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YING KEE TEA HOUSE GROUP LIMITED

英記茶莊集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8241)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2022**

CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the nine months ended 31 December 2022 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2021, as follows:

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

For the three and nine months ended 31 December 2022

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	14,271	14,677	28,722	29,073
Cost of sales		<u>(3,448)</u>	<u>(3,312)</u>	<u>(6,754)</u>	<u>(6,299)</u>
Gross profit		10,823	11,365	21,968	22,774
Other income	5	1	155	1,508	229
Selling and distribution costs		(781)	(911)	(1,346)	(1,323)
Administrative expenses		(8,453)	(7,711)	(22,581)	(21,958)
Finance costs		<u>(869)</u>	<u>(805)</u>	<u>(2,489)</u>	<u>(2,417)</u>
Profit/(Loss) before income tax	6	721	2,093	(2,940)	(2,695)
Income tax expenses	7	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Profit/(Loss) and total comprehensive income/ (expense) for the period		<u>721</u>	<u>2,093</u>	<u>(2,940)</u>	<u>(2,695)</u>
Profit/(Loss) per share for profit/(loss) attributable to equity holders of the Company					
Basic and diluted (<i>HK cents</i>)	9	<u>0.20</u>	<u>0.58</u>	<u>(0.81)</u>	<u>(0.75)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2022

	Share capital HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Contribution reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
As at 1 April 2022 (audited)	42,260	990	2,080	5,806	(30,746)	20,390
Lapse of share options	-	-	(7)	-	7	-
Loss and total comprehensive expense for the period	-	-	-	-	(2,940)	(2,940)
At 31 December 2022 (unaudited)	42,260	990	2,073	5,806	(33,679)	17,450
As at 1 April 2021 (audited)	41,879	990	2,259	5,806	(23,036)	27,898
Exercise of share options	381	-	(106)	-	-	275
Lapse of share options	-	-	(73)	-	73	-
Loss and total comprehensive expense for the period	-	-	-	-	(2,695)	(2,695)
At 31 December 2021 (unaudited)	42,260	990	2,080	5,806	(25,658)	25,478

NOTES TO THE UNAUDITED CONDENSED 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 and its principal place of business is 8/F, Wah Shing Centre, 5 Fung Yip Street, Siu Sai Wan, Hong Kong.

The Company’s shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 April 2018.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the retail trading of tea products. As at the end of the reporting period, the Company’s holding company is Profit Ocean Enterprises Limited, a company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 (“**Reporting Period**”) have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

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

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

The unaudited condensed consolidated financial statements for the Reporting Period contains the unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in performance of the group since the annual financial statements for the year ended 31 March 2022. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statement prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The unaudited condensed consolidated financial statements for the Reporting Period are unaudited, but have been reviewed by the Company’s audit committee.

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

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

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

3. ADOPTION OF AMENDED HKFRSs

The unaudited condensed consolidated financial statements for the Reporting Period have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 March 2022, except for the adoption of the following amended HKFRSs which are effective for the annual period beginning on 1 April 2022.

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

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

4. REVENUE

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of tea products	<u>14,271</u>	<u>14,677</u>	<u>28,722</u>	<u>29,073</u>

5. OTHER INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	1	1	1	3
Government grants (<i>Note</i>)	–	–	1,287	–
Sundry income	–	154	220	226
	<u>1</u>	<u>155</u>	<u>1,508</u>	<u>229</u>

Note: The Group received the government grants from Hong Kong Special Administrative Region Government under the “Anti-epidemic Fund” during the Reporting Period. There were neither unfulfilled conditions nor other contingencies attached to the receipt of those grants. There is no assurance that the Group will continue to receive such grant in the future.

6. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax is arrived at after charging:

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	1,075	1,103	3,225	3,307
Depreciation of right-of-use assets	1,562	1,498	4,689	4,493
Total depreciation	<u>2,637</u>	<u>2,601</u>	<u>7,914</u>	<u>7,800</u>
Amortisation of reinstatement cost	<u>11</u>	<u>11</u>	<u>34</u>	<u>34</u>
Lease charges in respect of premises				
– short term leases	320	619	628	1,154
– variable lease payments (<i>Note</i>)	369	255	913	413
Total lease charges	<u>689</u>	<u>874</u>	<u>1,541</u>	<u>1,567</u>
Auditor's remuneration	<u>100</u>	<u>128</u>	<u>300</u>	<u>328</u>
Cost of inventories recognised as an expense	<u>2,815</u>	<u>2,925</u>	<u>5,556</u>	<u>5,348</u>

Note: The contingent rentals are charged based on pre-determined percentages of realised sales less the minimum lease payments of the respective leases.

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been provided as the Group incurred taxation loss for the nine months ended 31 December 2022 and 2021.

