

澳至尊 AUSupreme

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2023 INTERIM REPORT

澳至尊國際控股有限公司
AUSUPREME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

HKEx Stock Code : 2031.HK

澳至尊 AUSupreme



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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
Mr. Au Chun Kit

Independent Non-executive Directors

Prof. Luk Ting Kwong
Mr. Ko Ming Kin (Passed away on 5 October 2023)
Dr. Wan Cho Yee

AUDIT COMMITTEE

Mr. Ko Ming Kin (*Chairman*)
(Passed away on 5 October 2023)
Dr. Wan Cho Yee
Prof. Luk Ting Kwong

NOMINATION COMMITTEE

Prof. Luk Ting Kwong (*Chairman*)
Dr. Wan Cho Yee
Mr. Choy Chi Fai

REMUNERATION COMMITTEE

Dr. Wan Cho Yee (*Chairman*)
Mr. Ko Ming Kin (Passed away on 5 October 2023)
Mr. Choy Chi Fai

COMPANY SECRETARY

Ms. Tang Wing Shan

AUTHORISED REPRESENTATIVES

Mr. Choy Chi Fai
Ms. Tang Wing Shan

INDEPENDENT AUDITOR

Asian Alliance (HK) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors
8/F., Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

SOLICITOR

Michael Li & Co.

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
CMB Wing Lung Bank Limited

REGISTERED OFFICE

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office E, 28/F., EGL Tower
83 Hung To Road
Kwun Tong, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F.
148 Electric Road
North Point
Hong Kong

LISTING INFORMATION

Place of Listing: The Main Board of The Stock Exchange of Hong Kong Limited
Stock Code: 2031
Board Lot: 5,000 shares

COMPANY WEBSITE

www.ausupreme.com



AUSupreme Website



AUSupreme TMALL, HK



AUSupreme WeChat



AUSupreme facebook

The board (the “**Board**”) of directors (the “**Directors**”) of Ausupreme International Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (together as the “**Group**”) for the six months ended 30 September 2023 (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 2023

		Six months ended 30 September	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4(a)	130,783	61,292
Cost of sales		(17,108)	(10,175)
Gross profit		113,675	51,117
Other income	5(a)	632	3,443
Other losses, net	5(b)	(1,651)	(1,226)
Selling and distribution expenses		(76,258)	(39,330)
General and administrative expenses		(16,637)	(14,234)
Finance costs	6	(503)	(203)
Profit (loss) before taxation		19,258	(433)
Income tax (expense) credit	7	(4,085)	68
Profit (loss) for the period	8	15,173	(365)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

		Six months ended 30 September	
Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
— Fair value gain (loss) on investment in equity instruments at fair value through other comprehensive income ("FVTOCI")	378	(539)	
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of foreign operations	(1,195)	(2,353)	
Other comprehensive expense for the period, net of tax	(817)	(2,892)	
Total comprehensive income (expense) for the period	14,356	(3,257)	
		<i>HK Cent</i>	<i>HK Cent</i>
Earnings (loss) per share	10		
— Basic	1.99	(0.05)	
— Diluted	N/A	N/A	

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		60,337	61,618
Right-of-use assets		17,511	15,317
Investment properties		6,955	1,899
Equity investment at FVTOCI	11	2,118	1,740
Deposit paid for acquisition of properties		2,912	8,934
Deferred tax assets		845	3,897
		90,678	93,405
Current assets			
Inventories		21,628	17,807
Trade and other receivables	12	36,442	29,847
Time deposits		12,783	7,309
Cash and cash equivalents		48,547	41,044
		119,400	96,007
Current liabilities			
Trade and other payables	13	15,460	12,202
Bank borrowing		2,694	2,898
Dividend payable		7,630	10
Lease liabilities		9,687	9,068
Provisions		233	578
Income tax payable		2,214	1,382
		37,918	26,138
Net current assets		81,482	69,869
Total assets less current liabilities		172,160	163,274

