



**YING KEE TEA HOUSE GROUP LIMITED**

**英記茶莊集團有限公司**

(Incorporated in Hong Kong with limited liability)



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*This report, for which the directors (the “**Directors**”) of Ying Kee Tea House Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



# Management Discussion and Analysis



## Financial Highlights

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	7,540	6,222
Gross profit	6,066	4,883
Loss before taxation	(1,809)	(3,193)
Income tax expenses	–	–
Loss attributable to shareholders	(1,809)	(3,193)
Loss per share	(HK\$0.50 cents)	(HK\$0.89 cents)

## Business Review

For the three months ended 30 June 2021 (the “**Reporting Period**”), Ying Kee Tea House Group Limited and its subsidiaries (the “**Group**”) experienced growth in revenue although the Group continued to go through a distressed retail environment with retail businesses reeling from tightened social-distancing measures caused by the COVID-19 infections in Hong Kong throughout the Reporting Period. With the raise of the public epidemic prevention awareness reflected by the increase in the participation of the vaccination programme implemented by the Hong Kong Government, the community would likely anticipate the reducing number of confirmed COVID-19 cases would go to zero in Hong Kong. Nevertheless, despite the difficulty to predict the development of the COVID-19 pandemic and that the pandemic may continue to have a negative impact to the global and local economy which may adversely affect the Group's business, it is hoped that the economy would gradually recover and the Group remains optimistic about the prospects of the industry and the overall retail environment in Hong Kong.



# Management Discussion and Analysis

## Financial Review

### Revenue, gross profit and net loss

The consolidated revenue of the Group for the Reporting Period amounted to approximately HK\$7.5 million (three months ended 30 June 2020: approximately HK\$6.2 million), representing an increase of approximately 21.0%. The gross profit for the Reporting Period amounted to approximately HK\$6.1 million (three months ended 30 June 2020: approximately HK\$4.9 million), increasing by approximately 24.5%. Gross profit margin was approximately 80.5% (three months ended 30 June 2020: approximately 78.5%), an increase of approximately 2.0% compared with that of the last corresponding period. Net loss for the Reporting Period was approximately HK\$1.8 million (three months ended 30 June 2020: approximately HK\$3.2 million). The decrease in net loss for the Reporting Period was mainly due to the increase in gross profit and the decrease in administrative expenses for the Reporting Period.

### Selling and distribution costs

Selling and distribution costs remained unchanged at approximately HK\$0.2 million (three months ended 30 June 2020: approximately HK\$0.2 million).

### Administrative expenses

Administrative expenses decreased from approximately HK\$7.9 million for the three months ended 30 June 2020 to approximately HK\$6.6 million for the Reporting Period, representing a decrease of approximately 16.5%, primarily because of the reduction of rent and no incurrence of share option compensation costs.

## Outlook and Prospect

Despite the reduction of confirmed COVID-19 cases during the Reporting Period, the randomness and fluctuation of the occurrence of the outbreak of the pandemic will still have chaotic impacts on the global and local economy from time to time. At this juncture where the Hong Kong Government does not arrange any special subsidy to the industry and citizens of Hong Kong, the Directors are prudent in cash flow management to safeguard the Group's assets and will continue to provide a healthy operational environment to overcome this period of difficulty. With the cessation of business of iTEA from 1 April 2021, the Group would envisage decrease in rent, utilities, staff salaries and benefits onwards.



# Management Discussion and Analysis

## Liquidity and Cash Flow Management

The Group adopted a prudent financial policy in order to maintain a healthy financial position under the uncertainty of the economic situation. The Group funded the liquidity and capital requirements principally from cash generated from operations.

Cash and bank balances amounted to approximately HK\$3.9 million (three months ended 30 June 2020: approximately HK\$5.7 million), representing a decrease of approximately HK\$1.8 million or 31.6%. As at 30 June 2021, current assets amounted to approximately HK\$15.5 million (three months ended 30 June 2020: approximately HK\$26.1 million).

