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# 澳至尊 AUSupreme

## **Ausupreme International Holdings Limited**

**澳至尊國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2031)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

On 31 October 2022 (after trading hours of the Stock Exchange), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company at the Consideration, subject to the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, the Target Company will be an indirect wholly-owned subsidiary of the Company and its financial results, assets and liabilities will be consolidated into the consolidated financial statements of the Group.

#### **LISTING RULES IMPLICATIONS**

As the relevant applicable percentage ratios for the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the shares of the Target Company are owned as to 50% by Mr. Choy Chi Fai and 50% by Ms. Ho Ka Man, respectively. Each of the Vendors is a Director and a controlling shareholder of the Company within the meaning of the Listing Rules. Accordingly, each of the Vendors is a connected person of the Company and the transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction for the Company for the purpose of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

Pursuant to the articles of association of the Company and the Listing Rules, a Director shall not vote on any resolution of the Board in respect of any contract or arrangement or proposal in which he/she or any of his/her associate(s) has/have a material interest, and if he/she shall do so his/her vote shall not be counted. Accordingly, Mr. Choy Chi Fai and Ms. Ho Ka Man, both being executive Directors, are required to abstain and have abstained from voting on the relevant Board resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve among others, the Sale and Purchase Agreement and the transactions contemplated thereunder. Beatitudes International Ltd., which is owned as to 50% by each of Mr. Choy Chi Fai and Ms. Ho Ka Man, the controlling Shareholder holding 425,340,000 Shares (representing approximately 55.82% of the entire issued share capital of the Company) as at the date of this announcement, and its associates and any Shareholder who has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder are required to abstain from voting on the relevant resolution(s) to be proposed at the EGM for approving the proposed Sale and Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

Silverbricks Securities Company Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding among others, the Sale and Purchase Agreement and the transactions contemplated thereunder; (iv) a valuation report in relation to the Property; and (v) a notice of EGM together with the form of proxy, is expected to be despatched to the Shareholders on or before 30 December 2022, so as to allow sufficient time for the preparation of the information required to be included in the circular.

**Approval from the Independent Shareholders at the EGM is required for the Sale and Purchase Agreement and the transactions contemplated thereunder, as such, the Acquisition may or may not materialize. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

On 31 October 2022 (after trading hours of the Stock Exchange), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company at the Consideration, subject to the terms and conditions of the Sale and Purchase Agreement.

## **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 31 October 2022 (after trading hours of the Stock Exchange)

Parties: (a) the Vendors; and  
(b) the Purchaser, a direct wholly-owned subsidiary of the Company.

### **Subject matter**

Pursuant to the Sale and Purchase Agreement, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing the entire issued share capital of the Target Company as at the date of this announcement. The Target Company is primarily engaged in properties investment and further details of the Target Company are set out in the section headed “Information on the Target Company” below.

As at the date of this announcement, the Vendors owns the entire issued share capital in the Target Company. Immediately after the Completion, the Target Company will be wholly-owned by the Purchaser, and thus the Target Company will be an indirect wholly-owned subsidiary of the Company and its financial results, assets and liabilities will be consolidated into the consolidated financial statements of the Group.

### **Consideration**

The Consideration for the Acquisition shall be the sum of HK\$27,453,000, which shall be payable by the Purchaser to the Vendors (or its nominee(s)) in the following manner:

- (i) HK\$20,000,000 of the Consideration shall be payable by the Purchaser to the Vendors (as to HK\$10,000,000 to Mr. Choy Chi Fai and HK\$10,000,000 to Ms. Ho Ka Man) by way of cash upon Completion; and

- (ii) HK\$7,453,000 of the Consideration shall be payable by the Purchaser to the Vendors (as to HK\$3,726,500 to Mr. Choy Chi Fai and HK\$3,726,500 to Ms. Ho Ka Man) by way of cash within three months after the Completion.

The Consideration was determined based on arm's length negotiations between the Vendors and the Purchaser on normal commercial terms after taking into account of, among other things, (i) the preliminary market value of the Property of approximately HK\$29,800,000 valued by an independent professional valuer as at 30 September 2022 by way of market approach; and (ii) the unaudited net current liabilities of the Target Company of approximately HK\$2,347,000 as at 30 September 2022 and the Target Company did not have any non-current liabilities.

