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 2018

The board (the "**Board**") of directors (the "**Directors**") of Ausupreme International Holdings Limited (the "**Company**") is pleased to present the audited consolidated results of the Company and its subsidiaries (together as the "**Group**") for the year ended 31 March 2018, together with the comparative figures for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2018	2017
	Note	***HK$'000***	*HK$'000*
Revenue	*4(a)*	**242,500**	205,250
Cost of sales		**(37,162)**	(30,051)
Gross profit		**205,338**	175,199
Other revenue	*5(a)*	**711**	317
Other net gains/(losses)	*5(b)*	**176**	(502)
Selling and distribution expenses		**(163,738)**	(138,160)
General and administrative expenses		**(27,604)**	(31,209)
Profit from operations		**14,883**	5,645

		Year ended 31 March	
		2018	2017
	Note	***HK$'000***	*HK$'000*
Finance costs	*6(a)*	**—**	(302)
Profit before taxation	*6*	**14,883**	5,343
Income tax expense	*7*	**(2,353)**	(2,261)
Profit for the year and total comprehensive income for the year attributable to equity owners of the Company		**12,530**	3,082
Earnings per share attributable to equity owners of the Company — basic and diluted	*8*	**HK1.67 cents**	HK0.46 cents
Dividend *(HK$'000)*	*9*	**—**	7,100

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2018	2017
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**33,421**	3,213
Rental deposits		**2,877**	5,821
Deferred tax assets		**640**	1,419
		36,938	10,453
Current assets			
Inventories	*10*	**17,212**	14,230
Trade and other receivables	*11*	**31,343**	26,104
Tax recoverable		**2,446**	1,826
Cash and cash equivalents	*12*	**91,738**	112,303
		142,739	154,463
Current liabilities			
Trade and other payables	*13*	**14,487**	12,376
Provisions		**403**	145
		14,890	12,521
Net current assets		**127,849**	141,942
Total assets less current liabilities		**164,787**	152,395
Non-current liabilities			
Provisions		**271**	409
		271	409
NET ASSETS		**164,516**	151,986
CAPITAL AND RESERVES			
Share capital		**7,500**	7,500
Reserves		**157,016**	144,486
Total equity attributable to equity owners of the Company		**164,516**	151,986

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Clifton House, 75 Fort Street, 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 has its primary listing on the Main Board of the Stock Exchange on 12 September 2016 (the "**Listing**" and "**Listing Date**").

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

These consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Companies Ordinance. These consolidated financial statements have been prepared under the historical cost convention.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and amended standards that had been issued and effective for the Group's financial year beginning on or after 1 April 2017:

HKAS 7 (Amendment)	Disclosure Initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealized Losses
HKFRS 12 (Amendment)	Disclosure of Interests in Other Entities

The nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilize a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group had no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as the Group had no disposal group held for sale as at 31 March 2018.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are retail and wholesale of health and personal care products during the year.

Revenue represents the sales value of goods supplied to customers. The amount of each significant category of revenue during the year is as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Health supplement products	**222,799**	188,655
Honey and pollen products	**4,862**	6,923
Personal care products	**14,839**	9,672
	242,500	205,250

(b) Segment reporting

HKFRS 8 "Operating Segments" requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker (i.e. the Board) for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it has only one operating segment which is the retail and wholesale of health and personal care products.

(i) Information about geographical area

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's property, plant and equipment ("**specified non-current assets**"). The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the asset.

The geographical information of the Group's revenue from external customers for the years ended 31 March 2018 and 2017 and specified non-current assets as at 31 March 2018 and 2017 is set out below:

	Revenue from external customers Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**206,782**	179,554
Mainland China	**7,079**	1,772
Singapore	**320**	653
Macau	**28,319**	23,271
	242,500	205,250

	Specified non-current assets As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**33,314**	3,074
Mainland China	**95**	116
Macau	**12**	23
	33,421	3,213

(ii) Information about major customers and consignees

No revenue from the single customer contributed more than 10% of the Group's revenue for the year. In addition, revenue from the Group's consignees of the corresponding years contributing over 10% of the Group's revenue is as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Consignee A	**111,336**	94,284
Consignee B	**46,212**	40,764

5. OTHER REVENUE AND OTHER NET GAINS/(LOSSES)

(a) Other revenue

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Bank interest income on bank deposits	**538**	93
Others	**173**	224
	711	317

(b) Other net gains/(losses)

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Loss on disposal/write-off of property, plant and equipment	**(91)**	(285)
Net foreign exchange gains/(losses)	**267**	(217)
	176	(502)

