

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

澳至尊 AUSupreme

Ausupreme International Holdings Limited

澳至尊國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2031)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Ausupreme International Holdings Limited (the “**Company**”) presents the unaudited consolidated results of the Company and its subsidiaries (together as the “**Group**”) for the six months ended 30 September 2022 (the “**Period**”), together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended 30 September	
	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4(a)	61,292	63,392
Cost of sales		<u>(10,175)</u>	<u>(10,892)</u>
Gross profit		51,117	52,500
Other income	5(a)	3,443	484
Other gains and losses, net	5(b)	(1,226)	255
Selling and distribution expenses		(39,330)	(39,166)
General and administrative expenses		(14,234)	(13,845)
Finance costs	6	<u>(203)</u>	<u>(177)</u>

		Six months ended	
		30 September	
		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
(Loss) Profit before taxation		(433)	51
Income tax credit (expense)	7	<u>68</u>	<u>(260)</u>
Loss for the period	8	<u>(365)</u>	<u>(209)</u>
Other comprehensive expense:			
Item that will not be reclassified to profit or loss:			
Fair value loss on investment in equity instruments at fair value through other comprehensive income (“FVTOCI”)		(539)	(1,284)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(2,353)</u>	<u>(34)</u>
Other comprehensive expense for the period, net of tax		<u>(2,892)</u>	<u>(1,318)</u>
Total comprehensive expense for the period		<u>(3,257)</u>	<u>(1,527)</u>
		<i>HK Cent</i>	<i>HK Cent</i>
Loss per share	10		
— Basic		(0.05)	(0.03)
— Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		As at 30 September 2022	As at 31 March 2022
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		25,676	26,566
Investment properties	11	1,773	—
Right-of-use assets		17,382	14,738
Equity investment at FVTOCI	12	2,915	3,454
Deposit paid for acquisition of properties		14,917	18,672
Deferred tax assets		4,149	3,804
		66,812	67,234
Current assets			
Inventories		20,197	15,098
Trade and other receivables	13	19,604	18,689
Income tax recoverable		1,750	1,750
Time deposits		47,289	39,144
Bank balances and cash		38,794	56,156
		127,634	130,837
Current liabilities			
Trade and other payables	14	11,294	13,394
Dividend payable		7,629	9
Lease liabilities		10,759	10,580
Provisions		304	510
Income tax payable		826	1,020
		30,812	25,513
Net current assets		96,822	105,324
Total assets less current liabilities		163,634	172,558

		As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Lease liabilities		7,039	5,291
Provisions		<u>907</u>	<u>702</u>
		<u>7,946</u>	<u>5,993</u>
NET ASSETS		<u>155,688</u>	<u>166,565</u>
CAPITAL AND RESERVES			
Share capital	<i>15</i>	7,620	7,620
Reserves		<u>148,068</u>	<u>158,945</u>
Total equity		<u>155,688</u>	<u>166,565</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 September 2022

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Equity investment at FVTOCI reserve HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	
Balance at 31 March 2022 (Audited) and 1 April 2022	7,620	91,288	(3,740)	761	1,546	69,090	166,565
Loss for the period	—	—	—	—	—	(365)	(365)
Other comprehensive expense	—	—	(539)	(2,353)	—	—	(2,892)
Total comprehensive expense for the period	—	—	(539)	(2,353)	—	(365)	(3,257)
Dividends recognised as distribution (Note 9)	—	—	—	—	—	(7,620)	(7,620)
Balance at 30 September 2022 (Unaudited)	7,620	91,288	(4,279)	(1,592)	1,546	61,105	155,688
	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Equity investment at FVTOCI reserve HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 31 March 2021 (Audited) and 1 April 2021	7,620	91,288	(1,688)	(92)	1,546	77,553	176,227
Loss for the period	—	—	—	—	—	(209)	(209)
Other comprehensive expense	—	—	(1,284)	(34)	—	—	(1,318)
Total comprehensive expense for the period	—	—	(1,284)	(34)	—	(209)	(1,527)
Dividends recognised as distribution (Note 9)	—	—	—	—	—	(7,620)	(7,620)
Balance at 30 September 2021 (Unaudited)	7,620	91,288	(2,972)	(126)	1,546	69,724	167,080

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 17 April 2015 and is an investment holding company. Its registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business is Office E, 28/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Group is a Hong Kong-based brand builder, retailer and wholesaler of health and personal care products focusing on the development, marketing, sales and distribution of the branded products managed by the Group.

