loss before income tax	**(14,682)**	(6,086)
Tax on loss before income tax at profits tax rate of 16.5% (2023: 16.5%)	**(2,423)**	(1,004)
Tax effect of tax losses not recognised	**136**	–
Tax effect of non-deductible expenses	**2,255**	1,511
Tax effect of non-taxable income	**(1)**	(258)
Tax effect of temporary differences not recognised	**33**	(18)
Utilisation of tax losses previously not recognised	**–**	(179)
Over provision in respect of prior years	**–**	(67)
Income tax credit	**–**	(15)

No deferred tax asset has been recognised in relation to unrecognised tax losses of approximately HK$5,692,000 (2023 (restated): HK$4,870,000) as at 31 March 2024 due to the unpredictability of future profit streams. Theses tax losses do not expire under current legislation.

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2024	2023
	HK$'000	*HK$'000*
		(Restated)
Salaries, allowances and other benefits	**12,821**	13,131
Retirement scheme contributions *(note)*	**355**	433
Expenses arising from LSP obligations	**127**	110
	13,303	13,674

Note: At 31 March 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: HK$Nil).

10. DIVIDENDS

No dividend has been paid or declared by the Group during the years ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

11. 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 361,614,481 ordinary shares (2023: 361,450,000 ordinary shares) for the year ended 31 March 2024.

	2024	2023
	HK$'000	*HK$'000*
		(Restated)
Loss for the year attributable to equity holders of the Company for the purposes of basic loss per share	**(14,682)**	(6,071)

For the years ended 31 March 2024 and 2023, 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.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings *HK$'000*	**Machinery and equipment** *HK$'000*	**Leasehold improvement and furniture and fixtures** *HK$'000*	**Total** *HK$'000*
At 1 April 2022				
Cost	125,039	2,020	6,322	133,381
Accumulated depreciation, amortisation and impairment loss	(21,132)	(1,329)	(4,804)	(27,265)
Net book amount	103,907	691	1,518	106,116
Year ended 31 March 2023				
Opening net book amount	103,907	691	1,518	106,116
Additions	–	51	–	51
Modification of lease term *(note ii)*	4,790	–	–	4,790
Depreciation/Amortisation	(10,112)	(146)	(336)	(10,594)
Impairment loss *(note i)*	(1,574)	(2)	–	(1,576)
Closing net book amount	97,011	594	1,182	98,787
At 31 March 2023 and 1 April 2023				
Cost	129,829	2,071	6,322	138,222
Accumulated depreciation, amortisation and impairment loss	(32,818)	(1,477)	(5,140)	(39,435)
Net book amount	97,011	594	1,182	98,787
Year ended 31 March 2024				
Opening net book amount	**97,011**	**594**	**1,182**	**98,787**
Additions	**–**	**83**	**220**	**303**
Disposals	**–**	**(3)**	**(25)**	**(28)**
Modification of lease term *(note ii)*	**6,023**	**–**	**–**	**6,023**
Depreciation/Amortisation	**(10,304)**	**(161)**	**(323)**	**(10,788)**
Impairment loss *(note i)*	**(4,109)**	**(513)**	**(1,039)**	**(5,661)**
Closing net book amount	**88,621**	**–**	**15**	**88,636**
At 31 March 2024				
Cost	**135,852**	**2,139**	**6,177**	**144,168**
Accumulated depreciation, amortisation and impairment loss	**(47,231)**	**(2,139)**	**(6,162)**	**(55,532)**
Net book amount	**88,621**	**–**	**15**	**88,636**

Notes:

(i) As at 31 March 2024 and 2023, the property, plant and equipment (including right-of-use assets) were allocated to the retail shops as individual CGUs from which the sales of tea products business arose. There were certain CGUs performed below budget in both years and thus, the Group engaged the independent professional valuer (the "**Valuer**") to conduct impairment assessments on these CGUs. The recoverable amounts of each CGU has been determined based on value in use or fair value less costs of disposal, whichever is higher.