### **Conditions**

Completion shall be conditional upon and subject to the following conditions:

- (1) all necessary consents and/or approvals from the shareholders, regulators, bankers and creditors and any other third party required to be obtained on the part of the Vendors and the Target Company in respect of the sale and purchase of the Sale Shares and the transactions thereby contemplated having been obtained and remain in full force and effect;
- (2) all necessary consents and/or approvals from the shareholders and regulators and any other third party required to be obtained on the part of the Purchaser in respect of the sale and purchase of the Sale Shares and the transactions thereby contemplated having been obtained and remain in full force and effect;
- (3) the passing by the Independent Shareholders at the EGM to be convened of the necessary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (4) the Purchaser being satisfied with the results of the due diligence reviews on the Target Company to be conducted;
- (5) there has not been any Material Adverse Change on the Target Company since the date of the Sale and Purchase Agreement;
- (6) the warranties given by the Vendors remaining true and accurate and not misleading; and
- (7) the obtaining of a valuation report from the valuer designated by the Purchaser confirming that the valuation of the Property is not less than HK\$29,800,000.

The Purchaser may at any time waive in writing conditions precedent set out in (4) to (6) above. If the conditions set out above have not been satisfied (or as the case may be, waived by the Purchaser) at or before 12:00 p.m. on 31 January 2023 (or such later date as the Vendors and the Purchaser may agree), the Sale and Purchase Agreement shall cease and determine and neither party to the Sale and Purchase Agreement shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

### **Completion**

Completion shall take place within five Business Days after the date of fulfilment (and/or waiver) of all the conditions precedent above or such other date as the Vendors and the Purchaser may mutually agree in writing.

### **INFORMATION ON THE TARGET COMPANY**

The Target Company was incorporated in Hong Kong in March 2012 with limited liability, and is primarily engaged in properties investment. As at the date of this announcement, the Target Company is owned as to 50% by Mr. Choy Chi Fai and 50% by Ms. Ho Ka Man.

In 2021, the Target Company as landlord entered into a tenancy agreement with Truth & Faith International Limited, an indirect wholly owned subsidiary of the Company, as tenant in relation to the leasing of the Property at a monthly rental income of HK\$80,000 and for a term of three years from 1 July 2021 to 30 June 2024. Other than the leasing of the Property as landlord under the tenancy agreement, the Target Company has no other material operations since its incorporation. As at the date of this announcement, the Target Company has no other major assets other than the Property. There was no material cost for incorporation of the Target Company by the Vendors in 2012 and the original acquisition cost of the Property paid by the Target Company was approximately HK\$12,880,000.

The Property is located at Room C, 3/F., King Win Factory Building, 67 King Yip Street, Kwun Tong, Kowloon, Hong Kong with total construction area of approximately 5,451 square feet. According to the preliminary valuation of the Property performed by an independent professional valuer by way of market approach, the preliminary market value of the Property was HK\$29,800,000 as at 30 September 2022. As at the date of this announcement, the Property has been mortgaged to the Bank of China (Hong Kong) Limited which is secured by a personal guarantee by Mr. Choy Chi Fai and Ms. Ho Ka Man, the outstanding balance of which was approximately HK\$3,102,000 as at 30 September 2022 and accruing at an interest rate of 2.45% per annum. Upon Completion, the personal guarantee securing the Mortgage of the Property will be released and replaced by a corporate guarantee to be provided by the Company.

## Financial Information

Based on the latest financial information available to the Company as at the date of this announcement, set out below are the key financial figures extracted from the financial information of the Target Company for the six months ended 30 September 2022 and the two financial years ended 31 March 2022 and 31 March 2021 respectively:

	<b>For the six months ended 30 September 2022 (Unaudited) HK\$</b>	<b>For the year ended 31 March 2022 (Audited) HK\$</b>	<b>For the year ended 31 March 2021 (Audited) HK\$</b>
Net profit before taxation	222,000	332,000	78,000
Net profit after taxation	200,000	319,000	78,000
Net assets/(liabilities)	7,773,000	(1,781,000)	(2,100,000)

The unaudited net assets of the Target Company as at 30 September 2022 was approximately HK\$7,773,000.

## GENERAL INFORMATION ON THE PARTIES

### The Vendors

As at the date of this announcement, each of Mr. Choy Chi Fai and Ms. Ho Ka Man (i) is an executive Director and a controlling shareholder of the Company; (ii) holds 50% issued shares of the Target Company; and (iii) a connected person of the Company. Accordingly, the transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction for the Company for the purpose of the Listing Rules.

### The Purchaser

The Purchaser is a direct wholly-owned subsidiary of the Company incorporated in the British Virgin Islands and is principally engaged in investment holding.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the retail and wholesale of health and personal care products.