The issued ordinary shares of the Company were initially listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 September 2016 (the "**Listing**").

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2022 (the "**Condensed Consolidated Interim Financial Statements**") are presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

The unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The unaudited Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis.

The unaudited Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual report of the Company for the year ended 31 March 2022.

The Condensed Consolidated Interim Financial Statements have not been audited nor reviewed by the independent auditor of the Company but have been reviewed by the audit committee of the Board (the "**Audit Committee**").

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the unaudited Condensed Consolidated Interim Financial Statements are the same as those followed in the preparation of the Group's financial statements for the year ended 31 March 2022, except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the HKICPA that are relevant for the preparation of the Condensed Consolidated Interim Financial Statements and mandatorily effective for the annual period beginning on or after 1 April 2022:

HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions beyond 30 June 2021
Annual Improvements Project (Amendments) HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Annual Improvements to HKFRSs 2018–2020 Narrow-scope Amendments
Hong Kong Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The application of the amendments to HKFRSs in the current period had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these Condensed Consolidated Interim Financial Statements.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) *Disaggregation of revenue from contracts with customers*

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Types of goods		
Health supplement products	59,267	60,723
Personal care products	1,268	1,882
Honey and pollen products	757	787
Total	61,292	63,392
Timing of revenue recognition		
A point in time	61,292	63,392
Sales channel		
Specialty stores	19,985	18,480
Consignment counters	30,823	32,730
E-commerce	7,953	7,133
Other sales channels	2,531	5,049
Total	61,292	63,392

(ii) Performance obligations for contracts with customers

Revenue from retail and wholesale of health and personal care products is recognised at a point in time upon the delivery of the health and personal care products to the customers or, in case of consignment sales through consignees, upon collection of the products by end-customers, which is the point of time when customer has the ability to direct the use of products and obtain substantially all of the remaining benefits of the products. The payment terms are generally within 0 to 60 days.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(b) Segment reporting

HKFRS 8 “Operating Segments” requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group’s chief operating decision maker (i.e. the executive Directors) for the purpose of resources allocation and performance assessment. The chief operating decision maker reviews the financial performance and position of the Group as a whole and on this basis, the Group has determined that it has only one operating segment which is the retail and wholesale of health and personal care products.

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

(a) Other income

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income on bank deposits	147	77
Government grants (<i>Note i</i>)	2,505	23
Rent concession income (<i>Note ii</i>)	535	165
Others	256	219
	<u>3,443</u>	<u>484</u>

Notes:

- (i) During the six months ended 30 September 2022, the Group recognised government grants of approximately HK\$2,502,000 under Employment Support Scheme launched by the Hong Kong Government and approximately HK\$3,000 under certain subsidy schemes launched by the Government of the Republic of Singapore (“Singapore”).

During the six months ended 30 September 2021, the grants of approximately HK\$23,000 were granted from subsidy schemes launched by the Government of Singapore. There was no grants from subsidy schemes launched by the Hong Kong Government during the six months ended 30 September 2021.

The Group has complied with all of the conditions for these government grants.

- (ii) The rent concession income is mainly related to the outbreak of the COVID-19. Certain landlords have offered different extents of rent concession.

