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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025

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 2025 (the "**Reporting Year**") amounted to approximately HK$30.3 million (2024: HK$33.9 million), representing a decrease of 10.8%.

- The gross profit for the year amounted to approximately HK$23.2 million (2024: HK$26.2 million), decreasing 11.3% year on year. Gross profit margin was 76.7% (2024: 77.1%) 0.4% lower than that of last year.

- Net loss attributable to the owners of the Company for the Reporting Year was approximately HK$16.9 million (2024: net loss of HK$14.7 million).

- Basic and diluted loss per share attributable to equity holders of the Company was HK$4.67 cents (2024: loss per share of HK$4.06 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 2025 together with the audited comparative figures for the year ended 31 March 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	**2025** *HK$'000*	2024 *HK$'000*
Revenue	*4*	**30,280**	33,937
Cost of sales		**(7,062)**	(7,770)
Gross profit		**23,218**	26,167
Other income	*5*	**23**	76
Selling and distribution costs		**(1,662)**	(1,816)
Administrative expenses		**(33,802)**	(34,751)
Finance costs	*6*	**(4,657)**	(4,358)
Loss before income tax	*7*	**(16,880)**	(14,682)
Income tax expenses	*8*	**–**	–
Loss for the year		**(16,880)**	(14,682)
Other comprehensive expense			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial loss on long service payment obligations		**(439)**	(164)
Other comprehensive expense for the year, net of tax		**(439)**	(164)
Total comprehensive expense for the year attributable to equity holders of the Company		**(17,319)**	(14,846)
Loss per share attributable to equity holders of the Company (expressed in HK cents per share)			
Basic and diluted loss per share	*11*	**(4.67)**	(4.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*12*	**77,346**	88,636
Rental deposits	*14*	**510**	518
		77,856	89,154
Current assets			
Inventories	*13*	**5,887**	6,663
Trade and other receivables	*14*	**1,870**	2,796
Tax recoverable		**65**	55
Cash and bank balances		**1,473**	2,912
		9,295	12,426
Current liabilities			
Trade and other payables	*15*	**1,072**	1,243
Bank borrowings	*16*	**14,101**	15,836
Promissory notes	*17*	**38,043**	–
Lease liabilities	*18*	**6,288**	6,343
		59,504	23,422
Net current liabilities		**(50,209)**	(10,996)
Total assets less current liabilities		**27,647**	78,158

	Notes	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Provision for long service payment		**1,358**	808
Provision for reinstatement cost		**747**	747
Bank borrowings	*16*	**31,500**	33,750
Amount due to a related company		**3,000**	–
Promissory notes	*17*	**–**	35,698
Lease liabilities	*18*	**1,792**	586
		38,397	71,589
Net (liabilities)/assets		**(10,750)**	6,569
Equity			
Share capital	*19*	**42,312**	42,312
Reserves		**(53,062)**	(35,743)
(Capital deficiency)/Total equity		**(10,750)**	6,569

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

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 2024 and 2025 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 2024 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 2025 to the Registrar of Companies within the prescribed time limit.

- The Company's independent auditor, Grant Thornton Hong Kong Limited has reported on the financial statements for the years ended 31 March 2024 and 2025.

  The independent auditor's report for the year ended 31 March 2024 was 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.

  The independent auditor's report for the year ended 31 March 2025 was unqualified; included a reference to material uncertainty related to going concern 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

Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which collective term includes all applicable individual HKFRS accounting standards, Hong Kong Accounting Standards and Interpretations ("**HKFRS Accounting Standards**") 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 ("**GEM Listing Rules**").

The adoption of new and amended HKFRS Accounting Standards 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.

Going concern assessment

As at 31 March 2025, the Group had net current liabilities and net liabilities of approximately HK$50,209,000 and HK$10,750,000, respectively. The Group's business operation is mainly financed by bank and related companies and from internal sources of financing. As at 31 March 2025, the Group's bank and cash balances amounted to HK$1,473,000. In view of these circumstances, the Directors have been continuously implementing measures to improve and maintain the Group's liquidity which include:

(i) the Group has taken various cost control measures to tighten the costs of operation and will 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) the Group will renew and maintain the existing banking facilities and obtain new sources of financing;

(iii) Chan Sing Hoi Enterprises Limited, a related company, has confirmed that it does not intend to demand repayment from the Company for the promissory notes due to it (note 17) until such time when repayment will not affect the Group's ability to repay other creditors in the normal course of business; and

(iv) Golden Ocean International Holdings Limited ("Golden Ocean"), a related company, has undertaken to provide continuing financial support to the Group for at least 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.

