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AUX

AUX INTERNATIONAL HOLDINGS LIMITED

奧克斯國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2080)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The board (the “**Board**”) of directors (the “**Directors**”) of AUX International Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2024 (the “**Year**”) together with the comparative figures for the year ended 31 March 2023 (“**FY2023**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024 (Expressed in Hong Kong dollars)

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	(restated) <i>HK\$'000</i>
Continuing operations			
Revenue	3	363,849	376,119
Other revenue	4	14,356	13,085
Other net (loss)/gain	5	(109)	12,622
Cost of inventories sold	6(d)	(63,047)	(54,329)
Property cleaning expenses		(68,146)	(73,061)
Staff costs	6(b)	(130,440)	(125,862)
Depreciation and amortisation	6(d)	(9,117)	(9,449)
Property rentals and related expenses		(978)	(621)
Utilities expenses		(8,879)	(10,873)
Repair and maintenance expenses		(17,832)	(17,574)
Other operating expenses	6(c)	(34,229)	(36,856)
Profit from operations		45,428	73,201
Finance costs	6(a)	(1,083)	(1,426)
Profit before taxation	6	44,345	71,775
Income tax	7	(15,163)	(18,006)
Profit for the year from continuing operations		29,182	53,769
Discontinued operation			
Loss for the year from discontinued operation	15	(12,461)	(29,633)
Profit for the year		16,721	24,136

		2024	2023
	<i>Note</i>	HK\$'000	(restated) HK\$'000
Attributable to:			
Equity shareholders of the Company		16,721	21,511
Non-controlling interests		–	2,625
		<u> </u>	<u> </u>
Profit for the year		16,721	24,136
		<u> </u>	<u> </u>
Attributable to shareholders of the Company arising from:			
Continuing operations		29,182	51,144
Discontinued operation		(12,461)	(29,633)
		<u> </u>	<u> </u>
		16,721	21,511
		<u> </u>	<u> </u>
Attributable to non-controlling interests arising from:			
Continuing operations		–	2,625
Discontinued operation		–	–
		<u> </u>	<u> </u>
		–	2,625
		<u> </u>	<u> </u>
Profit/(loss) per share – Basic and diluted	8		
Continuing operations		5.9 cents	10.4 cents
Discontinued operation		(2.5) cents	(6.0) cents
		<u> </u>	<u> </u>
		3.4 cents	4.4 cents
		<u> </u>	<u> </u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2024 (Expressed in Hong Kong dollars)

	2024	2023
	<i>HK\$'000</i>	(restated) <i>HK\$'000</i>
Profit for the year	16,721	24,136
Other comprehensive income for the year		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of subsidiaries outside Hong Kong (with nil tax effect)	(18,715)	(21,763)
Reclassification of exchange reserve upon liquidation of subsidiaries	—	39
Other comprehensive income for the year	<u>(18,715)</u>	<u>(21,724)</u>
Total comprehensive income for the year	<u>(1,994)</u>	<u>2,412</u>
Attributable to:		
Equity shareholders of the Company	(1,994)	(213)
Non-controlling interests	—	2,625
Total comprehensive income for the year	<u>(1,994)</u>	<u>2,412</u>
Total comprehensive income for the year attributable to shareholders of the Company arising from:		
Continuing operations	10,467	29,420
Discontinued operation	(12,461)	(29,633)
	<u>(1,994)</u>	<u>(213)</u>
Total comprehensive income for the year attributable to non-controlling interests arising from:		
Continuing operations	—	2,625
Discontinued operation	—	—
	<u>—</u>	<u>2,625</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024 (Expressed in Hong Kong dollars)

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	9	3,384	3,681
Intangible assets	10	21,616	30,335
Goodwill	10	52,534	55,669
Non-current time deposit		–	59,684
Non-current rental deposits	11	65	3,656
Deferred tax assets		2,645	4,455
		<u>80,244</u>	<u>157,480</u>
Current assets			
Inventories		2,111	1,214
Trade and other receivables	11	81,859	87,644
Restricted bank deposits		8,492	4,967
Time deposits with original maturity over three months		57,759	–
Cash at bank and in hand		298,651	286,435
		<u>448,872</u>	<u>380,260</u>
Current liabilities			
Trade and other payables	12	97,704	115,703
Contract liabilities		63,873	74,035
Lease liabilities		5,913	13,535
Amount due to the controlling shareholder		5,694	4,650
Loans from the controlling shareholder	13	–	22,060
Current tax payable		5,236	4,591
		<u>178,420</u>	<u>234,574</u>
Net current assets		<u>270,452</u>	<u>145,686</u>
Total assets less current liabilities		<u>350,696</u>	<u>303,166</u>