## Capital Expenditure

For the three months ended 30 June 2021, the Group's capital expenditure amounted to approximately HK\$142,000 (three months ended 30 June 2020: approximately HK\$6,300), mainly for plant and equipment.

## Foreign Exchange Exposure

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

## Employees and Remuneration Policies

As at 30 June 2021, the Group had 56 employees working in Hong Kong (2020: 58). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various training was provided to the employees. The total staff costs (including remuneration of Directors and mandatory provident funds contributions) for the three months ended 30 June 2021 amounted to approximately HK\$3.2 million (three months ended 30 June 2020: approximately HK\$3.3 million).



# Management Discussion and Analysis

## Dividends

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

## Contingent Liabilities

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

## Charge on the Group's Assets

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

Save as disclosed above, there was no other material charge on the Group's assets for the three months ended 30 June 2021.

## Event after the Reporting Period

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

## Corporate Governance Practices and Compliance

During the three months ended 30 June 2021, the Group was committed to maintain a high standard of corporate governance, and to comply to the extent practicable with the Code of Corporate Governance Practices. The Company has applied the code provisions and recommended best practices in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules. During the three months ended 30 June 2021 and to the best knowledge of the Board, the Company has complied with the relevant provisions under the CG Code. The Board is responsible for the leadership and control of, and promoting the success of the Group. This is achieved by the setting up of corporate strategic objectives and policies, and the monitoring and evaluations of operating activities and financial performance of the Group.

## Securities Transactions of Directors

The Group has adopted a code of conduct regarding securities transactions by Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquires of all Directors, all Directors confirmed that they have complied with the Code of Conduct during the three months ended 30 June 2021.

## Purchase, Sale or Redemption of the Company’s Listed Securities

During the three months ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

# Other Information

## Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

So far as the Directors are aware, as at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in ordinary shares and underlying shares of the Company

Name of Director/ Chief Executive	Capacity/Nature of interest	Number of shares/ underlying shares held/interested	Approximate percentage of shareholding
Mr. Chan Kwong Yuen	Interested in a controlled corporation	270,000,000 (Note 1)	74.74%
	Beneficial owner	3,200,000 (Note 2)	0.89%
Mr. Chan Kun Yuen	Interested in a controlled corporation	270,000,000 (Note 1)	74.74%
	Beneficial owner	3,200,000 (Note 2)	0.89%
Mr. Chan Shu Yuen	Interested in a controlled corporation	270,000,000 (Note 1)	74.74%
	Beneficial owner	3,200,000 (Note 2)	0.89%
Mr. Siu Chi Ming	Beneficial owner	200,000 (Note 2)	0.06%
Mr. Lee Wai Ho	Beneficial owner	200,000 (Note 2)	0.06%
Mr. Wong Chee Chung	Beneficial owner	200,000 (Note 2)	0.06%

Notes:

1. These 270,000,000 shares are held by Profit Ocean Enterprises Limited ("**Profit Ocean**"), a company owned by Tri-Luck Investments Limited ("**Tri-Luck**"), Wealth City Global Limited ("**Wealth City**"), Sky King Global Limited ("**Sky King**") and Coastal Lion Limited ("**Coastal Lion**") in equal shares, i.e. 25%. Each of Tri-Luck, Wealth City, Sky King and Coastal Lion is wholly owned by Mr. Chan Tat Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Kwong Yuen respectively.

Under the acting in concert arrangement between Mr. Chan Kwong Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Tat Yuen, each of Coastal Lion, Wealth City, Sky King, Tri-Luck, Mr. Chan Kwong Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Tat Yuen is deemed to be interested in all the shares of the Company held by Profit Ocean for purposes of the SFO.

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





## Long positions in ordinary shares of associated corporations

Name of Director/ Chief Executive	Name of associated corporation	Capacity/Nature of interest	Number of shares held/ interested	Percentage of shareholding
Mr. Chan Kwong Yuen	Profit Ocean	Interest in a controlled corporation	250	25%
	Coastal Lion	Beneficial owner	100	100%
Mr. Chan Kun Yuen	Profit Ocean	Interest in a controlled corporation	250	25%
	Wealth City	Beneficial owner	100	100%
Mr. Chan Shu Yuen	Profit Ocean	Interest in a controlled corporation	250	25%
	Sky King	Beneficial owner	100	100%

Save as disclosed above, none of the Directors or chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules as at 30 June 2021.