The value in use calculations of the CGUs were based on the cash flow projections based on the latest financial budgets approved by the Company's management covering a five-year period. Management determines revenue growth rate to be a key assumption as it is the main driver for revenue and costs in each period. The revenue growth rate is based on past historical sales information, current performance, internal management plans and market available information. The pre-tax discount rate used for the calculation was 13.64% (2023: 12.13%) and reflects specific risks relation to the relevant business.

The recoverable amounts of the two properties in the respective CGUs were determined by fair value less costs of disposal basing on valuations performed by the Valuer. The valuations were based on comparable market transactions and evidence and considered adjustments to reflect differences in transaction timing, location and tenure. The recoverable amounts of the two properties were level 2 fair value measurement.

The recoverable amounts of certain right-of-use assets in the respective CGUs were determined by fair value less costs of disposal basing on valuations performed by the Valuer. The valuations were based on comparable market rent and evidence and considered adjustments to reflect differences in transaction timing and location. The property yield rate used for the calculation was 3.39% and reflects specific risks relation to the relevant business. The recoverable amounts of these properties were level 2 fair value measurement.

Based on the above, the total recoverable amounts of the Group's CGUs was amounted approximately HK$88,700,000 (2023: HK$126,798,000) as at 31 March 2024 of which the recoverable amounts of the two properties and property, plant and equipment included certain right-of-use assets in the respective CGUs that were subject to impairment loss was amounted approximately HK$85,000,000 (2023: HK$92,000,000) and HK$3,700,000 (2023: HK$34,798,000) respectively. Accordingly, the Group has made provision for impairment on property, plant and equipment and right-of-use assets of HK$3,918,000 (2023: HK$1,576,000) and HK$1,743,000 (2023: HK$Nil), respectively, for the year ended 31 March 2024.

(ii) During the years ended 31 March 2024 and 2023, the Group entered into modified contracts with lessors to revise the monthly rental and extend the lease terms of the leases. As the modification does not add the right to use one or more underlying assets, it is not accounted for as a separate lease. Accordingly, the Group recognised an additional amount of HK$6,023,000 (2023: HK$4,790,000) of right-of-use assets included in leasehold land and buildings and lease liabilities respectively.

As at 31 March 2024 and 2023, included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	HK$'000
Leasehold land and buildings carried at cost	
As at 1 April 2022	7,305
Modification of lease term	4,790
Depreciation for the year	(6,247)
At 31 March 2023 and 1 April 2023	**5,848**
Modification of lease term	**6,023**
Depreciation for the year	**(6,507)**
Impairment for the year	**(1,743)**
At 31 March 2024	**3,621**

As at 31 March 2024, leasehold land and buildings with a carrying amount of HK$85,000,000 (2023: HK$91,163,000) was pledged to secure general banking facilities granted to the Group. The details in relation to these leases are set out in note 18.

13. INVENTORIES

	2024	2023
	HK$'000	*HK$'000*
Tea leaves	**2,760**	3,152
Canned/packed tea products for sale	**2,079**	2,340
Tea wares	**737**	494
Sundries and packaging materials	**1,087**	988
	6,663	6,974

14. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**585**	614
Less: ECL allowance	**–**	–
	585	614
Deposits, prepayments and other receivables		
Rental and other deposits	**2,202**	1,610
Prepayments	**527**	346
Less: ECL allowance	**–**	–
	3,314	2,570
Less: non-current portion		
Rental deposits	**(518)**	(11)
	2,796	2,559

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

The Group's sales to customers are mainly on cash basis. The Group also grants credit terms of 0 to 60 days (2023: 0 to 75 days) to certain corporate customers. Based on the invoice dates (or date of revenue recognition if earlier), the ageing analysis of the trade receivables, net of ECL allowance, was as follows:

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**460**	585
31 – 60 days	**123**	24
61 – 90 days	**2**	3
Over 90 days	**–**	2
	585	614

15. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**560**	314
Accrued charges and other payables	**683**	625
	1,243	939

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

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**560**	314

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

16. BANK BORROWINGS

At 31 March 2024 and 2023, the Group's bank loans were repayable as follows:

	2024	2023
	HK$'000	*HK$'000*
Carrying amount repayable:		
Within one year	**15,836**	11,542
In the second year	**2,250**	2,250
In the third to fifth years	**31,500**	33,750
	49,586	47,542
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)	**(13,586)**	(9,292)
Less: amounts shown under current liabilities	**(2,250)**	(2,250)
Amounts shown under non-current liabilities	**33,750**	36,000
Secured *(notes (i) & (ii))*	**46,000**	43,250
Unsecured *(note (iii))*	**3,586**	4,292
	49,586	47,542

Notes:

(i) At 31 March 2024 and 2023, the balances were secured by certain property, plant and equipment as set out in note 12.