(b) Other gains and losses, net

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss on write-off of property, plant and equipment	—	(3)
Net foreign exchange (losses) gains	<u>(1,226)</u>	<u>258</u>
	<u>(1,226)</u>	<u>255</u>

6. FINANCE COSTS

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	<u>203</u>	<u>177</u>

7. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	39	22
PRC Enterprise Income Tax	8	17
Macau Complementary Tax	238	292
	<u>285</u>	<u>331</u>
Overprovision in prior years:		
PRC Enterprise Income Tax	(8)	—
	<u>(8)</u>	<u>—</u>
Deferred tax		
Current period	(345)	(71)
Total	<u>(68)</u>	<u>260</u>

Notes:

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Accordingly, the provision for Hong Kong Profits Tax are calculated at 16.5% of the estimate assessable profits, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered profits tax rates regime.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in relevant tax jurisdictions.

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of:		
— Property, plant and equipment	933	991
— Right-of-use assets	6,385	6,449
	<hr/>	<hr/>
Total depreciation	7,318	7,440
Depreciation including in selling and distribution expenses	(5,673)	(5,910)
	<hr/>	<hr/>
Depreciation including in general and administrative expenses	1,645	1,530
	<hr/>	<hr/>
Net foreign exchange loss (gains)	1,226	(258)
Cost of inventories recognised as expense	10,175	10,892
Reversal of write-down of obsolete inventories	(680)	(388)
Consignment expenses (<i>Note</i>)	10,975	13,049
Advertising and promotion expense including in selling and distribution expenses	6,028	4,453
	<hr/> <hr/>	<hr/> <hr/>

Note: Fees paid to consignees for sales of health and personal care products made through the consignment counters are included in “selling and distribution expenses”.

9. DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2022 (2021: Nil).

A final dividend in respect of the year ended 31 March 2022 of HK1 cent (2021: HK1 cent) per ordinary share, amounting to HK\$7,620,000 (2021: HK\$7,620,000) in aggregate, was declared pursuant to the resolution passed by the Board on 27 June 2022 and the approval of the shareholders of the Company (the “**Shareholder(s)**”) at the annual general meeting of the Company held on 9 September 2022. This final dividend was paid on 7 October 2022.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(365)</u>	<u>(209)</u>
	As at 30 September	
	2022	2021
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>762,000</u>	<u>762,000</u>

No diluted loss per share for the six months ended 30 September 2022 and 2021 were presented as there were no potential ordinary shares in issue for the six months ended 30 September 2022 and 2021.

11. INVESTMENT PROPERTIES

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Investment properties in Mainland China, at fair value	<u>1,773</u>	<u>—</u>

As at 26 April 2022, the Group obtained vacant possession for certain properties from a property developer. The ownership of the certain properties transferred to the Group at the same date and were recognised as investment properties.

The investment properties of the Group were held for the purpose of capital appreciation and generating rental income and measured using the fair value model. The fair values of the Group's investment properties as at 30 September 2022 has arrived at on the basis of a valuation carried out on the respective dates by LCH (Asia-Pacific) Surveyors Limited, an independent qualified professional valuers not connected to the Group.

12. EQUITY INVESTMENT AT FVTOCI

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Unlisted equity investments in Australia, at fair value	<u>2,915</u>	<u>3,454</u>

On 30 March 2020, the Group entered into a share subscription agreement (the “**Agreement**”) with Homart Group Pty Limited (“**Homart**”), which is an unlisted entity in Australia. Pursuant to the Agreement, the Group invested in 0.7% ordinary shares of Homart in the amount of approximately HK\$7,194,000 (AUD1,500,000) which primarily engaged in manufacturing and sale of Australian made health supplements products. The Directors have elected to designate this investment in equity investment at FVTOCI as they believe that recognising short-term fluctuations in this investment’s fair value in profit or loss would be inconsistent with the Group’s strategy of holding this investment for long-term purpose and realising its performance potential in the long run.

The fair value of the Group’s investment in Homart is determined based on the valuation techniques using market approach by LCH (Asia-Pacific) Surveyors Limited, an independent qualified professional valuer. For the six months ended 30 September 2022, the fair value changes in equity investment at FVTOCI of approximately HK\$539,000 (2021: HK\$1,284,000) was recognised as an item of expense that will not be reclassified to profit or loss in the consolidated statement of profit or loss and other comprehensive income and reflected in the consolidated statement of changes in equity as equity investment at FVTOCI reserve.

