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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Ausupreme International Holdings Limited (the “**Company**”) presents the consolidated results of the Company and its subsidiaries (together as the “**Group**”) for the year ended 31 March 2022 (the “**Year**”), together with the comparative figures for the year ended 31 March 2021 (the “**Year 2021**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

		Year ended 31 March	
		2022	2021
	Notes	HK\$'000	HK\$'000
Revenue	4	128,726	102,907
Cost of sales		<u>(23,580)</u>	<u>(18,292)</u>
Gross profit		105,146	84,615
Other income	5(a)	2,038	13,728
Other gains and losses, net	5(b)	522	3,300
Selling and distribution expenses		(80,998)	(73,620)
General and administrative expenses		(29,348)	(24,005)
Finance costs	6	<u>(326)</u>	<u>(544)</u>

		Year ended 31 March	
		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit before taxation		(2,966)	3,474
Income tax credit	7	<u>2,123</u>	<u>370</u>
(Loss) profit for the year	8	<u>(843)</u>	<u>3,844</u>
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
— Fair value loss on investments in equity instruments at fair value through other comprehensive income		(2,052)	(1,688)
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of foreign operations		<u>853</u>	<u>25</u>
Other comprehensive expense for the year, net of tax		<u>(1,199)</u>	<u>(1,663)</u>
Total comprehensive (expense) income for the year		<u>(2,042)</u>	<u>2,181</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss) earnings per share	9		
— Basic		<u>(0.11)</u>	<u>0.50</u>
— Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

		As at 31 March	
		2022	2021
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		26,566	27,243
Right-of-use assets		14,738	11,181
Equity investment at fair value through other comprehensive income		3,454	5,506
Deposits paid for acquisition of properties		18,672	17,853
Deferred tax assets		3,804	1,098
		<u>67,234</u>	<u>62,881</u>
CURRENT ASSETS			
Inventories		15,098	14,445
Trade and other receivables	11	18,689	22,613
Income tax recoverable		1,750	1,750
Time deposits		39,144	40,495
Bank balances and cash		56,156	59,987
		<u>130,837</u>	<u>139,290</u>
CURRENT LIABILITIES			
Trade and other payables	12	13,394	9,988
Dividend payable		9	57
Lease liabilities		10,580	10,855
Provisions		510	392
Income tax payable		1,020	974
		<u>25,513</u>	<u>22,266</u>
NET CURRENT ASSETS		<u>105,324</u>	<u>117,024</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>172,558</u>	<u>179,905</u>

	As at 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	5,291	3,259
Provisions	702	419
	<u>5,993</u>	<u>3,678</u>
NET ASSETS	<u>166,565</u>	<u>176,227</u>
CAPITAL AND RESERVES		
Share capital	7,620	7,620
Reserves	158,945	168,607
TOTAL EQUITY	<u>166,565</u>	<u>176,227</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 April 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Office E, 28/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 September 2016 (the "Listing Date" and the "Listing", respectively). The Company's immediate and ultimate holding company is Beatitudes International Ltd. which was incorporated in the British Virgin Islands and controlled by Mr. Choy Chi Fai and Ms. Ho Ka Man.

The Company is an investment holding company. During the Year, the principal activities of its subsidiaries are retail and wholesale of health and personal care products.

The consolidated financial statements of the Group for the Year are presented in Hong Kong dollars ("HK\$") which is same as the functional currency of the Company and all values are rounded to the nearest thousand ("HK\$'000"), except when otherwise indicated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, Hong Kong Accounting Standards ("HKAS") 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned in the consolidated financial statements, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Types of goods		
Health supplement products	122,675	97,846
Honey and pollen products	1,879	1,821
Personal care products	4,172	3,240
	<u>128,726</u>	<u>102,907</u>
Total	128,726	102,907
Timing of revenue recognition		
A point in time	128,726	102,907
	<u>128,726</u>	<u>102,907</u>
Sales channel		
Specialty stores	36,989	32,100
Consignment counters	62,835	47,382
E-commerce	17,584	16,563
Other sales channels	11,318	6,862
	<u>128,726</u>	<u>102,907</u>
Total	128,726	102,907

(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

Information reported to the Board, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segment under HKFRS 8 *Operating Segments* is retail and wholesale of health and personal care products.

Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from retail and wholesale of health and personal care products for the years ended 31 March 2022 and 2021.