(ii) At 31 March 2024, the amount of HK$10,000,000 (2023: HK$5,000,000) included in the secured borrowings were guaranteed by certain subsidiaries of the Company.

(iii) At 31 March 2024, the amount of HK$3,586,000 (2023: HK$4,292,000) included in the unsecured borrowings were guaranteed by HKSAR government under SME Financing Guarantee Scheme and cross 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 2.75% to 6.8% (2023: 2.75% to 5.14%) per annum.

17. PROMISSORY NOTES

	2024	2023
	HK$'000	*HK$'000*
At beginning of year	**33,463**	38,910
Fair value of promissory notes at remeasurement date	**–**	33,463
Derecognition of original promissory notes	**–**	(40,500)
Imputed interest charged *(note 6)*	**2,235**	1,590
At end of year	**35,698**	33,463

On 25 March 2020, the Company issued two promissory notes with principal amounts of HK$25,500,000 and HK$25,000,000 respectively to Chan Sing Hoi Enterprises as part of the consideration for the acquisition of the two properties used as retail shops for business operation (note 12). The promissory notes were extended at a discounted value which is calculated by the Group's effective interest rate of 6.57% per annum to discount the value of the promissory notes into their fair value at inception date.

The promissory notes were unsecured and interest-free on its principal sum. The promissory notes would be matured on 25 March 2026 (the "**Maturity Date**") and the Company may, at its sole and absolute discretion, further extend the Maturity Date for another three years.

18. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2024	2023
	HK$'000	*HK$'000*
Total minimum lease payments:		
Due within one year	**6,552**	5,930
Due in the second to fifth years	**616**	71
	7,168	6,001
Future finance charges on lease liabilities	**(239)**	(94)
Present value of lease liabilities	**6,929**	5,907

	2024	2023
	HK$'000	*HK$'000*
Present value of minimum lease payments:		
Due within one year	**6,343**	5,837
Due in the second to fifth years	**586**	70
	6,929	5,907
Less: Portion due within one year included under current liabilities	**(6,343)**	(5,837)
Portion due after one year included under non-current liabilities	**586**	70

As at 31 March 2024 and 2023, lease liabilities amounted to HK$6,929,000 (2023: HK$5,907,000) are 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.

During the year ended 31 March 2024, the total cash outflows for the leases are HK$6,717,000 (2023: HK$8,612,000).

Details of the lease activities

As at 31 March 2024 and 2023, the Group has entered into leases for office premise, car park and retails shops as follows:

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases	Range of remaining lease term	Particulars
Office premise	Leasehold land and buildings in "property, plant and equipment"	1 (2023: 1)	1 year (2023: 1 year)	Only subject to monthly fixed rental payment
Carpark	Leasehold land and buildings in "property, plant and equipment"	1 (2023: 1)	0.75 year (2023: 1.75 years)	Only subject to monthly fixed rental payment
Retails shops	Leasehold land and buildings in "property, plant and equipment"	8 (2023: 7)	0 to 3 years (2023: 0.25 to 1 year)	Some of the contracts contain additional variable lease payments depends on the turnover rent during the contract period

19. SHARE CAPITAL

	2024		2023	
	Number of shares	**Share capital**	Number of shares	Share capital
	'000	***HK$'000***	*'000*	*HK$'000*
Issued and fully paid:				
At 1 April	**361,450**	**42,260**	361,450	42,260
Exercise of share options *(note)*	**200**	**52**	–	–
At 31 March	**361,650**	**42,312**	361,450	42,260

Note: On 5 June 2023, the issued share capital of the Company was increased by HK$52,000, due to the exercise of 200,000 share options by the director. The total consideration received of HK$38,000 was credited to the share capital account. An amount of HK$14,000 has been transferred from the share option reserve to the share capital account.