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Trade receivables	8,144	7,312
Other receivables	545	663
Deposits and prepayments (<i>Note</i>)	<u>10,915</u>	<u>10,714</u>
	<u>19,604</u>	<u>18,689</u>

Note: Deposits and prepayments comprised mainly rental deposits and prepaid operating expenses.

The Group usually allows a credit period ranging from 0 to 60 days to its trade customers and consignees. The ageing analysis of trade receivables (which are included in trade and other receivables), presented based on the invoice date and net of loss allowance, is as follows:

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Within 30 days	4,114	3,209
31–60 days	2,995	3,827
61–90 days	954	224
Over 90 days	81	52
	<u>8,144</u>	<u>7,312</u>

The management of the Group closely monitors the credit quality of trade receivables and considers the debtors that are neither past due nor impaired to be of a good credit quality. Before accepting any new customer or consignee, the Group's management will assess the potential customer's or consignee's credit quality and determine the credit limits of each customer or consignee. Credit limits attributable to customers or consignees are reviewed periodically.

The Group has a policy for allowance of impairment loss which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the creditworthiness and the past collection history of each customer or consignee.

Based on the historical experience of the Group, trade receivables that are past due but not impaired are generally recoverable.

14. TRADE AND OTHER PAYABLES

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Trade payables (<i>Note a</i>)	4,178	3,484
Contract liabilities (<i>Note b</i>)	—	1,143
Accrued staff costs	5,048	6,069
Other payables and accruals	2,068	2,698
	<u>11,294</u>	<u>13,394</u>

Notes:

(a) The ageing analysis of trade payables, presented based on the invoice date, is as follows:

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Within 30 days	802	1,280
31–90 days	<u>3,376</u>	<u>2,204</u>
	<u>4,178</u>	<u>3,484</u>

(b) Details of contract liabilities are as follows:

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Receipt in advance from customers	<u>—</u>	<u>1,143</u>

Contract liabilities are receipt in advance from customers to deliver health and personal care products. All the balance as at 31 March 2022 was recognised to revenue during the Period.

There was no receipt in advance from customers to deliver health and personal care products during the Period.

15. SHARE CAPITAL

	As at 30 September 2022 (Unaudited)		As at 31 March 2022 (Audited)	
	Number of Shares	Share capital HK\$'000	Number of Shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each in the share capital of the Company ("Share(s)")				
Authorised:				
At beginning of period/year and at end of period/year	<u>2,000,000,000</u>	<u>20,000</u>	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:				
At beginning of period/year and at end of period/year	<u>762,000,000</u>	<u>7,620</u>	<u>762,000,000</u>	<u>7,620</u>

16. MATERIAL RELATED PARTY TRANSACTIONS

For the purposes of these Condensed Consolidated Interim Financial Statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant Shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The Directors are of the view that the following company is a related party that had transactions or balances with the Group as it is controlled by certain Directors:

— Prof Kiu International Limited (“Prof Kiu”)

(i) The Group had the following transactions with related parties during the six months ended 30 September 2022 and 2021 which the Directors consider to be material:

	Six months ended 30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Payment of lease liabilities	<u>480</u>	<u>390</u>

The above payments were paid to Prof Kiu in accordance with the terms of underlying contracts. The Directors are of the opinion that the above transactions were entered in normal course of business.

(ii) Lease liabilities payable to Prof Kiu:

	As at 30 September 2022	As at 31 March 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 1 year	960	960
After 1 year but within 5 years	<u>720</u>	<u>1,200</u>
	<u>1,680</u>	<u>2,160</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally a Hong Kong-based brand builder, retailer and wholesaler of health and personal care products focusing on the development, marketing, sales and distribution of the branded products.