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Bank interest income on bank deposits	102	1,088
Government grants (<i>note i</i>)	1,432	10,156
Rent concession income (<i>note ii</i>)	322	2,232
Others	182	252
	<u>2,038</u>	<u>13,728</u>

Notes:

- (i) During the year ended 31 March 2022, the Group recognised government grants approximately HK\$197,000 under certain subsidy schemes launched by the Hong Kong Government and the Government of Singapore.

During the year ended 31 March 2022, the Group received government fund of approximately HK\$1,235,000 (2021: HK\$284,000) from the Hong Kong Government under the Dedicated Fund on Branding, Upgrading and Domestic Sales for projects held in the Mainland China and Singapore.

During the year ended 31 March 2021, the Group recognised government grants includes cash subsidies granted by the Hong Kong Government under the Anti-epidemic Fund amounting to HK\$960,000 from the Retail Sector Subsidy Scheme granted to 12 eligible specialty stores of the Group, approximately HK\$8,394,000 from the Employment Support Scheme and HK\$20,000 from One-off Subsidy (Goods Vehicles) for 2 eligible goods vehicles. The remaining grants of approximately HK\$498,000 were granted from other subsidy schemes launched by the Government of Macau and the Government of Singapore.

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

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

(b) Other gains and losses, net

	Year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss on written-off of property, plant and equipment	(3)	(10)
Net foreign exchange gains	525	3,310
	<u>522</u>	<u>3,300</u>

6. FINANCE COSTS

	Year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on lease liabilities	326	544
	<u>326</u>	<u>544</u>

7. INCOME TAX CREDIT

	Year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	51	—
PRC Enterprise Income Tax (“EIT”)	15	4
Macau Complementary Tax	517	321
	<u>583</u>	<u>325</u>
Overprovision in prior years:		
Hong Kong Profits Tax	—	(20)
Macau Complementary Tax	—	(291)
	<u>—</u>	<u>(311)</u>
Deferred tax:		
Current year	(2,706)	(384)
	<u>(2,706)</u>	<u>(384)</u>
Total	<u>(2,123)</u>	<u>(370)</u>

Notes:

- (a) 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.

No provision for taxation in Hong Kong has been made as the Group did not generated any assessable profits arising in Hong Kong for the year ended 31 March 2021.

- (b) Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China is 25% for both years. Certain subsidiaries of the Company in Mainland China satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises. The portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 25% as taxable income amount and be subject to EIT at 20% tax rate. The portion over RMB1 million but not exceeding RMB3 million shall be calculated at a reduced rate of 50% as taxable income amount and be subject to EIT at 20% tax rate.
- (c) Singapore Corporate Income Tax is calculated at 17% of its chargeable income for both years. No provision for taxation in Singapore has been made for the years ended 31 March 2022 and 2021.
- (d) According to the Macau Complementary Tax Law, Macau Complementary Tax is calculated at progressive rates up to 12% (2021: progressive rates up to 12%) on the estimated taxable profits arising in Macau during the Year with an exemption allowance amounted to Macau Pataca ("MOP") 600,000 (equivalent to approximately HK\$583,000) (2021: MOP600,000 (equivalent to approximately HK\$583,000)) as tax relief measures which are managed by the Financial Services Bureau.

8. (LOSS) PROFIT FOR THE YEAR

	Year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit for the year has been arrived at after charging (crediting):		
Staff costs including directors' emoluments:		
Salaries and allowances	43,599	36,871
Contributions to retirement benefits scheme	<u>1,659</u>	<u>1,538</u>
Total staff costs	45,258	38,409
Staff costs included in selling and distribution expenses	<u>(24,648)</u>	<u>(22,463)</u>
Staff costs included in general and administrative expenses	<u>20,610</u>	<u>15,946</u>
Depreciation of:		
— Property, plant and equipment	2,025	2,214
— Right-of-use assets	<u>12,645</u>	<u>14,178</u>
Total depreciation	14,670	16,392
Depreciation included in selling and distribution expenses	<u>(11,485)</u>	<u>(13,445)</u>
Depreciation included in general and administrative expenses	<u>3,185</u>	<u>2,947</u>
Net foreign exchange gains	(525)	(3,310)
Auditors' remuneration		
— Audit services	684	778
Cost of inventories recognised as expense	23,580	18,292
Impairment losses of right-of-use assets included in selling and distribution expenses	—	2,139
(Reversal of write-down) write-down of obsolete inventories	(150)	1,238
Consignment expenses (<i>Note</i>)	25,153	19,388
Advertising and promotion expense	11,803	9,851
Donations	<u>215</u>	<u>272</u>