# Other Information

## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as known to the Directors or chief executives of the Company, as at 30 June 2021, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

### Long positions in ordinary shares and underlying shares of the Company

Name of Shareholder	Nature of interest and capacity	Number of shares/ underlying shares held/ interested	Approximate percentage of the total issued shares
Profit Ocean	Beneficial owner	270,000,000	74.74%
Tri-Luck	Interest in a controlled corporation	270,000,000 (Note 1)	74.74%
Wealth City	Interest in a controlled corporation	270,000,000 (Note 1)	74.74%
Sky King	Interest in a controlled corporation	270,000,000 (Note 1)	74.74%
Coastal Lion	Interest in a controlled corporation	270,000,000 (Note 1)	74.74%
Mr. Chan Tat Yuen	Interest in a controlled corporation	270,000,000 (Note 1)	74.74%
	Beneficial owner	3,200,000 (Note 2)	0.89%
Ms. Chu Min	Interest of spouse	270,000,000 (Note 3)	74.74%
		3,200,000 (Note 3)	0.89%
Ms. Chan King Chi	Interest of spouse	270,000,000 (Note 4)	74.74%
		3,200,000 (Note 4)	0.89%
Ms. Po Miu Kuen Tammy	Interest of spouse	270,000,000 (Note 5)	74.74%
		3,200,000 (Note 5)	0.89%
Ms. Ng Wai Lam Lana Zoe	Interest of spouse	270,000,000 (Note 6)	74.74%
		3,200,000 (Note 6)	0.89%

## Notes:

1. The total issued capital of Profit Ocean is owned by Tri-Luck, Wealth City, Sky King and Coastal Lion in equal shares, i.e. 25%, while the total issued share capital of each of Tri-Luck, Wealth City, Sky King and Coastal Lion is wholly owned by Mr. Chan Tat Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Kwong Yuen, respectively.

Under the acting in concert arrangement between Mr. Chan Tat Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Kwong Yuen, each of Tri-Luck, Wealth City, Sky King and Coastal Lion, Mr. Chan Tat Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Kwong Yuen is deemed to be interested in all the shares held by Profit Ocean for purposes of the SFO.

2. These 3,200,000 shares are derived from the interests in share options granted by the Company pursuant to the Share Option Scheme.
3. Ms. Chu Min is the spouse of Mr. Chan Tat Yuen. For purposes of the SFO, Ms. Chu Min is deemed to be interested in (i) the shares held by Mr. Chan Tat Yuen; and (ii) share options granted to Mr. Chan Tat Yuen by the Company pursuant to the Share Option Scheme.
4. Ms. Chan King Chi is the spouse of Mr. Chan Kun Yuen. For purposes of the SFO, Ms. Chan King Chi is deemed to be interested in (i) the shares held by Mr. Chan Kun Yuen; and (ii) share options granted to Mr. Chan Kun Yuen by the Company pursuant to the Share Option Scheme.
5. Ms. Po Miu Kuen Tammy is the spouse of Mr. Chan Shu Yuen. For purposes of the SFO, Ms. Po Miu Kuen Tammy is deemed to be interested in (i) the shares held by Mr. Chan Shu Yuen; and (ii) share options granted to Mr. Chan Shu Yuen by the Company pursuant to the Share Option Scheme.
6. Ms. Ng Wai Lam Lana Zoe is the spouse of Mr. Chan Kwong Yuen. For purposes of the SFO, Ms. Ng Wai Lam Lana Zoe is deemed to be interested in (i) the shares held by Mr. Chan Kwong Yuen; and (ii) share options granted to Mr. Chan Kwong Yuen by the Company pursuant to the Share Option Scheme.