Market Overview

The recovery of overall retail market in Hong Kong has been hindered by the ongoing COVID-19 pandemic and the rising global inflation during the six months ended 30 September 2022. The fifth wave of the COVID-19 pandemic in the city with prolonged anti-pandemic restrictions and strict border control measures have reduced consumer spending substantially. Though the Government of the Hong Kong Special Administrative Region (the “HKSAR”) launched a new round of Consumption Voucher Scheme in April and August 2022 to encourage local consumer spending, its positive impact on the recovery of the local retail sales is shrinking. According to the statistics from the Census and Statistics Department of Hong Kong, the overall retail sales in Hong Kong recorded only a slight growth of 2.1% for the Period.

A sharp spike in cases involving Omicron subvariant in Macau since late June 2022 led to its citywide lockdown in July 2022, which reduced the number of tourists visiting Macau and hence posed an adverse impact on the overall retail market in Macau. According to the Government of Macao Special Administrative Region Statistics and Census Service, visitor arrivals in Macau recorded a sudden drop of 97.4% in July 2022.

Globally, the world economy has been consecutively hit by two major shocks — the COVID-19 pandemic and the warfare between Russia and Ukraine — which have caused a substantial rise in inflation and retarded global economic growth. These global shocks and the global monetary policy responses to restrain inflation have resulted in large exchange rate adjustments. In particular, the broad US dollar index has appreciated by around 10% since the beginning of the year 2022. Most of the major global currencies depreciated against the strong US dollar which exacerbated the challenges faced by the world economy.

Overall Performance

For the six months ended 30 September 2022, the Group’s revenue amounted to HK\$61,292,000, recording a slight drop of 3.3% from HK\$63,392,000 for the six months ended 30 September 2021 (the “Last Period”). The decrease in revenue was mainly due to the adverse impact of the citywide lockdown in Macau. During the Period, the revenue of Macau decreased by HK\$2,438,000 as compared to the Last Period, while the revenue in other regions increased slightly by HK\$338,000.

During the Period, the Group recorded a loss attributable to owners of the Company amounted to HK\$365,000, as compared to the loss attributable to owners of the Company amounted to HK\$209,000 for the Last Period. The increase in loss was mainly attributable to the exchange loss arising from foreign currency depreciation on the Group's foreign currencies deposits and the decrease in revenue from the Macau sector as a result of its citywide lockdown in July 2022, after offsetting the government grants received by the Group.

In face of the arduous challenges of COVID-19 pandemic to the retail industry, the Group has been proactively reviewing and enhancing its business plans to adapt to the changing business environment, mitigate the risks from the pandemic and strengthen the long-term development of the Group.

As at 30 September 2022, the Group had 18 specialty stores and 63 consignment counters (31 March 2022: 18 specialty stores and 64 consignment counters) in Hong Kong, Macau and Singapore, among which 12 consignment counters have still been closed temporarily due to the COVID-19 epidemic and the stringent controls of Hong Kong's borders by the government. The Group will continue to identify carefully suitable locations for the specialty stores and other sales channels to maximise its exposure to target customers.

FINANCIAL REVIEW

The revenue of the Group recorded a slight decrease for the Period as compared to the Last Period. During the Period, the Group's revenue decreased by 3.3% to HK\$61,292,000 (2021: HK\$63,392,000) while recorded a consolidated loss attributable to owners of the Company of HK\$365,000, as compared to the loss attributable to owners of the Company of HK\$209,000 for the Last Period.

The following table sets forth the breakdown of the Group's revenue by categories of products for the six months ended 30 September 2022 and 2021:

	For the six months ended 30 September			
	2022		2021	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Health supplement products	59,267	96.7%	60,723	95.8%
Personal care products	1,268	2.1%	1,882	3.0%
Honey and pollen products	757	1.2%	787	1.2%
Total	<u>61,292</u>	<u>100.0%</u>	<u>63,392</u>	<u>100.0%</u>

During the Period, the Group's revenue attributable to (i) health supplement products decreased by 2.4% to HK\$59,267,000 (2021: HK\$60,723,000); (ii) personal care products decreased by 32.6% to HK\$1,268,000 (2021: HK\$1,882,000); and (iii) honey and pollen products dropped by 3.8% to HK\$757,000 (2021: HK\$787,000). The adverse sales performance was mainly due to citywide lockdown of Macau in July 2022 as a result of the prolonged COVID-19 pandemic.