Note:

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

9. (LOSS) EARNINGS PER SHARE

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
(Loss) profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	<u>(843)</u>	<u>3,844</u>
	As at 31 March	
	2022	2021
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u>762,000</u>	<u>762,000</u>

No diluted (loss) earnings per share for both years ended 31 March 2022 and 2021 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2022 and 2021.

10. DIVIDEND

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2020 Final dividend — HK1 cent per share	—	7,620
2021 Final dividend — HK1 cent per share	<u>7,620</u>	<u>—</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2022 of HK1 cent (2021: final dividend in respect of the year ended 31 March 2021 of HK1 cent) per ordinary share, in an aggregate amount of HK\$7,620,000 (2021: HK\$7,620,000), has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables (<i>Note</i>)	7,312	11,109
Other receivables	663	729
Deposits and prepayments	10,714	10,775
	<u>18,689</u>	<u>22,613</u>

Note:

As at 1 April 2020, trade receivables from contracts with customers amounted to approximately HK\$7,229,000.

The Group usually allows a credit period of 0 to 60 days (2021: 0 to 60 days) to its trade customers and consignees. The following is an aged analysis of trade receivables, 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.

	As at 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	3,209	4,531
31–60 days	3,827	3,032
61–90 days	224	3,094
Over 90 days	52	452
	<u>7,312</u>	<u>11,109</u>

12. TRADE AND OTHER PAYABLES

	As at 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables (<i>Note</i>)	3,484	1,700
Contract liabilities	1,143	821
Accrued staff costs	6,069	5,419
Other payables and accruals	2,698	2,048
	<u>13,394</u>	<u>9,988</u>

Note:

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

	As at 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	1,280	393
31–90 days	2,204	1,307
	<u>3,484</u>	<u>1,700</u>

The average credit period on purchases of goods is 0 to 90 days (2021: 0 to 90 days).

13. COMPARATIVE FIGURES

During the year ended 31 March 2022, for enhancing the relevance of the presentation of the consolidated financial statements, reclassifications have been made to certain comparative figures presented in the consolidated financial statements in respect of the prior year to achieve comparability with the current year's presentation. As a result, the following line items regarding comparative figures have been amended and adjusted, together with the related notes to conform to the current year's presentation:

	Previous reported <i>HK\$'000</i>	Reclassification <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Consolidated statement of financial position			
Rental deposits	3,619	(3,619)	—
Trade and other receivables	18,994	3,619	22,613

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally a Hong Kong-based brand builder, retailer and wholesaler of health and personal care products focusing on the development, marketing, sales and distribution of the branded products. The major brands developed and managed by the Group include “Ausupreme”, “Organic Nature”, “Superbee” and “Top Life”, which are sold under our well-established “澳至尊” sales and distribution network.

Market Overview

In the midst of lingering COVID-19 pandemic and the rising global inflation, the recovery of the global economy has still been hindered during the Year.

Locally, in the first quarter of year 2022, the fifth wave of the COVID-19 pandemic in the city was induced by a surge in infections of the Omicron variant. The fifth wave of the COVID-19 pandemic with prolonged anti-pandemic restrictions and strict border control measures have reduced the foot traffic and consumer spending substantially and posed an adverse impact on overall retail market in Hong Kong. According to the statistics from the Census and Statistics Department of Hong Kong, the overall retail sales in Hong Kong recorded a slight growth of 4.0% for the Year. However, the overall retail sales in Hong Kong during the first quarter of year 2022 were sluggish with a decline of 7.6% as compared to that of the same period of last year.

