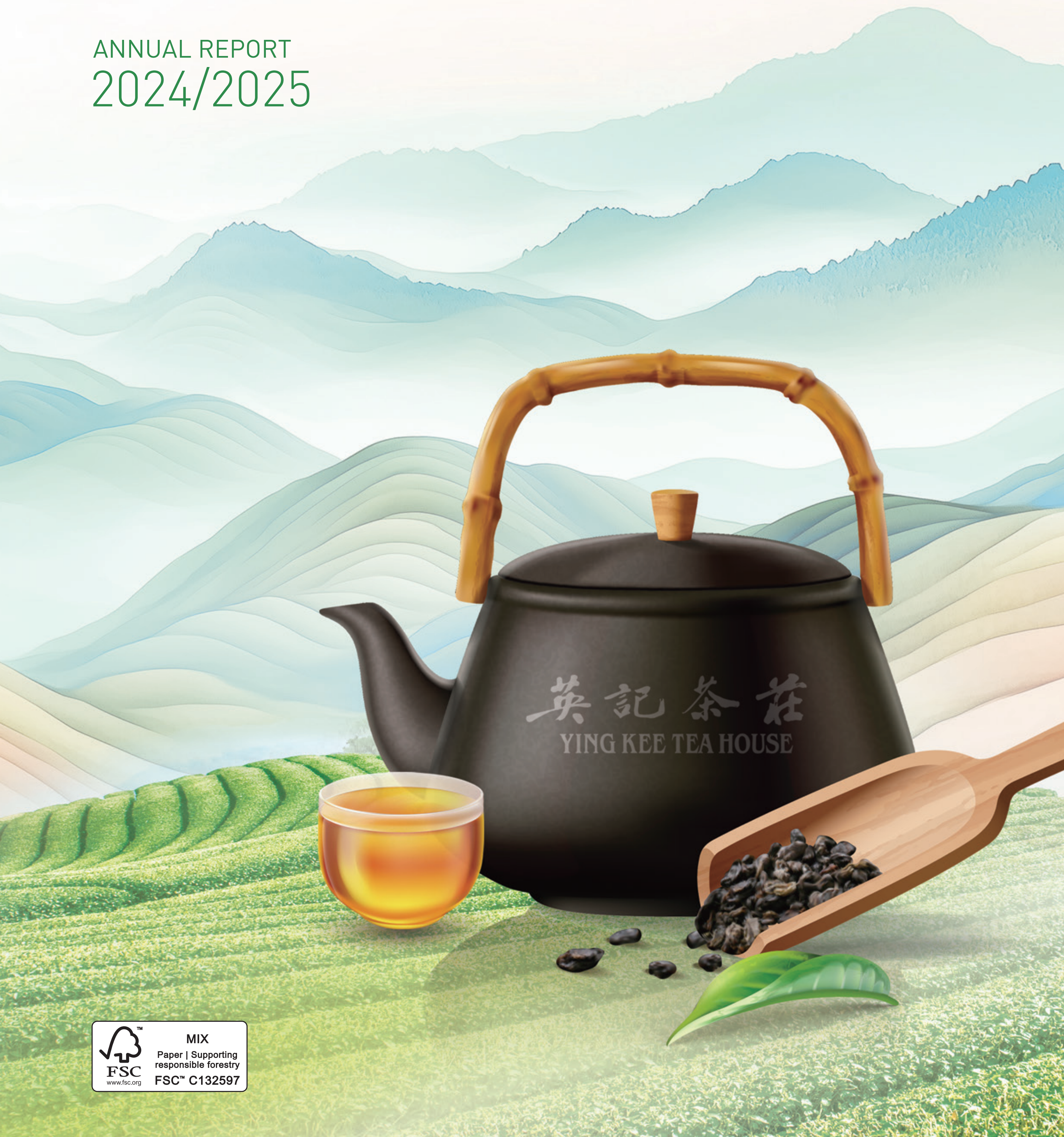
英記茶莊
YING KEE TEA HOUSE

YING KEE TEA HOUSE GROUP LIMITED
英記茶莊集團有限公司

(Incorporated in Hong Kong with limited liability)
Stock code : 8241

ANNUAL REPORT
2024/2025



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CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Kwong Yuen *(Chairman)*
Mr. Chan Kun Yuen *(Chief Executive Officer)*
Mr. Chan Shu Yuen

Independent Non-executive Directors

Mr. Lee Wai Ho
Dr. Ip Wai Hung *(Appointed on 28 February 2025)*
Ms. Hon Yin Wah
Mr. Wong Chee Chung *(Resigned on 1 December 2024)*

COMPANY SECRETARY

Mr. So Stephen Hon Cheung

AUTHORISED REPRESENTATIVES

Mr. Chan Kun Yuen
Mr. So Stephen Hon Cheung

COMPLIANCE OFFICER

Mr. Chan Kun Yuen

AUDIT COMMITTEE

Ms. Hon Yin Wah *(Chairwoman)*
Mr. Lee Wai Ho
Dr. Ip Wai Hung *(Appointed on 28 February 2025)*
Mr. Wong Chee Chung *(Resigned on 1 December 2024)*

REMUNERATION COMMITTEE

Dr. Ip Wai Hung *(Chairman) (Appointed on 28 February 2025)*
Mr. Lee Wai Ho
Ms. Hon Yin Wah
Mr. Chan Kwong Yuen
Mr. Chan Kun Yuen
Mr. Wong Chee Chung *(Resigned on 1 December 2024)*

NOMINATION COMMITTEE

Mr. Lee Wai Ho *(Chairman)*
Ms. Hon Yin Wah
Mr. Chan Kwong Yuen
Mr. Chan Kun Yuen
Dr. Ip Wai Hung *(Appointed on 28 February 2025)*
Mr. Wong Chee Chung *(Resigned on 1 December 2024)*

REGISTERED OFFICE

8/F., Wah Shing Centre
5 Fung Yip Street
Siu Sai Wan
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Siu Sai Wan
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

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5th Floor, Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

PRINCIPAL BANKERS

OCBC Wing Hang Bank Limited
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Hong Kong

China Construction Bank (Asia)
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3 Connaught Road Central
Hong Kong

Hang Seng Bank Limited
Room 1201-06, 12/F
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Tsimshatsui, Kowloon
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

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INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited
11/F, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

STOCK CODE

8241

WEBSITE OF THE COMPANY

www.yingkeetea.com

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Stakeholders,

On behalf of the board of directors (the "**Board**") of Ying Kee Tea House Group Limited (the "**Company**"), and together with its subsidiaries, the "**Group**"), I am pleased to present the annual report of the Company for the year ended 31 March 2025.

OVERVIEW

The year ended 31 March 2025 continued to bring hardships for local Hong Kong businesses, as Hong Kong residents are consuming more in the Greater Bay Area (the "**GBA**") than in Hong Kong. This trend has led to numerous involuntary closure of retail stores and restaurants in Hong Kong. Benefiting from the ease of entering and exiting the Hong Kong and Mainland borders, Hong Kong residents move northbound during the weekends for leisure, food and product consumption. This outbound sentiment would drive Hong Kong residents to spend more in the GBA as long as the price differential and proximity exists.

Whilst tea leaves are necessity items for most household in Hong Kong, people tend to buy adequate amount instead of storing huge sum to avoid loss of flavour and taste. Amid economic uncertainties and reduced tea consumption among generation Z, the tea leaves market is experiencing slower growth compared to other beverages.

Revenue of the Group for the year ended 31 March 2025 amounted to approximately HK$30.3 million (2024: HK$33.9 million), representing a decrease of 10.8% The Board attributes this decrease to the overall uncertainty to the retail market in Hong Kong.

Throughout the year, the Group continued to maintain its focus on cost reduction and expense management, including but not limited to rent negotiations, salary control, reducing discretionary expenses, and optimizing staff bonuses.

As at 31 March 2025, Ying Kee Tea Company Limited ("**Ying Kee**") has 10 retail shops and concession counters, offering a wide range of tea products to our customers. The Group continued to invest in product development and diversification to meet the evolving tastes and preferences of our customers.

The Group recorded a net loss attributable to the owners of the Group of approximately HK$16.9 million for the year ended 31 March 2025. During the year, Ying Kee closed its Yau Ma Tei shop, and with decline in revenue in both the Central and Wan Chai shops, drew the total sales to reduce.

OUTLOOK

Looking ahead, the Board remains cautiously optimistic about the future of the Group. The Group will continue to focus on the following areas:

I. Enhancing our product offerings and expanding our customer base;

II. Exploring new product development and collaborations to diversify revenue streams; and

III. Maintaining a prudent approach to risk management and financial stability.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, business associates, customers, dedicated employees, and suppliers for their unwavering support and trust in the Group, especially during these challenging times.

As we move forward, we remain committed to creating value for our stakeholders and emerging stronger from the challenges we face. With the support of our talented team and loyal customers, we are confident in our ability to achieve sustainable growth and success.

Yours sincerely,

Chan Kwong Yuen
Chairman of the Board
Hong Kong, 27 June 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

During the year ended 31 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 Chinese visitors have 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 GBA 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 purchases that offer better value for their money in the GBA 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."

MANAGEMENT DISCUSSION AND ANALYSIS

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 Hong Kong government's 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 HK$1.8 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 report which requires disclosure.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

The Board is pleased to present the Environmental, Social and Governance ("**ESG**") Report (the "**Report**") for the Reporting Year (the "**Reporting Year**"). The Report details the Group's sustainability strategies, initiatives, policies, and practices, demonstrating its commitment to sustainable development and long-term value creation for all stakeholders.

REPORTING STANDARD

This Report has been prepared in full compliance with the mandatory disclosure requirements and the "comply or explain" provisions of the ESG Reporting Guide as set out in Appendix C2 of the GEM Listing Rules.

REPORTING BOUNDARY

The Group is principally engaged in the retail trading of tea products, including Chinese tea leaves, tea wares and tea gifts set. The scope of ESG reporting for the Reporting Year is same as that for the year ended 31 March 2024.

GOVERNANCE STRUCTURE, STRATEGY AND MANAGEMENT APPROACH

The Board maintains ultimate responsibility for overseeing the Group's ESG governance framework, which includes designing, implementing and continuously monitoring the risk management and internal control systems to effectively address the ESG issues. Management is delegated by the Board with the following roles and responsibilities in managing ESG matters:

- Directing, reviewing and developing ESG policies and strategies;
- Identifying and assessing ESG risks and opportunities;
- Developing actions on responses to ESG risks and opportunities;
- Setting ESG performance targets/key performance indicators ("**KPIs**");
- Developing actions to achieve ESG performance targets;
- Reviewing progress of achieving ESG performance targets;
- Directing and reviewing the identification and prioritization of the materiality of ESG issues; and
- Reviewing and approving the Report on an annual basis to monitor and review the ESG performance.

SUSTAINABLE DEVELOPMENT GOALS AND TARGETS

The Group is committed to the long-term sustainability across environmental protection, employment and labor practices, and responsible community engagement, all of which form components of its business strategy. While energy and resource consumptions are immaterial in tea leaves retail business, the Group primarily established general environment goals and targets based on current operational performance and anticipated business growth. As part of its core sustainability strategy, the Group continuously identifies opportunities to reduce resource consumption and minimize greenhouse gas emissions.

STAKEHOLDERS ENGAGEMENT

The Group recognizes that stakeholder expectations and feedback are vital to its sustainable development. Therefore, the Group maintains regular engagement and open dialogue with its stakeholders through various communication channels to understand their concerns and respond promptly to refine the direction of sustainable development. The Group's key stakeholders, communication channels, their interests and concerns are set out below.

Stakeholder Group	Communication Channels	Interests and Concerns
Employees	• Regular performance evaluations • Training • Team meetings • Internal email	• Career development • Remuneration and benefits • Equal opportunities • Working environment in health and safety
Shareholders and Investors	• Annual General Meeting and other shareholders meetings • Annual Reports, Interim Reports, Circulars and Announcements • Corporate website	• Business strategies • Sustainable operations • Financial performance • Corporate governance
Customers	• Corporate website • Hotline and email • In-person meeting • Social media platforms	• Products and services quality, food safety in particular • Customer data and privacy protection • Responsible marketing
Suppliers	• Regular performance evaluations • Site visits	• Payment schedule • Fair and open selection process • Business integrity and ethics
Industries players	• Collaboration	• Fair competition • Industry development
Governmental regulators	• Annual Reports, Interim Reports, Circulars and Announcements • Social media platforms	• Performance in compliance with relevant laws and regulations • Business integrity and ethics
Community	• Donations and participation • Social media platforms	• Business integrity and ethics • Environmental protection • Community engagement

MATERIALITY ASSESSMENT

ESG issues are assessed and identified through the abovementioned stakeholder engagement on an annual basis. The Group considered customers and employees as the most valuable assets and consequently prioritized employee health and safety, product safety and quality, customer service and communication as key ESG issues of the Group during the Reporting Year. Given the nature of the business, product responsibility has been identified as a top ESG priority. The Group has strengthened its internal control systems and operational procedures on this area to effectively ensure safety and quality of products, enhance efficiency of operation and generate the environmental and social benefits to the stakeholders.

REVIEW OF ESG PERFORMANCE

The Group maintains a comprehensive ESG governance framework to monitor ESG performance. The management conducts regular reviews of the KPIs to evaluate the progress towards established ESG goals and targets, with performance reports submitted to the Board on an annual basis. The Group has engaged an external advisory service consultant to provide reports to assist the Board in evaluating the Group's ESG performance. The consultant also supports both the Board and management in conducting regular risk assessment exercises, including the analysis of ESG-related risks and reviews of the Group's risk management and internal control systems. The Independent Non-Executive Directors contribute their experience and expertise to assist the Board in overseeing ESG strategy implementation, evaluating the achievement of ESG objectives, and assessing the ongoing effectiveness of ESG strategy.

To safeguard the Group's long-term sustainable growth, the Board will continue to oversee the risks brought by material ESG issues and guide management in formulating corresponding ESG goals and targets that align with the Group's future business development. If the performance falls short of expectations or the business operation changes, appropriate adjustments to goals and targets may be initiated and communicated the with key stakeholders, such as employees, customers and suppliers.

REPORTING PRINCIPLES

The Group had applied the principles of materiality, quantitative, balance and consistency in accordance with the ESG Reporting Guide in the preparation of this Report. Details of the application of these reporting principles are as follows:

Materiality: The Group has engaged its stakeholders in the process of identifying, prioritizing and determining ESG issues that are material to and should be focused on by the Group.

Quantitative: The ESG key performance indicators disclosed in this Report are supported by quantitative data and measurable criteria. The sources of all applicable data, calculation tools, methodologies, references and conversion factors used are disclosed in the presentation of emission data, where applicable.

Balance: This Report provides a complete, fair, clear and comparable overview of the Group's ESG performance.

Consistency: To facilitate stakeholders' comparisons of the ESG performance of the Group from year to year, the same reporting and calculation methodologies are applied as reasonably practicable in the preparation of this Report. Any material changes in the methodologies will be set out in the relevant sections in detail.

FEEDBACK

We welcome comments and suggestions you may have on this Report or on our ESG performance. We treasure your comments and advice which may help determine and reinforce the Group's future sustainability strategy. Please contact us by mail.

A. ENVIRONMENTAL

A1. Emissions

Greenhouse Gas Emissions

The operation of the Group mainly involve blending, packaging and distribution activities. These processes generate minimal air pollutant and greenhouse gases, with limited environmental impact from vehicle use and electricity consumption.

Despite this minimal environmental impact, the Group engages employees in sustainability initiatives and actively pursues energy efficiency. Employees are encouraged to participate in emission reduction and energy saving programs, including electricity conservation. The Group strives to reduce carbon emissions within its operation and regularly assesses the effectiveness of carbon reduction measures to ensure continuous improvement.

Furthermore, the Group strictly adheres to the laws and regulations relating to environmental protection in Hong Kong. For instance, the Group complies with the Air Pollution Control Ordinance so as to minimize emission of air pollutants and greenhouse gases which contribute to acid rain and global warming.

During the Reporting Year, there were no incidents resulting in fines or penalties being imposed on the Group for non-compliance of environmental regulations.

Air pollutants, such as nitrogen oxides ("**NO_x**"), sulphur oxides ("**SO_x**") etc., are generated directly from transportation. The emission data on air pollutants during the Reporting Year was not available to the Group as the transportation activities are outsourced to third-party service providers.

The Group's indirect greenhouse gas emissions and corresponding emission intensity, attributable to the purchased electricity during the Reporting Year, are as follows:

		Emission & Intensity	
Description	**Unit**	**2025**	2024
Consumption of Purchased Electricity (A)	kWh	**125,730**	134,770
Carbon Dioxide (CO_2) Emission (B)	kg	**66,732**	77,886
Area of Office, Factory Premise and Retail Shops (C)	sq. ft.	**19,404**	19,224
CO_2 Emission Intensity per Office and Factory Premises Area (D = B/C)	kg/sq. ft.	**3.44**	3.76

During the Reporting Year, the Group achieved slight reductions in both greenhouse gas emissions and emission intensity. While the Group is committed to maintaining emission stabilization, it has not established specific emission reduction targets. As electricity consumption is the primary source of the Group's greenhouse gas emissions, the Group has implemented a series of measures to minimize electricity consumption. These initiatives are detailed in the section "Use of Resources" below.

Waste Management

Given the nature of the business, the processing of tea products has minimal impact on water and land environment, with no generation of hazardous waste. The Group's operation primarily produces non-hazardous waste, including packing materials, such as paper, plastic bags or gift boxes, office paper waste and general commercial waste, all of which were managed responsibly during the reporting period without significant impact on the environment.

The Group place emphasis on waste management and has established green office initiatives focused on paper waste reduction. Measures include the transition to a "paperless" workplace through digital document management, as well as ongoing employee education programs that promote environmentally responsible practices such as double-sided printing, recycling of printing paper and reuse of packing materials.

A2. Use of Resources

The Group's operations primary utilize three resources: electricity, water and paper. The Group aims to maintain stable resources consumption levels while expanding the business. Meanwhile, the Group is actively strengthening its resource management with an aim to optimize resource efficiency while ensuring cost-effective operations.