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current liabilities			
Loans from the controlling shareholder	<i>13</i>	104,840	52,360
Lease liabilities		114	2,681
Deferred tax liabilities		15,780	16,169
		<u>120,734</u>	<u>71,210</u>
NET ASSETS		<u>229,962</u>	<u>231,956</u>
CAPITAL AND RESERVES			
	<i>14</i>		
Share capital		4,930	4,930
Reserves		225,032	227,026
TOTAL EQUITY		<u>229,962</u>	<u>231,956</u>

NOTES

1 GENERAL INFORMATION

AUX International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 14 January 2013 as an exempted company with limited liability under the Companies Law (2013 Revision) (as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) is principally engaged in operation of clubbing business and restaurant and bar outlets, and provision of property management services and related value-added services.

Statement of compliance

The consolidated annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 March 2024 but are extracted from those financial statements.

The Group’s consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 below provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in the Group’s consolidated financial statements.

2 CHANGES IN ACCOUNTING POLICIES

(i) New and amended HKFRSs

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022 the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance. The change in accounting policy did not have any material impact on the opening balance of equity at 1 April 2023, and the cash flows and loss per share amounts for the year ended 31 March 2024. It also did not have a material impact on the consolidated statement of financial position as at 31 March 2024.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the operation of clubbing business and restaurant and bar outlets, and provision of property management services and related value-added services.

Revenue represents the amount received or receivable from the sale of food and beverages, tobacco products, living consumption and festive products, revenue from other club operations (including entrance fees, cloakroom fees and event rental income), sponsorship income and income arising from provision of property management services and related value-added services.

Further details regarding the Group's principal activities are disclosed in note 3(b).

(i) **Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by service lines and geographical location of customers is as follows:

	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Continuing operations		
Revenue from property management contracts#		
– Mainland China	298,300	319,714
Revenue from property management related value-added services* – Mainland China	65,549	56,405
	363,849	376,119
Discontinued operation		
Revenue from club and restaurant operations*		
– Hong Kong	14,968	20,973

* The revenue is recognised at a point in time.

The revenue is recognised over time.

The Group's customer base is diversified and no individual customer had transactions which exceeded 10% of the Group's revenue during the year ended 31 March 2024 (2023: one). During the year ended 31 March 2023, revenue from property management contracts derived from a customer, including revenue from entities which are known to the Group to be under common control with this customer, amounted to approximately HK\$43 million.

(ii) **Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date**

For property management services, the Group recognises revenue as the services are provided that correspond directly with the value of performance completed. The Group has applied the practical expedient in HKFRS 15 to its revenue from property management contracts for not to disclose the remaining performance obligations under the Group's existing contracts as these contracts do not have a fixed term.

(b) **Segment reporting**

The Group manages its businesses by divisions, which are organised by a mixture of both business line and geography. In a manner consistent with the way in which information is reported internally to the most senior executive management of the Group for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Segment	Business
Continuing operations	
Property management – Mainland China	Provision of property management services
Property management related value-added services – Mainland China	Sales of living consumption and festive products and provision of household cleaning services and repair services in the community
Discontinued operation	
Lifestyle entertainment – Hong Kong	Sales of food and beverages and tobacco products from operation of clubbing business and restaurant and bar outlets

(i) Segment results, assets and liabilities

The lifestyle entertainment business in Hong Kong was ceased to operate and classified as discontinued operation and the related information has been set out in note 15.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets. Segment liabilities include trade and other payables and lease liabilities attributable to the sales activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment (loss)/profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" are regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the Group's earnings are further adjusted for other revenue, other net (loss)/gain and items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue, interest income from bank deposits and interest expenses from borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the most senior executive management of the Group for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2024 and 2023 is set out below.

	Continuing operations						Discontinued operation			
	Property management		Property management related value-added services		Sub-total		Lifestyle entertainment		Total	
	- Mainland China		- Mainland China				- Hong Kong			
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue from external customers and reportable segment revenue	<u>298,300</u>	<u>319,714</u>	<u>65,549</u>	<u>56,405</u>	<u>363,849</u>	<u>376,119</u>	<u>14,968</u>	<u>20,973</u>	<u>378,817</u>	<u>397,092</u>
Reportable segment profit/(loss) (adjusted EBITDA)	<u>49,109</u>	<u>64,831</u>	<u>2,339</u>	<u>2,272</u>	<u>51,448</u>	<u>67,103</u>	<u>(12,977)</u>	<u>(13,487)</u>	<u>38,471</u>	<u>53,616</u>
Interest income from bank deposits	8,646	8,723	33	83	8,679	8,806	5	1	8,684	8,807
Interest expenses	(10)	(10)	-	-	(10)	(10)	(362)	(315)	(372)	(325)
Depreciation and amortisation	(8,180)	(8,594)	-	-	(8,180)	(8,594)	(2)	(3,545)	(8,182)	(12,139)
Impairment losses on property, plant and equipment	-	-	-	-	-	-	-	(13,057)	-	(13,057)
Reportable segment assets	512,212	504,367	7,536	10,174	519,748	514,541	4,637	7,928	524,385	522,469
Additions to non-current segment assets during the year (note)	1,004	1,048	-	-	1,004	1,048	-	16,595	1,004	17,643
Reportable segment liabilities	<u>152,977</u>	<u>169,456</u>	<u>614</u>	<u>4,504</u>	<u>153,591</u>	<u>173,960</u>	<u>10,100</u>	<u>25,188</u>	<u>163,691</u>	<u>199,148</u>