Save as disclosed above, as at 30 June 2021, no person, other than the Directors whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" above, had or was deemed to have an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

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

# Other Information

## Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants (including, among others, full time employee, consultant, adviser and director, and any distributor, contractor, supplier, agent, customer, business partner and service provider of any member of the Group) as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees of the Company, the Directors and other selected participants for their contributions to the Group. The Company conditionally approved and adopted the Share Option Scheme by written resolutions on 14 March 2018. Further details of the Share Option Scheme are set in the section headed "Statutory and General Information – 8. SHARE OPTION SCHEME" in Appendix IV of the prospectus of the Company dated 23 March 2018.

Details of the movement in the share options granted under the Share Option Scheme for the three months ended 30 June 2021 are as follows:

Name or category of participants	Date of grant of share options	Exercisable period	Exercise price of share options (HK\$)	Outstanding at 1 April 2020	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding at 30 June 2021
<b>Directors</b>									
Mr. Chan Kwong Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	-	3,200,000
Mr. Chan Kun Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	-	3,200,000
Mr. Chan Shu Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	-	3,200,000
Mr. Siu Chi Ming	9 September 2019	1 June 2020 to 31 May 2023	0.189	200,000	-	-	-	-	200,000
Mr. Lee Wai Ho	9 September 2019	1 June 2020 to 31 May 2023	0.189	200,000	-	-	-	-	200,000
Mr. Wong Chee Chung	9 September 2019	1 June 2020 to 31 May 2023	0.189	200,000	-	-	-	-	200,000
Sub-total				10,200,000	-	-	-	-	10,200,000
<b>Substantial Shareholder</b>									
Mr. Chan Tat Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	-	3,200,000
Other Employees	9 September 2019	1 June 2020 to 31 May 2023	0.189	17,500,000	-	1,250,000	50,000	150,000	16,050,000
Total				30,900,000	-	1,250,000	50,000	150,000	29,450,000

## Competing Interests

The Directors were not aware of any business or interest of the Directors or the controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the three months ended 30 June 2021.

## Audit Committee

The audit committee of the Company (the "**Audit Committee**") was established on 14 March 2018 with written terms of reference in compliance with the requirements as set out in Rule 5.28 of the GEM Listing Rules and the CG Code.

The principal duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group. The Audit Committee currently comprises of three members, being all independent non-executive Directors, namely Mr. Lee Wai Ho, Mr. Siu Chi Ming and Mr. Wong Chee Chung. The chairman of the Audit Committee is Mr. Siu Chi Ming.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the three months ended 30 June 2021 and is of the opinion that such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.



# Other Information

## Interests of Compliance Adviser

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Elstone Capital Limited on 1 April 2020 (the “**Compliance Adviser**”) as its compliance adviser, which provides advice and guidance to the Company in respect of compliance with the GEM Listing Rules including various requirements relating to the Directors’ duties. The Compliance Adviser and its directors, employees or close associates confirmed they had no interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 June 2021.

By order of the Board

**Ying Kee Tea House Group Limited**

**Chan Kwong Yuen**

*Chairman*

Hong Kong, 13 August 2021

As at the date of this report, the Board comprises Mr. Chan Kwong Yuen, Mr. Chan Kun Yuen and Mr. Chan Shu Yuen as executive Directors; and Mr. Wong Chee Chung, Mr. Siu Chi Ming and Mr. Lee Wai Ho as independent non-executive Directors.