In assessing the Group's ability to continue as a going concern, the Directors have prepared a cash flow forecast which covers a period of not less than twelve months from 31 March 2025. The Director's cash flow forecast made certain key assumptions with regard to the anticipated cash flow from the Group's business operations and the availability of financial facilities from external parties and related companies.

The Group's ability to achieve the cash flow forecast depends on management's ability to successfully implement the improvement measures (from (i) to (ii) described above) on the profitability and the continuous availability of those financing facilities and obtaining financial support successfully, as and when, needed from the related company (described in (iv) above). These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the Directors after making due inquiries and considering the basis of cash flow forecast and taking into account the above measures, conclude the Group will have sufficient financial resources to meet in full of its working capital requirements and financial obligations as and when they fall due in the foreseeable future. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

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 OR AMENDED HKFRS ACCOUNTING STANDARDS

Amended HKFRS Accounting Standards that are effective for annual periods beginning on 1 April 2024

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 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except for those mentioned below, the adoption of the amended HKFRS Accounting Standards had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKFRS 16 "Lease Liability in a Sale and Leaseback"

The amendments specify that, in subsequent measurement of the lease liability arising from a sale and leaseback transaction (where the transaction qualifies as a sale under HKFRS 15), a seller-lessee determines "lease payments" and "revised lease payments" in a way that does not result in the recognition of a gain or loss that relates to the right of use it retains.

Amendments to HKFRS 16 are applied by seller-lessee retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16. The amendments had no impact on the consolidated financial statements of the Group as there are no such arrangement since the initial application of HKFRS 16.

*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 clarified the classification of debt and other liabilities as current or non-current, depending on whether an entity has a right to defer settlement of the liability for at least twelve months from the end of the reporting period and this right has to be existed at the end of the reporting period. Any expectations about events after the reporting period do not impact the assessment of the classification of the liabilities make at the end of the reporting period as to the classification of the liability.

Covenants of a loan arrangement that 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. Covenants that the entity is required to comply with after the reporting date do not affect the classification at the reporting date.

The amendments also define "settlements" of a liability, which includes transfer of entity's own equity instrument. However, if the holder's conversion option in a convertible bond 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. If the holder's conversion option is classified as liability, such option must be considered for the determination of current/non-current classification of a convertible bond.

The amendments are applied retrospectively.

Issued but not yet effective HKFRS Accounting Standards

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

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 21	Lack of Exchangeability[1]
Amendment to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 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 new and amended HKFRS Accounting Standards that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRS Accounting Standards are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments to Hong Kong Interpretation 5

HKFRS 18 replaces HKAS 1 "Presentation of Financial Statements". It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures".

HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely "operating profits" and "**profits before financing and income tax**"), and classifying items into five newly defined categories (namely "operating", "investing", "financing", "income tax" and "**discontinued operation**"), depending on the reporting entity's main business activities, in the statement of profit or loss;

- Disclosure of management-defined performance measures ("**MPMs**") in a single note to the financial statements; and

- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to HKAS 7 "Statement of Cash Flows", which includes:

- using "operating profit or loss" as the starting point for indirect method for the presentation of operating cash flows purposes; and

- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRS Accounting Standards, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Group are still in the process of assessing the impact of HKFRS 18, particularly with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact of how information is grouped in the consolidated financial statements, including the items currently labelled as "other".

Amendments to HKFRS 9 and HKFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

The major changes in amendments to HKFRS 9 and HKFRS 7 are summarised as follows:

- clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

- clarified and added further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("**SPPI**") criterion;

- added new disclosures for certain instruments with contractual terms that can change cash flows (e.g. some financial instruments with features linked to the achievement of environment, social and governance targets); and

- updated the disclosures for equity instruments designated at fair value through other comprehensive income ("**FVOCI**").