Note: Additions to non-current segment assets consist of additions to property, plant and equipment.

(ii) *Reconciliations of reportable segment revenue, profit or loss, assets and liabilities*

2024	2023
HK\$'000	(restated) HK\$'000

Revenue

Reportable segment revenue and consolidated revenue from continuing operations
(note 3(a))

<u>363,849</u>	<u>376,119</u>
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	2024	2023
	<i>HK\$'000</i>	(restated) <i>HK\$'000</i>
Profit or loss from continuing operations		
Reportable segment profit derived from the Group's external customers	51,448	67,103
Other revenue	14,356	13,085
Other net (loss)/gain	(109)	12,622
Depreciation and amortisation	(9,117)	(9,449)
Finance costs	(1,083)	(1,426)
Unallocated head office and corporate expenses	(11,150)	(10,160)
	<u>44,345</u>	<u>71,775</u>
Consolidated profit before taxation	<u>44,345</u>	<u>71,775</u>
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
Reportable segment assets	524,385	522,469
Deferred tax assets	2,645	4,455
Unallocated head office and corporate assets	2,086	10,816
	<u>529,116</u>	<u>537,740</u>
Consolidated total assets	<u>529,116</u>	<u>537,740</u>
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Liabilities		
Reportable segment liabilities	163,691	199,148
Current tax payable	5,236	4,591
Deferred tax liabilities	15,780	16,169
Unallocated head office and corporate liabilities	114,447	85,876
	<u>299,154</u>	<u>305,784</u>
Consolidated total liabilities	<u>299,154</u>	<u>305,784</u>

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and goodwill ("**specified non-current assets**"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

	Revenue from external customers		Specified non-current assets	
	2024	2023 (restated)	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations				
Hong Kong (place of domicile)	–	–	414	358
Mainland China	<u>363,849</u>	<u>376,119</u>	<u>77,120</u>	<u>89,327</u>
	363,849	376,119	77,534	89,685
Discontinued operation				
Hong Kong (place of domicile)	<u>14,968</u>	<u>20,973</u>	–	–
	378,817	397,092	77,534	89,685

4 OTHER REVENUE FROM CONTINUING OPERATIONS

	2024	2023 (restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	8,827	9,115
Government grants (<i>note</i>)	1,566	2,637
Others	<u>3,963</u>	<u>1,333</u>
	14,356	13,085

Note: The amount represents government grants received from various the People's Republic of China (the "PRC") government authorities in connection with the fiscal subsidies for providing financial support to enterprises and paying wages to the employees.

5 OTHER NET (LOSS)/GAIN FROM CONTINUING OPERATIONS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/gain on disposal of property, plant and equipment	(79)	4,605
Net foreign exchange (loss)/gain	<u>(30)</u>	<u>8,017</u>
	(109)	12,622

6 PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

Profit before taxation from continuing operations is arrived at after charging/(crediting):

	2024	2023
	<i>HK\$'000</i>	(restated) <i>HK\$'000</i>
(a) Finance costs		
Interest on loans from the controlling shareholder	1,044	1,387
Interest on lease liabilities	39	39
	<u>1,083</u>	<u>1,426</u>
(b) Staff costs		
Contributions to defined contribution retirement plans	21,046	21,166
Salaries, wages and other benefits	109,394	104,696
	<u>130,440</u>	<u>125,862</u>
(c) Other operating expenses		
(Reversal of)/impairment losses on trade receivables	(189)	8,326
Auditors' remuneration		
– audit services	1,965	2,052
– audit related services	773	726
Office expenses	902	1,059
Entertainment expenses	1,728	1,772
Travelling expenses	1,108	1,247
Legal and professional fees	4,934	3,370
Security costs	4,152	2,812
Gardening costs	4,536	4,109
Government surcharges	2,686	2,237
Bank charges and credit card commissions	465	558
Community event costs	3,875	2,524
Other	7,294	6,064
	<u>34,229</u>	<u>36,856</u>
(d) Other items		
Depreciation charge		
– owned property, plant and equipment	755	771
– right-of-use assets	1,274	1,245
	<u>2,029</u>	<u>2,016</u>
Amortisation	7,088	7,433
Cost of inventories sold	63,047	54,329