Electricity conservation has consistently been a key part of the Group's sustainability strategy, aimed at promoting efficient resource utilization and reducing greenhouse gas emissions. Across all office and retail locations, the Group encourages employees to adopt electricity-saving practices throughout daily operations. For example, the Group has completed a full transition to energy-efficient LED systems and assigned on-duty staff to conduct end-of-day checks, ensuring that all idle equipment is properly powered down, including lights, computers, air-conditioners and other office devices.

The Group has also implemented comprehensive water and paper conservation measures across its operations for sustainable resource management. These initiatives include employee awareness programs promoting responsible water and paper reduction practices, such as turning off water taps after use, prioritizing double-side printing and digital documents sharing. Additionally, the Group has strengthened its reuse and recycling approaches for paper and packaging materials, such as using recycled paper, and collaborating with recycling vendors for proper paper disposal.

The Group's consumption of electricity, water and paper and their intensities during the Reporting Year are disclosed in the following table:

	Purchased Electricity		Water		Paper	
Description	**2025**	2024	**2025**	2024	**2025**	2024
Resources Consumption (A)	**125,730 kWh**	134,770 kWh	**256 m^3**	387 m^3	**25,000 pieces**	30,000 pieces
Area of Office & Factory Premise and Retail Shops (B)	**19,404 sq. ft.**	19,224 sq. ft.	**17,260 sq. ft.**	17,739 sq. ft.	**15,812 sq. ft.**	15,812 sq. ft.
Intensity (C = A/B)	**6.48 kWh/sq. ft.**	7.01 kWh/sq. ft.	**0.01 m^3/sq. ft.**	0.02 m^3/sq. ft.	**1.58 pieces/sq. ft.**	1.90 pieces/sq. ft.

During the Reporting Year, the decrease in consumption of electricity compared to previous reporting period was mainly attributable to the permanent closure of one retail location and the temporary closure of one store during its relocation. Management considered that these operational changes did not represent a material reduction in the Group's overall energy usage during the Reporting Year.

As the operation of the Group is based in Hong Kong, the water supply remains stable with no material sourcing concerns. The consumption of water has decreased due to the reduction in retail locations and the benefits from the implementation of water conservation measures.

Paper consumption has decreased due to recent operational changes, specifically the reduction in retail locations and the decline in sales volume. Fewer retail stores lead to decreased paper utilization and decline in sales would result in less administrative work such as issuing invoices and delivery notes.

An inventory control mechanism has been put in place to monitor and optimize packaging material stock levels, and to minimize obsolete inventory.

Given the diverse and lightweight nature of packaging materials, weight-based consumption data is not available. To maintain effective oversight, the Group has implemented an alternative tracking approach using piece-count data. The main types and consumption of packaging materials during the Reporting Year are as follows:

Type of Package Materials		Amount of Unit (Piece) 2025	2024
Paper	Bags	**86,822**	93,684
	Others	**904**	1,957
Plastic	Bags	**8,779**	6,481
Aluminium foil		**2,281**	4,193
Gift boxes		**2,851**	4,820
Packing Materials produced (A)		**101,637**	111,135
Area of Office, Factory Premise and Retail Shops (B)		**19,586**	19,266
Intensity (C = A/B)		**5.19**	5.77

The Group's overall consumption of packing material has decreased with the decline in sales volume. While this decrease reflects operational changes, the Group is also committed to sustainable packaging solutions through simplifying the packaging to save packaging materials without compromising customer expectations.

A3. The Environment and Natural Resources

Due to the nature of the business, management considers that the Group's operations do not generate material environmental impact. Besides, the Group's business activities are not resource-intensive and maintain minimal effects on natural resources.

The Group maintains ongoing monitoring of the potential environmental impacts of its business activities and is committed to promoting effective use of energy throughout its operations. As part of the sustainability strategy, the Group actively supports the decarbonization movement while developing an environmentally friendly business model which delivers long-term value to the Group.

The Group has integrated environmental responsibility into its daily business operations through comprehensive initiatives. As such, the Group educates employees on best practices for energy, resource and water conservation in order to improve the overall environment performance of our office. Furthermore, we also engage with our stakeholders to promote the importance of carbon emissions reduction and raise their awareness of environmental protection.

A4. Climate Change

Recognizing climate change as both a risk factor and opportunity driver, the Group is strengthening its climate change preparedness and resilience by systematically identifying and assessing climate-related risks that might pose significant impacts on its business operation.

The Group has established a clear and well-defined governance structure to effectively monitor and manage climate-related issues. The Board maintains consistent oversight of climate-related risks and opportunities, supported by the Independent Non-Executive Directors that develop strategies and coordinate climate-related tasks. Through comprehensive assessments, the Group has identified two major categories of potential climate-related risks: physical risk and transition risk.

Physical risk

Climate change-induced extreme weather events, including excessive rainfall, global warming, and abnormal humidity patterns, may affect both the quality and reliable supply of tea leaves. These climate change effects create potential business operation risks through our procurement process.

Excessive rainfall and floods may adversely affect both tea harvest and delivery schedules. These disruptions impact the sustainability of tea leaf supply, consequently creating revenue volatility due to inconsistent product availability. In response to these challenges, the Group is diversifying its supplier base across multiple geographic regions to maintain the continued availability of high-quality tea leaves while mitigating climate-related risks to the supply chain stability.

Prolonged exposure to high temperature and humidity could shorten the storage life of tea leaves, potentially deteriorate the quality of tea products and affect brand reputation. The Group has implemented constant real-time monitoring of storage conditions across all storage facilities and retail shops, ensuring optimal temperature and humidity levels. These measures are further strengthened by regular physical inspections and low-stock management practices, minimizing the inventory spoilage while ensuring consistent product quality for customers.

Transition risk

Increasingly stringent requirements in policies and regulations may lead to higher compliance costs. The Group will continuously monitor the issuance of new laws and regulations and timely assess the relevant potential risk to mitigate the effects on the Group.

The Group conducts annual review and assessments of overall climate-related issues to identify material risks and opportunities across its operations. The Group is committed to transparent reporting and will provide updates as significant new risk or opportunity categories are identified through its ongoing monitoring process.

B. SOCIAL

(i) Employment and Labor Practices

B1. Employment

Management understands the importance of maintaining positive relationships with employees. Policies on Human Resource Management and an Employee Handbook have been established to improve the working environment and protect fundamental employee rights.

The Group is firmly committed to upholding the highest standards of workplace equality, guaranteeing equal opportunities for all employees. There is a strict zero-tolerance against any form of discrimination or harassment, regardless of age, gender, race, religion, disability, political stance or marital status. The equal opportunity standard extends across all aspects of employment, including recruitment, professional development and career advancement opportunities. All employees receive fair opportunities and consideration for training programs, work performance appraisal, promotions, transfers, remuneration and benefits.

The Group offers competitive remuneration and benefits that aligns with industry standards, comprising a basic salary and a wide range of additional benefits. Employees are entitled to night shift, medical insurance, compensation, commissions, bonuses, and paid leaves including parental, birthday, marriage, injury and compassionate leave. The Group also provides employees with perks such as annual price reduction allowance for purchasing our products and a holiday allowance.

A fair and transparent appraisal system has been implemented applied across all levels of staff. Annual appraisals are conducted for all employees based on the same performance criteria. Bonuses, salary increments and promotions are determined in accordance with the results of the staff appraisals.

The Group fully complies with all relevant laws and regulations in Hong Kong, including the Employment Ordinance, Mandatory Provident Fund Schemes Ordinance, Occupational Safety and Health Ordinance, Minimum Wage Ordinance and Employees' Compensation Ordinance. During the Reporting Year, no material and significant disputes occurred between the Group and its employees.

As at 31 March 2025, the Group had a total of 49 employees. 4 employees resigned during the Reporting Year. The distribution of total workforce and employee turnover by gender, employment type, age group, geographical region and employee category are as follows:

	Number of staff	
Category	**2025**	2024
Total staff	**49**	51
By gender		
Male	**15**	11
Female	**34**	40
By employment type		
Full-time staff	**45**	47
Part-time staff	**4**	4
By age group		
Under 30 years old	**–**	–
30-50 years old	**12**	12
Over 50 years old	**37**	39
By geographical region		
Hong Kong	**49**	51
By employee category		
Management	**13**	16
Frontline staff	**36**	35

	Turnover rate	
Category	**2025**	2024
Total staff	**8%**	22%
By gender		
Male	**13%**	36%
Female	**6%**	18%
By employment type		
Full-time staff	**9%**	21%
Part-time staff	**–**	25%
By age group		
Under 30 years old	**–**	100%
30-50 years old	**–**	25%
Over 50 years old	**11%**	18%
By geographical region		
Hong Kong	**8%**	22%
By employee category		
Management	**8%**	6%
Frontline staff	**8%**	29%

B2. *Health and Safety*

The Group is committed to maintaining a safe and illness-free workplace through the implementation of effective procedures and practices on occupational health and safety. The Group has established a sound occupational safety and health management mechanism, including safety procedures and protection measures to mitigate workplace hazards and minimize the likelihood of occupational diseases and work-related casualties among our staff.

A safety manual has been devised with clear guidelines for handling unexpected incidents, aimed at minimizing discharges or hazardous outputs and mitigating their impacts. The manual outlines safety measures covering fire prevention, proper handling of equipment, delivery of heavy goods, maintenance of hygiene, provision of first-aid kits and anti-theft measures.

To protect the employees' safety, the Group has established internal guidelines in our employee handbook regarding working arrangements during extreme weather conditions, including measures for black rainstorm warning, typhoon warnings and other extreme conditions. The Group stays alert to announcements by the local governments on weather conditions, ensuring prompt preparation for emergency actions.

All employees are protected under an employee compensation policy. In the event that a work-related injury occurs, the administrative department will promptly report the incident to the Labour Department using the prescribed form in accordance with the Employees' Compensation Ordinance, while implementing appropriate corrective measures. To prevent recurrence, the administrative department will conduct a thorough incident investigation and prepare an accident report for remediation as appropriate.

The Group adheres, in all material respects, to applicable health, safety and environmental laws and regulations in Hong Kong such as the Occupational Safety and Health Ordinance and the Employees' Compensation Ordinance etc. The administrative department is responsible for overseeing the Group's occupational health and safety system to ensure compliance with the relevant laws and regulations.

The Group has maintained a healthy and safe working environment and recorded no work-related fatalities over the past three years.

During the Reporting Year, there was one case of employee injury resulting in 90 lost days. The Group has taken measures in a timely manner to address the injury case and has provided the corresponding compensation.

B3. Development and Training

Management acknowledges that continuous staff training and development are fundamental to enhancing operational efficiency, productivity and service quality. Employees are encouraged to participate in relevant internal and external training courses so as to heighten their professional competence. The Group will provide necessary resources to support these training programs aligning with individual growth needs.

To cultivates a culture of continuous learning and professional growth, the Group conducts annual reviews to assess training needs and formulates an annual training program. The program is regularly evaluated for training adequacy to ensure effective enhancement of employees' work efficiency. For retail staff, specialized training in customer service skills will be arranged when operational needs arise, including knowledge of tea products, sales techniques, effective complaint resolution methods and identification of bills.

The Group systematically evaluates employee performance to ascertain that their skills and abilities meet the Group's competency and service standards. During the Reporting Year, the Group provided training programs focused on service skills for the purpose of maintaining the highest levels of professional competence and customer service.

A summary of the relevant training-related KPIs of the Group is presented as follows:

Employees trained by gender and employee category:

	Number		Percentage	
Category	**2025**	2024	**2025**	2024
Total number of employees	**49**	51	**–**	–
Total number of trained employees	**4**	4	**8%**	8%
By gender				
Male	**–**	–	**–**	–
Female	**4**	4	**100%**	100%
By employee category				
Management	**2**	–	**50%**	–
Frontline staff	**2**	4	**50%**	100%

Average training hours completed per employee by gender and employee category:

		Average training hours	
Category	**Unit**	**2025**	2024
Total workforce	hours	**0.24**	0.24
By gender			
Male	hours	**–**	–
Female	hours	**0.35**	0.30
By employee category			
Management	hours	**0.46**	–
Frontline staff	hours	**0.17**	0.34

B4. Labor Standards

The Group complies with the Employment Ordinance in Hong Kong, and maintains a zero-tolerance policy against any forced or child labor.

Verification procedures have been strictly implemented throughout the recruitment process. The human resources department conducts thorough examinations of all candidates' personal identification documents to ensure that they have reached the legal working age, thereby preventing any possibility of child labor.

The Group established all employment relationships through contracts based on the principles of equality and voluntarism in order to prevent forced labor. The contracts ensure compliance of minimum wages, regulated working hours and proper overtime compensation, while protecting the employment termination rights. The Group also monitors staff performance periodically as additional safeguard, enable early detection of any unusual circumstances that might infringe the rights and freedoms of their staff.

During the Reporting Year, no cases of child or forced labor were noted. If any cases related to child or forced labor are discovered, the Group will immediately terminate the relevant employment and investigate the details to ascertain causation and identify responsible parties. Subsequent corrective measures will be implemented and disciplinary actions would be taken to prevent recurrence of such incidents.

(ii) Operating Practices

B5. Supply Chain Management

Given the immaterial environmental impact generated by sourcing and processing of tea products, the Group's supply chain management concentrates on ensuring supply stability and maintaining product quality. The Group remains ongoing assessment of environmental and social risks to mitigate the potential impact.

The Group has established policies and procedures on supply management to streamline and standardize the procurement process for tea leaves, tea wares and tea gift sets.

In ensuring the stable supply and high quality of tea leaves, the Group has diversified its supplier network across Hong Kong, China and Taiwan. The new supplier selection process evaluates multiple critical factors including brand reputation, cooperation history and product quality to consider the ability to meet the Group's requirements. All raw materials are only sourced from suppliers that meet the Group's quality specifications. In particular, the Group may request third-party inspection reports from suppliers to verify tea leaves quality as needed.

Meanwhile, the Group carries out an annual assessment of suppliers' performance based on product quality, delivery reliability, and post-sale services effectiveness. Existing suppliers are required to periodically update their registration documents and business licenses. Management also reviews suppliers' social responsibility practices and environmental protection performance on a need basis. The discovery of any material violations would trigger the contract termination with that supplier in order to mitigate any potential adverse impacts on the quality and safety of tea products and environmental compliance throughout the supply chain.

A majority of suppliers of the Group are based in Hong Kong, with whom the Group has cultivated long-term business relationships. During the Reporting Year, the number of suppliers by geographical region was as follows:

	Number of suppliers		**Portion**	
Region	**2025**	2024	**2025**	2024
Hong Kong	**17**	20	**77%**	80%
China	**4**	4	**18%**	16%
Taiwan	**1**	1	**5%**	4%
Total	**22**	25	**100%**	100%

The Group has established business relationships with more suppliers with the goal of expanding the sources of its current tea products. Additionally, the Group is also committed to searching for suitable suppliers to fulfill the strategy of developing new products.

B6. *Product Responsibility*

The Group is committed to an uncompromising philosophy of quality standards that forms the cornerstone of its business sustainability. The Group has established a robust quality management system, certified to ISO 9001:2015 by UKAS Management Systems since June 2009 for design, manufacturing, packaging and retail of Chinese tea leaves and retail of tea wares. The Group also conducts continuous quality and safety inspections of raw materials and finished products to ensure quality standards.

Reliable and accurate tea product information is provided to customers during sales process, ensuring they receive complete details about their tea purchases. Labeling and promotional materials include details such as country of origin, storage duration and grading.

The Group strictly complies with the relevant regulations regarding product responsibility in Hong Kong, including but not limited to the Food Safety Ordinance, the Trade Descriptions Ordinance, the Competition Ordinance and the Personal Data (Privacy) Ordinance.

The Group continuously improves of its quality control system and customer satisfaction levels. Any recorded customer feedback or complaint would be handled immediately for improvement. The Group has established policies and procedures on product recall, including a 30-day return or exchange policy from the date of purchase upon original invoice presentation. During the Reporting Year, and the year ended 31 March 2024, the Group did not receive any complaints regarding our products and services and had no products sold that required recall for safety and health reasons.

The Group emphasizes the protection of its intellectual property rights, with registered trademarks and domain names in Hong Kong, China, Macau, Japan and other commercially significant territories. Without the consent of the Group, staff or distributors shall not authorize any third parties to use the registered trademark(s) of the Group for any purposes, nor shall they participate in or assist in any activity that may infringe on the intellectual property rights of the Group.

The Group has stipulated data privacy requirements in its staff handbook and policy. All private and sensitive information related to the Group's operations and business associates should be safeguarded with security controls and procedures, including trade secrets, proprietary data, confidential matters and generally undisclosed information.

B7. *Anti-Corruption*

The Group is committed to complying with the requirements of the statutory law, rules and regulations, such as the Prevention of Bribery Ordinance in Hong Kong, as well as recognized compliance practices.

The Group also adheres to stringent anticorruption policies as set out in the Company's Whistleblowing and Whistleblower Protection Policy and Anti-Fraud, Corruption and Bribery Policy.

The Group conducts periodic and systematic fraud risk assessments through internal and external audits. All suspected cases of fraud are reported promptly to the management and followed by comprehensive investigations. Immediate corrective actions would be taken to resolve substantiated frauds.

Furthermore, the Group has been implementing measures to combat money laundering and terrorist financing, including customers due diligence procedures and continuous transaction monitoring.

The Group also maintains a Whistleblowing and Whistleblower Protection Policy to provide a system for employees and other stakeholders to raise legitimate concerns, where they have reasonable grounds for believing that there is fraud or corruption within the Group. Employees or stakeholders can directly report suspected misconduct to the Chief Financial Officer or the chairman of the audit committee of the Company, with guaranteed confidentiality and protection from retaliation.

Although no training sessions on antifraud and anti-money laundering were held during the Reporting Year, the Group's written policies on anti-corruption had been circulated to every employee in order to ensure anti-corruption awareness. The Group will also share information related to anti-corruption with its directors and employees, such as websites, internet news and articles, as needed.

During the Reporting Year, no legal cases regarding corruption were brought against the Company and its employees, nor were any whistleblowing reports received.