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
Hong Kong Profits Tax				
– Current period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

8. DIVIDEND

The directors do not recommend the payment of any dividend for the nine months ended 31 December 2022 and 2021.

9. PROFIT/(LOSS) PER SHARE

The basic profit/(loss) per share is calculated based on the loss attributable to equity holders of the Company and on the weighted average number of 361,450,000 ordinary shares for the Reporting Period (nine months ended 31 December 2021: 361,186,000).

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(Loss)				
Profit/(Loss) for the period attributable to equity holders of the Company	<u>721</u>	<u>2,093</u>	<u>(2,940)</u>	<u>(2,695)</u>
Number of shares				
Weighted average number of ordinary shares (<i>in thousands</i>)	<u>361,450</u>	<u>361,393</u>	<u>361,450</u>	<u>361,186</u>

For the nine months ended 31 December 2022 and 2021, diluted loss per share is the same as basic loss per share. The potential shares arising from the conversion of the Company's share options would decrease the loss per share attributable to equity holders of the Company and is not taken into account as they had anti-dilutive effects.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

	For the nine months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	28,722	29,073
Gross profit	21,968	22,774
Loss before taxation	(2,940)	(2,695)
Income tax expenses	–	–
Loss attributable to shareholders	(2,940)	(2,695)
Loss per share	<u>(HK0.81 cents)</u>	<u>(HK0.75 cents)</u>

Business and Operational Review

For the nine months ended 31 December 2022 (the “**Reporting Period**”), the Company and its subsidiaries (the “**Group**”) experienced reduction in revenue amidst the overall weak retail sentiment caused by the Hong Kong Government’s extension of coronavirus disease 2019 (“**COVID-19**”)-related social distancing measures for most of the Reporting Period. The Group continued to go through a distressed retail environment, which was further compounded by interest rate fluctuations and uncertainties caused by the global economy and ongoing geopolitical events.

Financial Review

Revenue, gross profit and net loss

The consolidated revenue of the Group for the Reporting Period amounted to approximately HK\$28.7 million (nine months ended 31 December 2021: approximately HK\$29.1 million), representing a decrease of approximately 1.4%. The gross profit for the Reporting Period amounted to approximately HK\$22.0 million (nine months ended 31 December 2021: approximately HK\$22.8 million), decreasing by approximately 3.5%. Gross profit margin was approximately 76.5% (nine months ended 31 December 2021: approximately 78.4%), representing a decrease of approximately 1.9% compared with that of the last corresponding period. Net loss for the Reporting Period was approximately HK\$2.9 million (nine months ended 31 December 2021: net loss of approximately HK\$2.7 million). The net loss for the Reporting Period was mainly due to the COVID-19 pandemic which weakened the retail industry.

Selling and distribution costs

Selling and distribution costs remained constant at approximately HK\$1.3 million (nine months ended 31 December 2021: approximately HK\$1.3 million).

Administrative expenses

Administrative expenses increased from approximately HK\$22.0 million for the nine months ended 31 December 2021 to approximately HK\$22.6 million for the Reporting Period, representing an increase of approximately 2.7%, primarily because of double pay to employees before the Chinese New Year 2023.

Finance costs

Finance costs for the Reporting Period amounted to HK\$2.5 million and were mainly interest on bank borrowings, interest on finance lease and interest on promissory notes, as compared to HK\$2.4 million for the nine months ended 31 December 2021, primarily because of the increase in interest charges on bank loans.

Outlook and Prospect

With the lifting of social distancing measures and travel restrictions, inbound travel to Hong Kong is rising and many major events and trade shows are resuming. Despite ongoing macroeconomic uncertainties such as interest rate fluctuations and geopolitical events, the global market appears to be gradually returning to normal and the Group is optimistic that retail and tourism in Hong Kong will steadily recover. Overall, the Group hopes to see an increase in retail sales and foot traffic towards the end of the financial year and beyond. In the meantime, the pandemic has also shifted consumption habits toward e-commerce and the Group hopes to capture further sales online through renewed efforts in social media campaigns and e-commerce platforms such as HKTVmall.

The Directors have exercised during the Reporting Period, and will continue to exercise prudence in cash flow management to safeguard the Group's assets and will continue to safeguard the Group's healthy operational environment to enable the Group to overcome this period of difficulty.

Liquidity and Cash Flow Management

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

As at the end of the Reporting Period, the Group's net current liabilities amounted to approximately HK\$2.7 million (31 December 2021: net current assets of approximately HK\$1.6 million), which was a decrease of approximately HK\$4.3 million or 268.8% mainly due to decrease in receivables and cash. Cash and bank balances amounted to approximately HK\$3.6 million (31 December 2021: approximately HK\$5.5 million), a decrease of approximately HK\$1.9 million or 34.5%.