7 INCOME TAX FROM CONTINUING OPERATIONS IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax from continuing operations in the consolidated statement of profit or loss represents:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – PRC Corporate Income Tax		
Provision for the year	13,059	18,815
Deferred tax		
Origination and reversal of temporary differences	2,104	(809)
	<u>15,163</u>	<u>18,006</u>

Pursuant to the current rules and regulations of the Cayman Islands and the British Virgin Islands, subsidiaries of the Group are not subject to any income tax in these jurisdictions.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements for the years ended 31 March 2024 and 2023, as the subsidiaries of the Group in Hong Kong either sustain a loss for taxation purpose or do not generate any assessable income.

According to the PRC Corporate Income Tax Law, the PRC's statutory income tax rate is 25% (2023: 25%).

Among the branches of Shuyi Property Management Services Co., Ltd (曙一物業服務有限公司) (“Shuyi”) (formerly known as Ningbo AUX Property Management Service Co., Ltd) in the PRC, the Chengdu Branch was entitled to a preferential tax rate of 15% under the Enterprise Income Tax Preference Policies for the Western Development. The directors are of the view that it is highly probable that the Chengdu Branch will be entitled to the same preferential tax rate and 15% is adopted in estimating the tax provision for the years ended 31 March 2024 and 2023.

Management considered that the retained profits of subsidiaries in the PRC might be distributed in the foreseeable future. Consequently, deferred tax liabilities of HK\$10,376,000 (2023: HK\$8,585,000) for temporary differences relating to undistributed profits of subsidiaries were recognised as at 31 March 2024.

8 PROFIT/(LOSS) PER SHARE

(a) Basic profit/(loss) per share

The calculation of basic profit/(loss) per share is based on the profit of HK\$29,182,000 (2023: HK\$51,144,000) and loss of HK\$12,461,000 (2023: HK\$29,633,000) attributable to ordinary equity shareholders of the Company arising from continuing operations and discontinued operation respectively and the weighted average number of 492,984,000 (2023: 492,984,000) ordinary shares in issue during the year.

(b) Diluted profit/(loss) per share

The diluted profit/(loss) per share is the same as basic profit/(loss) per share as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2024 and 2023.

9 PROPERTY, PLANT AND EQUIPMENT

	Properties leased for own use <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:					
At 1 April 2023	65,425	22,013	37,730	262	125,430
Additions	1,331	644	–	24	1,999
Disposals	(9,547)	(335)	(442)	–	(10,324)
Exchange adjustments	(69)	(368)	(15)	(14)	(466)
At 31 March 2024	<u>57,140</u>	<u>21,954</u>	<u>37,273</u>	<u>272</u>	<u>116,639</u>
Accumulated depreciation and impairment losses:					
At 1 April 2023	64,755	19,125	37,730	139	121,749
Charge for the year	1,274	708	–	49	2,031
Written back on disposals	(9,547)	(256)	(442)	–	(10,245)
Exchange adjustments	(52)	(206)	(15)	(7)	(280)
At 31 March 2024	<u>56,430</u>	<u>19,371</u>	<u>37,273</u>	<u>181</u>	<u>113,255</u>
Net book value:					
At 31 March 2024	<u>710</u>	<u>2,583</u>	<u>–</u>	<u>91</u>	<u>3,384</u>
Cost:					
At 1 April 2022	49,268	24,999	38,234	211	112,712
Additions	16,217	548	804	74	17,643
Disposals	–	(2,776)	(1,165)	(9)	(3,950)
Exchange adjustments	(60)	(758)	(143)	(14)	(975)
At 31 March 2023	<u>65,425</u>	<u>22,013</u>	<u>37,730</u>	<u>262</u>	<u>125,430</u>
Accumulated depreciation and impairment losses:					
At 1 April 2022	47,890	21,549	38,234	110	107,783
Charge for the year	3,856	857	804	44	5,561
Impairment losses	13,057	–	–	–	13,057
Written back on disposals	–	(2,775)	(1,165)	(8)	(3,948)
Exchange adjustments	(48)	(506)	(143)	(7)	(704)
At 31 March 2023	<u>64,755</u>	<u>19,125</u>	<u>37,730</u>	<u>139</u>	<u>121,749</u>
Net book value:					
At 31 March 2023	<u>670</u>	<u>2,888</u>	<u>–</u>	<u>123</u>	<u>3,681</u>

The amount mainly represented the impairment losses on property, plant and equipment in relation to lifestyle entertainment segment of \$13,057,000 for the year ended 31 March 2023.