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		8,280	6,671
Provisions		1,084	543
		9,364	7,214
NET ASSETS			
		162,796	156,060
CAPITAL AND RESERVES			
Share capital	14	7,620	7,620
Reserves		155,176	148,440
Total equity		162,796	156,060

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Attributable to owners of the Company						
	Equity investment						Total
	Share capital	Share premium	at FVTOCI reserve	Exchange reserve	Capital reserve	Retained earnings	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 31 March 2023 (Audited) and 1 April 2023	7,620	91,288	(5,454)	(907)	1,546	61,967	156,060
Profit for the period	—	—	—	—	—	15,173	15,173
Other comprehensive income (expense)	—	—	378	(1,195)	—	—	(817)
Total comprehensive income (expense) for the period	—	—	378	(1,195)	—	15,173	14,356
Dividends recognised as distribution (Note 9)	—	—	—	—	—	(7,620)	(7,620)
Balance at 30 September 2023 (Unaudited)	7,620	91,288	(5,076)	(2,102)	1,546	69,520	162,796

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	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 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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

Six months ended
30 September

	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Operating activities		
Profit (loss) before taxation	19,258	(433)
Adjustments for:		
Depreciation of property, plant and equipment	1,391	933
Depreciation of right-of-use assets	6,269	6,385
Interest income	(464)	(147)
Reversal of write-down of obsolete inventories	(52)	(680)
Loss on write-off of property, plant and equipment	49	—
Finance costs	503	203
Loss on change in fair value of investment properties	460	—
Cash flows before movement in working capital	27,414	6,261
Increase in inventories	(3,769)	(4,419)
(Increase) decrease in trade and other receivables	(6,595)	228
Increase (decrease) in trade and other payables	3,258	(3,243)
Cash generated from (used in) operations	20,308	(1,173)
Income tax paid	(202)	(467)
Net cash from (used in) operating activities	20,106	(1,640)
Investing activities		
Payments for acquisition of property, plant and equipment	(592)	(45)
Placement of time deposits	(5,474)	(8,145)
Interest received	464	147
Net cash used in investing activities	(5,602)	(8,043)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Financing activities		
Repayments of lease liabilities	(6,497)	(7,305)
Repayment of bank borrowing	(250)	—
Net cash used in financing activities	(6,747)	(7,305)
Net increase (decrease) in cash and cash equivalents	7,757	(16,988)
Effect of foreign exchange rate changes, net	(254)	(374)
Cash and cash equivalents at the beginning of the period	41,044	56,156
Cash and cash equivalents at the end of the period, represented by bank balances and cash	48,547	38,794

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

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 2023 (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 2023.

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**").

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

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 2023, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and 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 2023:

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts

The application of the new and 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Types of goods		
Health supplement products	125,092	59,267
Personal care products	5,167	1,268
Honey and pollen products	524	757
Total	130,783	61,292
Timing of revenue recognition		
A point in time	130,783	61,292
Sales channel		
Specialty stores	22,273	19,985
Consignment counters	94,952	30,823
E-commerce	7,758	7,953
Other sales channels	5,800	2,531
Total	130,783	61,292

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

4. REVENUE AND SEGMENT REPORTING — continued

(a) Revenue — continued

(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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

5. OTHER INCOME AND OTHER LOSSES, NET

(a) Other income

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank interest income on bank deposits	464	147
Government grants (<i>Note i</i>)	5	2,505
Rent concession income (<i>Note ii</i>)	—	535
Others	163	256
	632	3,443

Notes:

- (i) During the six months ended 30 September 2023, the Group recognised government grants approximately HK\$5,000 under certain subsidy schemes launched by the Government of the Republic of Singapore (“Singapore”).

During the six months ended 30 September 2022, the Group recognised government grants 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 Singapore.