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 and are applied retrospectively with an adjustment to opening retained earnings. The amendments that relate to the classification of financial assets as well as the related disclosures can be early adopted and the other amendments can be applied later. The directors of the Group expect that the amendments have no material impact on the consolidated financial statements.

4. REVENUE AND SEGMENT REPORTING

Revenue

	2025	2024
	HK$'000	*HK$'000*
Sales of tea products	**30,280**	33,937

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:

	2025	2024
	HK$'000	*HK$'000*
Type of customer		
– Individuals	**28,701**	32,439
– Corporate	**1,579**	1,498
	30,280	33,937

	2025	2024
	HK$'000	*HK$'000*
Type of good		
– Tea leaves	**28,658**	32,203
– Tea wares	**1,433**	1,518
– Tea gift sets	**189**	216
	30,280	33,937

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 2025 and 2024, 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 2025 and 2024, none of the Group's customers contributed over 10% of the Group's revenue.

5. OTHER INCOME

	2025	2024
	HK$'000	*HK$'000*
Bank interest income	**3**	5
Sundry income	**20**	29
Write-back of provision of reinstatement cost	**–**	42
	23	76

6. FINANCE COSTS

	2025	2024
	HK$'000	*HK$'000*
Interest charges on bank loans	**1,979**	2,055
Imputed interest expenses from promissory notes	**2,345**	2,235
Finance charges on lease liabilities	**333**	68
	4,657	4,358

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2025	2024
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**3,718**	4,253
Depreciation of right-of-use assets	**2,978**	6,507
Total depreciation	**6,696**	10,760
Amortisation of reinstatement cost	**15**	28
Total amortisation	**15**	28
Lease charges in respect of premises		
– short term leases	**701**	311
– variable lease payments	**1,105**	1,405
Total lease charges	**1,806**	1,716
Auditor's remuneration	**493**	521
Cost of inventories recognised as an expense	**5,885**	6,538
Loss on disposal of property, plant and equipment	**–**	28
Impairment loss of property, plant and equipment	**5,810**	3,918
Impairment loss of right-of-use assets	**3,130**	1,743

8. INCOME TAX EXPENSES

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 2025 and 2024.

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

	2025	2024
	HK$'000	*HK$'000*
Loss before income tax	**(16,880)**	(14,682)
Tax on loss before income tax at profits tax rate of 16.5% (2024: 16.5%)	**(2,785)**	(2,423)
Tax effect of non-deductible expenses	**2,472**	2,255
Tax effect of non-taxable income	**(1)**	(1)
Tax effect of temporary differences not recognised	**(49)**	33
Tax effect of tax losses not recognised	**363**	136
Income tax expenses	**–**	–

No deferred tax asset has been recognised in relation to unrecognised tax losses of approximately HK$10,728,000 (2024: HK$8,525,000) as at 31 March 2025 due to the unpredictability of future profit streams. Theses tax losses do not expire under current legislation.

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2025	2024
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	**12,375**	12,821
Retirement scheme contributions (note)	**280**	355
Expenses arising from LSP obligations	**111**	127
	12,766	13,303

Note: At 31 March 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2024: HK$Nil).

10. DIVIDENDS

No dividend has been paid or declared by the Group during the years ended 31 March 2025 and 2024, 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 361,650,000 ordinary shares (2024: 361,614,481 ordinary shares) for the year ended 31 March 2025.

	2025	2024
	HK$'000	HK$'000
Loss for the year attributable to equity holders of the Company for the purposes of basic loss per share	**(16,880)**	(14,682)

For the years ended 31 March 2025 and 2024, 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 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 and 1 April 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
Year ended 31 March 2025				
Opening net book amount	**88,621**	**–**	**15**	**88,636**
Additions (note ii)	**2,527**	**26**	**102**	**2,655**
Modification of lease term (note ii)	**1,706**	**–**	**–**	**1,706**
Depreciation/Amortisation	**(6,674)**	**(3)**	**(34)**	**(6,711)**
Impairment loss (note i)	**(8,834)**	**(23)**	**(83)**	**(8,940)**
Closing net book amount	**77,346**	**–**	**–**	**77,346**
At 31 March 2025				
Cost	**140,085**	**2,165**	**6,278**	**148,528**
Accumulated depreciation, amortisation and impairment loss	**(62,739)**	**(2,165)**	**(6,278)**	**(71,182)**
Net book amount	**77,346**	**–**	**–**	**77,346**

Notes:

(i) As at 31 March 2025 and 2024, 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 9.90% (2024: 13.64%) 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 the 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.