During the year ended 31 March 2023, the operation of clubbing business and restaurant and bar outlets was loss-making. The segment loss (i.e. adjusted earnings before interest, taxes, depreciation and amortisation) of the clubbing business and restaurant and bar outlets for the year ended 31 March 2023 amounted to \$13,487,000 and the Group had assessed the recoverable amount of the relevant property, plant and equipment. As a result, impairment losses of \$13,057,000 were recognised as “impairment losses on property, plant and equipment” in the consolidated statement of profit or loss to reduce the carrying amount of these property, plant and equipment to their recoverable amount of \$Nil. The estimates of recoverable amount were based on the value-in-use model, in which the cash flows were discounted using discount rate of 14%. The discount rate used was pre-tax and reflected specific risks relating to the operation of clubbing business and restaurant and bar outlets.

10 INTANGIBLE ASSETS AND GOODWILL

These balances arose from the acquisitions of Shuyi in May 2017 and Mini Club Hong Kong Limited (“Mini Club”) in April 2019.

The intangible assets represent property management contracts, customer relationships and trademark.

The goodwill is attributable to (1) the workforce of Shuyi and the potential growth of the property management industry in the PRC; and (2) the benefit of expected synergies, revenue growth and the assembled workforce of Mini Club.

Goodwill is allocated to the Group’s CGUs identified as follows:

	2024	2023
	HK\$’000	HK\$’000
Property management business	52,534	55,669
Operation of restaurant and bar outlets*	—	—
	<u>52,534</u>	<u>55,669</u>

* The recoverable amount of the related CGU was lower than the carrying amount of it and therefore the related goodwill was fully impaired during the year ended 31 March 2021.

Property management business

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated weighted average growth rates of 3% (2023: 3%) which is not higher than the forecasts included in industry reports. The growth rate used does not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using discount rates of 21% (2023: 21%). The discount rates used are pre-tax and reflects specific risks relating to the relevant segment.

During the year ended 31 March 2024, the operation of property management business continued to be profit-making and thus no impairment indicator for the respective goodwill has been identified.

11 NON-CURRENT RENTAL DEPOSITS AND TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets		
Rental deposits	<u>65</u>	<u>3,656</u>
Current assets		
Trade receivables, net of loss allowance (<i>note</i>)	<u>59,680</u>	71,395
Deposits, prepayments and other receivables	<u>22,179</u>	<u>16,249</u>
	<u>81,859</u>	<u>87,644</u>

Note: At 31 March 2024, trade and other receivables of the Group included amounts due from entities controlled by Mr. Zheng Jian Jiang, the Company's controlling shareholder, of \$4,888,000 (2023: \$3,452,000) and entities over which Mr. Zheng Jian Jiang has significant influence, of \$6,052,000 (2023: \$2,785,000). The amounts represent property management fees receivable arisen in the ordinary course of business.

The amount of the Group's deposits, prepayments and other receivables expected to be recovered or recognised as expense after more than one year is \$65,000 (2023: \$3,656,000), which mainly represent rental deposits for staff accommodation and office of the Group (2023: rental deposits for a club of the Group). All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	28,856	33,883
Over 1 month to 3 months	13,084	10,049
Over 3 months to 6 months	6,796	6,644
Over 6 months to 1 year	5,267	9,391
Over 1 year	<u>5,677</u>	<u>11,428</u>
	<u>59,680</u>	<u>71,395</u>

12 TRADE AND OTHER PAYABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors	22,824	27,053
Deposits received from property owners/occupants	14,589	18,364
Receipts on behalf of utilities companies	15,510	16,544
Amounts due to related parties	1,524	1,807
Other payables and accrued charges	43,257	51,935
	97,704	115,703

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

The amounts due to related parties represent balances due to entities controlled by Mr. Zheng Jian Jiang, the Company's controlling shareholder, which are unsecured, interest-free and repayable within one year.

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	13,756	14,029
Over 3 months to 6 months	8,019	9,590
Over 6 months to 1 year	549	2,225
Over 1 year	500	1,209
	22,824	27,053

13 LOANS FROM THE CONTROLLING SHAREHOLDER AND AMOUNT DUE TO THE CONTROLLING SHAREHOLDER

The loans from the controlling shareholder are unsecured.

At 31 March 2024, the non-current portion of \$52,360,000 is interest-bearing at 2% per annum and repayable in August 2025. The remaining non-current portion of \$52,480,000 is interest-free and repayable after one year but within two years.

At 31 March 2023, the current portion of the loans is interest-free and repayable within one year. The non-current portion of the loans is interest-bearing at 2% per annum and repayable in August 2025.