(iii) Community

B8. Community Investment

The Group is devoted to upholding its corporate social responsibility to the communities in Hong Kong through the promotion of Chinese tea drinking culture, occupational health and safety management and social support.

For the fulfilment of its social responsibilities, the Group actively participates in community initiatives through both financial support and employee volunteerism. The approach to social responsibility focuses on creating a harmonious society while fostering a culture of community contribution. During the Reporting Year, the Group made the sponsorship in total amount of approximately HK$1,266.

The Group makes use of social media platforms such as Facebook and Instagram to promote the traditional culture of tea appreciation in the community. Tea-related knowledge, such as tea classification and tea brewing theory, is regularly published on such platforms.

Furthermore, the Group actively engages with its stakeholders, including its customers, suppliers, employees through different channels and social media platforms to understand their needs and develop relationships with the wider community.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Shares commenced listing on 16 April 2018 on GEM. During the Reporting Year, the Group was 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. During the Reporting Year, the Company has complied, to the extent applicable and permissible, with the code provisions set out in the CG Code.

The Board is responsible for the leadership and control, and promoting the success of the Group. This is achieved by setting of corporate strategic objectives and policies, and the monitoring and evaluations of operating activities and financial performance of the Group.

BOARD COMPOSITION

The Board is responsible for the leadership and control of the Company, as well as setting the overall strategy and reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual, interim and quarterly results, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

As at the date of this report, the Board consists of six members. Among them, three are executive Directors ("**EDs**") and three are independent non-executive Directors ("**INEDs**"). The composition of the Board during the Reporting Year and up to the date of this report is set out as follows:

Executive Directors

Mr. Chan Kwong Yuen *(Chairman)*
Mr. Chan Kun Yuen *(Chief Executive Officer)*
Mr. Chan Shu Yuen

Independent Non-Executive Directors

Mr. Lee Wai Ho
Ms. Hon Yin Wah
Dr. Ip Wai Hung *(Appointed on 28 February 2025)*
Mr. Wong Chee Chung *(Resigned on 1 December 2024)*

All of the EDs possess the qualification and experiences in their respective areas of responsibility and have been working for the Group for many years. Under the leadership of the chairman of the Board (the "**Chairman**") and the chief executive officer (the "**CEO**"), the EDs are able to conduct business effectively and efficiently.

Mr. Chan Kwong Yuen is the older brother of Mr. Chan Shu Yuen and also a cousin of Mr. Chan Kun Yuen.

All of the INEDs are experienced professionals in their respective fields including consultancy, accounting and finance. Their independent views would definitely benefit the Board and their constructive comments and recommendations to the Board would help to safeguard the interests of the shareholders and the Group as a whole.

Following the resignation of Mr. Wong Chee Chung as an INED on 1 December 2024, the Company had two INEDs. This resulted in the then current number of INEDs of the Board to fall below the minimum number of independent non-executive directors required under Rule 5.05(1) of the GEM Listing Rules. Upon the appointment of Dr. Ip Wai Hung as an INED on 28 February 2025, the Board has three INEDs, satisfying the requirement set out under Rule 5.05(1) of the GEM Listing Rules.

Save as disclosed above, during Reporting Year, the Board at all times met the requirements of Rule 5.05(1) and Rule 5.05(2) of the GEM Listing Rules relating to the appointment of at least three INEDs with at least one INED possessing appropriate professional qualifications, or accounting or related financial management expertise. In compliance with Rule 5.05A of the GEM Listing Rules, INEDs represented at least one-third of the Board throughout Reporting Year.

For the new INED, Dr. Ip Wai Hung, who was appointed during the Reporting Year, the Company provided him with briefings and orientation materials on the operations and businesses of the Group, together with information relating to duties and responsibilities of directors under statutory regulations and the GEM Listing Rules. Dr. Ip Wai Hung had obtained legal advice relating to director's duties and responsibilities under applicable laws and regulations on 28 February 2025 from a law firm qualified to advise on Hong Kong law pursuant to Rule 5.02D of the GEM Listing Rules, and had confirmed that he understood his obligations as an INED of the Company.

The Company has received from each INED an annual confirmation of his/her independence and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 5.09 of the GEM Listing Rules.

The biographical details of the Directors, including their respective interests in the Group and relationships with other Directors, are set out on pages 50 to 52 and pages 60 to 62 of this Annual Report. The names of all Directors and their role and function are posted on the website of the Stock Exchange.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy in relation to the nomination and appointment of new Directors, which sets out that the selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

The above measures have been incorporated in the terms of reference of the nomination committee of the Company (the "**Nomination Committee**") and are reviewed by the Nomination Committee every year to assess the suitability of the composition of the Board and to make recommendations to the Board as it sees fit.

The Company takes up the opportunity to promote gender diversity at all levels, including but not limited to our Board and the senior management levels. During the Reporting Year, the Nomination Committee has reviewed the structure, size, and diversity of the Board as well as the selection criteria for Director candidate and the board diversity policy. To ensure there is gender diversity on the Board, the Board has set a target that there will be at least one Director of different gender on the Board at all times, subject to our Directors (i) being satisfied with the competence and experience of the relevant candidates that are relevant to the Group's strategy, governance, and business and contribute to the Board's effectiveness and efficiency after a holistic review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interest of our Company and the Shareholders as a whole when deliberating on the appointment.

For the purpose of implementation of the board diversity policy, the following measurable objectives were adopted:

1. The Company should comply with the requirements on board composition in the GEM Listing Rules from time to time.

2. The number of INEDs should be not less than three and one-third of the Board.

3. At least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

4. The Board should have at least one member of a different gender in order to achieve gender diversity at Board level.

Currently, the Company's Board has five male directors and one female director. The Nomination Committee is of the view that the Company has achieved these measurable objectives under the board diversity policy. The Board will continue to take steps to enhance board diversity. In order to cultivate a pipeline of suitable female successors to the Board, such steps will include providing existing female senior management with comprehensive training on areas such as business operation, management and corporate governance, and giving due consideration to gender diversity when recruiting or promoting candidates for senior managerial roles and/or directorship based on existing nomination and board diversity policies.

Workforce Gender Diversity

As at 31 March 2025, the gender ratio in the total workforce of the Group (including senior management) was 20: 35 (male: female). The Group's approach to recruiting and retaining talents is to hire a diverse team, work together and encourage differences and individuality in terms of equal opportunities, diversity and anti-discrimination.

The Company aims to prevent a senior workforce dominated by a single gender and will regularly assess gender diversity among senior staff in line with the Group's business growth. To create a pipeline of potential successors of different genders to the Board, the Company will (i) ensure that there is emphasis on gender diversity in staff recruitment at all levels and (ii) provide equitable training resources for employees of different genders to promote them into senior management or Board positions. This commitment ensures the identification of qualified candidates of various genders from both internal and external sources in order to achieve the abovementioned target.

The Board is satisfied with the gender ratio of the Company's workforce as at 31 March 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The INEDs play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. All INEDs possess appropriate professional qualifications or accounting or related financial management experience. None of the INEDs held any other offices in the Company or any of its subsidiaries.

In order to ensure that independent views and input of the INEDs are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the INEDs including the following:

- Required character, integrity, expertise, experience and stability to fulfil their roles;
- Time commitment and attention to the Company's affairs;
- Firm commitment to their independent roles and to the Board;
- Declaration of conflict of interest in their roles as independent non-executive Directors; and
- No involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement.

The implementation and effectiveness of the above mechanism shall be reviewed by the Board on an annual basis.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Company acknowledges the importance of adequate continuing training and professional development for the Directors in order to enhance the quality of corporate governance. The Company continuously updates the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory and statutory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors have participated in continuous professional development and provided a record of training they received for the Reporting Year to the Company. The training record of each Director received for the Reporting Year is summarised below:

Name of Director	Type of Training
Mr. Chan Kwong Yuen	A, B
Mr. Chan Kun Yuen	A, B
Mr. Chan Shu Yuen	A, B
Mr. Lee Wai Ho	A, B, C
Dr. Ip Wai Hung *(Appointed on 28 February 2025)*	A, B
Ms. Hon Yin Wah	A, B, C

Notes:

A. attending seminars, conferences and/or training.

B. reading newspapers, journals, books and literatures.

C. e-learning.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

A person may be appointed as a member of the Board at any time either by the shareholders in a general meeting or by the Board upon recommendation of the Nomination Committee. Directors who are appointed by the Board must retire at the next following annual general meeting after their appointment.

According to the articles of association of the Company as amended from time to time and the CG Code, all Directors are subject to retirement by rotation once every three years and no less than one-third of the Directors for the time being (excluding those EDs who are not subject to the rotation requirement under the articles of association of the Company) shall retire from office by rotation at each annual general meeting.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and CEO should be separated and should not be performed by the same individual. Mr. Chan Kwong Yuen is the Chairman and Mr. Chan Kun Yuen is the CEO.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Mr. Lee Wai Ho has entered into a letter of appointment with the Company for a term of two years commencing on 16 April 2018, being the date from which the Shares are listed on GEM, renewable automatically for successive terms of one year each upon expiration of the initial term, and can be terminated by not less than two months' written notice served by either party on the other. Ms. Hon Yin Wah and Mr. Ip Wai Hung have each entered into a letter of appointment with the Company for a term of one year commencing on 1 December 2023 and 28 February 2025 respectively, renewable automatically for successive terms of one year each upon expiration of the initial term, and can be terminated by not less than two months' written notice served by either party on the other. Each of such appointments is subject to the rotation and retirement provisions in the articles of association of the Company.

ACCESS TO SUPPORT

The Directors may obtain the advice and services of the company secretary of the Company (the "**Company Secretary**") in order to ensure that the board procedures and all applicable rules and regulations are followed. Similarly, the Directors may obtain financial information, summaries and reports from the chief financial officer of the Group for ascertaining the financial position on a regular basis. In addition, the Directors may, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Group's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

Appropriate insurance coverage has been arranged in respect of any plausible legal action arising from the business of the Group against the Directors.

BOARD MEETINGS AND GENERAL MEETING

The Board held a total of three meetings during the Reporting Year for, among other matters, approving the interim and final results of the Group and for approving the continuing connected transaction. The Board also passed resolutions by way of two written resolutions for approving the resignation and appointment of INEDs.

The corporate governance functions are also performed by the Board, namely to: develop and review the Company's policies and practices on corporate governance to comply with the CG Code; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

Sufficient notice of Board meetings is given to all Directors prior to the meetings so that the Directors have adequate time to reschedule their business for the meetings, if necessary, and to propose matters to be included in the agenda for the meetings. An agenda and related documents are dispatched to all Directors at least three days before each meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting. When a Director is unable to attend a meeting, he is advised of the matters to be discussed and given an opportunity to make his views known to the Chairman prior to the meeting.

Management of the Group has, from time to time, supplied the Board with relevant information, as well as reports relating to the operational and financial performance of the Group, with a view to enabling the Directors to make informed decisions. Members of the management who are responsible for the preparation of the documents for discussion at the Board meetings are usually invited to present the relevant documents and to take any questions or address any queries that the Directors may have on the documents. This enables the Board to perform a comprehensive and informed evaluation as part of the Board's decision-making processes.

The proceedings of the Board at its meetings are conducted by the Chairman, who is responsible to ensure that sufficient time is allocated for discussion and consideration of each item on the agenda and that equal opportunities are given to the Directors to speak and express their views and share their concerns. Minutes of the board meetings are recorded in sufficient detail about the matters considered by the Board and the decisions reached, including any concerns raised by the Directors. The minutes are kept by the Company Secretary, or other personnel appointed by the Board at the meetings. Subsequently, the minutes are circulated to and signed by all the Directors and are open to inspection by the Directors.

During the Reporting Year, one general meeting of the Company, being the 2024 annual general meeting, was convened on 23 August 2024.

The attendance of individual members at Board meetings and general meetings held during the Reporting Year is set out as follows:

Name of Director	Number of Board meetings attended	Number of general meetings attended
Executive Directors		
Mr. Chan Kwong Yuen	3/3	0/1
Mr. Chan Kun Yuen	3/3	1/1
Mr. Chan Shu Yuen	3/3	0/1
Independent Non-Executive Directors		
Mr. Lee Wai Ho	3/3	1/1
Dr. Ip Wai Hung *(Appointed on 28 February 2025)*	1/1	–
Ms. Hon Yin Wah	3/3	1/1
Mr. Wong Chee Chung *(Resigned on 1 December 2024)*	2/2	1/1

SECURITIES TRANSACTIONS OF DIRECTORS

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

BOARD COMMITTEES

As an integral part of good corporate governance and to assist the Board in the execution of its duties, the Board is supported by four Board committees, namely the executive committee (the "**Executive Committee**"), the Nomination Committee, the remuneration committee (the "**Remuneration Committee**") and the audit committee (the "**Audit Committee**"). Each of these committees oversees particular aspects of the Group's affairs under its defined scope of duties and terms of reference as approved by the Board. The terms of reference of the Nomination Committee, the Remuneration Committee and the Audit Committee can be found on the Group's website at the address www.yingkeetea.com and the Stock Exchange website. All of these committees are provided with sufficient resources to discharge their duties.

Executive Committee

The Executive Committee was established on 14 April 2018 and comprises three members, who are all EDs. The chairman of the Executive Committee is Mr. Chan Kwong Yuen and the other members are Mr. Chan Kun Yuen and Mr. Chan Shu Yuen.

The Executive Committee has been delegated with powers from the Board to deal with matters of the Group. The authority and major duties of the Executive Committee are summarised as follows:

- To establish strategic planning for Board approval;
- To monitor daily business operations, including sales, processing, brand and product promotion, capital and human resources of the Group;
- To review and approve management reports;
- To evaluate investments opportunities for Board approval; and
- To monitor fund flows and evaluate cash management policies within the Group.

Nomination Committee

The Nomination Committee was set up on 14 April 2018. The Nomination Committee currently comprises five members. The chairman of the Nomination Committee is Mr. Lee Wai Ho and the other members are Mr. Chan Kwong Yuen, Mr. Chan Kun Yuen, Dr. Ip Wai Hung and Ms. Hon Yin Wah. Except for Mr. Chan Kwong Yuen and Mr. Chan Kun Yuen who are EDs, the remaining three members are all INEDs.

The duties of the Nomination Committee are summarised as follows:

- To review the structure, size, composition and diversity (including without limitation, the gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; in identifying suitable individuals, the Nomination Committee shall consider individuals on merit and against the objective criteria, with due regard for the benefits of having diversity on the Board;

- To assess the independence of INEDs pursuant to the independence guidelines set out in Rule 5.09 of the GEM Listing Rules;

- Taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity required in the future, to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO;

- To review the Company's nomination policy and board diversity policy on a regular basis, and make recommendations to the Board for consideration and approval as appropriate; and

- To monitor the implementation of the Company's nomination policy and board diversity policy and report in the Corporate Governance Report annually.

To ensure changes to the Board composition can be managed without undue disruption, there should be a formal, considered and transparent procedure for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

In considering the new appointment of Directors, the Nomination Committee makes reference to certain criteria, such as the candidate's integrity, independent mindedness, experience, skill, contribution to the diversity of the Board as well as his or her ability to devote sufficient time, attention and effort to the affairs of the Company in order to carry out his or her duties and responsibilities effectively, which, in particular, consist of the following:

(a) Participating in Board meetings to contribute his or her independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

(b) Taking the lead where potential conflicts of interests arise;

(c) Serving on the Audit Committee, the Remuneration Committee and the Nomination Committee (in the case of a candidate for non-executive Director) and other relevant Board committees, if invited;

(d) Bringing a range of business and financial experience to the Board, giving the Board and any Board committee on which he or she serves the benefit of his or her skills, expertise, and varied background and qualifications and diversity through attendance and participation at Board meetings and/or Board committee meetings;

(e) Scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;

(f) Ensuring the Board committees on which he or she serves to perform their powers and functions conferred on them by the Board; and

(g) Confirming any requirements, direction and regulation that may be prescribed by the Board from time to time, contained in the constitutional documents of the Company, imposed by legislation or imposed by the GEM Listing Rules, where appropriate.

If the candidate is proposed to be appointed as an INED, his or her independence shall be assessed in accordance with, among other things, the factors set out in Rule 5.09 of the GEM Listing Rules, subject to any amendments made by the Stock Exchange from time to time thereto. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an INED with such qualifications or expertise as required under Rule 5.05(2) of the GEM Listing Rules.

The Nomination Committee holds at least one meeting every year. During the Reporting Year, the Nomination Committee held one meeting for, among other matters, the review of the Board's structure, size, composition and diversity, assessment of the independence of the INEDs, making recommendation to the Board on the re-election of retiring Director at the annual general meeting of the Company held on 23 August 2024. The Nomination Committee also passed resolutions by way of one written resolution for making recommendation to the Board on the appointment of Dr. Ip Wai Hung as an INED. The attendance of members at the Nomination Committee meeting held during the Reporting Year is set out as follows:

Executive Directors	
Mr. Chan Kwong Yuen	1/1
Mr. Chan Kun Yuen	1/1
Independent Non-Executive Directors	
Mr. Lee Wai Ho *(Chairman of the Nomination Committee)*	1/1
Dr. Ip Wai Hung *(Appointed on 28 February 2025)*	–
Ms. Hon Yin Wah	1/1
Mr. Wong Chee Chung *(Resigned on 1 December 2024)*	1/1

Remuneration Committee

The Remuneration Committee was set up on 14 April 2018. The Remuneration Committee currently comprises five members, with Dr. Ip Wai Hung as chairman of the Remuneration Committee and Mr. Chan Kwong Yuen, Mr. Chan Kun Yuen, Ms. Hon Yin Wah and Mr. Lee Wai Ho as other members. Except for Mr. Chan Kwong Yuen and Mr. Chan Kun Yuen who are EDs, the remaining three members of the Remuneration Committee are INEDs.

The duties of the Remuneration Committee are summarised as follows:

- Make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- To determine with delegated responsibility, the remuneration packages of individual EDs and senior management (which should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment);
- To make recommendations to the Board on the remuneration of non-executive Directors;
- To consider the salaries paid by comparable companies and the time commitment, responsibilities and employment conditions elsewhere in the Group;
- To review and approve compensation payable to EDs and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive for the Company;
- To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- To ensure that no Director or any of his/her associates is involved in deciding his or her own remuneration package.