Overall Performance

For the year ended 31 March 2022, the Group’s revenue amounted to HK\$128,726,000, representing an increase of 25.1% from HK\$102,907,000 for Year 2021. As a result of the Group’s optimisation of sales channels and marketing strategies, the increase in sales of the Group outperformed the overall growth rate of the Hong Kong retail market. Nevertheless, the Group recorded a loss for the Year amounted to HK\$843,000 as compared to the profit for Year 2021 amounted to HK\$3,844,000. The change from profit to loss for the Year was mainly due to the absence of COVID-19 related grants from the Hong Kong Government and reduction of COVID-19 related rent concession income from various landlords for the Year which amounted to a total of more than HK\$11,000,000. Meanwhile, the outbreak of the Omicron variant in the fifth wave of the pandemic severely weakened consumption sentiment and also the sales of the Group in the first quarter of year 2022. The Company has been actively reviewing and enhancing its business plans to strengthen the long-term development of the Group.

As at 31 March 2022, the Group had 18 specialty stores and 64 consignment counters (31 March 2021: 16 specialty stores and 74 consignment counters) in Hong Kong, Macau and Singapore, among which 12 consignment counters were closed temporarily due to the COVID-19 epidemic and the strict border control measures of Hong Kong's borders by the government. The Group will continue to identify carefully suitable locations for the specialty stores and other sales channels to maximise its exposure to the target customers.

FINANCIAL REVIEW

For the year under review, the persistent outbreak of the COVID-19 pandemic with tight border restriction has posed an adverse impact on overall retail market especially for the first quarter of year 2022. The fifth wave of COVID-19 has evolved drastically in last three months of the Year, the government has tightened social distancing measures to the most stringent level. As a result, the growing local consumer sentiment has been severely adversely affected. In this unfavourable business environment, the Group recorded the revenue for the Year amounted to HK\$128,726,000 (Year 2021: HK\$102,907,000) and loss for the Year amounted to HK\$843,000 (Year 2021: profit HK\$3,844,000). The change from profit to loss will be analysed below.

The following table sets forth the breakdown of the Group's revenue by types of goods for the years ended 31 March 2022 and 2021:

	For the year ended 31 March			
	2022		2021	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Health supplement products	122,675	95.3%	97,846	95.1%
Personal care products	4,172	3.2%	3,240	3.1%
Honey and pollen products	1,879	1.5%	1,821	1.8%
Total	<u>128,726</u>	<u>100.0%</u>	<u>102,907</u>	<u>100.0%</u>

During the Year, the Group's revenue for (i) health supplement products increased by 25.4% to HK\$122,675,000 (2021: HK\$97,846,000); (ii) personal care products increased by 28.8% to HK\$4,172,000 (2021: HK\$3,240,000); and (iii) honey and pollen products slightly increased by 3.2% to HK\$1,879,000 (2021: HK\$1,821,000). The improved sales performance was mainly due to the Group's proactive marketing strategies such as attractive discount offers, promotional campaigns through social media platforms and advertising on TV and public transportation.

The table below sets forth the breakdown of the Group's revenue by sales channels for the years ended 31 March 2022 and 2021:

	For the year ended 31 March			
	2022		2021	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Specialty stores	36,989	28.7%	32,100	31.2%
Consignment counters	62,835	48.8%	47,382	46.0%
E-commerce	17,584	13.7%	16,563	16.1%
Other sales channels	11,318	8.8%	6,862	6.7%
Total	<u>128,726</u>	<u>100.0%</u>	<u>102,907</u>	<u>100.0%</u>

During the Year, the Group's revenue for sales channels of specialty stores and consignment counters increased by 15.2% to HK\$36,989,000 (2021: HK\$32,100,000) and 32.6% to HK\$62,835,000 (2021: HK\$47,382,000) respectively. The increases were attributable to (i) a rebound in consignment revenue from Macau as a result of border reopening in Macau; and (ii) the stable local epidemic situation in Hong Kong for the first nine months together with the launch of Consumption Voucher Scheme which reignited the local consumer sentiment. The sales of e-commerce increased by 6.2% to HK\$17,584,000 for the Year (2021: HK\$16,563,000) while the revenue derived from other sales channels increased by 64.9% to HK\$11,318,000 (2021: HK\$6,862,000). The growth in revenue from other sales channels was as a result of the change in sales method of one of the consignee from consignment to wholesales and the reopen of several exhibitions that were cancelled in Year 2021 due to COVID-19.

The cost of sales increased by HK\$5,288,000 or 28.9% to HK\$23,580,000 for the year ended 31 March 2022 (2021: HK\$18,292,000). The increase was mainly due to the boost of revenue for the Year. The gross profit margin remained stable with only a slight decrease of 0.5% to 81.7% for the Year (2021: 82.2%).