20. RESERVES

(a) Capital reserve

It represents the excess of nominal value of shares of Ying Kee Tea Company Limited ("**Ying Kee**") over the nominal value of shares allotted by the Company arising from reorganisation.

(b) Contribution reserve

It represents the deemed contribution by controlling shareholders, in the issuance of non-interest bearing promissory notes to Chan Sing Hoi Enterprises in 2020. The promissory notes have been further extended to next three years upon its maturity. 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 in 2020, and the difference of fair value change of promissory notes extended in 2023.

21. SHARE-BASED COMPENSATION

The Company has a share option scheme which was adopted on 14 March 2018 whereby the directors are authorised, at their discretion, to invite employees, consultants and advisers ("**participants**") of the Group, including directors of any companies in the Group, to take up options at nil consideration for each participant to subscribe for shares of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

Movements of share options and weighted average exercise price for the year are as follows:

	2024		2023	
Directors and other employees	**Number**	**Exercise price per share**	Number	Exercise price per share
	'000	***HK$***	*'000*	*HK$*
Outstanding at 1 April	**23,500**	**0.189**	23,600	0.189
Lapsed	**(23,300)**	**0.189**	(100)	0.189
Exercised	**(200)**	**0.189**	–	0.189
Outstanding at 31 March	**–**	**–**	23,500	0.189

	2024		2023	
Consultants and advisers	**Number**	**Exercise price per share**	Number	Exercise price per share
	'000	***HK$***	*'000*	*HK$*
Outstanding at 1 April	**4,850**	**0.189**	4,850	0.189
Lapsed	**(4,850)**	**0.189**	–	0.189
Outstanding at 31 March	**–**	**–**	4,850	0.189

On 9 September 2019, the Company granted 32,300,000 share options to certain of its participants for HK$1 consideration per personal at an exercise price of HK$0.189 per share. The fair value of the share options granted amounted to HK$2,361,000 at grant date.

The options were fully vested on 1 June 2020 and then exercisable within a period of three years (31 May 2023). The total number of shares which may be issued upon exercise of all options to be granted under the share option scheme must not in aggregate exceed 10% of the share capital of the Company in issue as at 9 September 2019, i.e. 32,300,000 shares. During the year ended 31 March 2024, 28,150,000 (2023: 100,000) share options were lapsed, resulting in a transfer of HK$2,058,000 (2023: HK$8,000) from share option reserve to accumulated losses.

During the years ended 31 March 2024 and 2023, there were no share-based compensation expense recognised in profit or loss and credited to share option reserve correspondingly. No liabilities were recognised due to share-based compensation transactions.

22. INTERESTS IN SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2024 and 2023 are as follows:

Name of Company	**Place of incorporation and business**	**Particulars of issued and paid up capital**	**Percentage of equity interest directly held by the Company**		**Principal activities**
			2024	2023	
Ying Kee	Hong Kong	HK$1,000,000	**100%**	100%	Retail trading of tea products
iTea. Ying Kee Limited	Hong Kong	HK$1	**100%**	100%	Inactive
New Vantage (Hong Kong) Limited	Hong Kong	HK$1	**100%**	100%	Trademark holding
Sing Hoi Properties Limited	Hong Kong	HK$10,000	**100%**	100%	Property holding
Union Lucky Limited	Hong Kong	HK$1	**100%**	100%	Property holding

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

During the Reporting Year, the Group experienced a moderate decline in sales amidst a subdued consumer spending environment. The trend of Hong Kong citizens increasingly purchasing goods and services across the border in Mainland China became the norm, while visitors from Mainland China generally spend relatively little in Hong Kong, resulting in a stark contrast in cross-border consumption patterns.

With the ease of immigration and customs clearance between the Hong Kong and Mainland China border, Hong Kong citizens flocked to the Greater Bay Area during the weekends for leisure, food, and product consumption. This has weakened the local retail sector in Hong Kong, resulting in a decrease of revenue by 94% year on year. This trend persisted even after the COVID-19 pandemic was brought under control, as Hong Kong consumers found better value for their money in the Greater Bay Area compared to Hong Kong.