6. PROFIT BEFORE TAXATION

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

(a) Finance costs

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest on bank borrowings wholly repayable within five years	**—**	300
Finance charges on obligations under finance leases	**—**	2
	—	302

(b) Staff costs (including directors' remuneration)

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Contributions to defined contribution retirement plans	**1,909**	1,656
Salaries, wages and other benefits	**50,497**	42,282
	52,406	43,938

(c) Other items

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Depreciation	**2,409**	1,208
Minimum lease payments in respect of properties	**17,431**	16,788
Net foreign exchange (gains)/losses	**(267)**	217
Loss on disposal/write-off of property, plant and equipment	**91**	285
Auditors' remuneration	**750**	600
Cost of inventories *(Note 10)*	**37,162**	30,051
Donations	**611**	1,196
Listing expenses	**—**	7,477

7. INCOME TAX EXPENSE

(a) Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**994**	1,772
Over-provision in respect of prior years	**(20)**	(40)
	974	1,732
Current tax — Overseas		
Provision for the year	**600**	528
Deferred tax		
Origination and reversal of temporary differences	**779**	1
Total	**2,353**	2,261

The provision for Hong Kong Profits Tax for each of the year ended is calculated at 16.5% of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Profit before taxation	**14,883**	5,343
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**2,226**	1,283
Tax effect of non-deductible expenses	**131**	1,113
Tax effect of non-taxable income	**(145)**	(43)
Tax effect of tax losses not recognized	**289**	—
Tax effect of tax exemption under Macau Complementary Income Tax	**(70)**	(70)
Over-provision in prior years	**(20)**	(40)
Others	**(58)**	18
Actual tax expense	**2,353**	2,261

8. EARNINGS PER SHARE

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

	2018	2017
Profit attributable to equity owners of the Company *(HK$'000)*	**12,530**	3,082
Weighted average number of ordinary shares in issue *('000 Number of shares)*	**750,000**	665,753
Basic and diluted earnings per share *(HK cents)*	**1.67**	0.46

The Company did not have any dilutive potential ordinary shares during the years ended 31 March 2018 and 2017.

9. DIVIDEND

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Interim, paid of HK$	**—**	7,100

A final dividend in respect of the year ended 31 March 2018 of HK1 cent per ordinary share (2017: Nil) was proposed pursuant to a resolution passed by the Board on 28 June 2018 and subject to the approval of the shareholders at the forthcoming annual general meeting of the Company. This proposed dividend is not yet reflected as dividend payable in the consolidated financial statements.

10. INVENTORIES

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Goods for resale	**17,212**	14,230

The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**37,162**	30,051
Write down of inventories	**—**	—
	37,162	30,051

11. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**22,659**	19,730
Other receivables	**766**	483
Deposits and prepayments	**7,918**	5,891
	31,343	26,104

(a) Ageing analysis of trade receivables

The ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date, is as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**10,993**	8,578
31–60 days	**11,067**	6,310
61–90 days	**59**	2,483
Over 90 days	**540**	2,359
	22,659	19,730

Trade receivables are normally due within 120 days.

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. At 31 March 2018, none of trade receivables was individually determined to be impaired.

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**15,775**	12,632
Less than 30 days past due	**6,360**	6,977
31–90 days past due	**102**	121
Over 90 days past due	**422**	—
	6,884	7,098
	22,659	19,730

Receivables that were neither past due nor impaired relate to a range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. CASH AND CASH EQUIVALENTS

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Cash and cash equivalents in the consolidated statement of financial position:		
— Cash at bank and on hand	**91,738**	112,303

13. TRADE AND OTHER PAYABLES

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Trade payables	**5,181**	3,972
Accrued staff costs	**6,233**	6,230
Other accruals and payables	**3,073**	2,174
	14,487	12,376

Ageing analysis of trade payables

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

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**3,047**	2,969
31–90 days	**2,134**	981
Over 90 days	**—**	22
	5,181	3,972

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally a Hong Kong-based brand builder and retailer 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 "Organic Nature", "Top Life", "Superbee" and "Ausupreme", which are sold under our well-established "澳至尊" sales and distribution network.

Market Overview

The overall retail sales in Hong Kong recorded a rebound of 6.27% during the period from April 2017 to March 2018 as compared to the corresponding period in the previous year according to the statistics from the Census and Statistics Department of Hong Kong. This indicated a sign of recovery in the retail industry in Hong Kong.