The Property is the major asset of the Target Company and it is currently rented by the Target Company as landlord to Truth & Faith International Limited, an indirect wholly-owned subsidiary of the Company, as tenant. The Board considers that it is a good investment opportunity to acquire the Property at the current market price. The Board considers that the acquisition of the Property, which is located at a prime location and in vicinity to the other warehouse of the Group, will increase the efficiency of stock and man power management and help the Group to further develop and expand its businesses. Upon Completion, the Property will continue to be used by Truth & Faith International Limited for its business operation. The Board believes that the Group may also benefit from any long term capital gain if the Property appreciate in value in the future and in addition, the Acquisition can save rental expenses of the Group after Completion.

In view of the above, the Board (excluding the independent non-executive Directors who will form their view after taking into account the advice of the Independent Financial Adviser) considers that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including, among other things, the Consideration) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Save for Mr. Choy Chi Fai and Ms. Ho Ka Man, none of the other Directors have a material interest in the transactions and therefore no other Director was required to abstain from voting on the relevant resolution(s) of the Board approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As the relevant applicable percentage ratios for the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the shares of the Target Company are owned as to 50% by Mr. Choy Chi Fai and 50% by Ms. Ho Ka Man, respectively. In addition, each of the Vendors is a Director and a controlling shareholder of the Company within the meaning of the Listing Rules. Accordingly, each of the Vendors is a connected person of the Company and the transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction for the Company for the purpose of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## GENERAL

Pursuant to the articles of association of the Company and the Listing Rules, a Director shall not vote on any resolution of the Board in respect of any contract or arrangement or proposal in which he/she or any of his/her associate(s) has/have a material interest, and if he/she shall do so his/her vote shall not be counted. Accordingly, Mr. Choy Chi Fai and Ms. Ho Ka Man, both being executive Directors, are required to abstain and have abstained from voting on the relevant Board resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve among others, the Sale and Purchase Agreement and the transactions contemplated thereunder. Beatitudes International Ltd., which is owned as to 50% by each of Mr. Choy Chi Fai and Ms. Ho Ka Man, the controlling Shareholder holding 425,340,000 Shares (representing approximately 55.82% of the entire issued share capital of the Company) as at the date of this announcement, and its associates and any Shareholder who has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder are required to abstain from voting on the relevant resolution(s) to be proposed at the EGM for approving the proposed Sale and Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

Silverbricks Securities Company Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding among others, the Sale and Purchase Agreement and the transactions contemplated thereunder; (iv) a valuation report in relation to the Property; and (v) a notice of EGM together with the form of proxy, is expected to be despatched to the Shareholders on or before 30 December 2022, so as to allow sufficient time for the preparation of the information required to be included in the circular.

**Approval from the Independent Shareholders at the EGM is required for the Sale and Purchase Agreement and the transactions contemplated thereunder, as such, the Acquisition may or may not materialize. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement
“Board”	the board of directors of the Company
“Business Days”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Ausupreme International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition
“Consideration”	a cash consideration of HK\$27,453,000 to be paid by the Purchaser to the Vendors
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder

“Independent Financial Adviser”	Silverbricks Securities Company Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholders who are not required to abstain from voting at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Change”	any change which has a material and adverse effect on the financial or trading position, business or property or results of operations of the Target Company
“Mortgage”	mortgage of the Property
“Property”	the property located at Room C, 3/F., King Win Factory Building, 67 King Yip Street, Kwun Tong, Kowloon, Hong Kong
“Purchaser”	Nature’s Elite Limited, a direct wholly-owned subsidiary of the Company
“Sale Shares”	collectively 4 ordinary shares of the Target Company held by the Vendors, representing the entire issued share capital of the Target Company as at the date of this announcement
“Sale and Purchase Agreement”	the Sale and Purchase Agreement dated 31 October 2022 entered into between the Vendors and the Purchaser in relation to, among other things, the Acquisition
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Prof Kiu International Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 50% by Mr. Choy Chi Fai and 50% by Ms. Ho Ka Man as at the date of this announcement
“Vendors”	collectively, Mr. Choy Chi Fai and Ms. Ho Ka Man

“%” per cent.

*In this announcement, unless the context requires otherwise, the terms, “associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules.*

By order of the Board  
**Ausupreme International Holdings Limited**  
**Choy Chi Fai**  
*Chairman, Executive Director and Co-Chief Executive Officer*

Hong Kong, 31 October 2022

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

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