According to the Immigration Department of the Hong Kong Special Administrative Region, a daily outflux of Hong Kong citizens crossing into the Mainland China border reached approximately 250,000 during the weekends. This phenomenon weakened local consumer spending in the retail industry. The trend is expected to continue as long as the price difference between Hong Kong and Mainland China remains. As such, the Group remains cautiously skeptical about the prospects of the industry and the overall retail environment in Hong Kong. In response to these challenges, the Group implemented a series of strategic initiatives during the Reporting Year.

FINANCIAL REVIEW

Revenue, Gross Profit and Net Loss

The consolidated revenue of the Group for Reporting Year reached approximately HK$33.9 million (2023: HK$37.4 million), representing a decrease of 9.4%. The gross profit for the year amounted to approximately HK$26.2 million (2023: HK$28.7 million), decreasing by 8.7% year-on-year. Gross profit margin was 77.1% (2023: 76.8%), which is higher than that of last year. Net loss for the Reporting Year was approximately HK$14.7 million (2023 (restated): Net loss of HK$6.1 million). The loss for the Reporting Year was mainly due to the drop in sales and increase in impairment loss on property, plant and equipment and right-of-use assets. Basic and diluted loss per share attributable to equity holders of the Company was HK4.06 cents (2023 (restated): loss per share of HK1.68 cents) for the Reporting Year.

Segmental Information

For the Reporting Year, tea leaves remained the predominant products sold, accounting for 94.9% of total revenue (2023: 96.5%). Tea wares and tea gift sets recorded percentage of 4.5% and 0.6% respectively, of total revenue (2023: 2.9% and 0.5% respectively), representing a lower proportion of sales as compared with that of tea leaves. Regarding the sales of tea leaves, Pu-erh tea remained the most popular product, followed by oolong tea and fragrant tea. Their percentages of sales relative to total sales were 35.7% (2023: 37.9%), 24.8% (2023: 26.7%) and 14.2% (2023: 12.0%) respectively.

Other Income

There was no income derived from the Employment Support Scheme for the Reporting Year, as compared to approximately HK$1.3 million received for the previous year.

Selling and Distribution Costs

For the Reporting Year, the costs of selling and distribution amounted to approximately HK$1.8 million (2023: HK$2.0 million), representing a decrease of 10.0% as compared to that of the year ended 31 March 2023 because of reduction in sales.

Administrative Expenses

The following expenses increased or decreased for the Reporting Year relative to those for the year ended 31 March 2023:

1. Depreciation on the right of use of leased assets increased by 4.8% from approximately HK$6.2 million to approximately HK$6.5 million;

2. Rent on shops and booths decreased by 19.0% from approximately HK$2.1 million to approximately HK$1.7 million because of the decline of revenue; and

3. Impairment loss was approximately HK$5.7 million (2023: HK$1.6 million) on property, plant and equipment and right-of-use assets.

Finance Costs

For the Reporting Year, the finance costs, which primarily consisted of bank borrowing interest, finance lease interest and imputed interest expense from promissory notes, were in the aggregate of approximately HK$4.4 million (2023: HK$3.3 million). The reason for the increase of 33.3% was due to the increase of interest rate on principal of secured mortgage loans and revolving loans. The properties acquired were collateralised to the lending bank with some restrictive covenants.

- Carrying value of acquired properties as at the end of the Reporting Year – HK$85.0 million

- Bank borrowings secured by the properties as at the end of the Reporting Year – HK$46.0 million

Inventory Control

The net carrying value of the Group's inventories was approximately HK$6.7 million (2023: HK$7.0 million) as at the end of the Reporting Year. The main reason for keeping the inventory level relatively low was due to the Directors' decision not to over-stock during a period of uncertainty.

The Board closely monitored the inventory level and movements during the year to ensure that an adequate amount of stock was maintained and to avoid loss of sales due to under-stocking. As vintage pu-erh tea contributed the highest gross profit margin, the Directors were responsible for procurement and warehouse staff were responsible for stocktaking to ensure that a sufficient stock of vintage pu-erh tea was available for sale.