The amount due to the controlling shareholder, representing the interest payable, is unsecured, non-interest bearing and repayable within one year.

14 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

The directors do not recommend the payment of a dividend for the year ended 31 March 2024 (2023: HK\$Nil).

(b) Share capital

	2024		2023	
	No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
Authorised:				
Ordinary shares of \$0.01 each	<u>10,000,000</u>	<u>100,000</u>	<u>10,000,000</u>	<u>100,000</u>
Ordinary shares, issued and fully paid:				
At the beginning and the end of the year	<u>492,984</u>	<u>4,930</u>	<u>492,984</u>	<u>4,930</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15 DISCONTINUED OPERATION

On 29 December 2023, the Group announced that the lifestyle entertainment business have been experiencing a downturn in recent years. In view of the outlook of the business, the Board of Directors decided not to renew the tenancy agreement of Zentral upon expiry and ceased the operation during the year. In addition, the restaurant and bar outlet also ceased to operate in view of the imminent expiration of the relevant tenancy agreement. Accordingly, this business was classified as discontinued operation.

The results of discontinued operation are as follows:

	2024	2023
	HK\$'000	HK\$'000
Revenue	14,968	20,973
Other revenue	45	1,241
Other net gain	835	–
Cost of inventories sold	(6,493)	(6,995)
Staff costs	(11,744)	(15,395)
Depreciation and amortisation	(2)	(3,545)
Property rentals and related expenses	(2,986)	(3,368)
Impairment losses on property, plant and equipment	–	(13,057)
Advertising and marketing expenses	(3,349)	(4,531)
Utilities expenses	(333)	(515)
Repair and maintenance expenses	(150)	(421)
Other operating expenses	(2,890)	(3,705)
	<u> </u>	<u> </u>
Loss from operations	(12,099)	(29,318)
Finance costs	(362)	(315)
	<u> </u>	<u> </u>
Loss before taxation	(12,461)	(29,633)
Income tax	–	–
	<u> </u>	<u> </u>
Loss for the year from discontinued operation	(12,461)	(29,633)
Attributable to:		
Equity shareholders of the Company	(12,461)	(29,633)
	<u> </u>	<u> </u>

16 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to the disclosure requirement in respect of the discontinued operation set out in note 15 to the announcement of annual results. The comparative figures in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income have been restated as if the operation discontinued during the current year had been discontinued at the beginning of the prior period.

In addition, certain comparative figures also have been reclassified to conform to current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

During the Year, the Company operated in a challenging economic environment in both the People's Republic of China (the “**PRC**” or “**China**”) and Hong Kong. The macroeconomic conditions adversely impacted consumer sentiment and spending, thereby affecting the Group's business operations. Despite these challenges, the Group remained focused on navigating these difficult times and making strategic decisions to ensure the long-term sustainability of its business.

Given the persistent economic downturn, the Group has made a strategic and necessary decision during the Year to close down its lifestyle entertainment business in Hong Kong the (“**Discontinued Operation**”), a move that was not taken lightly. As disclosed in the announcement of the Company dated 29 December 2023, the Board has resolved not to exercise the option of renewal under the tenancy agreement for the leased premises (the “**Leased Premises**”) where the Group's club, Zentral, operated and to deliver vacant possession of the Leased Premises to the landlord by 30 June 2024. This decision was made to reallocate resources and concentrate on the Group's core competencies in property management and property management related value-added services in the PRC (the “**Continuing Operations**”). By streamlining its operations, the Group aims to enhance operational efficiency and focus on areas with higher growth potential.

With the Company closing down its lifestyle entertainment business during the Year, the Company has been focusing on expanding revenue streams in the Continuing Operations.

Continuing Operations

As of 31 March 2024, the number of projects managed by Shuyi Property Management Services Co., Ltd (“**Shuyi Property**”) remained at 66 projects, and the aggregated contracted gross floor area increased from 9.0 million sq.m. as at 31 March 2023 to 9.2 million sq.m.

Even though the number of projects managed by Shuyi Property remained stable, the Group's property management business in China faced headwinds. A decrease in number of relatively short-term property management services, such as sales office management and pre-sale management services, has led to a decline in revenue from the traditional property management services. As a result, revenue from property management contracts decreased by HK\$21.4 million from HK\$319.7 million in FY2023 to HK\$298.3 million for the Year.

However, revenue from property management related value-added services has increased by HK\$9.1 million, from HK\$56.4 million in FY2023 to HK\$65.5 million for the Year.

Hence, revenue generated from the Continuing Operations decreased by approximately 3.3% to approximately HK\$363.8 million for the Year.

In line with the expansion in the Group's property management related value-added services, the cost of inventories sold attributable to the Continuing Operations increased by HK\$8.7 million to HK\$63.0 million during the Year.