Based on the above, the total recoverable amounts of the Group's CGUs was amounted approximately HK$77,346,000 (2024: HK$88,700,000) as at 31 March 2025 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$75,600,000 (2024: HK$85,000,000) and HK$1,746,000 (2024: HK$3,700,000) respectively. Accordingly, the Group has made provision for impairment on property, plant and equipment and right-of-use assets of HK$5,810,000 (2024: HK$3,918,000) and HK$3,130,000 (2024: HK$1,743,000), respectively, for the year ended 31 March 2025.

(ii) During the years ended 31 March 2025 and 2024, 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$1,706,000 (2024: HK$6,023,000) of right-of-use assets included in leasehold land and buildings and lease liabilities respectively. In addition, the Group entered into a new contract amounting to HK$2,527,000.

As at 31 March 2025 and 2024, 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 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 and 1 April 2024	**3,621**
Addition	**2,527**
Modification of lease term	**1,706**
Depreciation for the year	**(2,978)**
Impairment for the year	**(3,130)**
At 31 March 2025	**1,746**

As at 31 March 2025, leasehold land and buildings with a carrying amount of HK$75,600,000 (2024: HK$85,000,000) 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

	2025	2024
	HK$'000	*HK$'000*
Tea leaves	**2,590**	2,760
Canned/packed tea products for sale	**1,513**	2,079
Tea wares	**587**	737
Sundries and packaging materials	**1,197**	1,087
	5,887	6,663

14. TRADE AND OTHER RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Trade receivables	**314**	585
Less: Expected credit loss ("**ECL**") allowance	**–**	–
	314	585
Deposits, prepayments and other receivables		
Rental and other deposits	**1,654**	2,202
Prepayments	**409**	527
Other receivables	**3**	–
Less: ECL allowance	**–**	–
	2,380	3,314
Less: non-current portion		
Rental deposits	**(510)**	(518)
	1,870	2,796

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 (2024: 0 to 60 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:

	2025	2024
	HK$'000	*HK$'000*
0 – 30 days	**300**	460
31 – 60 days	**13**	123
61 – 90 days	**1**	2
	314	585

15. TRADE AND OTHER PAYABLES

	2025	2024
	HK$'000	*HK$'000*
Trade payables	**450**	560
Accrued charges and other payables	**622**	683
	1,072	1,243

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

	2025	2024
	HK$'000	*HK$'000*
0 – 30 days	**450**	560

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 2025 and 2024, the Group's bank loans were repayable as follows:

	2025	2024
	HK$'000	*HK$'000*
Carrying amount repayable:		
Within one year	**14,101**	15,836
In the second year	**31,500**	2,250
In the third to fifth years	**–**	31,500
	45,601	49,586
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)	**(11,851)**	(13,586)
Less: amounts shown under current liabilities	**(2,250)**	(2,250)
Amounts shown under non-current liabilities	**31,500**	33,750
Secured *(notes (i) & (ii))*	**42,750**	46,000
Unsecured *(note (iii))*	**2,851**	3,586
	45,601	49,586

Notes:

(i) At 31 March 2025 and 2024, the balances were secured by certain property, plant and equipment as set out in note 12.

(ii) At 31 March 2025, the amount of HK$9,000,000 (2024: HK$10,000,000) included in the secured borrowings were guaranteed by certain subsidiaries of the Company.

(iii) At 31 March 2025, the amount of HK$2,851,000 (2024: HK$3,586,000) 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 5.73% (2024: 2.75% to 6.8%) per annum.

