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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 2023

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 2023 (the “**Year**”), together with the comparative figures for the year ended 31 March 2022 (the “**Year 2022**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

		Year ended 31 March	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	146,158	128,726
Cost of sales		<u>(24,924)</u>	<u>(23,580)</u>
Gross profit		121,234	105,146
Other income	5(a)	4,238	2,038
Other gains and losses, net	5(b)	(486)	522
Selling and distribution expenses		(90,837)	(80,998)
General and administrative expenses		(32,421)	(29,348)
Finance costs	6	<u>(568)</u>	<u>(326)</u>

		Year ended 31 March	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) before taxation		1,160	(2,966)
Income tax (expense) credit	7	<u>(663)</u>	<u>2,123</u>
Profit (loss) for the year	8	<u>497</u>	<u>(843)</u>
Other comprehensive (expenses) 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		(1,714)	(2,052)
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of foreign operations		<u>(1,668)</u>	<u>853</u>
Other comprehensive expenses for the year, net of tax		<u>(3,382)</u>	<u>(1,199)</u>
Total comprehensive expenses for the year		<u>(2,885)</u>	<u>(2,042)</u>
		HK cents	HK cents
Earnings (loss) per share	9		
— Basic		<u>0.07</u>	<u>(0.11)</u>
— Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

		As at 31 March	
		2023	2022
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		61,618	26,566
Right-of-use assets		15,317	14,738
Investment properties		1,899	—
Equity investment at fair value through other comprehensive income		1,740	3,454
Deposits paid for acquisition of properties		8,934	18,672
Deferred tax assets		3,897	3,804
		<u>93,405</u>	<u>67,234</u>
CURRENT ASSETS			
Inventories		17,807	15,098
Trade and other receivables	11	29,847	18,689
Income tax recoverable		—	1,750
Time deposits		7,309	39,144
Cash and cash equivalents		41,044	56,156
		<u>96,007</u>	<u>130,837</u>
CURRENT LIABILITIES			
Trade and other payables	12	12,202	13,394
Bank borrowing		2,898	—
Dividend payable		10	9
Lease liabilities		9,068	10,580
Provisions		578	510
Income tax payable		1,382	1,020
		<u>26,138</u>	<u>25,513</u>
NET CURRENT ASSETS		<u>69,869</u>	<u>105,324</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>163,274</u>	<u>172,558</u>

	As at 31 March	
	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	6,671	5,291
Provisions	543	702
	<u>7,214</u>	<u>5,993</u>
NET ASSETS	<u>156,060</u>	<u>166,565</u>
CAPITAL AND RESERVES		
Share capital	7,620	7,620
Reserves	148,440	158,945
TOTAL EQUITY	<u>156,060</u>	<u>166,565</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. 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 Group's annual periods beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020

Except as described below, 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 these consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 April 2022. The amendments update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “**Conceptual Framework**”) instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group’s consolidated financial statements.

Impacts on application of Amendments to HKFRSs Annual Improvements to HKFRSs 2018–2020

The Group has applied the amendments for the first time in the current year. The annual improvements make amendments to the following standards:

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged as at the date of initial application, 1 April 2022.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

The application of the amendments in the current year has had no impact on the Group’s 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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants (2022) ³
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

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

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 (“**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	
	2023	2022
	HK\$'000	HK\$'000
Types of goods		
Health supplement products	141,400	122,675
Honey and pollen products	1,683	1,879
Personal care products	3,075	4,172
	<u>146,158</u>	<u>128,726</u>
Total	146,158	128,726
Timing of revenue recognition		
A point in time	146,158	128,726
	<u>146,158</u>	<u>128,726</u>
Sales channel		
Specialty stores	39,890	36,989
Consignment counters	79,829	62,835
E-commerce	17,921	17,584
Other sales channels	8,518	11,318
	<u>146,158</u>	<u>128,726</u>
Total	146,158	128,726

(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 2023 and 2022.

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 March	
	2023	2022
	HK\$’000	HK\$’000
Bank interest income on bank deposits	635	102
Government grants (<i>note (i)</i>)	2,781	1,432
Rent concession income (<i>note (ii)</i>)	536	322
Insurance claim for employee compensation (<i>note (iii)</i>)	237	—
Others	49	182
	<u>4,238</u>	<u>2,038</u>

Notes:

- (i) During the year ended 31 March 2023, the Group recognised government grants includes cash subsidies granted by the Hong Kong Government under the Anti-epidemic Fund approximately HK\$2,772,000. The remaining grants of approximately HK\$9,000 were granted from other subsidy schemes launched by the Government of Singapore.