As the hygiene measures the Group implemented in coping with the COVID-19 pandemic have been relaxed, the Group's property cleaning expenses in relation to the Continuing Operations have decreased by HK\$5.0 million from HK\$73.1 million in FY2023 to HK\$68.1 million during the Year.

Other net (loss)/gain from the Continuing Operations decreased by HK\$12.7 million, from a net gain of HK\$12.6 million in FY2023 to a net loss of HK\$0.1 million for the Year. Such decrease was mainly due to the change in denomination of the loan from the controlling shareholder (the "Loan") from Renminbi ("RMB") to Hong Kong dollars ("HKD"), resulting from which the Group has ceased to record any foreign exchange gain or loss in respect of the Loan during the Year. In comparison, the Group recorded a net foreign exchange gain of approximately HK\$7.4 million in respect of the then RMB-denominated Loan as a result of the depreciation of RMB against HKD for FY2023.

As a result, profit for the year generated from the Continuing Operations decreased by HK\$24.6 million from HK\$53.8 million in FY2023 to HK\$29.2 million for the Year.

Discontinued Operation

Due to a change in consumer sentiment and the Group's plan to focus on the Continuing Operations, revenue generated from the Discontinued Operation decreased by HK\$6.0 million, from HK\$21.0 million in FY2023 to HK\$15.0 million for the Year.

As property, plant and equipment related to the Discontinued Operation were fully impaired in previous years, no impairment loss on property, plant and equipment was recognized during the Year, in contrast to the impairment loss of HK\$13.1 million recorded for property, plant and equipment related to the Discontinued Operation in FY2023.

As a result, the loss from Discontinued Operation decreased by HK\$17.1 million, from HK\$29.6 million in FY2023 to HK\$12.5 million for the Year.

Overall, the Group's profit for the year decreased by HK\$7.4 million from HK\$24.1 million in FY2023 to HK\$16.7 million for the Year.

OPERATING COSTS

Staff Costs

The staff costs comprised salaries, wages, discretionary bonuses, membership commissions, tips from customers allocated to staff and other benefits including retirement benefit costs and other allowances and benefits payable to permanent and part time staff. The staff costs from the Continuing Operations increased by HK\$4.5 million from HK\$125.9 million in FY2023 to HK\$130.4 million for the Year due to the increased number of staff in the Group's property management related value-added services business during the Year.

Utilities Expenses and Repair and Maintenance Expenses

The utilities expenses and repair and maintenance expenses from the Continuing Operations decreased by approximately HK\$1.7 million to HK\$26.7 million, representing a decrease of 6.0% for the Year (FY2023: approximately HK\$28.4 million). The decrease was mainly due to the relaxation of various hygiene measures the Group implemented in coping with the COVID-19 pandemic. As a result, utilities expenses from the Continuing Operations decreased by HK\$2.0 million from HK\$10.9 million in FY2023 to HK\$8.9 million during the Year.

Other Operating Expenses

Other operating expenses from the Continuing Operations decreased by approximately HK\$2.7 million to HK\$34.2 million for the Year, representing a decrease of 7.3% (FY2023: approximately HK\$36.9 million). Such expenses included gardening costs, security costs, impairment loss on trade receivables and other miscellaneous expenses. The decrease was mainly due to the reversal of impairment loss on trade receivables of HK\$0.2 million during the Year compared to the impairment loss on trade receivables of HK\$8.3 million in FY2023.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 March 2024, the Group's total current assets and current liabilities were approximately HK\$448.9 million (31 March 2023: approximately HK\$380.3 million) and approximately HK\$178.4 million (31 March 2023: approximately HK\$234.6 million) respectively, while the current ratio was about 2.5 times (31 March 2023: 1.6 times).

As at 31 March 2024, the Group maintained cash at bank and in hand of approximately HK\$298.7 million (31 March 2023: approximately HK\$286.4 million). In the foreseeable future, the Group expects to fund its capital expenditures, working capital and other capital requirements from cash generated from its operations and other financing means which the Company may from time to time consider appropriate.

Total interest-bearing borrowing of the Group as at 31 March 2024 was approximately HK\$58.4 million (31 March 2023: HK\$68.6 million), which was comprised mainly of the non-current portion of HK\$52.4 million of the loan with a term of three years at an interest rate of 2% per annum granted by the controlling shareholder of the Company to Starry Chance Limited, an indirect wholly-owned subsidiary of the Company, for the purpose of financing its acquisition of the entire equity interests in Shuyi Property. The gearing ratio, which is calculated by dividing total interest-bearing borrowings by total equity, as at 31 March 2024 was 0.3 (31 March 2023: 0.3).