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

- (ii) During the six months ended 30 September 2022, rent concession income is mainly related to the outbreak of the COVID-19. Certain landlords have offered different extents of rent concession.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

5. OTHER INCOME AND OTHER LOSSES, NET — continued

(b) Other losses, net

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss on written-off of property, plant and equipment	(49)	—
Net foreign exchange losses	(1,142)	(1,226)
Loss from changes in fair value of investment properties	(460)	—
	(1,651)	(1,226)

6. FINANCE COSTS

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank borrowing	46	—
Interest on lease liabilities	457	203
	503	203

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

7. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	249	39
PRC Enterprise Income Tax	16	8
Macau Complementary Tax	780	238
	1,045	285
Overprovision in prior years:		
Hong Kong Profits Tax	(10)	—
PRC Enterprise Income Tax	(2)	(8)
	(12)	(8)
Deferred tax:		
Current period	3,052	(345)
Total	4,085	(68)

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 subsidiaries which are outside Hong Kong is charged at the appropriate current rates of taxation ruling in relevant tax jurisdictions.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

8. PROFIT (LOSS) FOR THE PERIOD

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

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Depreciation of:		
— Property, plant and equipment	1,391	933
— Right-of-use assets	6,269	6,385
Total depreciation	7,660	7,318
Depreciation including in selling and distribution expenses	(5,696)	(5,673)
Depreciation including in general and administrative expenses	1,964	1,645
Cost of inventories recognised as expense	17,108	10,175
Reversal of write-down of obsolete inventories including in cost of inventories	(52)	(680)
Consignment expenses (<i>Note</i>)	40,537	10,975
Advertising and promotion expense including in selling and distribution expenses	3,262	6,028

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".

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

9. DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2023 (2022: Nil).

A final dividend in respect of the year ended 31 March 2023 of HK1 cent (2022: HK1 cent) per ordinary share, amounting to HK\$7,620,000 (2022: HK\$7,620,000) in aggregate, was declared pursuant to the resolution passed by the Board on 29 June 2023 and the approval of the shareholders of the Company (the "Shareholder(s)") at the annual general meeting of the Company held on 15 September 2023. This final dividend was paid on 6 October 2023.

10. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit (Loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	15,173	(365)

	As at 30 September	
	2023 '000 (Unaudited)	2022 '000 (Unaudited)
Number of shares: Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	762,000	762,000

No diluted earnings (loss) per share for the six months ended 30 September 2023 and 2022 were presented as there were no potential ordinary shares in issue for the six months ended 30 September 2023 and 2022.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

11. EQUITY INVESTMENT AT FVTOCI

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Unlisted equity investments in Australia, at fair value	2,118	1,740

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 2023, the gain from fair value changes in equity investment at FVTOCI of approximately HK\$378,000 (2022: loss from fair value changes of approximately HK\$539,000) was recognised as an item of income (expense) that will not be reclassified to profit or loss in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income and reflected in the Condensed Consolidated Statement of Changes in Equity as equity investment at FVTOCI reserve.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

12. TRADE AND OTHER RECEIVABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade receivables	24,281	16,772
Other receivables	1,111	1,334
Deposits and prepayments (<i>Note</i>)	11,050	11,741
	36,442	29,847

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 net of allowance for credit losses), presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised, is as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Within 30 days	10,097	9,233
31–60 days	11,331	7,422
61–90 days	2,186	73
Over 90 days	667	44
	24,281	16,772

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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

12. TRADE AND OTHER RECEIVABLES — continued

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.

13. TRADE AND OTHER PAYABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade payables (<i>Note</i>)	5,868	2,553
Accrued staff costs	6,870	6,662
Other payables and accruals	2,722	2,987
	15,460	12,202

Note:

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

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Within 30 days	2,052	1,430
31-90 days	3,816	1,120
Over 90 days	—	3
	5,868	2,553

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

14. SHARE CAPITAL

	As at 30 September 2023 (Unaudited)		As at 31 March 2023 (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	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid:				
At beginning of period/year and at end of period/year	762,000,000	7,620	762,000,000	7,620

15. 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 companies are related parties that had transactions or balances with the Group as they are controlled by certain Directors:

- Prof Kiu International Limited ("**Prof Kiu**") (before it became a subsidiary of the Group)
- Tiger 2023 Limited ("**Tiger**")

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

15. MATERIAL RELATED PARTY TRANSACTIONS — continued

- (i) The Group had the following transactions with related parties during the six months ended 30 September 2023 and 2022 which the Directors consider to be material:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Payment of lease liabilities (<i>Note a</i>)	296	—
Payment of lease liabilities (<i>Note b</i>)	—	480

Notes:

- (a) The above payments were paid to Tiger for the six months ended 30 September 2023 in accordance with the terms of underlying contracts.
- (b) The above payments were paid to Prof Kiu for the six months ended 30 September 2022 in accordance with the terms of underlying contracts. Prof Kiu was acquired by the Group as a subsidiary on 10 January 2023.

The Directors are of the opinion that the above transactions were entered in normal course of business.

- (ii) Lease liabilities payable to Tiger:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
	Within 1 year	888
After 1 year but within 5 years	1,480	—
	2,368	—

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

With the elimination of the epidemic-related restrictions since the beginning of 2023 and the launch of “Hello Hong Kong” Campaign to promote Hong Kong around the world, the resumption of tourism and economic activities have improved the business environment of Hong Kong’s retail market.

According to the Hong Kong Tourism Board, the total visitor arrivals during the six months from April 2023 to September 2023 recorded a sharp increase to approximately 18,907,000 as compared to the same period of last year of approximately 238,000, in which approximately 15,324,000 visitor arrivals were visitors from the Mainland China. The rise of visitor arrivals in Hong Kong since the full resumption of normal travel stimulated retail activities in Hong Kong. With reference to the statistics from the Census and Statistics Department of Hong Kong, the overall retail sales in Hong Kong recorded a growth of 16.0% during the period from April 2023 to September 2023 as compared to the corresponding period in the previous year.

Overall Performance

For the six months ended 30 September 2023, the Group’s revenue amounted to HK\$130,783,000, recording an increase of 113.4% from HK\$61,292,000 for the six months ended 30 September 2022 (the “**Last Period**”). The increase in revenue was mainly due to the Hong Kong’s tourism rebound which brings back the spending power of tourists to the territory and promotes overall consumption atmosphere. With the Group’s effective marketing campaigns and sales channel reallocation, the Group’s sales increase outperformed the overall growth rate of the Hong Kong retail market.

During the Period, the Group recorded a profit of HK\$15,173,000, as compared to a loss of HK\$365,000 for the Last Period. The significant turnaround from loss to profit was mainly attributable to the positive impact brought by the resumption of visitors’ arrivals and their economic activities in Hong Kong.

As at 30 September 2023, the Group had 18 specialty stores and 60 consignment counters (31 March 2023: 17 specialty stores and 60 consignment counters) in Hong Kong, Macau and Singapore. The Group will continue to identify carefully suitable locations for the specialty stores and other sales channels to maximise its exposure to target customers.

Management Discussion and Analysis

FINANCIAL REVIEW

The revenue of the Group recorded an obvious increase for the Period as compared to the Last Period. During the Period, the Group's revenue increased by 113.4% to HK\$130,783,000 (2022: HK\$61,292,000) while recorded a consolidated profit of HK\$15,173,000, as compared to a consolidated loss of HK\$365,000 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 2023 and 2022:

	For the six months ended 30 September			
	2023		2022	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Health supplement products	125,092	95.6%	59,267	96.7%
Personal care products	5,167	4.0%	1,268	2.1%
Honey and pollen products	524	0.4%	757	1.2%
Total	130,783	100.0%	61,292	100.0%

During the Period, the Group's revenue attributable to (i) health supplement products increased by 111.1% to HK\$125,092,000 (2022: HK\$59,267,000); (ii) personal care products increased by 307.5% to HK\$5,167,000 (2022: HK\$1,268,000); and (iii) honey and pollen products decreased by 30.8% to HK\$524,000 (2022: HK\$757,000). The favourable sales performance was mainly due to (i) the tourism recovery and tourists returned to Hong Kong and Macau after the COVID-19 pandemic, which stimulated consumer sentiment and led to the recovery of the retail industry; and (ii) the Group's constructive sale and marketing resource reallocation in response to tourism rebound.