The table below sets forth the breakdown of the Group's revenue by sales channels for the six months ended 30 September 2022 and 2021:

	For the six months ended 30 September		2021	
	2022			
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Specialty stores	19,985	32.6%	18,480	29.1%
Consignment counters	30,823	50.3%	32,730	51.6%
E-commerce	7,953	13.0%	7,133	11.3%
Other sales channels	2,531	4.1%	5,049	8.0%
Total	<u>61,292</u>	<u>100.0%</u>	<u>63,392</u>	<u>100.0%</u>

During the Period, revenue from sales channels of specialty stores rose by 8.1% to HK\$19,985,000 (2021: HK\$18,480,000). The increase was attributable to the stable local epidemic situation and the ease of social distancing measures in Hong Kong. The revenue from consignment counters dropped by 5.8% to HK\$30,823,000 for the Period (2021: HK\$32,730,000). The drop is mainly derived from the lockdown of Macau in July 2022. For the six months ended 30 September 2022, the revenue derived from e-commerce increased by 11.5% to HK\$7,953,000 (2021: HK\$7,133,000). The growth was due to the investment of resources in boosting the sales of e-commerce. The revenue derived from other sales channels dropped by 49.9% to HK\$2,531,000 (2021: HK\$5,049,000). The decrease was primarily due to one of the wholesaler's sales performance dropped greatly.

The cost of sales decreased by HK\$717,000 or 6.6% to HK\$10,175,000 for the Period as compared to that of HK\$10,892,000 for the Last Period. The drop was mainly attributable to the decline of revenue and reversal of write-down of obsolete inventories for the Period. The gross profit ratio has remained stable at 83.4% for the six months ended 30 September 2022 (2021: 82.8%).

The other income of the Group greatly rose by 611.4% to HK\$3,443,000 for the Period (2021: HK\$484,000). The increase was mainly attributable to the grants received from the Hong Kong Government amounted to HK\$2,502,000 during the Period (2021: Nil).

During the Period, the other gains and losses (net) of the Group recorded a loss of HK\$1,226,000 (2021: gain of HK\$255,000). The loss was attributable to the exchange loss arising from foreign currency depreciation on the Group's foreign currencies deposits.

The selling and distribution expenses of the Group slightly increased by 0.4% to HK\$39,330,000 for the six months ended 30 September 2022 (2021: HK\$39,166,000), while the general and administrative expenses of the Group increased by 2.8% to HK\$14,234,000 for the Period (2021: HK\$13,845,000). The increase was mainly due to the normal inflation reflected in the market. However, our Group has implemented a comprehensive cost control policy which lightening the effect of global inflation and stabilise the cost.

No finance costs for bank borrowings were incurred for the six months ended 30 September 2022 and 2021 as the Group did not have any bank borrowings for the periods. The Group's finance cost of interest expense on lease liabilities amounted to HK\$203,000 for the Period (2021: HK\$177,000) was incurred as a result of the application of Hong Kong Financial Reporting Standard 16 "Leases".

The Group's revenue was mainly derived in Hong Kong, Mainland China, Macau and Singapore during the Period. For the six months ended 30 September 2022, income tax credit was HK\$68,000 (2021: income tax expense of HK\$260,000). The provision for Hong Kong Profits Tax has been provided in accordance with two-tiered profits tax rates regime; the first HK\$2,000,000 of assessable profits of a qualifying corporation of the Group is taxed at 8.25% and the assessable profits above HK\$2,000,000 are taxed at 16.5%. The assessable profits of group entities not qualified for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

As a result of the above factors, there was a loss attributable to owners of the Company for the six months ended 30 September 2022 of HK\$365,000 as compared to a loss of HK\$209,000 for the Last Period.