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 from the Hong Kong Government under the Dedicated Fund on Branding, Upgrading and Domestic Sales for projects held in Mainland China and 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.
- (iii) The insurance claim for employee compensation is related to the Group recovered the employee compensation from the insurance policy by the insurance company.

(b) Other gains and losses, net

	Year ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss on written-off of property, plant and equipment	—	(3)
Net foreign exchange (loss) gains	(568)	525
Gain from changes in fair value of investment properties	63	—
Others	19	—
	<u> </u>	<u> </u>
	(486)	522
	<u><u> </u></u>	<u><u> </u></u>

6. FINANCE COSTS

	Year ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowing	18	—
Interest on lease liabilities	550	326
	<u> </u>	<u> </u>
	568	326
	<u><u> </u></u>	<u><u> </u></u>

7. INCOME TAX EXPENSE (CREDIT)

	Year ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	97	51
PRC Enterprise Income Tax (“EIT”)	—	15
Macau Complementary Tax	659	517
	<u> </u>	<u> </u>
	756	583
	<u> </u>	<u> </u>
Deferred tax		
Current year	(93)	(2,706)
	<u> </u>	<u> </u>
	663	(2,123)
	<u><u> </u></u>	<u><u> </u></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.
- (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 2023 and 2022.
- (d) According to the Macau Complementary Tax Law, Macau Complementary Tax is calculated at progressive rates up to 12% (2022: 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) (2022: MOP600,000 (equivalent to approximately HK\$583,000)) as tax relief measures which are managed by the Financial Services Bureau.

8. PROFIT (LOSS) FOR THE YEAR

	Year ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff costs including directors' emoluments:		
Salaries and allowances	47,105	43,599
Contributions to retirement benefits scheme	1,992	1,659
	<u>49,097</u>	<u>45,258</u>
Total staff costs	49,097	45,258
Staff costs including in selling and distribution expenses	<u>(27,778)</u>	<u>(24,648)</u>
	<u>21,319</u>	<u>20,610</u>
Staff costs including in general and administrative expenses	21,319	20,610
Depreciation of:		
— Property, plant and equipment	2,035	2,025
— Right-of-use assets	12,699	12,645
	<u>14,734</u>	<u>14,670</u>
Total depreciation	14,734	14,670
Depreciation including in selling and distribution expenses	<u>(11,431)</u>	<u>(11,485)</u>
	<u>3,303</u>	<u>3,185</u>
Depreciation including in general and administrative expenses	3,303	3,185
Auditors' remuneration		
— Audit services	730	684
Cost of inventories recognised as expense	24,924	23,580
Reversal of write-down of obsolete inventories including in cost of inventories	(1,233)	(150)
Consignment expenses (<i>Note</i>)	30,589	25,153
Advertising and promotion expense including in selling and distribution expenses	11,773	11,803
Donations	132	215
	<u>11,773</u>	<u>11,803</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. EARNINGS (LOSS) PER SHARE

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

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Profit (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	<u>497</u>	<u>(843)</u>
	As at 31 March	
	2023	2022
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<u>762,000</u>	<u>762,000</u>

No diluted earnings (loss) per share for both years ended 31 March 2023 and 2022 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2023 and 2022.

10. DIVIDEND

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2021 Final dividend — HK1 cent per share	—	7,620
2022 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 2023 of HK1 cent (2022: 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 (2022: 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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables (<i>Note</i>)	16,772	7,312
Other receivables	1,334	663
Deposits and prepayments	11,741	10,714
	<u>29,847</u>	<u>18,689</u>

Note:

As at 1 April 2021, trade receivables from contracts with customers amounted to approximately HK\$11,109,000.

The Group usually allows a credit period of 0 to 60 days (2022: 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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	9,233	3,209
31–60 days	7,422	3,827
61–90 days	73	224
Over 90 days	44	52
	<u>16,772</u>	<u>7,312</u>

12. TRADE AND OTHER PAYABLES

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Trade payables (<i>Note</i>)	2,553	3,484
Contract liabilities	—	1,143
Accrued staff costs	6,662	6,069
Other payables and accruals	2,987	2,698
	<u>12,202</u>	<u>13,394</u>

Note:

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

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Within 30 days	1,430	1,280
31–90 days	1,120	2,204
Over 90 days	3	—
	<u>2,553</u>	<u>3,484</u>

The average credit period on purchases of goods is 0 to 90 days (2022: 0 to 90 days).