In order to enhance stringent inventory control, the following procedures were adopted:

- Stocktake by shop manager and warehouse staff was carried out every month;

- Reconciliation of physical stock and amount in the accounting system was performed by the shop manager and accountant every month;

- Office personnel observed the physical stocktake by shop manager and warehouse staff every year; and

- Warehouse staff regularly checked for inventory damage and spoilage for proper provision at the end of each quarter.

Trade and Other Receivables

As at the end of the Reporting Year, trade and other receivables increased to approximately HK$3.3 million from approximately HK$2.6 million as at 31 March 2023, representing an increase by approximately HK$0.7 million or 26.9%. The increase was primarily due to the rental deposit for Tsim Sha Tsui shop.

LIQUIDITY AND CASH FLOW MANAGEMENT

The Group has adopted a prudent financial policy in order to maintain a healthy financial position and steady growth. The Group has funded the liquidity and capital requirements principally from cash generated from operations and proceeds from the share offer.

As at the end of the Reporting Year, the Group's net current liabilities amounted to approximately HK$11.0 million (2023: HK$6.5 million), which was an increase of approximately HK$4.5 million or 69.2% compared to the previous year, due to increase of current portion of bank borrowings. Cash and bank balances amounted to approximately HK$2.9 million (2023: HK$2.3 million), representing a increase of approximately HK$0.6 million or 26.1%, compared with that at 31 March 2023.

There were no time deposits as at 31 March 2024, which is consistent with the previous year.

Trade and Other Payables

As at the end of the Reporting Year, trade and other payables increased from approximately HK$0.9 million as at 31 March 2023 to approximately HK$1.2 million, being an increase of approximately HK$0.3 million or 33.3%.

CHARGE OF GROUP'S ASSETS

As at the end of the Reporting Year, the Group had 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 the property at Ground Floor, Mei Wah Building No. 170 Johnston Road, Wanchai, Hong Kong as securities for the banking facilities granted to the Group.

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

SIGNIFICANT INVESTMENT

There was no significant investment during the Reporting Year and as at the end of the Reporting Year, there was no significant investment held by the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARY, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Year.

CAPITAL STRUCTURE

The shares of the Company (the "**Shares**") were listed on GEM of the Stock Exchange on 16 April 2018. On 5 June 2023, the Company issued 200,000 new shares pursuant to the exercise of share options on 31 May 2023 by its director, Wong Chee Chung, under the Share Option Scheme adopted by the Company on 14 March 2018. As a result, the total number of issued shares increased from 361,450,000 to 361,650,000. Save for the aforementioned issue of new shares, there has been no other change in the capital structure of the Group since its listing on GEM, and the share capital of the Group only comprises ordinary Shares. As at the end of the Reporting Year, the Company had 361,650,000 ordinary shares in issue.

Equity

Equity attributable to owners of the Company amounted to approximately HK$6.6 million as at the end of the Reporting Year (2023 (restated): HK$21.4 million), representing a decrease of approximately HK$14.8 million or 69.2%.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances to maintain strong and healthy liquidity and to ensure that the Group is well placed to take advantage of future growth opportunities.

FOREIGN EXCHANGE EXPOSURE

Since all of the assets and liabilities are situated in Hong Kong and almost all of the revenue is generated from Hong Kong, the functional and reporting currency is Hong Kong dollar. There were no hedging instruments except bank deposits and cash in hand of RMB5,000 (2023: RMB7,000). For payment of purchases in Renminbi or US dollars, the Directors considered that the foreign exchange exposure was fairly covered as purchases in Renminbi represented 7.2% (2023: 14.3%) of the total purchases, and in US dollars a mere 2.5% of the total purchases (2023: 2.0%).

EMPLOYEES AND REMUNERATION POLICIES

As at the end of the Reporting Year, the Group had 51 employees (2023: 55 employees) 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 the Directors, mandatory provident fund contributions and provision for long service payment for the Reporting Year, amounted to approximately HK$13.3 million (2023 (restated): HK$13.7 million). The Group has also adopted a share option scheme whereby qualified participants may be granted options to acquire Shares. During the Reporting Year, none of share options granted to the Directors and employees (2023: Nil).