The Remuneration Committee has adopted the approach under code provision E.1.2(c)(i) of the CG Code to determine, with delegated responsibility, the remuneration packages of individual EDs and senior management of the Company.

The Remuneration Committee holds at least one meeting every year. During the Reporting Year, the Remuneration Committee held one meeting to discuss and review the existing policy and structure of the remuneration for the Directors and senior management and to approve the remuneration packages of senior management of the Company as well as a one-off discretionary reward to all eligible employees of the Group. The Remuneration Committee also passed resolutions by way of one written resolution for the review of the remuneration package of Dr. Ip Wai Hung regarding his appointment as INED. The attendance of members at the Remuneration Committee meeting held during the Reporting Year is set out as follows:

Executive Directors	
Mr. Chan Kwong Yuen	1/1
Mr. Chan Kun Yuen	1/1
Independent Non-Executive Directors	
Mr. Lee Wai Ho	1/1
Dr. Ip Wai Hung *(Chairman of the Remuneration Committee) (Appointed on 28 February 2025)*	–
Ms. Hon Yin Wah	1/1
Mr. Wong Chee Chung *(Resigned on 1 December 2024)*	1/1

No material matters relating to share schemes (as defined under Chapter 23 of the GEM Listing Rules) were required to be reviewed or approved by the Remuneration Committee during the Reporting Year.

Remuneration Policy of the Group

The remuneration policy of the Group is designed to ensure that the remuneration offered to Directors and employees is appropriate for the corresponding duties performed, and that sufficient compensation is offered for their effort and time dedicated to the affairs of the Group, which are competitive and effective in attracting and motivating employees. The key components of the Company's remuneration package include a basic salary, and where appropriate, other allowances, incentive bonus, mandatory provident fund contributions and sales commissions. The Group has also adopted a share option scheme whereby qualified participants may be granted options to acquire Shares.

The emoluments payable to Directors are determined with reference to the responsibilities, qualifications and experience of each individual. The packages are reviewed annually and as required from time to time. The Group also continually spends resources on training and encourages staff to pursue self-development and improvement.

The Group recognises that its future success depends on its ability to build a team of high caliber professional managers as its human resources capital. The Group is fully committed to building such human resources capital to enhance its assets and ensure future growth.

Audit Committee

The Audit Committee was established on 14 April 2018. The Audit Committee currently comprises all three INEDs. The chairwoman of the Audit Committee is Ms. Hon Yin Wah, and the other members are Mr. Lee Wai Ho and Dr. Ip Wai Hung.

The terms of reference of the Audit Committee were prepared and adopted in accordance with the CG Code. The terms of reference of the Audit Committee are available on the Company's website at the address www.yingkeetea.com and the Stock Exchange website.

The major duties of the Audit Committee are summarised as follows:

- To act as the key representative body for overseeing the Company's relations with the external auditor, to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- To discuss with the external auditor the nature and scope of the audit and reporting obligations and to ensure co-ordination where more than one audit firm is engaged before the audit commences;

- To develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, an "external auditor" includes any entity that is under the common control, ownership or management as the audit firm, or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally;

- To report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

- To monitor the integrity of the Company's financial statements, annual reports and accounts, half–year reports and quarterly reports, and to review significant financial reporting judgements contained in them;

- To consider any significant or unusual items that are, or may need to be, reflected in the report and accounts and to give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, the compliance officer or the external auditor; and

- To review the Group's financial reporting process, risk management and internal control systems.

The Audit Committee holds meetings at least twice a year. During the Reporting Year, the Audit Committee held two meetings to, among other matters, to review the interim and annual financial statements, results announcements, and reports for the year ended 31 March 2024 and the six months ended 30 September 2024; consider documents and other matters or issues raised by the Company's auditor; make recommendations to the Board on the re-appointment of the Company's auditor; discuss and confirm with the management the effectiveness of the Group's financial reporting process, risk management and internal control systems; and review the risk management and internal control systems and make appropriate recommendations to the Board. The attendance of members at the Audit Committee meetings held during the Reporting Year is set out as follows:

Independent Non-Executive Directors	
Mr. Lee Wai Ho	2/2
Dr. Ip Wai Hung *(Appointed on 28 February 2025)*	1/1
Ms. Hon Yin Wah *(Chairwoman of Audit Committee)*	2/2
Mr. Wong Chee Chung *(Resigned on 1 December 2024)*	1/1

Accountability and Audit

The Board is accountable to the shareholders of the Company through proper financial reporting, regular internal control reviews, interim reviews and annual audits. These are the most efficient ways of assessing the effectiveness of the Board in managing the business and affairs of the Group.

Financial Reporting

The Directors acknowledge their responsibility to prepare the financial statements of the Group and other financial disclosures required under the GEM Listing Rules, as to give a true and fair view of the financial status of Group. The Directors also acknowledge their responsibilities to ensure the consolidated financial statements of the Group are published in a timely manner. The Company's management provides information and explanations to the Board to enable it to make informed assessments of the financial and other decisions.

Save as disclosed in note 2.1 to the consolidated financial statements, the Directors were not aware of any material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern.

In preparing the consolidated financial statements for the Reporting Year, the Directors have:

- Approved the adoption of the applicable Hong Kong Financial Reporting Standards;

- Selected suitable accounting policies and applied them consistently throughout the period covered by the consolidated financial statements;

- Made judgements and estimates that are prudent and reasonable, and ensured that the consolidated financial statements were prepared on a going concern basis; and

- Ensured that the consolidated financial statements were prepared in accordance with the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**"), the GEM Listing Rules and the applicable accounting standards.

The Board recognises that high quality corporate reporting is important in enhancing the relationship between the Group and its stakeholders. The Board aims to present a balanced, clear and comprehensive vision of the performance, position and prospects of the Group in all corporate communications.

The statement of the auditor of the Company in respect of its reporting responsibilities on the Company's financial statements for the Reporting Year is set out in the "Independent Auditor's Report" on pages 69 to 71 of this annual report.

Risk Management and Internal Controls

The Board acknowledges its responsibility to ensure that a sound and effective internal control system is maintained. The system includes a defined management structure with specified limits of authority, to:

- Achieve business objectives and safeguard assets against unauthorised use or disposition;
- Ensure maintenance of proper accounting records for the provision of reliable financial information for publication or internal use; and
- Ensure compliance with the relevant legislation and regulations.

The internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Internal control framework

The internal control framework that the Board has established in maintaining effective internal controls within the Group is as follows:

1. *Distinct organisational structure*

   To allow delegation of authority as well as to enhance accountability, a distinct organisational structure exists which details lines of authority and control responsibilities in each department of the subsidiaries of the Company. Department heads are involved in preparing the operation plan based on corporate strategies and annual operational and financial targets determined by the Board. Both the strategic plan and the annual operating plan lay down the foundation for the preparation of the annual budgets, which identify and prioritize business opportunities with reference to the allocation of resources.

   During the Reporting Year, the Group adopted a clear and distinct organisational structure and a precise authority matrix to improve operation flow. With the continuous focus on the chain of command, the Group anticipates to attain better controls and effectively monitors the management, operational and financial processes.

2. *Regular risk assessment*

   Policies and procedures have been set to identify, manage and control risks, including but not limited to operational risk, accounting risk, compliance risk and ESG-related risk that may have an impact on the business of the Group. The Group has engaged an advisory company specialising in risk review to study, evaluate and identify risks incidental to the Group and to provide recommendations for the mitigation of such risks.

3. *Regulated cash/treasury management*

The Group maintains a sound system and a clear authority matrix to ensure daily cash/treasury operations meet the relevant policies and rules established by the Group.

4. *Regular reviews by external advisory service company on risk and internal control*

An external advising service company was engaged to conduct an internal control review for the sixth year consecutively. The external adviser assisted all levels of administration in the achievement of the organisational goals and objectives which strive to provide a positive impact on the:

- Efficiency and effectiveness of operating functions;
- Reliability of financial reporting;
- Status of implementation and effectiveness of the internal control policies and procedures; and
- Compliance with applicable laws and regulations.

The external adviser also assisted the Group to ensure that the Company maintains a sound system of internal control by:

- Reviewing all aspects of the Group's activities and internal controls; and
- Reviewing the practices and procedures adopted by the Group and whether the Group has complied with them throughout the period.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group has also adopted and implemented inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent breaches of disclosure requirements in relation to the Group, which include:

- Restricting the access to information to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality;
- Putting confidentiality agreements in place when the Group enters into significant negotiations; and
- Appointment of EDs as the designated persons to speak on behalf of the Company when communicating with external parties, such as the media, analysts or investors.

The Board is responsible for the risk management and internal control system of the Group and ensuring that a review of the system's effectiveness is conducted annually. Several areas have been considered during the Board's reviews, which include but are not limited to: (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment; and (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control system.

The Board, through its own reviews and the reviews conducted by the external adviser and the Audit Committee, concluded that the risk management and internal control system were effective and adequate. The Board also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

WHISTLEBLOWING AND WHISTLEBLOWER PROTECTION POLICY

The Company has in place a Whistleblowing and Whistleblower Protection Policy which provides employees of the Group and relevant third parties who deal with the Group with guidance on and reporting channels for actual or suspected fraud, corruption or other misconduct occurring in the Group. All whistleblowing cases are reported to the Chief Financial Officer and the Chief Financial Officer shall report the stipulated allegation to the Audit Committee. All information received from a whistleblower and its identity will be kept confidential. The Board and the Audit Committee will monitor the implementation of the Policy and the whistleblowing mechanism periodically. The Group keeps all information received confidential and protect the identity and rights of the whistleblower. During the Reporting Year, the specific implementation details of the Group's Whistleblowing and Whistleblower Protection Policy are set out in the Company's Environmental, Social and Governance Report on page 12.

ANTI-FRAUD, CORRUPTION AND BRIBERY POLICY

The Company has put in place an Anti-Fraud, Corruption and Bribery Policy which outlines guidelines and the minimum standards of conducts in relation to the anti-corruption and anti-bribery to which all Directors, officers and employees of the Group and third-party representatives it engages (such as advisers and agents) are required to comply, as well as the reporting channels for conducts of fraud, bribery and corruption. The Board and the Audit Committee will review the Anti-Fraud and Anti-Corruption Policy and mechanism periodically to ensure its effectiveness. During the Reporting Year, the specific implementation details of the Group's Anti-Fraud, Corruption and Bribery Policy are set out in the Company's Environmental, Social and Governance Report on page 12.

INTERNAL AUDIT FUNCTION

The Company does not have an internal audit department. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, as opposed to diverting resources to establish a separate internal audit department, it would be more cost effective to appoint external independent professionals to perform independent reviews of the adequacy and effectiveness of the risk management and internal control systems of the Group. Nevertheless, the Board will continue to review the need for an internal audit department at least annually.

AUDITOR'S REMUNERATION

The Group's auditor is Grant Thornton Hong Kong Limited. The Audit Committee is mandated to ensure the continuing auditor's objectivity and safeguarding the independence of the auditor. The remuneration paid or payable by the Group to Grant Thornton Hong Kong Limited in respect of the audit and other non-audit services for the Reporting Year were as follows:

Nature of services	**2025** **HK$'000**	2024 HK$'000
Audit service	**400**	398
Non-audit services (agreed-upon procedures regarding to turnover statements)	**5**	5
Non-audit services (agreed-upon procedures on interim and quarterly result)	**88**	88
Total	**493**	491

DIRECTORS AND SENIOR MANAGEMENT EMOLUMENTS

The remuneration of the senior management (comprising Directors) of the Company for the Reporting Year, by band is set out below:

Remuneration Band	Number of Individuals
Nil	–
HK$1 to HK$1,000,000	8
HK$1,000,001 – HK$1,500,000	–
HK$1,500,001 – HK$2,000,000	–
HK$2,000,001 – HK$2,500,000	–

COMPANY SECRETARY

The duties of the Company Secretary can be summarised as follows:

Core Duties

The daily duties of the Company Secretary are generally wide in scope and may range from administrative duties such as personnel management and the maintenance of company accounts and registers, to duties as diverse as ensuring that the Company complies with regulations or advising the Directors on good corporate governance practices.

Typical Duties Include:

- Coordinating the production, publication and distribution of company accounts and reports;
- Communicating with shareholders, regulatory bodies and the Stock Exchange on behalf of the Company;
- Ensuring that the Company complies with relevant laws and regulations;
- Organising and facilitating meetings of Directors and general meetings of shareholders; and
- Reviewing the current developments in good corporate governance practices in order to advise the Directors.

The Company has appointed Mr. So Stephen Hon Cheung ("**Mr. So**") as the Company Secretary.

During the Reporting Year, Mr. So has complied with the relevant training requirement under Rule 5.15 of the GEM Listing Rules. The biographical details of Mr. So are set out on page 50 in the section headed "Directors and Senior Management Profile" of this annual report.

CORPORATE COMMUNICATION WITH STAKEHOLDERS AND INVESTOR RELATIONS

The Group acknowledges its responsibilities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and the GEM Listing Rules and the overriding principle that inside information should be announced promptly when it is a subject of a decision. The Group has in place an effective corporate communication system which provides transparent, regular and timely public disclosures to its stakeholders, including, among others, the general public, analysts, and the institutional and individual shareholders. The main features of the system are that:

- the Group maintains a website on which comprehensive information about itself, its products, financial information and public announcements are available for public access;
- Shareholders are provided designated contacts, email addresses and enquiry lines, in order to enable them to make any query that they may have with respect to the Company. The contact details of the Company are provided on the Company's website;
- the Group establishes and maintains different communication channels with its stakeholders through the publication of annual, interim and quarterly reports, announcements and press releases. To promote effective communication, the shareholders can receive corporate communication electronically via the Group's corporate website;
- the Group conducts its affairs with close regard to the disclosure requirements under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Company holds annual general meetings to provide a useful forum for the shareholders to exchange views with the Board. The Chairman of the Board, as well as the respective chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, members of the respective committees are available to answer questions which may be raised by shareholders.

The Board reviews the implementation and effectiveness of its corporate communication system. Having considered the various communication channels established and utilised during the Reporting Period, the Board was satisfied with the effectiveness of the shareholders communication policy in place.

SHAREHOLDERS' RIGHTS

For each general meeting:

- Separate resolutions are proposed at the general meeting for each substantial issue, including the election of individual Directors;
- Details of the poll voting procedures and the rights of shareholders to demand a poll are included in a circular to the shareholders dispatched 21 days prior to the date of the relevant general meeting; and
- The poll results are published on the websites of the Group (www.yingkeetea.com) and the Stock Exchange (www.hkexnews.hk).

General meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Company holds, in respect of each financial year of the Company, a general meeting as its annual general meeting in addition to any other meetings in that year. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("**EGM**").

Right to convene extraordinary general meeting

The procedures for shareholders to convene an EGM of the Company are governed by Articles 66 to 69 of the Articles and sections 566 to 568 of the Companies Ordinance. On the request of shareholders of the Company, representing at least 5% of the total voting rights of all shareholders having a right to vote at general meetings, the Directors are required to call a general meeting. Such requisition must clearly state the general nature of the business to be dealt with and may include the text of a resolution that may properly be moved and is intended to be moved at the EGM, be authenticated by the shareholder(s) making the request, and sent to the Company in hard copy form to the Company's registered office address at 8/F., Wah Shing Centre, 5 Fung Yip Street, Siu Sai Wan, Hong Kong or in electronic form by email to ir@yingkeetea.com. Directors will be required to call an EGM within 21 days after they become subject to the requirement, and such EGM must be held on a date not more than 28 days after the date of the notice convening the meeting is given. If the Directors fail to do so, the shareholders who requested the general meeting may themselves call the general meeting.

Procedures for shareholders to put forward proposals at general meetings

Shareholders are encouraged to attend all general meetings of the Company. The following shareholders are entitled to request the Company to give notice of a resolution that may properly be moved at an AGM of the Company pursuant to sections 615 to 616 of the Companies Ordinance.:

(a) shareholders representing at least 2.5% of the total voting rights of all the shareholders who have a relevant right to vote; or

(b) at least 50 shareholders who have a relevant right to vote.

Whilst giving the request, shareholders are recommended to provide written explanation of the reasons and material implications relating to the proposed resolutions to enable all of the shareholders to properly consider and determine the proposed resolutions.

The request identifying the proposed resolution shall be submitted by written or electronic format, authenticated by the shareholder(s) making the request, and sent to the Company in hard copy form to the Company's registered office address at 8/F., Wah Shing Centre, 5 Fung Yip Street, Siu Sai Wan, Hong Kong or in electronic form by email to ir@yingkeetea.com not less than six weeks before the annual general meeting, or if later, the time at which notice is given of that meeting. The Company would take appropriate actions and make necessary arrangements in accordance with the requirements under the Companies Ordinance once valid documents are received.

Procedures for shareholders to send enquiries to the Board

Information including the Group's business, key corporate governance policies, announcements, and financial reports is available to the public at the Company's website (https://www.yingkeetea.com/en/ir_gov.php).

Shareholders may send any enquiries or requests which requires the Board's attention to the Company Secretary at the Company's principal office at 8/F., Wah Shing Centre, 5 Fung Yip Street, Siu Sai Wan, Hong Kong or by email to ir@yingkeetea.com.

Procedures for Shareholders to propose a person for election as a Director

The procedures for proposing a person for election as Director at a general meeting are set out under "Corporate Governance" in the "Investors Relations" section of the Company's website.

DIVIDEND POLICY

Principles and Guidelines

The Board has adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future business growth.

The Board has discretion to declare and distribute dividends to the shareholders of the Company, subject to the articles of association of the Company and all applicable laws and regulations and the factors set out below.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

a. financial results;

b. cash flow situation;

c. business conditions and strategies;

d. future operations and earnings;

e. capital requirements and expenditure plans;

f. interests of shareholders;

g. any restrictions on payment of dividends; and

h. any other factors that the Board may consider relevant.

Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as:

1. an interim dividend;

2. a final dividend;

3. a special dividend; and

4. any distribution of net profits that the Board may deem appropriate.

Any final dividend for a financial year will be subject to shareholders' approval.

The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the articles of association of the Company.

REVIEW OF THE DIVIDEND POLICY

The Board shall review the dividend policy as appropriate from time to time.

CONSTITUTIONAL DOCUMENTS

There has been no change to the articles of association of the Company during the Reporting Year. The current version of the articles of association of the Company is available on the websites of the Stock Exchange and the Company.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Chan Kwong Yuen, aged 68, has been an executive Director since October 2017. Mr. Chan Kwong Yuen is also the Chairman, a member of the Remuneration Committee and the Nomination Committee and one of the controlling shareholders of the Company (the "**Controlling Shareholders**"). He also holds directorships in all subsidiaries of the Company. Mr. Chan Kwong Yuen is responsible for overseeing the finance and investment aspects of the Group, and formulating the Group's strategy and evaluating and negotiation leasing terms and conditions with landlords. Mr. Chan Kwong Yuen is the brother of Mr. Chan Shu Yuen and the cousin of Mr. Chan Kun Yuen. He is also a director of Profit Ocean Enterprises Limited and Coastal Lion Limited, both of which have disclosable interests in the Shares under the provisions in Divisions 2 and 3 of Part XV of the SFO.

Mr. Chan Kwong Yuen has over 25 years of experience in the tea retail industry in Hong Kong. He first joined Ying Kee, a subsidiary of the Company, in January 1993 as a financial manager, responsible for overseeing the finance and investment aspects, and has been a director of Ying Kee since September 2010. Prior to that, Mr. Chan Kwong Yuen served as the General Manager of the Enamelware Division of Universal Steels Limited in Nigeria from January 1983 to December 1992. Mr. Chan Kwong Yuen received a Bachelor of Commerce with Honours from the University of British Columbia, Canada, in May 1999.

Mr. Chan Kun Yuen, aged 65, has been an executive Director since October 2017. He is the CEO, a member of the Remuneration Committee and the Nomination Committee and one of the Controlling Shareholders. He also holds directorships in all subsidiaries of the Company. Mr. Chan Kun Yuen is responsible for overseeing the Group's business development, marketing, and corporate strategy formulation and execution. Mr. Chan Kun Yuen is the cousin of both Mr. Chan Kwong Yuen and Mr. Chan Shu Yuen. He is also a director of Profit Ocean Enterprises Limited and Wealth City Global Limited, both of which have disclosable interests in the Shares under the provisions in Divisions 2 and 3 of Part XV of the SFO.

Mr. Chan Kun Yuen has over 20 years of experience in the tea retail industry in Hong Kong. He formally joined Ying Kee, a subsidiary of the Company, in October 2000 as a general manager working full-time, responsible for business development, marketing, and corporate strategy formulation and execution, and has been a director of Ying Kee since September 2010. Prior to that, Mr. Chan Kun Yuen served as a clerk with the shipping department of The East Asiatic Company Limited from September 1981 to June 1982. He also served as a clerk in the export department of Gibb, Livingston & Co. in June 1982 and was transferred to Gilman & Co., Ltd. in January 1983 and served until August 1986. From September 1986 to September 2000, Mr. Chan Kun Yuen was working part-time for Ying Kee as a marketing associate, responsible for formulating marketing proposals and strategies for Ying Kee. Mr. Chan Kun Yuen completed a one-year business course in office studies at Rosaryhill School in July 1981 after graduating from Hong Kong Chan Wai Chow Memorial College in November 1980.

Mr. Chan Shu Yuen, aged 64, has been an executive Director since October 2017. He is one of the Controlling Shareholders. He also holds directorships in all subsidiaries of the Company. Mr. Chan Shu Yuen is responsible for finding, selecting and negotiating with potential suppliers and building and maintaining relationships with them, overseeing the technical aspects of processing, monitoring quality control of final products in the warehouse, and resolving electrical and mechanical problems in processing. Mr. Chan Shu Yuen is the brother of Mr. Chan Kwong Yuen and the cousin of Mr. Chan Kun Yuen. He is also a director of Profit Ocean Enterprises Limited and Sky King Global Limited, both of which have disclosable interests in the Shares under the provisions in Divisions 2 and 3 of Part XV of the SFO.

Mr. Chan Shu Yuen formally joined Ying Kee, a subsidiary of the Company, in September 1990 as a full-time marketing manager, responsible for building and managing business relationship with business partners and overseeing the technical aspects of the business, and has been a director of Ying Kee since September 2010. From August 1979 to August 1990, Mr. Chan Shu Yuen was working part-time for Ying Kee as a purchaser, responsible for exploring new suppliers, purchasing and maintaining relationship with the suppliers. Mr. Chan Shu Yuen attended a one-year course in electrical craft at the Morrison Hill Technical Institute of the Hong Kong Education Department in July 1979 and received a certificate for a three-year part-time evening craft course for motor vehicle mechanics from Lee Wai Lee Technical Institute awarded by Vocational Training Council in June 1988.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Wai Ho ("**Mr. Lee**"), aged 49, joined the Board as an INED in March 2018. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee and Audit Committee. Mr. Lee is primarily responsible for providing independent advice to the Board.

Mr. Lee has been serving as a director of Capital Partners CPA Limited since 2004, specializing in advisory, audit and assurance services. He has more than 20 years of accounting and finance experience.

Mr. Lee received a Bachelor of Business Administration from The Chinese University of Hong Kong in December 1998. He is a practising certified public accountant of the Hong Kong Institute of Certified Public Accountants.

Ms. Hon Yin Wah ("**Ms. Hon**"), aged 54, joined the Board as an INED in December 2023. She is also the chairwoman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. Ms. Hon is primarily responsible for providing independent advice to the Board.

Ms. Hon has over 20 years' experience in accounting, financial management, and corporate governance. She worked at PricewaterhouseCoopers (now known as PwC) as an audit manager and served as senior executives of companies listed on the Stock Exchange and the NASDAQ Stock Market. From July 2021 to August 2022, Ms. Hon was the chief financial officer and company secretary of Shirble Department Store Holdings (China) Limited (Stock Code: 0312), which is listed on the Main Board of the Stock Exchange.

Ms. Hon graduated from the Hong Kong University of Science and Technology in 1994 with a Bachelor's degree in Business Administration, majoring in Accounting. She is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and has been a fellow of the Association of Chartered Certified Accountants.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Dr. Ip Wai Hung ("**Dr. Ip**"), aged 67, joined the Board as an INED in February 2025. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Dr. Ip is primarily responsible for providing independent advice to the Board.

Since June 2018, Dr. Ip has served as an independent non-executive director of Sheng Tang Holdings Limited (formerly known as Allurefem (Holding) Limited) (stock code: 8305). Additionally, from 2021 to present, he has been acting as an independent non-executive director of Sunny Side Up Culture Holdings Limited (stock code: 8082). The shares of both companies are listed on the GEM of the Stock Exchange.

Dr. Ip has more than 30 years of experience in the education industry and consultancy industry. Dr. Ip received his Doctor of Philosophy degree from Loughborough University of Technology (United Kingdom), a Master of Business Administration degree from Brunel University (United Kingdom), a Master of Science in Industrial Engineering specialising in management science from Cranfield Institute of Technology (United Kingdom), and Bachelor of Laws (Hons) degree from the University of Wolverhampton (United Kingdom). Dr. Ip is an Adjunct Professor of the Faculty of Graduate and Postdoctoral Studies, Department of Mechanical Engineering at the University of Saskatchewan (Canada), as well as an Industrial Fellow of WMG, the University of Warwick (United Kingdom). He is also a Senior Research Fellow in the Department of Industrial and Systems Engineering of the Hong Kong Polytechnic University and was an Associate Professor of the same department from April 1986 to August 2017. He is also a member of the Hong Kong Institution of Engineers and a senior member of the Institution of Electrical and Electronics Engineers.

SENIOR MANAGEMENT

Mr. So Stephen Hon Cheung ("**Mr. So**"), aged 69, joined as the chief financial officer and company secretary of Ying Kee, a subsidiary of the Company, in June 2017 and was appointed as the Chief Financial Officer and Company Secretary of the Company in October 2017. He is primarily responsible for financial reporting, accounting, corporate governance, statutory filings and legal compliance matters of the Group.

Mr. So has over 15 years' experience in manufacturing, wholesale and trading in the commercial sector. He is a director of the accounting firm T.M. Ho, So & Leung CPA Limited, and a fellow member of the Hong Kong Institute of Certified Public Accountants (Practising), a member of the Chartered Professional Accountants of Canada and a member of the Society of Certified Management Accountants of Canada. He holds a bachelor degree in commerce from the University of British Columbia, Canada. Mr. So has been an independent non-executive director of PINE Technology Holdings Limited (Stock Code: 1079) since September 2002, and both YGM Trading Limited (Stock Code: 375) and Yangtzekiang Garment Limited (Stock Code: 294) since September 2017, the shares which are listed on the Main Board of the Stock Exchange. Mr. So was an independent non-executive director of Milan Station Holdings Limited (Stock Code: 1150), Pinestone Capital Limited (Stock Code: 804), and Skyworth Digital Holdings Limited (Stock Code: 751) from April 2011 to February 2017, May 2015 to November 2022 and March 2000 to December 2014 respectively and Teamway International Group Holdings Limited (Stock Code: 1239) from August 2017 to June 2019, the shares of which are listed on the Main Board of the Stock Exchange.

Ms. Man Choi Ho ("**Ms. Man**"), aged 62, joined Ying Kee in June 1994. She was an administration clerk of Ying Kee until April 2005 when she was promoted to the position of administration manager. Ms. Man was appointed as the human resources and administration manager of the Company in October 2017.

The Directors are pleased to present their annual report and audited consolidated financial statements of the Group for the Reporting Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is an investment company incorporated in Hong Kong. Details of the principal activities of the subsidiaries of the Company are set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group during the Reporting Year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", the description of the principal risks and uncertainties facing the Group is set out in the section headed "Management Discussion and Analysis", the details of key performance indicators are set out in the sections headed "Management Discussion and Analysis" and "Financial Summary", the Group's environmental policies and performance are set out in the paragraph headed "Environmental Policies and Performance" below and the section headed "Environmental, Social and Governance Report", the Group's compliance with the relevant laws and regulations is set out in the paragraph headed "Compliance with Relevant Laws and Regulations" below and the section headed "Environmental, Social and Governance Report", and the Group's key relationships with employees, customers and suppliers are set out in the sections headed "Management Discussion and Analysis" and "Environmental, Social and Governance Report". The financial risk management objectives and policies of the Group are set out in note 28 to the consolidated financial statements. The above discussions form part of this Directors' Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 72 of this annual report.

No interim dividend (2024: Nil) was paid to the shareholders during the Reporting Year. The Directors do not recommend the payment of a final dividend to the shareholders.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 18 August 2025 to Friday, 22 August 2025 (both dates inclusive), during which period no share transfers will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting to be held on 22 August 2025 (the "**2025 AGM**"), all share transfers must be lodged with the Company's share registrar Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 15 August 2025.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the Reporting Year and for the past five years ended 31 March 2025, is set out on page 139 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

SHORT-TERM BORROWINGS

Particulars of short-term borrowings of the Group as at the end of the Reporting Year are set out in note 17 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Year, the aggregate revenue attributable to the Group's five largest customers accounted for approximately 2.5% (2024: 2.1%) of the Group's total revenue for the year.

During the Reporting year, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers accounted for approximately 22.9% (2024: 25.2%) and 67.7% (2024: 70.8%) of the Group's total purchase for the year, respectively.

At no time during the year under review, none of the Directors, their associates or any shareholders (which to the best knowledge of the Directors who owns more than 5% of the Company's total number of issued shares), has any interest in any of the above five largest customers or suppliers of the Group for the year.

PROPERTY, PLANT AND EQUIPMENT

During the Reporting Year, the Group has acquired plant and equipment in the sum of approximately HK$0.1 million (2024: HK$0.3 million). Details of these and other movements in the property, plant and equipment of the Group during the Reporting Year are set out in note 13 to the consolidated financial statements of the Group.

SHARE CAPITAL

As at the end of the Reporting Year, the number of issued ordinary Shares was 361,650,000.

Details of movements in the share capital of the Group during the Reporting Year are set out in note 22 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Reporting Year are set out in the consolidated statement of changes in equity and note 23 to the consolidated financial statements of the Group.

DISTRIBUTABLE RESERVES OF THE GROUP

No reserves of the Group are available for distribution to shareholders as at the end of the Reporting Year (2024: Nil).

CONTINUING CONNECTED TRANSACTIONS

For the Reporting Year, the Group had the following continuing connected transactions that were subject to the annual review requirements under Chapter 20 of the GEM Listing Rules:

Tenancy Agreements entered into between Ying Kee and Golden Ocean International Holdings Limited ("Golden Ocean")

On 3 May 2024, Ying Kee entered into two tenancy agreements with Golden Ocean ("**2024 Golden Ocean Tenancy Agreements**"), pursuant to which Golden Ocean agreed to lease, and Ying Kee agreed to rent, the following premises owned by Golden Ocean for a term of one year from 1 April 2024 until and including 31 March 2025 at a monthly rental (excluding rates and building management fees) of HK$178,000 and HK$135,000, respectively:

Siu Sai Wan Premises

8/F., Wah Shing Centre, 5 Fung Yip Street, Siu Sai Wan, Hong Kong (with 15,812 square feet) ("**Siu Sai Wan Premises**")

Shop 6

Shop D on G/F., Silver Commercial Building, No. 719 Nathan Road, Mong Kok, Kowloon, Hong Kong (with 484 square feet) ("**Shop 6**")

The monthly rentals payable to Golden Ocean were comparable to the market rental charge in the local property market for adjacent properties within the accessible distance and determined with reference to the valuation conducted by an independent qualified valuer.

Golden Ocean is an entity controlled by the Mr. Chan Kun Yuen, Mr. Chan Kwong Yuen, Mr. Chan Shu Yuen and Mr. Chan Tat Yuen (the "**four Chans**"). As the four Chans are Controlling Shareholders of the Company, Golden Ocean is an associate of the four Chans, and is therefore a connected person of the Company.

The annual cap on the rentals payable to Golden Ocean for Siu Sai Wan Premises and Shop 6 for the Reporting Year was HK$1,104,000 and HK$696,000, respectively.

For the Reporting Year, the monthly rental for the Siu Sai Wan Premises and Shop 6 have been revised downwards from HK$178,000 and HK$135,000 respectively, to HK$89,000 and HK$67,500 respectively, resulting in a reduction of the total rental payable for the Reporting Year (as disclosed in the announcement of the Company dated 15 May 2025). Accordingly, the actual rentals paid to Golden Ocean for Siu Sai Wan Premises and Shop 6 amounted to HK$1,068,000 and HK$810,000, respectively.

On 15 May 2025, Ying Kee renewed two tenancy agreements with Golden Ocean for Siu Sai Wan Premises and Shop 6 for a further term of 1 year at a monthly rental (excluding rates and building management fees) as follows:

Siu Sai Wan Premises

Period	Monthly Rental
1 April 2025 to 31 March 2026	HK$92,000

Shop 6

Period	Monthly Rental
1 April 2025 to 31 March 2026	HK$58,000

Except as disclosed above, the terms of the renewed tenancy agreements are substantially the same as those set out in the 2024 Golden Ocean Tenancy Agreements.

The INEDs have reviewed the above non-exempt continuing connected transactions and confirmed that the transactions:

(i) have been entered into in the ordinary and usual course of the Group's business;

(ii) are on normal commercial terms or better; and

(iii) have been carried out in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The auditor of the Company has reviewed the above continuing connected transactions and provided a letter to the Company confirming that in respect of the above continuing connected transactions nothing has come to the auditor's attention that causes it to believe that the transactions:

(1) have not been approved by the Board;

(2) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(3) have exceeded the annual cap.

The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules during the Reporting Year.

RELATED PARTY TRANSACTIONS

Save for the transactions disclosed in the paragraph headed "Continuing Connected Transactions" above, during the Reporting Year, the Group had entered into certain related party transactions but these transactions were not regarded as connected transactions or continuing connected transactions under the GEM Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the GEM Listing Rules. Details of these related party transactions are disclosed in note 26 to the consolidated financial statements.

DONATIONS

During the year, the Group did not make any charitable donations (2024: HK$Nil).

DIRECTORS

The Directors of all subsidiaries during the Reporting Year and up to the date of this annual report are:

Mr. Chan Kwong Yuen
Mr. Chan Kun Yuen
Mr. Chan Shu Yuen
Mr. Chan Tat Yuen

The Directors of the Company during the Reporting Year and up to the date of this annual report are:

Executive Directors

Mr. Chan Kwong Yuen *(Chairman)*
Mr. Chan Kun Yuen *(CEO)*
Mr. Chan Shu Yuen

Independent Non Executive Directors

Mr. Lee Wai Ho
Mr. Wong Chee Chung *(Resigned on 1 December 2024)*
Ms. Hon Yin Wah
Dr. Ip Wai Hung *(Appointed on 28 February 2025)*

Pursuant to Article 119(c) of the Company's articles of association, Mr. Lee and Dr. Ip will retire and, being eligible, offer themselves for re-election at the 2025 AGM.

Pursuant to the article 120(e) of the Company's articles of association, any Director who holds position as an ED shall not be subject to the retirement-rotation requirement of the Company's articles of association, but for the avoidance of doubt, the provisions of the Company's articles of association shall not prejudice the power of shareholders in a general meeting to remove any such Director. However, EDs are still subject to retirement by rotation at least once every three years in accordance with the CG Code.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the annual confirmation of independence from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. The Board has assessed their independence and concluded that all INEDs are independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management of the Group are set out on pages 50 to 52 of the annual report.

DIRECTORS SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of the EDs has entered into a service contract with the Company for a fixed term of three years commencing from 16 April 2018, being the listing date of the Company, renewable automatically for successive terms of one year each upon expiration of the initial term, which can be terminated before the expiration of the term by not less than three months' written notice served by either party on the other.