As at the end of the Reporting Period, current assets amounted to approximately HK\$13.5 million (31 December 2021: approximately HK\$16.6 million) and current liabilities amounted to approximately HK\$16.2 million (31 December 2021: approximately HK\$15.0 million). Current ratio was approximately 0.8 times as at the end of the Reporting Period (31 December 2021: approximately 1.1 times).

Gearing Ratio

Gearing ratio is calculated as total liabilities divided by the total equity as at the respective reporting date.

The gearing ratio as at the end of the Reporting Period was approximately 540.8% (31 December 2021: approximately 370.2%) because of decrease in equity and loss during the Reporting Period.

Capital Expenditure

For the Reporting Period, the Group's capital expenditure amounted to approximately HK\$50,000 (nine months ended 31 December 2021: approximately HK\$0.2 million), mainly for plant and equipment.

Foreign Exchange Exposure

Since all of the assets and liabilities of the Group are situated in Hong Kong and denominated in Hong Kong dollars, and almost all of the revenue is generated from Hong Kong, the functional and reporting currency is the Hong Kong dollar. There were no hedging instruments for payment of purchases in Renminbi as the Directors considered that the foreign exchange exposure was fairly covered as purchases in Renminbi only constituted a minor percentage of total purchases and their settlement within 60 days would not cause any material foreign exchange risk.

Principal Risks and Uncertainties

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that only well-established customers will be considered for open account terms and the approval of credit terms is subject to stringent credit check procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Interest rate risk

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

Increase in Prime Rate and HIBOR	Increase in Interest Expenses
0.25%	HK\$144,000
0.50%	HK\$288,000

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 time deposits and funds generated from operations.

Employees and Remuneration Policies

As at the end of the Reporting Period, the Group had 55 employees (31 December 2021: 55), excluding directors, working in Hong Kong. Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various training was provided to the employees during the Reporting Period. The total staff costs (including remuneration of Directors and Mandatory Provident Fund contributions) for the Reporting Period amounted to approximately HK\$10.5 million (nine months ended 31 December 2021: approximately HK\$9.6 million). During the Reporting Period, the Group received approximately HK\$1.3 million from the Employment Support Scheme (nine months ended 31 December 2021: Nil).

Dividends

The Board has resolved not to declare any dividend for the Reporting Period (nine months ended 31 December 2021: Nil).

Contingent Liabilities

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

Charge on the Group's Assets

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

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

Event after the Reporting Period

Save as disclosed above, there were no material events after the Reporting Period that would affect the result of the Group for the Reporting Period.

OTHER INFORMATION

Corporate Governance Practices and Compliance

During the Reporting Period, the Group was committed to maintaining a high standard of corporate governance, and complying with the Code of Corporate Governance Practices to the extent practicable. The Company has applied the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. During the Reporting Period and to the best knowledge of the Board, the Company has complied with the relevant provisions under the CG Code.

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

Securities Transactions of Directors

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

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

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

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

Long positions in ordinary Shares and underlying Shares of the Company

Name of Director/ Chief Executive	Capacity/ Nature of interest	Number of Shares/ underlying Shares held/interested	Approximate percentage of shareholding
Mr. Chan Kwong Yuen	Interested in a controlled corporation	270,000,000 <i>(Note 1)</i>	74.70%
	Beneficial owner	3,200,000 <i>(Note 2)</i>	0.89%
Mr. Chan Kun Yuen	Interested in a controlled corporation	270,000,000 <i>(Note 1)</i>	74.70%
	Beneficial owner	3,200,000 <i>(Note 2)</i>	0.89%
Mr. Chan Shu Yuen	Interested in a controlled corporation	270,000,000 <i>(Note 1)</i>	74.70%
	Beneficial owner	3,200,000 <i>(Note 2)</i>	0.89%

Name of Director/ Chief Executive	Capacity/ Nature of interest	Number of Shares/ underlying Shares held/interested	Approximate percentage of shareholding
Mr. Siu Chi Ming	Beneficial owner	200,000 (Note 2)	0.06%
Mr. Lee Wai Ho	Beneficial owner	200,000 (Note 2)	0.06%
Mr. Wong Chee Chung	Beneficial owner	200,000 (Note 2)	0.06%

Notes:

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

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

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

Long positions in ordinary shares of associated corporations

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

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

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

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

Long positions in ordinary Shares and underlying Shares of the Company

Name of Shareholder	Nature of interest and capacity	Number of Shares/ underlying Shares held/interested	Approximate percentage of the total issued Shares
Profit Ocean	Beneficial owner	270,000,000	74.70%
Tri-Luck	Interest in a controlled corporation	270,000,000 (Note 1)	74.70%
Wealth City	Interest in a controlled corporation	270,000,000 (Note 1)	74.70%
Sky King	Interest in a controlled corporation	270,000,000 (Note 1)	74.70%
Coastal Lion	Interest in a controlled corporation	270,000,000 (Note 1)	74.70%
Mr. Chan Tat Yuen	Interest in a controlled corporation	270,000,000 (Note 1)	74.70%
	Beneficial owner	3,200,000 (Note 2)	0.89%