Defined Contribution Plan

The Group operates a defined contribution retirement benefit plan (the "**MPF Scheme**") for all of its employees in Hong Kong in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). All employees in Hong Kong are required to join the MPF Scheme and the employees and their employer are each required to contribute 5% of their gross earnings with a current ceiling of HK$1,500 per month to the MPF Scheme. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme. The contributions charged to the consolidated statement of profit or loss and other comprehensive income represents the contributions payable to the funds by the Group. The Group does not forfeit any contributions on behalf of its employees who leave the scheme prior to full vesting. Accordingly, there is no forfeited contribution available for the Group to reduce the existing level of contributions.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at the end of the Reporting Year (2023: Nil).

COMMITMENTS

The contract commitments mainly involve rental payable by the Group in respect of certain shops, concessionary counters, office and warehouse premises under operating leases arrangements. As at the end of the Reporting Year, the Group's operating lease commitments were approximately HK$0.4 million (2023: HK$0.4 million). There was no other contractual commitments as at the end of the Reporting Year (2023: Nil).

DIVIDENDS

The Board does not recommend the payment of final dividend for the Reporting Year.

During the Reporting Year, the Group did not declare any interim dividend (2023: Nil) to shareholders.

GEARING RATIO

The debt-to-equity ratio is calculated by dividing bank borrowings by total equity.

As at the end of the Reporting Year, the debt-to-equity ratio of the Group stood at 754.8% (2023 (restated): 222.4%). The increase was mainly due to reduction in equity.

CAPITAL EXPENDITURE

For the Reporting Year, the Group's capital expenditure amounted to approximately HK$280,000 (2023: approximately HK$51,000), mainly for machinery and equipment.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group trades only with recognised 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

The Group's exposure to the risk of changes in market interest rates relates primarily to its bank borrowings. However, the interest rate risk was low, as the interest rate fluctuations during the Reporting Year 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.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders in order to meet its immediate and long-term goals. During the Reporting Year, there was no material or significant dispute between the Group and its suppliers, customers and/or other stakeholders.

EVENTS AFTER THE REPORTING YEAR

The Directors are not aware of any significant event taking place after 31 March 2024 and up to the date of this announcement which requires disclosure.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE

The Group is committed to maintaining a high standard of corporate governance. The Company has applied the code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the GEM Listing Rules as applicable during the Reporting Year. During the Reporting Year (i.e., from 1 April 2023 to 31 March 2024), the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code.

The Board is responsible for the leadership, control, and promoting the success of the Group. To this end, the Board has set corporate strategic objectives and policies, and monitors and evaluates the operating activities and financial performance of the Group.

SECURITIES TRANSACTIONS OF DIRECTORS

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

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

The Shares were listed on GEM on 16 April 2018. During the Reporting Year, neither the Company nor any of its subsidiary has purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2024 (31 March 2023: Nil).

AUDIT COMMITTEE AND REVIEW OF PRELIMINARY ANNOUNCEMENT

The audit committee of the Board (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 primary 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 of the independent non-executive Directors, namely Mr. Lee Wai Ho, Ms. Hon Yin Wah and Mr. Wong Chee Chung. The chairman of the Audit Committee is Ms. Hon Yin Wah. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the Reporting Year at a meeting held on 28 June 2024, and is of the view that the consolidated financial statements complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED

The figures in respect of the preliminary announcement of the Group's results for the Reporting Year have been agreed by the Company's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accounts and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on 23 August 2024. For details of the AGM, please refer to the Notice of AGM which will be published in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19 August 2024 to 23 August 2024 (both dates inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents must be lodged with the Company's share registrar Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 16 August 2024.

PUBLICATION OF ANNUAL RESULTS AND DISPATCH OF ANNUAL REPORT

This announcement is published on the Company's website (http://www.yingkeetea.com) and the website of the Stock Exchange (http://www.hkex.com.hk). The annual report for the Reporting Year containing the information required by the GEM Listing Rules will be despatched to shareholders and published on the websites of the Company and the Stock Exchange in due course.

By Order of the Board
Ying Kee Tea House Group Limited
Chan Kwong Yuen
Chairman

Hong Kong, 28 June 2024

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, Ms. Hon Yin Wah 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 on the "Latest Listed Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.yingkeetea.com.