For the six months ended 30 September 2022, the Group recorded a basic loss per share of HK0.05 cent as compared to the basic loss per share of HK0.03 cent for the Last Period, the calculation of which is based on the loss for the period attributable to owners of the Company of HK\$365,000 (2021: HK\$209,000) and the weighted average number of 762,000,000 Shares in issue during the Period (2021: 762,000,000 Shares). No diluted loss per share for those periods ended 30 September 2022 and 2021 were presented as there were no potential ordinary shares in issue for those periods ended 30 September 2022 and 2021.

LIQUIDITY

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The main objective is to utilise the funding efficiently and to manage the financial risks effectively. The Group generally meets its working capital requirements from its internally generated funds, and maintains a healthy financial position.

As at 30 September 2022, the Group had net current assets and net assets of HK\$96,822,000 (31 March 2022: HK\$105,324,000) and HK\$155,688,000 (31 March 2022: HK\$166,565,000), respectively. As at 30 September 2022, the current ratio calculated based on current assets divided by current liabilities of the Group was approximately 4.1 (31 March 2022: 5.1).

Bank balances and cash and time deposits held by the Group amounted to HK\$86,083,000 as at 30 September 2022 (31 March 2022: HK\$95,300,000), of which HK\$38,794,000 (31 March 2022: HK\$56,156,000) was bank balances and cash and HK\$47,289,000 (31 March 2022: HK\$39,144,000) was non-pledged time deposits with original maturity of over three months. They were mainly denominated in Hong Kong dollars, Japanese yen, Australian dollars, Renminbi and United States dollars.

OTHER FINANCIAL RESOURCES AND GEARING

As at 30 September 2022 and 31 March 2022, the Group did not have any bank borrowings and therefore, a gearing ratio (calculated based on the interest-bearing liabilities, which excluded lease liabilities, divided by the total equity as at the respective end of period/year and multiplied by 100%) was not applicable as at 30 September 2022 and 31 March 2022.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Japanese yen, Australian dollars and Renminbi. The Group currently does not have any foreign currency hedging policy. However, the Group maintains a conservative approach in treasury management by constantly monitoring foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The management will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

CAPITAL COMMITMENTS

As at 30 September 2022, the Group had capital commitments of approximately HK\$116,000, contracted but not provided for, in respect of the acquisition of property, plant and equipment in Mainland China (31 March 2022: Nil).

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group had no material investments, acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 September 2022 (2021: Nil).

CONTINGENT LIABILITIES

As at 30 September 2022, the Group had no material contingent liabilities (31 March 2022: Nil).

EMPLOYEE INFORMATION

As at 30 September 2022, the Group had 167 (31 March 2022: 158) employees, including part-time staff. The Group remunerates employees based on their performance and experience, the Group's results as well as prevailing market conditions. In addition to salary and commission payment to staff, other staff benefits include a share option scheme, discretionary bonus, staff discount on purchases and internal training.

DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2022 (2021: Nil).

PROSPECTS

At present, the geopolitical landscape is complex and the global economy has a lot of uncertainties. Issues on continuous inflation, surging costs in energy, raw materials, logistics, labour and currency fluctuations have all posed huge pressures on the retail sector. Meanwhile, the local consumer spending behavior has become cautious with a fragile property market and an unstable stock market in Hong Kong. Lack of Mainland China visitors due to quarantine measures between the border of the Mainland China and Hong Kong continuously weakened the retail business of Hong Kong.

Nevertheless, it is encouraging that the Government of the HKSAR has considered various views from different stakeholders and relaxed the quarantine requirements for inbound travelers from overseas in late September 2022. It was a practical and progressive move towards full border reopening and an initial step towards economy recovery since the beginning of the pandemic. According to the Census and Statistics Department of Hong Kong, the seasonally adjusted unemployment rate decreased from 3.9% during July to September 2022 to 3.8% during August to October 2022. It showed that the labour market continued to improve as well as the revival of domestic economic activities.