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

During the year under review, the retail market of Hong Kong experienced significant uncertainties and challenges under the inflationary business environment, geopolitical tensions and the ongoing COVID-19 pandemic.

With the easing of COVID-19 pandemic from the beginning of 2023, the resumption of visitors’ mobility and economic activities are on the path towards normality. The full resumption of normal travel between Hong Kong and the Mainland China together with the relaxing of COVID-19 pandemic restrictions since February 2023 boosted the recovery of Hong Kong’s retail market in the first quarter of 2023.

According to the Hong Kong Tourism Board, the total visitor arrivals in the first quarter of 2023 recorded a sharp increase of 633.3% to approximately 4,400,000 as compared to the last three quarters of 2022 of approximately 600,000 total visitor arrivals, in which approximately 3,400,000 visitor arrivals were visitors from the Mainland China. The rise of visitor arrivals in Hong Kong since the full resumption of normal travel stimulated retail activities in Hong Kong.

With reference to the statistics from the Census and Statistics Department of Hong Kong, the overall retail sales in Hong Kong recorded a growth of 6.9% during the period from April 2022 to March 2023 as compared to the corresponding period in the previous year. Meanwhile, the overall retail sales in Hong Kong during the first quarter of 2023 recorded a boost of 24.1% as compared to the corresponding period in the previous year. This indicated a sign of optimism in the recovery of the retail industry in Hong Kong.

Overall Performance

For the year ended 31 March 2023, the Group’s revenue amounted to HK\$146,158,000, representing an increase of 13.5% from HK\$128,726,000 for Year 2022. Moreover, the Group’s revenue recorded a substantial rise of 76.8% during the period from January 2023 to March 2023 as compared to the corresponding period in the previous year, which significantly outperformed the overall growth of the Hong Kong retail market of 24.1%. Meanwhile, the Group achieved a turnaround by recording a consolidated profit for the Year of HK\$497,000, as compared to a consolidated loss of HK\$843,000 for the

year ended 31 March 2022. As a result of the Group's effort on modifying the marketing strategies and business plans to adapt the changing business environment and mitigate the risks from the pandemic, the Group's results recorded a positive upward momentum. The Company has been actively reviewing and enhancing its business plans to strengthen the long-term development of the Group.

As at 31 March 2023, the Group had 17 specialty stores and 60 consignment counters (31 March 2022: 18 specialty stores and 64 consignment counters) in Hong Kong, Macau and Singapore. The Group will continue to identify carefully suitable locations for the specialty stores and other sales channels to maximise its exposure to the target customers.

FINANCIAL REVIEW

For the year under review, the business performance of the Group was still affected by the COVID-19 pandemic in the last three quarters of 2022. However, the relaxation of border restriction with Mainland China in January 2023 has driven desirable quantity of tourists to Hong Kong. During January 2023 to March 2023, the Group's revenue increased significantly by 38.1% as compared to the previous quarter. In addition, the consumer sentiment has been suppressed for a long period of time, the improved economic atmosphere encourage consumer spendings. In this favourable business environment, the Group recorded the revenue for the Year amounted to HK\$146,158,000 (Year 2022: HK\$128,726,000) and profit for the Year amounted to HK\$497,000 (Year 2022: loss HK\$843,000). The change from loss to profit 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 2023 and 2022:

	For the year ended 31 March			
	2023		2022	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Health supplement products	141,400	96.7%	122,675	95.3%
Personal care products	3,075	2.1%	4,172	3.2%
Honey and pollen products	1,683	1.2%	1,879	1.5%
Total	<u>146,158</u>	<u>100.0%</u>	<u>128,726</u>	<u>100.0%</u>

During the Year, the Group's revenue for (i) health supplement products increased by 15.3% to HK\$141,400,000 (2022: HK\$122,675,000); (ii) personal care products decreased by 26.3% to HK\$3,075,000 (2022: HK\$4,172,000); and (iii) honey and pollen products decreased by 10.4% to HK\$1,683,000 (2022: HK\$1,879,000). The improved sales performance was mainly due to (i) the reopening of the border and the relaxation of epidemic prevention restrictions; (ii) the Group's effort on modifying marketing strategies

such as attractive discount offers, promotional campaigns through social media platforms and advertising on TV and public transportation; and (iii) the increased demand for health products due to the prolonged COVID-19 pandemic.