Management Discussion and Analysis

The table below sets forth the breakdown of the Group's revenue by sales channels for the six months ended 30 September 2023 and 2022:

	For the six months ended 30 September			
	2023		2022	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Specialty stores	22,273	17.0%	19,985	32.6%
Consignment counters	94,952	72.6%	30,823	50.3%
E-commerce	7,758	5.9%	7,953	13.0%
Other sales channels	5,800	4.5%	2,531	4.1%
Total	130,783	100.0%	61,292	100.0%

For the six months ended 30 September 2023, revenue from sales channels of specialty stores and consignment counters rose by 11.4% to HK\$22,273,000 (2022: HK\$19,985,000) and 208.1% to HK\$94,952,000 (2022: HK\$30,823,000) respectively. The revenue derived from other sales channels also increased by 129.2% to HK\$5,800,000 (2022: HK\$2,531,000). The upturn were attributable to resumption of visitors' arrival and consumer sentiment after release of epidemic-related restrictions. During the Period, the revenue derived from e-commerce slightly decreased by 2.5% to HK\$7,758,000 (2022: HK\$7,953,000).

The cost of sales increased by HK\$6,933,000 or 68.1% to HK\$17,108,000 for the Period as compared to that of HK\$10,175,000 for the Last Period. The increase of cost was in line with the increase in the revenue. The rise in purchase price from suppliers due to the upward adjustment of cost in raw material also caused the cost increment for the Period. The gross profit ratio increased 3.5% to 86.9% for the six months ended 30 September 2023 (2022: 83.4%). It is mainly attributable to the optimisation of the pricing strategy in according to the market situation.

As the Group did not recognised any government grants from the Hong Kong Government and rent concession from landlords during the Period, the other income of the Group greatly dropped by 81.6% to HK\$632,000 for the Period (2022: HK\$3,443,000).

Management Discussion and Analysis

The selling and distribution expenses of the Group increased by 93.9% to HK\$76,258,000 for the six months ended 30 September 2023 (2022: HK\$39,330,000), while the general and administrative expenses of the Group increased by 16.9% to HK\$16,637,000 for the Period (2022: HK\$14,234,000). The increase was mainly due to (i) consignment expenses increased 269.0% to HK\$40,537,000 (2022: HK\$10,975,000) due to significant increase in revenue; and (ii) increase of staff cost in order to retain and attract talents.

During the Period, the Group's finance costs represented interest on bank borrowing amounting to HK\$46,000 (2022: Nil) and interest on lease liabilities amounting to HK\$457,000 (2022: HK\$203,000).

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 2023, income tax expense was HK\$4,085,000 (2022: income tax credit of HK\$68,000). 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 subsidiaries which are outside Hong Kong 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 consolidated profit for the six months ended 30 September 2023 of HK\$15,173,000 as compared to a consolidated loss of HK\$365,000 for the Last Period.

For the six months ended 30 September 2023, the Group recorded a basic earnings per share of HK1.99 cent as compared to the basic loss per share of HK0.05 cent for the Last Period, the calculation of which is based on the profit for the Period of HK\$15,173,000 (2022: loss of HK\$365,000) and the weighted average number of 762,000,000 Shares in issue during the Period (2022: 762,000,000 Shares). No diluted earnings (loss) per share for those periods ended 30 September 2023 and 2022 were presented as there were no potential ordinary shares in issue for those periods ended 30 September 2023 and 2022.

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 2023, the Group had net current assets and net assets of HK\$81,482,000 (31 March 2023: HK\$69,869,000) and HK\$162,796,000 (31 March 2023: HK\$156,060,000), respectively. As at 30 September 2023, the current ratio calculated based on current assets divided by current liabilities of the Group was approximately 3.1 (31 March 2023: 3.7).