17. PROMISSORY NOTES

	2025	2024
	HK$'000	*HK$'000*
At beginning of year	**35,698**	33,463
Imputed interest charged *(note 6)*	**2,345**	2,235
At end of year	**38,043**	35,698

On 25 March 2020 ("**Effective Date**"), 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 Limited ("**Chan Sing Hoi Enterprises**") as part of the consideration for the acquisition of the two properties used as retail shops for business operation and the Company may, at its sole and absolute discretion, further extend the maturity date for another three years falling on the sixth anniversary of the Effective Date or such other date as suggested by the Company, whichever date is earlier. In December 2020, the Company has made early repayment amounted to HK$10,000,000. The promissory notes of HKD40,500,000 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.

18. LEASE LIABILITIES

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

	2025	2024
	HK$'000	*HK$'000*
Total minimum lease payments:		
Due within one year	**6,531**	6,552
Due in the second to fifth years	**1,862**	616
	8,393	7,168
Future finance charges on lease liabilities	**(313)**	(239)
Present value of lease liabilities	**8,080**	6,929

	2025	2024
	HK$'000	*HK$'000*
Present value of minimum lease payments:		
Due within one year	**6,288**	6,343
Due in the second to fifth years	**1,792**	586
	8,080	6,929
Less: Portion due within one year included under current liabilities	**(6,288)**	(6,343)
Portion due after one year included under non-current liabilities	**1,792**	586

As at 31 March 2025 and 2024, lease liabilities amounted to HK$8,080,000 (2024: HK$6,929,000) 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 2025, the total cash outflows for the leases are HK$5,218,000 (2024: HK$6,717,000).

Details of the lease activities

As at 31 March 2025 and 2024, 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 (2024: 1)	1 year (2024: 1 year)	Only subject to monthly fixed rental payment
Carpark	Leasehold land and buildings in "property, plant and equipment"	1 (2024: 1)	1.75 year (2024: 0.75 year)	Only subject to monthly fixed rental payment
Retails shops	Leasehold land and buildings in "property, plant and equipment"	5 (2024: 5)	1 to 2 years (2024: 0 to 3 years)	Some of the contracts contain additional variable lease payments depends on the turnover rent during the contract period

19. SHARE CAPITAL

	2025		2024	
	Number of shares	**Share capital**	Number of shares	Share capital
	'000	***HK$'000***	*'000*	*HK$'000*
Issued and fully paid:				
At 1 April	**361,650**	**42,312**	361,450	42,260
Exercise of share options (note)	**–**	**–**	200	52
At 31 March	**361,650**	**42,312**	361,650	42,312

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 a 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 in 2023. 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, details of which are set out in note 17.

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:

	2025		2024	
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
Lapsed	–	–	(23,300)	0.189
Exercised	–	–	(200)	0.189
Outstanding at 31 March	–	–	–	–

	2025		2024	
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
Lapsed	–	–	(4,850)	0.189
Outstanding at 31 March	–	–	–	–

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 share options were lapsed, resulting in a transfer of HK$2,058,000 from share option reserve to accumulated losses.

During the years ended 31 March 2025 and 2024, 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 2025 and 2024 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
			2025	2024	
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%	Inactive
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 year ended 31st March 2025 (the "**Reporting Year**"), the Group continued to face a moderate decline in sales due to weak consumer spending environment. There is a notable trend of Hong Kong residents purchasing goods and services in Mainland China, while Mainland China visitors has exhibited a lower spending levels in Hong Kong, resulting in a significant disparity 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 10.8% 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 400,000 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 a result, the Group maintains a prudent skepticism about the prospects of the industry and the overall retail environment in Hong Kong.

FINANCIAL REVIEW

Revenue, Gross Profit and Net Loss

The consolidated revenue of the Group for Reporting Year reached approximately HK$30.3 million (2024: HK$33.9 million), representing a decrease of 10.8%. The gross profit for the year amounted to approximately HK$23.2 million (2024: HK$26.2 million), decreasing by 11.3% year-on-year. Gross profit margin was 76.7% (2024: 77.1%), which is lower than that of last year. Net loss for the Reporting Year was approximately HK$16.9 million (2024: Net loss of HK$14.7 million). The loss for the Reporting Year was mainly due to decrease in sales, impairment loss of plant, property and equipment, and impairment loss of right-of-use assets. Basic and diluted loss per share attributable to equity holders of the Company was 4.67 HK cents (2024: loss per share of 4.06 HK cents) for the Reporting Year.