The table below sets forth the breakdown of the Group's revenue by sales channels for the years ended 31 March 2023 and 2022:

	For the year ended 31 March			
	2023		2022	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Specialty stores	39,890	27.3%	36,989	28.7%
Consignment counters	79,829	54.6%	62,835	48.8%
E-commerce	17,921	12.3%	17,584	13.7%
Other sales channels	8,518	5.8%	11,318	8.8%
Total	<u>146,158</u>	<u>100.0%</u>	<u>128,726</u>	<u>100.0%</u>

During the Year, the Group's revenue for sales channels of specialty stores and consignment counters increased by 7.8% to HK\$39,890,000 (2022: HK\$36,989,000) and 27.0% to HK\$79,829,000 (2022: HK\$62,835,000) respectively. The increases were as a result of reopening of boundaries with the Mainland China and a large number of tourists visit Hong Kong and Macau, which boosted consumption. The sales of e-commerce slightly increased by 1.9% to HK\$17,921,000 for the Year (2022: HK\$17,584,000) while the revenue derived from other sales channels decreased by 24.7% to HK\$8,518,000 (2022: HK\$11,318,000), as one of the wholesale customer reduced its purchase due to the pandemic.

The cost of sales increased by HK\$1,344,000 or 5.7% to HK\$24,924,000 for the year ended 31 March 2023 (2022: HK\$23,580,000). The increase was mainly due to the rise of revenue for the Year. The gross profit margin remained relatively stable with a slightly increase of 1.2% to 82.9% for the Year (2022: 81.7%).

The other income of the Group rose by 107.9% to HK\$4,238,000 for the Year (2022: HK\$2,038,000). The increase was mainly attributable to the increase of government grants and bank interest income on bank deposits.

The selling and distribution expenses of the Group increased by 12.1% to HK\$90,837,000 for the Year (2022: HK\$80,998,000). The increase was primarily due to 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.

The general and administrative expenses of the Group increased by 10.5% to HK\$32,421,000 for the year ended 31 March 2023 (2022: HK\$29,348,000). The increase was mainly driven by (i) the travelling and entertainment related expenses for the introduction of new products and the business development of the Group; and (ii) staff training cost in support of the talent development of the Group.

During the Year, the Group's finance costs represented interest on bank borrowing amounting to HK\$18,000 (2022: Nil) and interest on lease liabilities amounting to HK\$550,000 (2022: HK\$326,000).

The Group's revenue was mainly derived in Hong Kong, Mainland China, Macau and Singapore during the Year. For the year ended 31 March 2023, income tax expense was HK\$663,000 (2022: income tax credit HK\$2,123,000) as the Group achieved a turnaround by recording a consolidated profit from a consolidated loss for the Year 2022. The provision for Hong Kong Profits Tax has been provided in accordance with the 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 profit for the Year of HK\$497,000 (2022: loss of HK\$843,000).

For the year ended 31 March 2023, the Group recorded a basic earnings per share of HK0.07 cent as compared to the basic loss per share of HK0.11 cent for Year 2022, the calculation of which is based on the profit for the year of HK\$497,000 (2022: loss for the year of HK\$843,000) and the weighted average number of 762,000,000 ordinary shares in issue during the Year (2022: 762,000,000 ordinary shares). No diluted earnings (loss) per share for both years ended 31 March 2023 and 2022 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2023 and 2022.

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 2023, the Group had net current assets and net assets of HK\$69,869,000 (2022: HK\$105,324,000) and HK\$156,060,000 (2022: HK\$166,565,000) respectively. As at 31 March 2023, the current ratio calculated based on current assets divided by current liabilities of the Group was approximately 3.7 (2022: 5.1).

Cash and Cash Equivalents/Time Deposits

Cash and cash equivalents and time deposits held by the Group amounted to HK\$48,353,000 as at 31 March 2023 (2022: HK\$95,300,000), of which HK\$41,044,000 (2022: HK\$56,156,000) was cash and cash equivalents and HK\$7,309,000 (2022: HK\$39,144,000) was non-pledged time deposits with original maturity of over three months. They were mainly denominated in Hong Kong dollars, Japanese yen, Australian dollars, Renminbi and United States dollars.