Mr. Lee Wai Ho, has signed an appointment letter with the Company for a term of two years with effect from 16 April 2018, being the listing date of the Company, renewable automatically for successive terms of one year each upon expiration of the initial term, which can be terminated by not less than two months' written notice served by either party on the other. Ms. Hon Yin Wah was appointed as an INED during the previous Reporting Year and has signed an appointment letter with the Company with effect from 1 December 2023. As regards a new appointment during the Reporting Year, Dr. Ip Wai Hung has signed an appointment letter with the Company for a term of one year with effect from 28 February 2025. Both service contracts of Ms. Hon Yin Wah and Dr. Ip Wai Hung are renewable automatically for successive terms of one year each upon expiration of the initial term, which can be terminated by not less than two months' written notice served by either party on the other. The appointments of the INEDs as mentioned above are subject to the provisions of retirement and rotation of Directors under the Company's articles of association.

Each of the Directors does not have a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CHANGES IN INFORMATION OF DIRECTORS

Subsequent to the date of the 2024/25 interim report of the Company, the changes in Directors' information during the Reporting Year and up to the date of this report, as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules, are set out below:

Dr. Ip Wai Hung was appointed as an INED, the chairman and member of the Remuneration Committee and member of each of the Nomination Committee and Audit Committee with effect from 28 February 2025.

Following the appointment of Dr. Ip Wai Hung, the Company has fully complied with the requirement as set out in Rules 5.05(1), 5.28, 5.34 and 5.36A of the GEM Listing Rules. Please refer to the announcement of the Company dated 28 February 2025 for details.

Save for the information above, the Company is not aware of any other change in Directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules subsequent to the date of this report.

EMOLUMENT POLICY AND FIVE HIGHEST PAID INDIVIDUALS

The emoluments of the Directors are reviewed by the Remuneration Committee from time to time with reference to the qualifications, responsibilities, experience and performance of the individual Directors, and the operating results of the Group. Details of the policy are set out in the "Corporate Governance Report" on page 30 of the annual report.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 10 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company has conditionally approved and adopted a share option scheme (the "**Share Option Scheme**") by written resolutions on 14 March 2018. Further details of the Share Option Scheme are set out in the section headed "Statutory and General Information – 8. SHARE OPTION SCHEME" in Appendix IV of the Prospectus.

The purpose of the share option scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, would enable the Group to reward the employees of the Company, the Directors and other selected eligible participants for their contributions to the Group.

Pursuant to the Share Option Scheme, each option gives the holder the right to subscribe for one ordinary share in the Company. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of adoption of the Share Option Scheme. The total number of Shares issued and to be issued upon exercise of the options granted to each eligible participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the number of Shares in issue as at the date of grant ("**Individual Limit**"). Any further grant of options to an eligible participant which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such eligible participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of grant of such further options exceeding the Individual Limit shall be subject to shareholders' approval in advance, with such eligible participant and his close associates (such term having the same meaning as the term "associate" under Rule 1.01 of the GEM Listing Rules in relation to any director, chief executive or substantial shareholder (being an individual)) (or his associates if such eligible participant is a connected person) abstaining from voting. An offer for the grant of an option shall remain open for acceptance for a period of 7 days from the date of the offer. HK$1.00 is payable by the grantee to the Company on acceptance of the offer of the option. The exercise price for a share in respect of any particular option granted under the Share Option Scheme (which shall be payable upon exercise of the option) shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (i) the official closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share. The Share Option Scheme does not impose any vesting conditions.

On 9 September 2019, the Company granted to certain participants entitled under the Share Option Scheme, subject to their acceptance, a maximum of share options to subscribe for a total of 32,300,000 ordinary shares of the Company under the Share Option Scheme.

The above options granted under the Share Option Scheme were exercised, lapsed or cancelled as at the last day of the exercisable period on 31 May 2023. Since then and throughout the Reporting Period, no share options were granted, exercised, lapsed or cancelled under the Share Option Scheme. There were no outstanding options as at 1 April 2024 and 31 March 2025. Accordingly, the calculation of the ratio of the number of Shares that may be issued in respect of options granted under the Share Option Scheme during the Reporting Period to the weighted average number of Shares in issue for the Reporting Period is not applicable.

The numbers of options available for grant under the Share Option Scheme on 1 April 2024 and 31 March 2025 were 3,700,000 and 3,700,000 respectively. The total number of Shares available for issue under the Share Option Scheme is 3,700,000 Shares, representing approximately 1.02% of the issued Shares as at the date of this report.

The Share Option Scheme is effective for a period of 10 years commencing on the date of the adoption of the Share Option Scheme by written resolutions of the Company dated 14 March 2018. Accordingly, the remaining life of the Share Option Scheme is approximately 3 years.

DIRECTOR'S MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed under the paragraph headed "Continuing Connected Transactions" above, none of the Directors or a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiary was a party during the Reporting Year.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions brought against its Directors and senior management arising out of corporate activities. As required by section 470 of the Companies Ordinance, the Directors confirm that the permitted indemnity provision was in force for the benefit of the Directors during the Reporting Year and is still in force as at the date of on which this Directors' Report was approved in accordance with section 391(1)(a) of the Companies Ordinance.

MANAGEMENT CONTRACTS

As at the end of the Reporting Year, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of acquisition of shares in, or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age at any time during the Reporting Year, nor were any such rights exercised by them, nor was the Company or any of the Company's subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

So far as the Directors are aware, as at the end of the Reporting Year, the interests and short positions of the Directors and chief executive 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 SFO) which were (i) 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 (ii) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or (iii) 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
Chan Kwong Yuen	Interested in a controlled corporation	270,000,000 (Note 1)	74.66%
Chan Kun Yuen	Interested in a controlled corporation	270,000,000 (Note 1)	74.66%
Chan Shu Yuen	Interested in a controlled corporation	270,000,000 (Note 1)	74.66%
Wong Chee Chung *(Resigned on 1 December 2024)*	Beneficial owner	200,000	0.06%

Notes:

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

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

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 in	Percentage of shareholding
Chan Kwong Yuen	Profit Ocean	Interest in a controlled corporation	250	25%
	Coastal Lion	Beneficial owner	100	100%
Chan Kun Yuen	Profit Ocean	Interest in a controlled corporation	250	25%
	Wealth City	Beneficial owner	100	100%
Chan Shu Yuen	Profit Ocean	Interest in a controlled corporation	250	25%
	Sky King	Beneficial owner	100	100%

Save as disclosed above, as at the end of the Reporting Year none of the Directors and chief executive 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 in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Directors or CEO, as at the end of the Reporting Year, the following persons/entities (other than the Directors and chief executive of the Company) who had or were deemed to have an interest or a short position in the Shares or the underlying Shares 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, deemed 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	74.66%
Mr. Wong Tak Ming	Beneficial owner	18,135,000	5.01%
Tri-Luck	Interest in a controlled corporation	270,000,000 (Note 1)	74.66%
Wealth City	Interest in a controlled corporation	270,000,000 (Note 1)	74.66%
Sky King	Interest in a controlled corporation	270,000,000 (Note 1)	74.66%
Coastal Lion	Interest in a controlled corporation	270,000,000 (Note 1)	74.66%
Mr. Chan Tat Yuen	Interest in a controlled corporation	270,000,000 (Note 1)	74.66%
Ms. Chu Min	Interest of spouse	270,000,000 (Note 2)	74.66%
Ms. Chan King Chi	Interest of spouse	270,000,000 (Note 3)	74.66%
Ms. Po Miu Kuen Tammy	Interest of spouse	270,000,000 (Note 4)	74.66%
Ms. Ng Wai Lam Lana Zoe	Interest of spouse	270,000,000 (Note 5)	74.66%

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% each, while the total issued share capital of each of Tri-Luck, Wealth City, Sky King and Coastal Lion is wholly owned by Mr. Chan Tat Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen and Mr. Chan Kwong Yuen, respectively.

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

2. Ms. Chu Min is the spouse of Mr. Chan Tat Yuen. For the purposes of the SFO, Ms. Chu Min is deemed to be interested in the shares held by Mr. Chan Tat Yuen.

3. Ms. Chan King Chi is the spouse of Mr. Chan Kun Yuen. For the purposes of the SFO, Ms. Chan King Chi is deemed to be interested in the shares held by Mr. Chan Kun Yuen.

4. Ms. Po Miu Kuen Tammy is the spouse of Mr. Chan Shu Yuen. For the purposes of the SFO, Ms. Po Miu Kuen Tammy is deemed to be interested in the shares held by Mr. Chan Shu Yuen.

5. Ms. Ng Wai Lam Lana Zoe is the spouse of Mr. Chan Kwong Yuen. For the purposes of the SFO, Ms. Ng Wai Lam Lana Zoe is deemed to be interested in the shares held by Mr. Chan Kwong Yuen.

Save as disclosed above, as at the end of the Reporting Year, no person, other than the Directors of the Company whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying shares and Debenture 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 that was required to be recorded pursuant to Section 336 of the SFO.

As at the end of the Reporting Year, 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 any loan agreements with covenants relating to specific performance of the Controlling Shareholders. Moreover, neither the Company nor its subsidiaries provided any financial assistance and guarantees to affiliated companies of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interest with Group during the Reporting Year.

DEED OF NON-COMPETITION

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Mr. Chan Tat Yuen, Mr. Chan Kwong Yuen, Mr. Chan Kun Yuen, Mr. Chan Shu Yuen, Profit Ocean, Tri-Luck, Wealth City, Sky King, and Coastal Lion (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into a deed of non–competition with the Company (for itself and for the benefit of each other member of the Group) on 5 December 2017 ("**Deed of Non-Competition**"). Pursuant to the Deed of Non-Competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as a trustee for its subsidiary, if applicable) that, during the period that the Deed of Non-Competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors further undertakes that if he/it or any of his/its close associates, other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and shall procure his/its close associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantor(s) (and his/its close associates, if applicable) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the INEDs (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest, including but not limited to the relevant meeting of the INEDs for considering whether or not to exercise the right of first refusal.

Each of the covenantors also gave certain non-competition undertakings under the Deed of Non-Competition as set out in the paragraph headed "Relationship with our Controlling Shareholders – Non-Competition Undertaking" in the Prospectus.

The Company has received an annual written confirmation from each of the Covenantors in respect of their respective compliance with the terms of the Deed of Non-Competition during the Reporting Year.

The INEDs have also reviewed and were satisfied that each of the Controlling Shareholders had complied with the terms of the Deed of Non– Competition during the Reporting Year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Environmental considerations are always an integral part of the Group's decision-making process. By focusing on reducing resource consumption during its operations and engaging the community in its work, the Group can act as one of the catalysts for a sustainable future. To help conserve the environment, the Group implements green practices such as reusing and recycling papers, separating paper waste from other waste for easier collection, recycling paper waste instead of disposing them directly, reducing energy consumption by replacing the majority of the lighting system with LED alternatives and switching off air conditioning and electrical appliances when not used. The Group's operations have complied in all material respects with currently applicable local environmental protection laws and regulations in Hong Kong during the Reporting Year.

A report on environmental, social and governance matters was set out on pages 12 to 29 of the annual report.

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices are set out in the Corporate Governance Report on pages 30 to 49 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the business and operation of the Group in the event of a material breach or non-compliance. During the Reporting Year, there was no material breach or non-compliance with the applicable laws and regulations by the Group.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme disclosed above, there was no equity-linked agreement entered into by the Company during the Reporting Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the public float as required under the GEM Listing Rules throughout the Reporting Year and has continued to maintain such float as at the date of this annual report.

AUDIT COMMITTEE

The Company established the Audit Committee on 14 March 2018 with written terms of reference in compliance with the requirements set out in Rule 5.28 of 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 three members, being all of the INEDs, namely Mr. Lee Wai Ho, Ms. Hon Yin Wah and Dr. Ip Wai Hung. The chairwoman 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, which is of the view that the consolidated financial statements complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

AUDITOR

There has been no change in auditor since 16 April 2018, being the listing date of the Company. The consolidated financial statements for the Reporting Year have been audited by Grant Thornton Hong Kong Limited, who will retire, and being eligible, offer themselves for re-appointment at the 2025 AGM. A resolution will be proposed at the 2025 AGM to re-appoint Grant Thornton Hong Kong Limited as the auditors of the Company.

ON BEHALF OF THE BOARD

Chan Kwong Yuen
Chairman

Hong Kong, 27 June 2025

INDEPENDENT AUDITOR'S REPORT

Grant Thornton
致同

To the members of Ying Kee Tea House Group Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Ying Kee Tea House Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 72 to 138, which comprise the consolidated statement of financial position as at 31 March 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"). We have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to notes 2.13 and 5 to the consolidated financial statements

The Key Audit Matters	How the matter was addressed in our audit
The revenue is the primary financial key performance indicator of the Group. Therefore, we identified revenue recognition as a significant risk.	Our audit procedures in relation to the revenue recognition included: – understanding the revenue system of the Group; – determining whether revenue is recorded in the accounting system consistent with the accounting policy and considering the appropriateness of that policy; – testing the samples of sales transactions to ensure the record and postings of sales transactions were correct and properly made; – performing sales cut-off test to ensure the record and postings of sales transactions were made in proper accounting period; – performing analytical review on the gross profit to identify the trends and variances comparing with our understanding of the financial performance of the Group; and – performing analytical review on sales trends by location, by product type and by month to identify trends and variances that would require further substantive testing.

KEY AUDIT MATTERS (CONTINUED)

Impairment of property, plant and equipment and right-of-use assets

Refer to notes 2.14, 4.1 and 13 to the consolidated financial statements

The Key Audit Matters	How the matter was addressed in our audit
The Group had significant property, plant and equipment (including the right-of-use assets) as at 31 March 2025 amounted to HK$86,286,000 before current year impairment. These assets were allocated to the retail shops as individual cash generating units ("**CGUs**") from which the sales of tea products business arose. The Group had reported losses in certain CGUs in the current year which indicates the carrying amount of property, plant and equipment to the corresponding CGUs may be impaired. The Group has performed an impairment assessment on these assets as at 31 March 2025 to determine the recoverable amount of each of the CGU to which the assets belongs, based on the valuations performed by an independent qualified professional valuer (the "**Valuer**"). Based on the results of the assessment, it is concluded that there was impairment in respect of property, plant and equipment (including the right-of-use assets) amounted to HK$8,940,000 for the year ended 31 March 2025. We identified the impairment assessment as a key audit matter because of the significance of the carrying values of the property, plant and equipment (including the right-of-use assets) amounted to HK$77,346,000 (representing 89% of total assets) and the significant judgements and estimations involved in the assessment of their recoverable amounts.	Our audit procedures in relation to the impairment assessments of the carrying values of property, plant and equipment and right-of-use assets included: – discussing with management and understanding management's impairment assessment process; – evaluating management's identification of CGUs and reasonableness of the allocation of property, plant and equipment (including the right-of-use assets) to the corresponding CGUs; – assessing the competence, capabilities and objectivity of the Valuer, and checking the qualifications of the Valuer; – assessing the arithmetic accuracy of the value-in-use calculation of the cash flow forecast and fair value less costs of disposal and the respective impairment loss calculation; and – obtaining an understanding from the Valuer about the methodologies used, the inputs and assumptions adopted, such as revenue growth rates, terminal growth rate, the discount rates and the assumptions in particular in relation to gross profit, operating expenses and capital expenditure, adopted in the valuation model and, with the assistance of our valuation experts, assessing the appropriateness of these methodologies, inputs and assumptions based on other available market data taking into account the historical performance of the Group.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2025 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

27 June 2025

Lam Kam Fung
Practising Certificate No.: P07822

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	5	**30,280**	33,937
Cost of sales		**(7,062)**	(7,770)
Gross profit		**23,218**	26,167
Other income	6	**23**	76
Selling and distribution costs		**(1,662)**	(1,816)
Administrative expenses		**(33,802)**	(34,751)
Finance costs	7	**(4,657)**	(4,358)
Loss before income tax	8	**(16,880)**	(14,682)
Income tax expenses	9	**–**	–
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	20	**(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	12	**(4.67)**	(4.06)

The notes on pages 78 to 138 are an integral part of these consolidated financial statements.