Extract of Independent Auditor's Report

The following is an extract of independent auditor's report issued by the Group's independent auditor:

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 2.1 to the consolidated financial statements, which describes the principal conditions that raise significant doubt about the Group's ability to continue as a going concern. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

Segmental Information

For the Reporting Year, tea leaves remained the predominant products sold, accounting for 95.4% of total revenue (2024: 94.9%). Tea wares and tea gift sets recorded percentage of 3.9% and 0.7% respectively, of total revenue (2024: 4.5% and 0.6% 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 33.7% (2024: 35.7%), 24.1% (2024: 24.8%) and 14.6% (2024: 14.2%).

Other Income

There was no income derived from the Employment Support Scheme for the Reporting Year.

Selling and Distribution Costs

For the Reporting Year, the costs of selling and distribution amounted to approximately HK$1.7 million (2024: HK$1.8 million), representing a decrease of 8.5% as compared to that of the year ended 31 March 2024 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 2024:

1. Depreciation on the right-of-use of leased assets decreased by 53.8% from approximately HK$6.5 million to approximately HK$3.0 million mainly because the landlord agreed to a rent reduction after negotiation;

2. Rent on shops and booths increased by 5.9% from approximately HK$1.7 million to approximately HK1.8 million due to the reopening of the concession counter in APITA; and

3. Impairment loss was approximately HK$8.9 million (2024: HK$5.7 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$4.7 million (2024: HK$4.4 million). The reason for the increase of 6.9% 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 was HK$75.6 million

- Bank borrowings secured by the properties as at the end of the Reporting Year was HK$42.8 million

Inventory Control

The net carrying value of the Group's inventories was approximately HK$5.9 million (2024: HK$6.7 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 Reporting 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 decreased to approximately HK$2.4 million from approximately HK$3.3 million as at 31 March 2024, representing a decrease by approximately HK$0.9 million or 28.2%.

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$50.2 million (2024: HK$11.0 million), which was an increase of approximately HK$39.2 million or 356.6% compared to the previous year, due to an increase of current portion of promissory notes. Cash and bank balances amounted to approximately HK$1.5 million (2024: HK$2.9 million), representing a decrease of approximately HK$1.4 million or 49.4%, compared with that at 31 March 2024.

Trade and Other Payables

As at the end of the Reporting Year, trade and other payables decreased from approximately HK$1.2 million as at 31 March 2024 to approximately HK$1.1 million, being a decrease of approximately HK$0.2 million or 13.8%.

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. As at the end of the Reporting Year, the Company had 361,650,000 ordinary shares in issue.

Equity

Deficit attributable to owners of the Company amounted to approximately HK$10.8 million as at the end of the Reporting Year (2024: Equity attributable to owners of the company HK$6.6 million), representing a decrease of approximately HK$17.3 million or 263.6%.

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 RMB11,000 (2024: RMB5,000). For payment of purchases in Renminbi or U.S. dollars, the Directors considered that the foreign exchange exposure was fairly covered as purchases in Renminbi represented 10.1% (2024: 7.2%) of the total purchases, and in U.S. dollars a mere 2.9% (2024: 2.5%) of the total purchases.

EMPLOYEES AND REMUNERATION POLICIES

As at the end of the Reporting Year, the Group had 49 employees (2024: 51 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$13.0 million (2024: HK$13.3 million). The Group has also adopted a share option scheme whereby qualified participants may be granted options to acquire Shares. During the Reporting Year, no share options was granted to the Directors and employees (2024: 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 (2024: 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$16,800 (2024: HK$0.4 million). There was no other contractual commitment as at the end of the Reporting Year (2024: Nil).

FINAL DIVIDEND

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 (2024: 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 –424.2% (2024: 754.8%). The decrease was mainly due to reduction in equity.

CAPITAL EXPENDITURE

For the Reporting Year, the Group's capital expenditure amounted to approximately HK$128,000 (2024: approximately HK$280,000), 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 2025 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 2024 to 31 March 2025), 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.

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 Dr. Ip Wai Hung. 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 27 June 2025, 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 independent 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 22 August 2025. 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 18 August 2025 to 22 August 2025 (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 15 August 2025.

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, 27 June 2025

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 Dr. Ip Wai Hung, 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.