The other income of the Group has shrunk by 85.2% to HK\$2,038,000 for the Year (2021: HK\$13,728,000). The drop was mainly attributable to the great reduction of government grants and rent concession income for the Year as compared to the Year 2021 which included a total of HK\$12,388,000 government grants and rent concession income from various landlords due to the COVID-19.

The selling and distribution expenses of the Group increased by 10.0% to HK\$80,998,000 for the year ended 31 March 2022 (2021: HK\$73,620,000). The increase was mainly attributable to (i) the increase in advertising and promotion expense to enhance the brand image; and (ii) the increase in consignment commission and the sales staff cost as a result of the growth in revenue and the policy of retaining human resources, respectively.

The general and administrative expenses of the Group increased by 22.3% to HK\$29,348,000 for the year ended 31 March 2022 (2021: HK\$24,005,000). The increase was mainly due to the raise in staff cost and remuneration.

No finance costs for bank borrowings were incurred for the years ended 31 March 2022 and 2021 as the Group did not have any bank borrowings for these years. The Group's finance costs of interest expense on lease liabilities amounting to HK\$326,000 for the Year (2021: HK\$544,000) were incurred as a result of the application of Hong Kong Financial Reporting Standard 16 "Leases".

The Group's revenue was mainly derived in Hong Kong, Mainland China, Macau and Singapore during the Year. For the year ended 31 March 2022, there is income tax credit of HK\$2,123,000 (2021: HK\$370,000). The provision for Hong Kong Profits Tax has been provided in accordance with two-tiered profits tax rates regime; the first HK\$2,000,000 of assessable profits of a qualifying corporation of the Group is taxed at 8.25% and the assessable profits above HK\$2,000,000 are taxed at 16.5%. The assessable profits of group entities not qualified for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

As a result of the above factors, the Group recorded a loss for the Year of HK\$843,000 (2021: profit HK\$3,844,000).

For the year ended 31 March 2022, the Group recorded a basic loss per share of HK0.11 cent as compared to the basic earnings per share of HK0.50 cent for Year 2021, the calculation of which is based on the loss for the year of HK\$843,000 (2021: profit for the year of HK\$3,844,000) and the weighted average number of 762,000,000 ordinary shares in issue during the Year (2021: 762,000,000 ordinary shares). No diluted (loss) earnings per share for both years ended 31 March 2022 and 2021 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2022 and 2021.

LIQUIDITY, FINANCIAL RESOURCES, FOREIGN EXCHANGE RISK EXPOSURE AND CAPITAL COMMITMENTS

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 31 March 2022, the Group had net current assets and net assets of HK\$105,324,000 (2021: HK\$117,024,000) and HK\$166,565,000 (2021: HK\$176,227,000) respectively. As at 31 March 2022, the current ratio calculated based on current assets divided by current liabilities of the Group was approximately 5.1 (2021: 6.3).

Bank Balances and Cash and Time Deposits

Bank balances and cash and time deposits held by the Group amounted to HK\$95,300,000 as at 31 March 2022 (2021: HK\$100,482,000), of which HK\$56,156,000 (2021: HK\$59,987,000) was bank balances and cash and HK\$39,144,000 (2021: HK\$40,495,000) 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 31 March 2022 and 2021, the Group did not have any bank borrowing and therefore, a gearing ratio (calculated based on the interest-bearing liabilities, which excluded lease liabilities, divided by the total equity as at the respective end of period and multiplied by 100%) was not applicable as at 31 March 2022 and 2021.

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 31 March 2022, the Group did not have any capital commitment (2021: Nil).

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group had no material investments, acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2022.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group had no material contingent liabilities (2021: Nil).

EMPLOYEE INFORMATION

As at 31 March 2022, the Group had 158 (2021: 164) employees, including part-time staff. The Group remunerates employees based on their performance and experience, the Group's results as well as prevailing market condition. 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.

SHARE OPTION SCHEME

Pursuant to the written resolution of the sole shareholder of the Company 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 the Listing Date, there were no outstanding share options as at 31 March 2022, and no share options were exercised, cancelled or lapsed during the year ended 31 March 2022.

DIVIDEND

The Board has resolved to recommend a final dividend of HK1 cent per ordinary share for the year ended 31 March 2022, totalling HK\$7,620,000 (2021: HK1 cent, totalling HK\$7,620,000). Such payment of dividend will be subject to the approval of the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting (the “**AGM**”). If the resolution for the proposed final dividend is passed at the AGM, the final dividend will be payable on or around 7 October 2022.