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	13	**77,346**	88,636
Rental deposits	15	**510**	518
		77,856	89,154
Current assets			
Inventories	14	**5,887**	6,663
Trade and other receivables	15	**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	16	**1,072**	1,243
Bank borrowings	17	**14,101**	15,836
Promissory notes	18	**38,043**	–
Lease liabilities	19	**6,288**	6,343
		59,504	23,422
Net current liabilities		**(50,209)**	(10,996)
Total assets less current liabilities		**27,647**	78,158
Non-current liabilities			
Provision for long service payment	20	**1,358**	808
Provision for reinstatement cost		**747**	747
Bank borrowings	17	**31,500**	33,750
Amount due to a related company	21	**3,000**	–
Promissory notes	18	**–**	35,698
Lease liabilities	19	**1,792**	586
		38,397	71,589
Net (liabilities)/assets		**(10,750)**	6,569

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Equity			
Share capital	22	**42,312**	42,312
Reserves		**(53,062)**	(35,743)
(Capital deficiency)/Total equity		**(10,750)**	6,569

Chan Kun Yuen
Director

Chan Shu Yuen
Director

The notes on pages 78 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Share capital HK$'000 (note 22)	Capital reserve HK$'000 (note 23)	Share option reserve HK$'000	Contribution reserve HK$'000 (note 23)	Accumulated losses HK$'000	Total equity HK$'000
Balance at 1 April 2023	42,260	990	2,072	12,843	(36,788)	21,377
Exercise of share options (note 24)	52	–	(14)	–	–	38
Lapse of share options (note 24)	–	–	(2,058)	–	2,058	–
Transactions with owners	52	–	(2,072)	–	2,058	38
Loss for the year	–	–	–	–	(14,682)	(14,682)
Other comprehensive expense for the year (note 20)	–	–	–	–	(164)	(164)
Total comprehensive expense	–	–	–	–	(14,846)	(14,846)
Balance at 31 March 2024 and 1 April 2024	**42,312**	**990**	**–**	**12,843**	**(49,576)**	**6,569**
Loss for the year	**–**	**–**	**–**	**–**	**(16,880)**	**(16,880)**
Other comprehensive expense for the year (note 20)	**–**	**–**	**–**	**–**	**(439)**	**(439)**
Total comprehensive expense	**–**	**–**	**–**	**–**	**(17,319)**	**(17,319)**
Balance at 31 March 2025	**42,312**	**990**	**–**	**12,843**	**(66,895)**	**(10,750)**

The notes on pages 78 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
Cash flows from operating activities		
Loss before income tax	**(16,880)**	(14,682)
Adjustments for:		
Depreciation on property, plant and equipment	**3,718**	4,253
Depreciation on right-of-use assets	**2,978**	6,507
Amortisation of reinstatement cost	**15**	28
Long service payment obligations:		
– expenses recognised in profit or loss	**111**	127
Interest income	**(3)**	(5)
Interest expenses	**4,657**	4,358
Write-back of provision for reinstatement cost	**–**	(42)
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
Operating profit before working capital changes	**3,536**	6,233
Changes in working capital:		
Inventories	**775**	311
Trade and other receivables	**936**	(744)
Trade and other payables	**(173)**	290
Cash generated from operations	**5,074**	6,090
Income taxes paid	**(10)**	(65)
Net cash generated from operating activities	**5,064**	6,025
Cash flows from investing activities		
Interest received	**3**	5
Purchase of property, plant and equipment	**(128)**	(279)
Payment of reinstatement cost	**–**	(75)
Net cash used in investing activities	**(125)**	(349)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 **HK$'000**	2024 HK$'000
Cash flows from financing activities		
Interest paid	**(2,312)**	(2,123)
Proceeds from new bank borrowings	**18,000**	18,000
Proceeds from share issuance under share options scheme	**–**	38
Proceeds from a related company	**3,000**	–
Payment of lease liabilities	**(3,081)**	(5,001)
Repayment of bank borrowings	**(21,985)**	(15,956)
Net cash used in financing activities	**(6,378)**	(5,042)
Net (decrease)/increase in cash and cash equivalents	**(1,439)**	634
Cash and cash equivalents at the beginning of the year	**2,912**	2,278
Cash and cash equivalents at the end of the year, represented by cash and bank balances	**1,473**	2,912

The notes on pages 78 to 138 are an integral part of these consolidated financial statements.

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**").

These consolidated financial statements for the year ended 31 March 2025 were approved for issue by the board of directors on 27 June 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") 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 ("**HKASs**") 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 material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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 18) 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 assumption 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Going concern assessment (Continued)

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.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of its subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

2.4 Foreign currency translation

The consolidated financial statements are presented in Hong Kong Dollars (HK$), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair values were determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost (other than cost of right-of-use assets as described in note 2.10) includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values (if any) over their estimated useful lives, using the reducing balance method, at the following rates per annum, except for reinstatement cost and leasehold land and buildings which are amortised over the shorter of its estimated useful life or lease term using the straight-line method:

Machinery and equipment	20%
Leasehold improvement and furniture and fixtures	20%
Leasehold land and buildings	Over the shorter of its estimated useful life or unexpired period of the lease of land

Accounting policy for depreciation of right-of-use assets is set out in note 2.10.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Trade receivables that do not contain a significant financing component are measured at the transaction price in accordance with HKFRS 15 "Revenue from Contracts with Customers".

Financial assets are classified into at amortised cost.

The classification is determined by both:

– the entity's business model for managing the financial asset; and

– the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or other income, except for expected credit losses ("**ECL**") of trade and other receivables which is presented within administrative expenses.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and bank balances and trade and other receivables fall into this category of financial instruments.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (Continued)

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include bank borrowings, lease liabilities, trade and other payables and promissory notes.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or other income.

Accounting policy for lease liabilities are set out in note 2.10.

Bank borrowings

Bank borrowings are recognised initially at fair values, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless as at the end of the reporting period, the Group has a right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Other financial liabilities

Trade and other payables, amount due to a related company and promissory notes are recognised initially at their fair values and subsequently measured at amortised costs, using the effective interest method.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of financial assets

HKFRS 9's impairment requirements use forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included financial assets measured at amortised cost and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

– financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("**Stage 1**") and

– financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("**Stage 2**").

"Stage 3" would cover financial assets that have objective evidence of impairment at the end of the reporting period.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the end of each reporting period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of the reporting period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

– an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost (Continued)

For internal credit risk management, the Group considers an event of default occurs when (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group); or (ii) the financial asset is 90 days past due.

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 28.4.

2.8 Inventories

Inventories are carried at the lower of costs and net realisable values. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis. It excludes borrowing costs.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Leases (Continued)

Definition of a lease and the Group as a lessee (Continued)

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use assets and a lease liability on the consolidated statement of financial position. The right-of-use assets is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use assets for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments changes due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Leases (Continued)

Definition of a lease and the Group as a lessee (Continued)

Measurement and recognition of leases as a lessee (Continued)

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use assets, or profit and loss if the right-of-use assets is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

On the consolidated statement of financial position, right-of-use assets have been included in "property, plant and equipment", the same line as it presents the underlying assets of the same nature that it owns.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

2.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.13 Revenue recognition

Revenue arises mainly from sales of tea products.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Group's revenue and other income recognition policies are as follows:

Sales of tea products

Sales of goods is recognised when or as the Group transfers control of the tea products to the customer. Invoices for goods transferred are due upon receipt by the customer.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of non-financial assets

The Group's property, plant and equipment (including right-of-use assets) and the Company's interests in subsidiaries are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit ("**CGU**")). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Impairment loss is charged pro rata to the assets in the CGU, except that the carrying amount of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.15 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment ("**LSP**") if the eligibility criteria are met. The LSP are defined benefits plans.

Defined contribution plans

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund ("**MPF**") Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Employee benefits (Continued)

Defined benefit plans

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee's length of service and corresponding salary. The legal obligations for any benefits remains with the Group.

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

Management estimates the LSP obligations annually with the assistance of independent actuaries. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to Hong Kong Government bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

Defined benefit costs are categorised as follows:

- service cost (including current and past service cost, and gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Net interest expense on the net defined benefit liability is included in employee benefits expenses.

Gains and losses resulting from remeasurements of the net defined benefit liability, comprising actuarial gains and losses, are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Employee benefits (Continued)

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Share-based compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. Their fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability, sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the "share option reserve" in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

At the time when the share options are exercised, the amount previously recognised in "share option reserve" will be transferred to "share capital". After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in "share option reserve" will be transferred to "accumulated losses".

2.16 Borrowing costs

Borrowing costs are recognised in profit or loss in which they are incurred.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expenses in the profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of the reporting period.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

– income or loss excluding reversals of temporary differences; and

– reversals of existing temporary differences.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Accounting for income taxes (Continued)

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.18 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors, the chief operating decision maker, for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

- (i) the entity and the Group are members of the same group.
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) the entity and the Group are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

3.1 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 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.

3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS (CONTINUED)

3.1 Amended HKFRS Accounting Standards that are effective for annual periods beginning on 1 April 2024 (Continued)

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") (Continued)

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.

3.2 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.

3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS (CONTINUED)

3.2 Issued but not yet effective HKFRS Accounting Standards (Continued)

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".

3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS (CONTINUED)

3.2 Issued but not yet effective HKFRS Accounting Standards (Continued)

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. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition, the ageing of the inventories and the historical experience of selling products of similar nature. Management reassess these estimates at the reporting date to ensure inventories are carried at the lower of cost and net realisable value. If the market condition was to deteriorate, resulting in a lower net realisable value of such inventories, additional allowances may be required. The carrying amounts of inventories at each reporting date are disclosed in note 14.

Estimation of impairment of trade and other receivables within the scope of ECL under HKFRS 9

The Group makes allowances on items subjects to ECL, including trade and other receivables, based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period as set out in note 2.7. The carrying amounts of trade and other receivables at each reporting date are disclosed in note 15.

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade receivables and other receivables within the scope of ECL under HKFRS 9 and credit losses in the periods in which such estimate has been changed.

Useful lives, residual values and depreciation of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation charge where useful lives or residual values are materially different from those previously estimated. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expenses in the future periods. The carrying amounts of property, plant and equipment at each reporting date are disclosed in note 13.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Estimation uncertainty (Continued)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management make assumptions about future revenue, gross profit, operating expense and capital expenditure. These assumptions relate to future events and circumstances and the actual results may vary.

Determining the appropriate discount rate involves estimating the appropriate adjustment for market. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in note 13.

During the year ended 31 March 2025, the Group has incurred impairment loss of approximately HK$5,810,000 (2024: HK$3,918,000) and HK$3,130,000 (2024: HK$1,743,000) on property, plant and equipment and right-of-use assets respectively.

Deferred tax

The Group recognises tax/deferred tax assets and liabilities for anticipated tax based on estimates of when the tax/deferred tax will be paid or recovered. When the final outcome of these matters is different from the amounts initially recorded, such differences impact the period in which the determination is made. Critical accounting estimates relate to the profit forecasts used to determine the extent to which deferred tax assets are recognised from available losses and the period over which they are estimated.

Estimation of LSP obligations

Management's estimate of the LSP obligations is based on a number of critical underlying assumptions such as the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Variation in these assumptions may significantly impact the LSP obligations amount and the annual defined benefit expenses amount.

Any changes in these assumptions will impact the carrying amount of LSP obligations.

As at 31 March 2025, the carrying amount of LSP obligations was HK$1,358,000 (2024: HK$808,000). Details of key assumptions and impact of possible changes in key assumptions are disclosed in note 20.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Critical accounting judgements

Going concern basis

As disclosed in note 2.1, the consolidated financial statements have been prepared on a going concern basis. The appropriateness of the going concern basis is assessed after taking into consideration all relevant available information about future of the Group, including the Group's cash position, its availability to obtain financing facilities and financial support from a related company to finance its continuing operations and the cash flow forecasts of the Group. Such assessment inherently involves uncertainties. Actual results could differ significantly and hence render the adoption of the going concern basis inappropriate.

Determination of the lease term in lease contracts and discount rate

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension options, or not exercise a termination option. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by the Group; and
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

Extension options are only included in the lease term if the lease is reasonably certain to be extended, which in turn affect the carrying amounts of lease liabilities and corresponding right-of-use assets.

During the years ended 31 March 2025 and 2024, the Group entered into several new and modified contracts with lessors to revise the monthly rental and extend the lease terms of the leases, resulted in additions in amount of HK$4,233,000 (2024: HK$6,023,000) of right-of-use assets included in property, plant and equipment and lease liabilities recognised.

In determining the discount rate, the Group exercised considerable judgement in relation to determining the discount rate taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and effective date of the modification.

5. REVENUE AND SEGMENT REPORTING

5.1 Revenue

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

	2025 HK$'000	2024 HK$'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

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

5.2 Segment information

The Group has determined the operating segments based on the information reported to the executive directors, the chief operating decision maker. During the years ended 31 March 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.

6. OTHER INCOME

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

7. FINANCE COSTS

	2025 **HK$'000**	2024 HK$'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

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2025 **HK$'000**	2024 HK$'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

9. 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.

9. INCOME TAX EXPENSES (CONTINUED)

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.

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

10.1 Employee benefit expenses

	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 (note 20)	**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. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

10.2 Directors' emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 March 2025			
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Retirement Scheme contributions HK$'000	Total HK$'000
Executive directors				
Chan Kwong Yuen (note)	108	12	–	120
Chan Kun Yuen (note)	108	12	5	125
Chan Shu Yuen	108	12	6	126
	324	36	11	371
Independent non-executive directors				
Lee Wai Ho	84	–	–	84
Wong Chee Chung#	56	–	–	56
Hon Yin Wah**	84	–	–	84
Ip Wai Hung##	9	–	–	9
	233	–	–	233

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

10.2 Directors' emoluments (Continued)

	Year ended 31 March 2024			
	Fees	Salaries, allowances and other benefits	Retirement Scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors				
Chan Kwong Yuen (note)	156	–	–	156
Chan Kun Yuen (note)	156	–	8	164
Chan Shu Yuen	156	–	8	164
	468	–	16	484
Independent non-executive directors				
Siu Chi Ming*	75	–	–	75
Lee Wai Ho	102	–	–	102
Wong Chee Chung	102	–	–	102
Hon Yin Wah**	28	–	–	28
	307	–	–	307

* Retired on 6 September 2023
** Appointed on 1 December 2023
\# Resigned on 1 December 2024
\#\# Appointed on 28 February 2025

Note: Chan Kwong Yuen and Chan Kun Yuen are also the Group's chairman of the board of directors and chief executive officer respectively.

The emoluments above represent emoluments received from the Group by these directors in their capacity as employees of the Group and/or in their capacity as directors now comprising the Group during the year.

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

10.3 Five highest paid individuals' emoluments

The five individuals whose emoluments were the highest in the Group for the year do not include the directors during the years ended 31 March 2025 and 2024, whose emoluments are disclosed in note 10.2. The aggregate of the emoluments payable to the five (2024: five) individuals are as follows:

	2025 **HK$'000**	2024 HK$'000
Salaries, allowances and other benefits	**2,152**	2,270
Discretionary bonuses	**35**	35
Retirement scheme contributions	**47**	47
	2,234	2,352

The above individuals' emoluments are within the following bands:

	2025	2024
Nil to HK$1,000,000	**5**	5

During the years ended 31 March 2025 and 2024, no emolument was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. No directors or five highest paid individuals has waived or agreed to waive any emoluments during the years ended 31 March 2025 and 2024.

11. 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.

12. 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 **HK$'000**	2024 HK$'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.

13. 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**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 19.

14. INVENTORIES

	2025 HK$'000	2024 HK$'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

15. TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables	**314**	585
Less: 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.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

16. 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.

17. BANK BORROWINGS

At 31 March 2025 and 2024, the Group's bank loans were repayable as follows:

	2025 HK$'000	2024 HK$'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 13.

(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.

18. PROMISSORY NOTES

	2025 HK$'000	2024 HK$'000
At beginning of year	**35,698**	33,463
Imputed interest charged (note 7)	**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 HK$40,500,000 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.

19. LEASE LIABILITIES

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

	2025 HK$'000	2024 HK$'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

19. LEASE LIABILITIES (CONTINUED)

	2025 HK$'000	2024 HK$'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

20. LSP OBLIGATIONS

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to LSP under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme (see note 10), with an overall cap of HK$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligations.

In June 2022, the Government gazetted the Amendment Ordinance, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Amendment Ordinance will take effect on the Transition Date. Separately, the Government has indicated that it would launch a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The benefit payment under LSP remains capped at HK$390,000 per employee. If an employee's total benefit payment exceeds HK$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in notes 2.15 and 4.1 to the consolidated financial statements.

The Group has determined that the Amendment Ordinance primarily impacts the Group's LSP obligations with respect to Hong Kong employees.

20. LSP OBLIGATIONS (CONTINUED)

The present value of unfunded LSP obligations and its movements are as follows:

	2025 HK$'000	2024 HK$'000
At 1 April	**808**	517
Remeasurements recognised in other comprehensive expense:		
– Actuarial losses arising from changes in financial assumptions	**439**	164
Expenses recognised in profit or loss:		
– Current service cost	**111**	127
At 31 March	**1,358**	808

	2025 HK$'000	2024 HK$'000
Analysed into:		
– Non-current portion	**1,358**	808

The current service cost and interest cost are included in employee benefit expenses. They are recognised in the following line items in the consolidated statement of profit or loss and other comprehensive income:

	2025 HK$'000	2024 HK$'000
Administrative expenses	**111**	127

20. LSP OBLIGATIONS (CONTINUED)

Estimates and assumptions

The significant actuarial assumptions for the determination of LSP obligations are as follows:

	2025	2024
Discount rate	**2.93%**	3.49%
Salary growth rate	**1%**	1%
Turnover rate	**7%**	21%
Expected investment return on offsetable MPF accrued benefits	**2.15%**	2.5%

These assumptions were developed by management. Discount factors are determined close to each period-end by reference to market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related LSP obligations. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The present value of the LSP obligations was measured using the projected unit credit method.

The weighted average duration of the LSP obligations is 13 years (2024: 10 years).

Expected maturity analysis of undiscounted LSP obligations in the next 33 years as at 31 March 2025 is disclosed as follows:

	Within 1 year HK$'000	**Over 1 year but within 2 years HK$'000**	**Over 2 years but within 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
2025					
LSP obligations	**–**	**83**	**142**	**1,163**	**1,388**

	Within 1 year HK$'000	Over 1 year but within 2 years HK$'000	Over 2 years but within 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2024					
LSP obligations	–	575	69	168	812

The LSP obligations expose the Group to actuarial risks such as interest rate risk, salary risk and the investment risk of the Group's MPF scheme's constituent funds.

20. LSP OBLIGATIONS (CONTINUED)

Changes in the significant actuarial assumptions

The calculation of the LSP obligations is sensitive to the significant actuarial assumptions mentioned above. The following table summarises the effects of changes in these actuarial assumptions on the LSP obligations at the end of each reporting periods.

		Impact on LSP obligations	
	Changes in assumption	Increase in the assumption HK$'000	Decrease in the assumption HK$'000
As at 31 March 2025			
Discount rate	**0.5%**	**(64)**	**69**
Salary growth rate	**0.5%**	**38**	**(48)**
Turnover rate	**5%**	**(564)**	**1,190**
Expected investment return on offsetable MPF accrued benefits	**1%**	**–**	**–**
As at 31 March 2024			
Discount rate	0.5%	(6)	6
Salary growth rate	0.5%	10	(10)
Turnover rate	5%	(91)	159
Expected investment return on offsetable MPF accrued benefits	1%	(4)	5

The sensitivity analyses presented above may not be representative of actual change in the LSP obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. When calculating the sensitivity of the LSP obligation to significant actuarial assumptions, the same actuarial valuation method has been applied when calculating the LSP obligations recognised in the consolidated statement of financial position.

21. AMOUNT DUE TO A RELATED COMPANY

The amount due is unsecured, interest-free and not repayable within 12 months from the reporting date. The carrying amount of the amount due approximates its fair value.

Four directors of the Company are also the beneficial owners of the related company.