Other Financial Resources and Gearing

As at 31 March 2023, the total outstanding bank borrowing of the Group amounted to HK\$2,898,000 (31 March 2022: Nil) and it is a secured bank mortgage loan. The bank mortgage loan was repayable based on scheduled repayment dates set out in the loan agreement and the last payment is on 21 August 2029.

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

As at 31 March 2023, the bank borrowing were secured by the Group's certain leasehold land and building with aggregate net carrying value of approximately HK\$29,496,000 (31 March 2022: Nil).

As at 31 March 2023, the Group's gearing was considered to be at a reasonable level, as the debt to equity ratio was only 1.9% (31 March 2022: Nil), expressed as a percentage of total bank borrowings to total net assets.

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 exchange 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 2023, the Group did not have any capital commitment (2022: Nil).

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

Except for the acquisition of assets through acquisition of a subsidiary as disclosed in the announcement of the Company dated 31 October 2022 and the circular of the Company dated 15 December 2022, the Group had no material investments, acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2023.

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had no material contingent liabilities (2022: Nil).

EMPLOYEE INFORMATION

As at 31 March 2023, the Group had 189 (2022: 158) employees, including part-time staff. The Group remunerates employees based on their performance and experience, the Group's results as well as prevailing market 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 2023, and no share options were exercised, cancelled or lapsed during the year ended 31 March 2023.

DIVIDEND

The Board has resolved to recommend a final dividend of HK1 cent per ordinary share for the year ended 31 March 2023, totalling HK\$7,620,000 (2022: 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 6 October 2023.

FUTURE OUTLOOK AND PROSPECTS

Despite the weak retail consumption sentiment during the first nine months of the Year due to the COVID-19 pandemic, the Group showed resilience and actively reviewed its business plans to foster the long-term development of the Group.

Since the full border reopening with the Mainland China in early 2023, the foot traffic had been gradually rebounded and so as the retail market of Hong Kong. However, visitor arrivals and consumption spending of tourists have not fully regained to pre-pandemic level. With the launch of various campaigns promoting tourism and retail industries organized by the HKSAR Government and different associations throughout 2023, it is expected that the overall retail market will continue to develop.

To welcome the new chapter of the post-pandemic period, the Group has prepared for the recovery of the retail market and further development of the Group. With ever-changing customer preferences, the Group will continue to expand its product portfolios to broaden the customer base. Products targeting various customer groups will be launched to better safeguard the health of customers.

The Group will continue to increase operational efficiency by streamlining inventory level and optimizing its physical store network of self-operated specialty stores and consignment locations. Potential sales channels with various business partners will continuously be explored and established to strengthen the retail coverage.

The integration of online and offline sales has been one of the main focuses of the Group to enhance the seamless shopping experiences of customers from attaining the latest product and health knowledge, getting personalized and superior online and offline customer services to speedy acquisition of quality products, continuous system upgrades have been performed to strengthen customer loyalty and satisfaction. Digital marketing tools have been leveraged to launch marketing campaigns to targeted customer groups to deepen the market penetration of the brand.

Strengthening talent development has been an important element to sustain growth of the Group, especially in the times of manpower shortages in the local retail sector. Various staff training will be provided to enhance the product knowledge and customer service competence. Appealing employee benefits are provided to attract and retain personnel of high calibre in order to maintain the Group's competitiveness in the market.

With the graduate recovery of the economy, the Group is well-positioned to seize new business opportunities to further develop and achieve promising long-term growth of the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENT AFTER THE REPORTING PERIOD

The Group had the following events after the reporting period.

- (1) Subsequent to the reporting period, the Group received an official notice from a property developer, in relation to that the Group is entitled to obtain the vacant procession for a property within the period from 28 June 2023 to 30 June 2023. The ownership of those properties will be transferred to the Group on the same date and approximately RMB5,105,000 (equivalent to approximately HK\$5,835,000) included in deposits paid for the acquisition of properties will be recognised as an investment property.
- (2) A final dividend in respect of the year ended 31 March 2023 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 29 June 2023 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 mandatory disclosure requirements and the applicable code provisions set out in the section headed “Part 2 — Principles of good corporate governance, code provisions and recommended best practices” of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “**CG Code**”) throughout the Year save for the deviation from code provision C.2.1 as follows:

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

In view of the present composition of the Board, the in-depth knowledge of the chairman of the Board (the “**Chairman**”) (who is also 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 2023 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 2023 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 2023 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, 29 June 2023

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.