# First Quarterly Results

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

## Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the three months ended 30 June 2021

	Notes	Three months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>7,540</b>	6,222
Cost of sales		<b>(1,474)</b>	(1,339)
<b>Gross profit</b>		<b>6,066</b>	4,883
Other income	5	<b>73</b>	1,172
Other gain or loss		<b>–</b>	(206)
Selling and distribution costs		<b>(209)</b>	(220)
Administrative expenses		<b>(6,595)</b>	(7,908)
Finance costs		<b>(1,144)</b>	(914)
<b>Loss before income tax</b>	6	<b>(1,809)</b>	(3,193)
Income tax expense	7	<b>–</b>	–
<b>Loss and total comprehensive expense for the period</b>		<b>(1,809)</b>	(3,193)
<b>Loss per share for loss attributable to equity holders of the Company</b>			
Basic and diluted (HK cents)	9	<b>(0.50)</b>	(0.89)

# Unaudited Condensed Consolidated Statements of Changes in Equity

For the three months ended 30 June 2021

	Share capital HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Contribution reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
As at 1 April 2021 (audited)	41,879	990	2,259	5,806	(23,036)	27,898
Exercise of share options	328	–	(92)	–	–	236
Lapse of share options	–	–	(15)	–	15	–
Loss and total comprehensive expense for the period	–	–	–	–	(1,809)	(1,809)
<b>At 30 June 2021 (unaudited)</b>	<b>42,207</b>	<b>990</b>	<b>2,152</b>	<b>5,806</b>	<b>(24,830)</b>	<b>26,325</b>
As at 1 April 2020 (audited)	41,879	990	1,778	5,806	(13,941)	36,512
Equity settled share-based payment	–	–	528	–	–	528
Loss and total comprehensive expense for the period	–	–	–	–	(3,193)	(3,193)
At 30 June 2020 (unaudited)	41,879	990	2,306	5,806	(17,134)	33,847



# Notes to the Unaudited Condensed Consolidated Financial Statements

For the three months ended 30 June 2021

## 1. General Information

Ying Kee Tea House Group Limited (the “**Company**”) was incorporated in Hong Kong with limited liability on 14 September 2017. As at the reporting date, the address of its registered office is 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. The Company’s holding company is Profit Ocean Enterprises Limited, a company incorporated in the British Virgin Islands.

## 2. Basis of Preparation

The unaudited condensed consolidated financial statements for the three months ended 30 June 2021 (“**Relevant Period**”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the accounting principles generally accepted in Hong Kong. The unaudited condensed consolidated financial statements also include the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

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

The unaudited condensed consolidated financial statements for the Relevant Period have not been audited by the Company’s independent auditor but have been reviewed by the Company’s audit committee.

The preparation of the unaudited condensed consolidated financial statements of the Group for the Relevant Period is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group’s accounting policies.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the three months ended 30 June 2021

## 3. Adoption of New and Amended HKFRSs

HKICPA has issued a number of new and amended HKFRSs that are first effective or available for early adoption for the Relevant Period. 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. The Group has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective.

## 4. Revenue

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales of tea products	7,540	6,090
Food and beverage retails	–	132
	<b>7,540</b>	<b>6,222</b>

## 5. Other Income

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	2	47
Government grants	–	1,055
Rent concessions	–	70
Sundry income	71	–
	<b>73</b>	<b>1,172</b>

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the three months ended 30 June 2021

## 6. Loss Before Income Tax

Loss before income tax is arrived at after charging:

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Auditor's remuneration	100	100
Cost of inventories recognised as an expense	1,203	1,065
Depreciation of property, plant and equipment	1,100	1,130
Depreciation of right-of-use assets	1,164	289
Amortisation of reinstatement cost	11	13
Amortisation of intangible assets	–	2
Operating lease charges in respect of premises		
Lease charges:		
– Short term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16	201	1,569
– Variable lease payments	30	71
Exchange loss/(gain), net	–	1

## 7. Income Tax Expense

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

	Three months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
<b>Current tax</b>		
Hong Kong profits tax		
– Current period	–	–

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the three months ended 30 June 2021

## 8. Dividends

The Board does not recommend the payment of any dividend for the three months ended 30 June 2021 (three months ended 30 June 2020: Nil).

## 9. Loss Per Share

The basic loss per share is calculated based on the followings:

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Loss</b>		
Loss for the period attributable to equity holders of the Company	(1,809)	(3,193)
<b>Number of shares</b>		
Weighted average number of ordinary shares (in thousands)	360,866	360,000

Diluted loss per share is the same as basic loss per share for both periods. 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.