FUTURE OUTLOOK AND PROSPECTS

In Hong Kong, the fifth wave of the COVID-19 pandemic has severely hammered the city and adversely affected the consumer sentiment. Globally, with the supply chain disruption due to the prolonged epidemic, geopolitical confrontation, rising inflation and expected interest rate hike, business environment ahead is still full of challenges.

The Group will stay vigilant and prudent and constantly review the changing market conditions and optimise its business strategies in the post-COVID era. The COVID-19 epidemic has expedited the already booming e-commerce sector as consumers are familiar with to online purchase. The website of the Group has revamped recently to facilitate seamless online purchase experience. For the cross-border e-commerce sector, in addition to improving customer retention, the Group keeps on developing new products and strengthening various promotion plans on selected social media platforms to further attract new customers and to expand the market.

Besides traditional e-commerce platforms, the Group will put more resources on setting up sales network on Douyin, which pioneers in the development of interest-based e-commerce. Interest-based e-commerce makes use of huge user base and mature recommendation technology to recommend users with products that they may be interested in with more online social interactions and great shopping experience. By providing useful information of the products, quality sales support with diversified sales network channels in these e-commerce platforms, the Group is expected to establish a stronger foothold in the e-commerce sector.

Moreover, the Group continues to build a prestigious and healthy brand image. In addition to inviting an Asian superstar, Ms. Sammi Cheng, as the Group's spokesperson, various well-known key opinion leaders (**KOLs**) are invited to introduce the actual positive effects to them after their regular consumption of the health products of the Group. These marketing campaigns will further promote the products to different customer groups.

In Hong Kong, with the launch of the Employment Support Scheme and the second round of the Electronic Consumption Voucher Scheme by the government in mid-2022, the Company anticipates market conditions will steadily recover. The Company is determined to enhance consumer sentiment by providing quality products, professional customer services and health information to the customers to promote their well-being and health.

Building on its solid fundamentals, the Group's business is well positioned to foster business development over the years to come.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENT AFTER THE REPORTING PERIOD

The Group had the following events after the reporting period.

- (1) As at 26 April 2022, the Group obtained vacant possession for certain properties from a property developer. The ownership of the certain properties transferred to the Group at the same date and approximately RMB1,505,000 (equivalent to approximately HK\$1,857,000) included in deposits for acquisition of properties was recognised as investment properties.
- (2) A final dividend in respect of the year ended 31 March 2022 of HK1 cent per ordinary share, in an aggregate amount of HK\$7,620,000 was proposed pursuant to a resolution passed by the Board on 27 June 2022 and will be subject to the approval of the Shareholders in the forthcoming AGM.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “**CG Code**”) throughout the Year save for the deviation from code provision A.2.1 (which has changed to C.2.1 since 1 January 2022) as follows:

Under code provision A.2.1 (which has changed to C.2.1 since 1 January 2022) 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 the co-chief executive officer) of the operations of the Group and the health and personal care industry in general, his extensive business network and connections, and the scope of operations of the Group, the Board believes that it is in the best interest of the Group for Mr. Choy Chi Fai to assume the roles of both the Chairman and the co-chief executive officer. As all major decisions are made in consultation with all the members of the Board, with the three independent non-executive Directors offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW OF RESULTS

The Group’s results for the year ended 31 March 2022 have been reviewed by the audit committee of the Board.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 included in this preliminary announcement have been agreed by the Group’s auditors, Asian Alliance (HK) CPA

Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an 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 HKICPA, and consequently, no opinion or assurance conclusion has been expressed by Asian Alliance (HK) CPA Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ausupreme.com>). The Company's annual report for the year ended 31 March 2022 will be despatched to the Shareholders and will be available on the aforesaid websites in due course in the manner as required by the Listing Rules.

APPRECIATION

On behalf of the Board, I would like to express my gratitude with the upmost sincerity to all the Shareholders, business partners and customers for their continuing support, and extend my heartfelt appreciation to all the management and staff for their ongoing contributions.

By order of the Board

Ausupreme International Holdings Limited

Choy Chi Fai

Chairman, Executive Director and Co-Chief Executive Officer

Hong Kong, 27 June 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.