No matter experiencing headwinds or tailwinds, the Group has continuously reviewed the market conditions and constantly optimized strategies to strive for sustainable growth. Tighter cost control policies have been implemented, especially during economic uncertainty. Physical store locations and manpower have been reallocated to strengthen operational efficiency. For online sales, more financial and human resources have been invested in capturing the vast e-commerce market in the post-pandemic era. The Group is committed to a medium to long-term plan of achieving continuous business growth and development.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

- (a) On 31 October 2022 (after trading hours of the Stock Exchange), Nature's Elite Limited (the "**Purchaser**"), a direct wholly-owned subsidiary of the Company, and Mr. Choy Chi Fai and Ms. Ho Ka Man, both being Directors, collectively (the "**Vendors**") entered into the sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, collectively 4 ordinary shares of Prof Kiu International Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 50% by Mr. Choy Chi Fai and 50% by Ms. Ho Ka Man (the "**Target Company**"), representing the entire issued share capital of the Target Company, (the "**Sale Shares**") at the consideration of a cash consideration of HK\$27,453,000 to be paid by the Purchaser to the Vendors, subject to the terms and conditions of the Sale and Purchase Agreement.

Upon the completion of the acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement, the Target Company will be an indirect wholly-owned subsidiary of the Company and its financial results, assets and liabilities will be consolidated into the consolidated financial statements of the Group. For further details, please refer to the Company's announcement dated 31 October 2022.

Such Sale and Purchase Agreement would be subjected to the approval by independent Shareholders in an extraordinary general meeting of the Company. Further announcement or circular will be published by the Company in due course.

- (b) As at 30 October 2022, the Group obtained vacant possession for certain properties from a property developer. The ownership of certain properties transferred to the Group on the same date and approximately RMB5,664,000 (equivalent to approximately HK\$6,248,000) included in deposits for the acquisition of properties was recognised as leasehold land and buildings under property, plant and equipment.

Save for the above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2022 and up to the date of this announcement.

SHARE OPTION SCHEME

Pursuant to the written resolution of the sole Shareholder passed on 20 July 2016, the Company adopted a share option scheme (the “**Scheme**”) conditional upon the Listing. The Scheme became effective on 12 September 2016. As no share options have been granted under the Scheme since its adoption, there were no outstanding share options as at 30 September 2022, and no share options were exercised or cancelled or lapsed during the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Throughout the Period, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Period or at the end of the Period was the Company, or its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “**CG Code**”) throughout the Period save for the deviation from code provision C.2.1 as follows:

Under code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual.

In view of the present composition of the Board, the in-depth knowledge of the chairman of the Board (the “**Chairman**”) (who is also a co-chief executive officer) of the operations of the Group and the health and personal care industry in general, his extensive business network and connections, and the scope of operations of the Group, the Board believes that it is in the best interest of the Group for Mr. Choy Chi Fai to assume the roles of both the Chairman and the co-chief executive officer. As all major decisions are made in consultation with all the members of the Board, with the three independent non-executive Directors offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ securities transactions. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors, the percentage of the Shares which are in the hands of the public is not less than 25% of the Company’s total number of issued Shares throughout the Period.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures and review of the Group’s financial information.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial results of the Group for the Period and this announcement.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to the Shareholders, business partners and customers for their continuing support, and extend our sincere appreciation to all management and staff for their ongoing dedication, commitments and contributions.

By Order of the Board
Ausupreme International Holdings Limited
Choy Chi Fai

Chairman, Executive Director and Co-Chief Executive Officer

Hong Kong, 28 November 2022

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Choy Chi Fai (Chairman and Co-Chief Executive Officer), Ms. Ho Ka Man (Vice Chairman and Co-Chief Executive Officer), Mr. Ho Chun Kit, Saxony and Mr. Au Chun Kit; and three Independent Non-executive Directors, namely Prof. Luk Ting Kwong, Mr. Ko Ming Kin and Dr. Wan Cho Yee.

In case of any inconsistency between the English and Chinese versions, the English text of this announcement shall prevail over the Chinese text.