22. SHARE CAPITAL

	2025		2024	
	Number of shares '000	**Share capital HK$'000**	Number of shares '000	Share capital HK$'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 in accordance with the policy set out in note 2.15.

23. RESERVES

(a) Capital reserve

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

(b) Contribution reserve

It represents the deemed contribution by controlling shareholders, in the issuance of non-interest bearing promissory notes to Chan Sing Hoi Enterprises in 2020. The promissory notes have been further extended to next three years upon its maturity. The contribution reserve represents the difference between the fair value of assets acquired and the fair value of the non-interest bearing promissory notes issued in 2020, and the difference of fair value change of promissory notes extended in 2023, details of which are set out in note 18.

24. 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 '000**	**Exercise price per share HK$**	Number '000	Exercise price per share HK$
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 '000**	**Exercise price per share HK$**	Number '000	Exercise price per share HK$
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.

24. SHARE-BASED COMPENSATION (CONTINUED)

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.

25. LEASE COMMITMENTS

As lessee

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

	2025 **HK$'000**	2024 HK$'000
Within one year	**16**	436

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

26. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions during the year:

26.1 Names and relationship

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

26. RELATED PARTY TRANSACTIONS (CONTINUED)

26.2 Related party transactions

	2025 HK$'000	2024 HK$'000
Lease payment:		
Golden Ocean	**1,878**	3,684
Finance charges on lease liabilities:		
Golden Ocean	**67**	54
Sales of goods to:		
Chan Kun Yuen	**29**	19
Chan Kwong Yuen	**7**	5
Chan Tat Yuen	**52**	51
Imputed interest expense:		
Chan Sing Hoi Enterprises	**2,345**	2,235

The related party transactions in respect of rental expenses above constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules. The disclosures required by Chapter 20 of the GEM Listing Rules are provided in the directors' report. Rental expenses paid to related parties were negotiated on an arm's length basis with reference to the market rentals.

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

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

As at 31 March 2025 and 2024, the controlling shareholders of the Group, Chan Shu Yuen, Chan Kwong Yuen, Chan Kun Yuen and Chan Tat Yuen, have provided cross personal guarantees to the bank for banking facilities granted to the Group as set out in note 17. As at 31 March 2025 and 2024, no corporate guarantees to the banks for banking facilities granted to the Group.

26. RELATED PARTY TRANSACTIONS (CONTINUED)

26.2 Related party transactions (Continued)

Outstanding balances arising from leasing of retails shops and the office premise included in leases liabilities are as follows:

	2025 **HK$'000**	2024 HK$'000
Payable to a related party – Golden Ocean	**4,236**	5,156

26.3 Key management personnel remunerations

Key management personnel remunerations in the Group including amounts paid to the Company's directors during the year were as follows:

	2025 **HK$'000**	2024 HK$'000
Salaries, allowances and other benefits	**2,865**	3,097
Discretionary bonuses	**35**	139
Retirement scheme contributions	**65**	71
	2,965	3,307

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities for the years ended 31 March 2024 and 2025, including both cash and non-cash changes.

	Promissory notes HK$'000	Bank borrowings HK$'000	Leases liabilities HK$'000	Total HK$'000
At 1 April 2023	35,698	49,586	6,929	92,213
Cash-flows:				
Interest element of lease rentals paid	–	–	(68)	(68)
Capital element of lease rentals paid	–	–	(5,001)	(5,001)
Proceeds from bank borrowings	–	18,000	–	18,000
Repayments of bank borrowings	–	(15,956)	–	(15,956)
Non-cash:				
Modification of lease term	–	–	6,023	6,023
Interest expenses recognised (note 7)	–	–	68	68
Imputed interest expenses recognised (note 7)	2,235	–	–	2,235
At 31 March 2024 and 1 April 2024	**35,698**	**49,586**	**6,929**	**92,213**
Cash-flows:				
Interest element of lease rentals paid	**–**	**–**	**(333)**	**(333)**
Capital element of lease rentals paid	**–**	**–**	**(3,082)**	**(3,082)**
Proceeds from bank borrowings	**–**	**18,000**	**–**	**18,000**
Repayments of bank borrowings	**–**	**(21,985)**	**–**	**(21,985)**
Non-cash:				
Entering a new lease	**–**	**–**	**2,527**	**2,527**
Modification of lease term	**–**	**–**	**1,706**	**1,706**
Interest expenses recognised (note 7)	**–**	**–**	**333**	**333**
Imputed interest expenses recognised (note 7)	**2,345**	**–**	**–**	**2,345**
At 31 March 2025	**38,043**	**45,601**	**8,080**	**91,724**

28. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group's overall financial risk management policies focuses on the unpredictability and volatility at financial markets and seeks to minimise potential adverse effects on the financial position, financial performance and cash flows of the Group. No derivative financial instruments are used to hedge any risk exposures.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

28.1 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2025 **HK$'000**	2024 HK$'000
Financial Assets		
Financial assets at amortised cost		
– Trade and other receivables	**1,971**	2,787
– Cash and bank balances	**1,473**	2,912
	3,444	5,699
Financial Liabilities		
Financial liabilities measured at amortised cost		
– Trade and other payables	**1,072**	1,243
– Amount due to a related company	**3,000**	–
– Bank borrowings	**45,601**	49,586
– Promissory notes	**38,043**	35,698
– Lease liabilities	**8,080**	6,929
	95,796	93,456

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.2 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to foreign currency risk mainly arise from the Group's financial assets denominated in Renminbi ("**RMB**"). This is not the functional currency of the group entities to which these transactions relate.

Foreign currency denominated financial assets and liabilities, translated into HK$ at the closing rates, are as follows:

	2025 **HK$'000**	2024 HK$'000
Cash and bank balances	**10**	5

The following table illustrates the sensitivity of the Group's loss after income tax for the year and equity as at the reporting date in regard to an appreciation in the functional currency of respective group entities against RMB. These sensitivity rate represents management's best assessment of the possible change in foreign exchange rates.

	Sensitivity rate	**Increase in loss for the year** HK$'000	**Decrease in equity** HK$'000
As at 31 March 2025	**8%**	**–***	**–***
As at 31 March 2024	8%	–*	–*

* The amount is less than HK$1,000.

The same percentage depreciation in the functional currency of respective group entities against RMB would have the same magnitude on the Group's loss after income tax for the year.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank balances and bank borrowings bearing variable rates which expose the Group to cash flow interest rate risk. The Group's lease liabilities mainly bear fixed interest rates.

The following table illustrates the sensitivity of the Group's loss after income tax for the year and equity as at reporting date to a possible change in interest rates with effect from the beginning of the year.

	2025		2024	
	Increase in loss for the year HK$'000	**Decrease in equity HK$'000**	Increase in loss for the year HK$'000	Decrease in equity HK$'000
Interest rate:				
Increase by 50 basis point	**184**	**184**	195	195

A decrease in 50 basis point in interest rate would have the same magnitude on the Group's loss after income tax for the year and equity as at reporting date but of opposite effect.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve months period.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers and related parties in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 March 2025 and 2024 is the carrying amount as disclosed in note 28.1.

For trade and other receivables, the exposures to credit risk are monitored such that any outstanding debtors are reviewed and followed up on an ongoing basis. As at 31 March 2025, 28% (2024: 16%) was due from the largest debtor and 83% (2024: 69%) was due from the five largest debtors of the Group. The Group does not hold any collateral from its debtors.

The credit risk for cash at banks is considered negligible as the counterparties are reputable banks.

(i) Trade receivables

The Group's policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the credit control department. When considered appropriate, customers may be requested to provide proof as to their financial position. Where available at reasonable cost, external credit ratings and/or reports on customers are obtained and used. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored. It is not the Group's policy to request collateral from its customers.

In addition, as set out in note 2.7, the Group assesses ECL under HKFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the payment profile for sales in the past 12 months as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.4 Credit risk (Continued)

(i) Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables as at 31 March 2025 and 2024 was determined as follows:

31 March 2025

	Current and within 3 months HK$'000	**More than 3 months but less than 12 months past due HK$'000**	**Over 1 year but less than 2 years past due HK$'000**	**Over 2 years but less than 3 years past due HK$'000**	**Over 3 years past due HK$'000**	**Total HK$'000**
ECL rate	**1%**	**1.4%**	**23.7%**	**52.3%**	**100%**	
Gross carrying amount – trade receivables	**314**	**–**	**–**	**–**	**–**	**314**

31 March 2024

	Current and within 3 months HK$'000	More than 3 months but less than 12 months past due HK$'000	Over 1 year but less than 2 years past due HK$'000	Over 2 years but less than 3 years past due HK$'000	Over 3 years past due HK$'000	Total HK$'000
ECL rate	1%	1.4%	23.2%	51.2%	100%	
Gross carrying amount – trade receivables	585	–	–	–	–	585

No ECL have been recognised as a result of the total ECL of trade receivables is immaterial.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.4 Credit risk (Continued)

(ii) Other financial assets at amortised cost

Other financial assets at amortised cost include other receivable and cash and bank balances. In order to minimise the credit risk of other receivables, the management of the Group has designated a team responsible for determination of credit limits and credit approvals. The management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records and past experience as well as current external information and adjusted to reflect probability-weighted forward-looking information, including the default rate where the relevant debtors operates. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of other receivables are considered to be low.

Besides, the management is of opinion that there is no significant increase in credit risk on these other receivables since initial recognition as the risk of default is low after considering the factors as set out in note 2.7 and, thus, ECL recognised is based on 12-month ECL. No ECL have been recognised as a result of the total ECL of other receivables is immaterial.

The credit risks for bank balances are considered negligible as the counterparties are reputable international banks with high quality external credit ratings.

28.5 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of its payables and financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Analysed below is the Group's remaining contractual maturities for its financial liabilities at the reporting date. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.5 Liquidity risk (Continued)

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Weighted average interest rate %	Within 1 year or on demand HK$'000	Over 1 year but within 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Discount HK$'000	Carrying amount HK$'000
At 31 March 2025							
Non-interest bearing:							
Trade and other payables	**N/A**	**1,072**	**–**	**–**	**1,072**	**–**	**1,072**
Amount due to a related company	**N/A**	**–**	**3,000**	**–**	**3,000**	**–**	**3,000**
Promissory notes (note i)	**N/A**	**40,500**	**–**	**–**	**40,500**	**2,457**	**38,043**
Interest bearing:							
Bank borrowings (note ii)	**4.24%**	**15,083**	**32,414**	**–**	**47,497**	**1,896**	**45,601**
Lease liabilities	**6.34%**	**6,531**	**1,862**	**–**	**8,393**	**313**	**8,080**
		63,186	**37,276**	**–**	**100,462**	**4,666**	**95,796**

	Weighted average interest rate %	Within 1 year or on demand HK$'000	Over 1 year but within 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Discount HK$'000	Carrying amount HK$'000
At 31 March 2024							
Non-interest bearing:							
Trade and other payables	N/A	1,243	–	–	1,243	–	1,243
Promissory notes (note i)	N/A	–	40,500	–	40,500	4,802	35,698
Interest bearing:							
Bank borrowings (note ii)	4.78%	16,890	35,646	–	52,536	2,950	49,586
Lease liabilities	5.37%	6,552	616	–	7,168	239	6,929
		24,685	76,762	–	101,447	7,991	93,456

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

28.5 Liquidity risk (Continued)

Notes:

(i) Promissory notes are included in the "Within 1 year or on demand" time band in the above maturity analysis. As at 31 March 2025, the aggregate carrying amounts of these promissory notes amounted to HK$38,043,000 (2024: HK$35,698,000). The management believe that such promissory notes will be repaid after the reporting period in accordance with the table below:

	Within 1 year or on demand HK$'000	Over 1 year but within 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Discount HK$'000	Carrying amount HK$'000
At 31 March 2025	**40,500**	**–**	**–**	**40,500**	**2,457**	**38,043**
At 31 Match 2024	–	40,500	–	40,500	4,802	35,698

(ii) Borrowings with a repayment on demand are included in the "Within 1 year or on demand" time band in the above maturity analysis. As at 31 March 2025, the aggregate carrying amounts of these borrowings amounted to HK$11,851,000 (2024: HK$13,586,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such borrowings will be repaid after the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Within 1 year or on demand HK$'000	Over 1 year but within 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Discount HK$'000	Carrying amount HK$'000
At 31 March 2025	**10,318**	**2,169**	**–**	**12,487**	**636**	**11,851**
At 31 Match 2024	11,318	2,998	–	14,316	730	13,586

29. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital by regularly reviewing the capital structure. The capital structure of the Group consist of net debt (which include bank borrowings, lease liabilities and promissory notes), less cash and bank balances and equity attributable to owners of the Company. In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK$'000	2024 HK$'000
ASSETS AND LIABILITIES		
Non-current asset		
Interests in subsidiaries	**20**	20
Current assets		
Prepayments	**52**	139
Amount due from subsidiaries	**32,077**	41,534
Cash and bank balances	**187**	193
	32,316	41,866
Current liability		
Promissory notes	**38,043**	–
Net current (liabilities)/assets	**(5,727)**	41,866
Total assets less current liability	**(5,707)**	41,886
Non-current liability		
Promissory notes	**–**	35,698
Net (liabilities)/assets	**(5,707)**	6,188
EQUITY		
Share capital	**42,312**	42,312
Reserves (note)	**(48,019)**	(36,124)
(Capital deficiency)/Total equity	**(5,707)**	6,188

Approved and authorised for issue by the board of directors on 27 June 2025.

Chan Kun Yuen
Director

Chan Shu Yuen
Director

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: The movements of the reserves of the Company were as follows:

	Share option reserve HK$'000	Contribution reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2023	2,072	12,843	(38,510)	(23,595)
Exercise of share options (note 24)	(14)	–	–	(14)
Lapse of share options (note 24)	(2,058)	–	2,058	–
Loss and total comprehensive expense for the year	–	–	(12,515)	(12,515)
As at 31 March 2024 and 1 April 2024	**–**	**12,843**	**(48,967)**	**(36,124)**
Loss and total comprehensive expense for the year	**–**	**–**	**(11,895)**	**(11,895)**
At 31 March 2025	**–**	**12,843**	**(60,862)**	**(48,019)**

31. 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

RESULTS

	2025 HK$'000	2024 HK$'000	2023 HK$'000 (Restated)	2022 HK$'000	2021 HK$'000
Revenue	**30,280**	33,937	37,442	36,058	36,092
Cost of sales	**(7,062)**	(7,770)	(8,696)	(8,121)	(8,291)
Gross profit	**23,218**	26,167	28,746	27,937	27,801
Other income	**23**	76	1,552	343	3,712
Loss on early repayment of promissory notes	**–**	–	–	–	(912)
Selling and distribution costs	**(1,662)**	(1,816)	(1,986)	(1,563)	(1,566)
Administrative expenses	**(33,802)**	(34,751)	(31,074)	(31,249)	(34,560)
Finance costs	**(4,657)**	(4,358)	(3,324)	(3,184)	(3,605)
Loss before income tax	**(16,880)**	(14,682)	(6,086)	(7,716)	(9,130)
Income tax credit/(expense)	**–**	–	15	(67)	(12)
Loss for the year attributable to equity holders of the Company	**(16,880)**	(14,682)	(6,071)	(7,783)	(9,142)
Loss per share attributable to equity holders of the Company (expressed in HK cents per share)	**(4.67)**	(4.06)	(1.68)	(2.15)	(2.54)

ASSETS AND LIABILITIES

	2025 HK$'000	2024 HK$'000	2023 HK$'000 (Restated)	2022 HK$'000	2021 HK$'000
Total consolidated assets	**87,151**	101,580	110,609	117,488	126,147
Total consolidated liabilities	**97,901**	95,011	89,232	97,098	(98,249)
Net (liabilities)/assets	**(10,750)**	6,569	21,377	20,390	27,898
(Deficit)/equity attributable to equity holders of the Company	**(10,750)**	6,569	21,377	20,390	27,898

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	2025 HK$'000	2024 HK$'000	2023 HK$'000 (Restated)	2022 HK$'000	2021 HK$'000
OPERATING RESULTS					
Revenue	**30,280**	33,937	37,442	36,058	36,092
Operating loss (EBIT)	**(12,223)**	(10,324)	(2,762)	(4,532)	(5,525)
Loss attributable to equity holders of the Company	**(16,880)**	(14,682)	(6,071)	(7,783)	(9,142)
KEY STATISTICS					
(Deficit)/equity attributable to equity holders of the Company	**(10,750)**	6,569	21,377	20,390	27,898
Working capital	**(50,209)**	(10,996)	(6,517)	(6,379)	(2,503)
Cash position*	**1,473**	2,912	2,278	1,871	3,911
Bank loans	**45,601**	49,586	47,542	48,342	50,750
Trade and other receivable	**2,286**	2,796	2,559	2,263	4,407
Inventories	**5,887**	6,663	6,974	6,881	6,616
Capital expenditure**	**128**	280	51	166	295
Depreciation and amortisation	**6,711**	10,788	10,594	10,430	10,359
KEY RATIOS					
Return on equity holders of the Company (ROE) (%)	**157%**	(224%)	(28%)	(38%)	(33%)
Return on total assets (ROA) (%)	**(19%)**	(14%)	(5%)	(7%)	(7%)
Debt to equity***	**(424%)**	755%	222%	237%	182%
Current ratio (times)	**0.16**	0.53	0.64	0.63	0.86
Trade receivable turnover period (days)	**5**	6	6	8	7
Inventories turnover period (days)****	**324**	320	291	303	308
Gross margin (%)	**77%**	77%	77%	77%	77%
Earnings/loss before interest, taxation, depreciation and amortization (EBITDA) margin (%)	**1%**	1%	21%	16%	13%
Loss before interest and taxation (EBIT) margin (%)	**(39%)**	(30%)	(7%)	(13%)	(15%)
Profits margin (%)	**(55%)**	(43%)	(16%)	(22%)	(25%)

* Cash position refers to bank balances and cash and structured bank deposits
** Capital expenditure represented the additions to property, plant and equipment
*** Calculation based on bank loans/equity attributable to equity holders of the Company at year end
**** Calculation based on average inventory/cost of sales