Name of Shareholder	Nature of interest and capacity	Number of Shares/ underlying Shares held/interested	Approximate percentage of the total issued Shares
Ms. Chu Min	Interest of spouse	270,000,000 <i>(Note 3)</i>	74.70%
		3,200,000 <i>(Note 3)</i>	0.89%
Ms. Chan King Chi	Interest of spouse	270,000,000 <i>(Note 4)</i>	74.70%
		3,200,000 <i>(Note 4)</i>	0.89%
Ms. Po Miu Kuen Tammy	Interest of spouse	270,000,000 <i>(Note 5)</i>	74.70%
		3,200,000 <i>(Note 5)</i>	0.89%
Ms. Ng Wai Lam Lana Zoe	Interest of spouse	270,000,000 <i>(Note 6)</i>	74.70%
		3,200,000 <i>(Note 6)</i>	0.89%

Notes:

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

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

2. These 3,200,000 Shares are derived from the interests in share options granted by the Company pursuant to the Share Option Scheme.
3. Ms. Chu Min is the spouse of Mr. Chan Tat Yuen. For purposes of the SFO, Ms. Chu Min is deemed to be interested in (i) the Shares held by Mr. Chan Tat Yuen; and (ii) share options granted to Mr. Chan Tat Yuen by the Company pursuant to the Share Option Scheme.
4. Ms. Chan King Chi is the spouse of Mr. Chan Kun Yuen. For purposes of the SFO, Ms. Chan King Chi is deemed to be interested in (i) the Shares held by Mr. Chan Kun Yuen; and (ii) share options granted to Mr. Chan Kun Yuen by the Company pursuant to the Share Option Scheme.

5. Ms. Po Miu Kuen Tammy is the spouse of Mr. Chan Shu Yuen. For purposes of the SFO, Ms. Po Miu Kuen Tammy is deemed to be interested in (i) the Shares held by Mr. Chan Shu Yuen; and (ii) share options granted to Mr. Chan Shu Yuen by the Company pursuant to the Share Option Scheme.
6. Ms. Ng Wai Lam Lana Zoe is the spouse of Mr. Chan Kwong Yuen. For purposes of the SFO, Ms. Ng Wai Lam Lana Zoe is deemed to be interested in (i) the Shares held by Mr. Chan Kwong Yuen; and (ii) share options granted to Mr. Chan Kwong Yuen by the Company pursuant to the Share Option Scheme.

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

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

Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants (including, among others, full-time employees, consultants, advisers and directors, and any distributor, contractor, supplier, agent, customer, business partner and service provider of any member of the Group) as incentives or rewards for their contribution to the Group. The Company conditionally approved and adopted the Share Option Scheme by written resolutions on 14 March 2018. Further details of the Share Option Scheme are set in the section headed “Statutory and General Information – 8. SHARE OPTION SCHEME” in Appendix IV of the prospectus of the Company dated 23 March 2018.

Details of the movement in the share options granted under the Share Option Scheme for the Reporting Period are as follows:

Name or category of participants	Date of grant of share options	Exercisable period	Exercise price of share options (HK\$)	Outstanding at 1 April 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding at 31 December 2022
Directors									
Mr. Chan Kwong Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	-	3,200,000
Mr. Chan Kun Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	-	3,200,000
Mr. Chan Shu Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	-	3,200,000
Mr. Siu Chi Ming	9 September 2019	1 June 2020 to 31 May 2023	0.189	200,000	-	-	-	-	200,000
Mr. Lee Wai Ho	9 September 2019	1 June 2020 to 31 May 2023	0.189	200,000	-	-	-	-	200,000
Mr. Wong Chee Chung	9 September 2019	1 June 2020 to 31 May 2023	0.189	200,000	-	-	-	-	200,000
Sub-total				<u>10,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,200,000</u>
Substantial Shareholder									
Mr. Chan Tat Yuen	9 September 2019	1 June 2020 to 31 May 2023	0.189	3,200,000	-	-	-	-	3,200,000
Other Employees	9 September 2019	1 June 2020 to 31 May 2023	0.189	15,050,000	-	-	-	100,000	14,950,000
Total				<u>28,450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>28,350,000</u>

After the Reporting Period, no shares were issued and allotted under the Share Option Scheme.

Competing Interests

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

Audit Committee

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

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

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

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

Hong Kong, 13 February 2023

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

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at www.yingkeetea.com.