Cash and cash equivalents and time deposits held by the Group amounted to HK\$61,330,000 as at 30 September 2023 (31 March 2023: HK\$48,353,000), of which HK\$48,547,000 (31 March 2023: HK\$41,044,000) was cash and cash equivalents and HK\$12,783,000 (31 March 2023: HK\$7,309,000) 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 2023, the total outstanding bank borrowing of the Group amounted to HK\$2,694,000 (31 March 2023: HK\$2,898,000) and it is a secured bank mortgage loan. The bank mortgage loan was repayable based on scheduled repayment dates set out in the loan agreement and the last payment is on 21 August 2029.

Interest on bank borrowing is charged at floating rates. The bank borrowing of the Group are denominated in Hong Kong dollars. No financial instruments for hedging purposes were employed by the Group for the six months ended 30 September 2023 and for the year ended 31 March 2023.

As at 30 September 2023, the bank borrowing were secured by the Group's certain leasehold land and building with aggregate net carrying value of approximately HK\$29,018,000 (31 March 2023: HK\$29,496,000).

As at 30 September 2023, the Group's gearing was considered to be at a reasonable level, as the debt to equity ratio was only 1.7% (31 March 2023: 1.9%), expressed as a percentage of total bank borrowings to total net assets.

Management Discussion and Analysis

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 2023, the Group did not have any capital commitments (31 March 2023: 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 2023 (2022: Nil).

CONTINGENT LIABILITIES

As at 30 September 2023, the Group had no material contingent liabilities (31 March 2023: Nil).

EMPLOYEE INFORMATION

As at 30 September 2023, the Group had 201 (31 March 2023: 189) 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 2023 (2022: Nil).

PROSPECTS

This Period was the first six months within the financial year of the Group with Hong Kong's return to normalcy since the pandemic. The return of visitors from Mainland China to Hong Kong and Macau has boosted economic activities. With the Group's effective marketing strategies and sales channel reallocation, the business and performance of the Group have marked a significant rebound.

Nevertheless, some economic uncertainties exist in Hong Kong at present such as sluggish stock and real estate markets. The Group, however, is dedicated to striving for the best long-term development no matter facing headwinds or tailwinds. The Group is committed to diversifying its product portfolio to cater evolving consumer preference and expand its customer base. The Group will also continue to optimize its pricing strategies to achieve the best business performance. Strategic expansion of online and offline sales network is implemented to capture market share. The Group will continue to maintain a low debt to equity ratio especially during the current economic climate with high financing costs.

Besides, the Hong Kong SAR Government has been playing an active role in stimulating the economy and further driving economic development of Hong Kong. In support of the Government's campaigns such as "Night Vibes Hong Kong", the Group has initiated various activities to attract customers. As the Government continues to launch large-scale international events to attract visitors, the Group is in full support to the Government's initiatives and seize every opportunity to foster sales.

The pandemic and other factors create changes in the retail landscape. Changes bring in challenges as well as opportunities. The Group is determined to steer through any trial and grasp every opportunity to attain promising corporate growth.

Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 September 2023, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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 as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

(i) Long positions in the Shares

Name of Directors	Capacity/Nature of interests	Number of Shares held	Approximate percentage of the total issued Shares (Note 2)
Mr. Choy Chi Fai	Interest in a controlled corporation (Note 1 and 3)	425,340,000	55.82%
Ms. Ho Ka Man	Interest in a controlled corporation (Note 1 and 3)	425,340,000	55.82%

Notes:

- Each of Mr. Choy Chi Fai and Ms. Ho Ka Man (together as a group of the controlling shareholders) owns 50% of the issued share capital of Beatitudes International Ltd. ("Beatitudes"), a company incorporated in the British Virgin Islands and considered as the parent and ultimate parent company of the Company. As at 30 September 2023, Beatitudes was the beneficial owner holding an approximately 55.82% shareholding interest in the Company and thus, each of Mr. Choy Chi Fai and Ms. Ho Ka Man was deemed or taken to be interested in all the Shares which were beneficially owned by Beatitudes for the purpose of the SFO.
- The percentage of shareholding interest in the Company shown in the table above is calculated on the basis of 762,000,000 Shares in issue as at 30 September 2023.
- Based on the latest information disclosed under the Disclosure of Interests Online System of the Stock Exchange as at 27 October 2023 and to the best knowledge and information of the Directors, Beatitudes was the beneficial owner holding 432,460,000 Shares, representing approximately 56.75% shareholding interest in the Company and thus, each of Mr. Choy Chi Fai and Ms. Ho Ka Man was deemed or taken to be interested in all the Shares which were beneficially owned by Beatitudes for the purpose of the SFO.

Corporate Governance and Other Information

(ii) Long positions in the ordinary shares of Beatitudes — an associated corporation of the Company

Name of Directors	Capacity/Nature of interests	Number of ordinary shares held	Percentage of the total issued ordinary shares of Beatitudes
Mr. Choy Chi Fai	Beneficial owner	50	50%
Ms. Ho Ka Man	Beneficial owner	50	50%

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, which had notified to the Company and the Stock Exchange under the SFO or pursuant to Section 352 of the SFO, entered in the register referred to therein or which were, pursuant to the Model Code, notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, so far as it is known by or otherwise notified to any Director or the chief executives of the Company, the corporation and the person named below (other than a Director or the chief executive of the Company) had a long position in the following Shares, which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Shareholders	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of the total issued Shares (<i>Note 2</i>)
Beatitudes	Beneficial owner (<i>Note 1 and 3</i>)	425,340,000	55.82%
Gao Yuan	Beneficial owner	93,635,000	12.29%

Notes:

- Beatitudes is a company incorporated in the British Virgin Islands, which owned an approximately 55.82% shareholding interest in the Company as at 30 September 2023.
- The percentage of shareholding interest in the Company shown in the table above is calculated on the basis of 762,000,000 Shares in issue as at 30 September 2023.

Corporate Governance and Other Information

3. Based on the latest information disclosed under the Disclosure of Interests Online System of the Stock Exchange as at 27 October 2023 and to the best knowledge and information of the Directors, Beatitudes was the beneficial owner holding 432,460,000 Shares, representing approximately 56.75% shareholding interest in the Company.

Save as disclosed above, as at 30 September 2023, the Directors were not aware of any corporation which/person (other than a Director or the chief executive of the Company) who had interest or short position in the Shares or underlying Shares, which had been disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes to the information on the Directors are as follows:

Mr. Ko Ming Kin, an independent non-executive Director, the chairman of the Audit Committee and a member of the remuneration committee of the Board, passed away due to ill health on 5 October 2023.

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 2023, and no share options were exercised or cancelled or lapsed during the Period.

As at 1 April 2023 and 30 September 2023, the number of share options under the Scheme available to be granted are 75,000,000 Shares, respectively.

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 the mandatory disclosure requirements and all the applicable code provisions as set out in the section headed “Part 2 — Principles of good corporate governance, code provisions and recommended best practices” of 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 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.

COMPLIANCE WITH RULES 3.10, 3.21 AND 3.25 OF THE LISTING RULES

As disclosed in the announcement dated 11 October 2023 of the Company, following the passing away of Mr. Ko Ming Kin as an independent non-executive Director, the chairman of the Audit Committee and a member of the remuneration committee of the Board on 5 October 2023, the Company did not meet the requirement of Rules 3.10, 3.21 and 3.25 of the Listing Rules.

The Company will seek to appoint a new independent non-executive director and to fill the vacancy of the committees of the Board as soon as practicable and within three months as stipulated under Rules 3.11, 3.23 and 3.27 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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.

Corporate Governance and Other Information

AUDIT COMMITTEE

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 report with the Directors.

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, 27 November 2023

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