CAPITAL STRUCTURE

On 26 October 2021, the Company entered into a subscription agreement with Hui Limited (the “**Subscriber**”). Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 118,000,000 shares (the “**Subscription**”) at the price of HK\$0.63 per share for a consideration of HK\$74,340,000. All the conditions set out in the subscription agreement have been fulfilled and accordingly, the completion of the Subscription took place on 15 February 2022. The net proceeds from the Subscription, after deduction of the related expenses, of approximately HK\$73,730,000 had been fully utilised working capital, rental expenses of the lifestyle entertainment segment and partial repayment of the loans from the controlling shareholder.

The Group manages its capital to safeguard the Group’s ability to continue as a going concern while maximising the return to shareholders through maintaining the equity and debt in a balanced position.

As at 31 March 2024, the capital structure of the Group consisted of equity of approximately HK\$230.0 million (31 March 2023: approximately HK\$232.0 million) and loans from the controlling shareholder of approximately HK\$104.8 million (31 March 2023: HK\$74.4 million). Except for the loans from the controlling shareholder of HK\$52.4 million and lease liabilities, the Group had no interest-bearing bank borrowings, debt securities or other capital instruments as at 31 March 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES AND SIGNIFICANT INVESTMENTS HELD

The Group did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures or significant investments held during the Year.

CHARGE ON ASSETS

As at 31 March 2024, the Group did not have any pledged assets (31 March 2023: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group intends to conduct more comprehensive evaluations of its growth strategies, assessing the potential for broadening its revenue base by venturing into various investment prospects across diverse sectors, including trading, property management, information technology, brand development and other industries, which may or may not include any assets and/or business acquisitions or disposals by the Group, and will consider all options. Any such plans will be subject to review and approval by the Board and compliance with the applicable requirements under the Listing Rules where appropriate. The costs of any such acquisitions will be met with cash generated from the operations of the Group and other financing means which the Group may consider appropriate from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risks arising from RMB. Foreign exchange risks arise from future commercial transactions, recognised assets and liabilities denominated in RMB for the entities with a functional currency in HKD. The Group did not use any forward contracts to hedge its foreign currency exposure during the Year. The Group will from time to time review and adjust its hedging and financial strategies based on exchange rate movements in RMB and HKD.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2024, the Group employed approximately 952 employees (31 March 2023: 994 employees). The Group offers competitive remuneration packages to its staff, including share option scheme, mandatory provident fund scheme and discretionary bonus.

PROSPECTS

Looking ahead, the Group is optimistic about its future prospects. The decision to focus on its property management business while expanding its range of value-added services positions it to capitalize on emerging market opportunities. The property management industry in China continues to evolve, with increasing demand for comprehensive and high-quality services. The Group is committed to enhancing its service offerings, integrating advanced technology, and adopting innovative practices to meet and exceed client expectations.

Furthermore, the Group's strategic pivot away from the lifestyle entertainment business in Hong Kong allows it to channel its resources and expertise into areas with greater growth potential. By fostering solid relationships with its clients and continuously improving service quality, the Group is confident in its ability to regain growth momentum and deliver long-term value to its shareholders.

The Group remained committed to leveraging its brand and expertise and exploring new business opportunities to expand its operation. The Group's focus on property management-related value-added services will continue to be a key driver of growth, and the Group is confident in its strategy to navigate the current economic landscape and deliver sustained value to its shareholders.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (31 March 2023: nil).

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as its corporate governance code of practices. The Board is of opinion that the Company has complied with the code provisions set out in Part 2 of CG Code throughout the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted The Mode Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix C3 to the Listing Rules as the code for securities transactions by the Directors. The Company has made specific enquiries with all Directors and all Directors have confirmed that they complied with the Model Code throughout the Year.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) on 3 January 2014. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Bau Siu Fung (chairman of the Audit Committee), Mr. Poon Chiu Kwok and Ms. Lou Aidong.

The Audit Committee has reviewed the Group’s consolidated financial statements and annual results for the Year. The Audit Committee is of the view that these financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory provisions, and sufficient disclosures have already been made in the Group’s consolidated financial statements.

SCOPE OF WORK OF KPMG

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income for the Year as set out in this announcement have been compared by the Company’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditors on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.auxint.com. The annual report for the Year will be published on the above websites and made available to the shareholders of the Company in due course.

By order of the Board
AUX International Holdings Limited
Zheng Jiang
Chairman

Hong Kong, 28 June 2024

As at the date of this announcement, the executive Directors are Mr. Zheng Jiang, Mr. Zheng Jianjiang, Mr. Chan Hon Ki, Ms. Shen Guoying and Ms. Chen Lingxiao and the independent non-executive Directors are Mr. Poon Chiu Kwok, Mr. Bau Siu Fung and Ms. Lou Aidong.