According to the Tourism Commission of Hong Kong, the total visitor arrivals increased by 3.2% in 2017 to about 58.5 million, among which, overnight arrivals recorded a growth of 5.0% indicating that the tourism industry in Hong Kong regained growth momentum. The rise of visitor arrivals in Hong Kong boosted consumer sentiment and brought a positive prospect to the retail market in Hong Kong. Despite the notable improvement in the external environment, the Group remains cautiously optimistic about the future prospects.

Overall Performance

For the year ended 31 March 2018 (the "**Year**" or the "**year under review**"), the Group's turnover performance was positively influenced by the improving consumer sentiment in the retail market. The Group's revenue for the Year was approximately HK$242,500,000, representing an increase of approximately 18.1% as compared to approximately HK$205,250,000 of last year. The Group's sales increase outperformed the overall growth rate of the Hong Kong retail market and this was the result of the Group's effective sales and marketing strategy and a more diversified product portfolio. During the Year, 13 new products were introduced to meet emerging market demand in Hong Kong and the Mainland China, among which, 8 were health supplement products developed and launched under our own brand "Ausupreme" whereas 5 were personal care products.

During the Year, the revenue was derived mainly from the sales of the Group's health and personal care products, which were broadly classified by nature into three major categories of products, namely (i) health supplement products; (ii) personal care products; and (iii) honey and pollen products.

(i) Health supplement products continued to be the major category during the Year, which constituted approximately 91.9% of the total revenue and amounted to approximately HK$222,799,000 (2017: HK$188,655,000). This represented an increase of approximately 18.1% as compared to last year as a result of the expanded product portfolio and strong sales efforts.

(ii) Personal care products continued to be the second largest category with revenue of approximately HK$14,839,000 (2017: HK$9,672,000) which contributed to approximately 6.1% of the total revenue. The sales of this particular category of products had increased by approximately 53.4% from last year due to the introduction of a new skin-care product line with favourable responses from customers.

(iii) Honey and pollen products were the third category of products which made up of approximately 2.0% of total revenue and amounted to approximately HK$4,862,000 (2017: HK$6,923,000).

As at 31 March 2018, the Group had 14 specialty stores and 82 consignment counters in Hong Kong and Macau (31 March 2017: 14 specialty stores and 70 consignment counters). The Group will continue to identify carefully suitable locations for the specialty stores and other sales channels to maximize its exposure to the target customers to attain the continued growth of sales. In addition to brick-and-mortar businesses, the Group has expanded its market through e-commerce since July 2016. During the Year, revenue derived from e-commerce channels recorded a remarkable increase of approximately three times of that for last year. In view of the rapid growth of e-commerce and rising millennial shoppers, the Group had explored different business opportunities with major e-commerce platforms and focused on digital marketing through product promotions in social media such as Facebook, WeChat and YouTube and product reviews by Key Opinion Leaders (KOLs) to enhance product and brand awareness.

FINANCIAL REVIEW

During the Year, the Group's revenue rose notably by approximately 18.1% to approximately HK$242,500,000 (2017: HK$205,250,000). This was mainly due to the recovery of the retail market in Hong Kong and the successful strategies for expanding sales channels and introducing more new products to maintain diversification of the Group's product portfolio.

The following table sets forth the breakdown of the Group's revenue by categories of product for the years ended 31 March 2018 and 2017:

	For the year ended 31 March			
	2018		2017	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Health supplement products	**222,799**	**91.9%**	188,655	91.9%
Honey and pollen products	**4,862**	**2.0%**	6,923	3.4%
Personal care products	**14,839**	**6.1%**	9,672	4.7%
Total	**242,500**	**100%**	205,250	100%

The Group's revenue attributable to health supplement products increased by approximately 18.1% to HK$222,799,000 for the year ended 31 March 2018 (2017: HK$188,655,000) whereas its revenue attributable to honey and pollen products decreased by approximately 29.8% to HK$4,862,000 for the year ended 31 March 2018 (2017: HK$6,923,000). For the year ended 31 March 2018, revenue from personal care products amounted to approximately HK$14,839,000, representing an increase of approximately 53.4% from HK$9,672,000 in 2017. The increase of revenue was mainly attributable to the recovery of Hong Kong retail market and the Group's successful sales strategies as aforesaid.

The table below sets forth the breakdown of the Group's revenue by sales channels for the years ended 31 March 2018 and 2017:

	For the year ended 31 March			
	2018		2017	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Specialty stores	**38,549**	**15.9%**	31,690	15.4%
Consignment counters	**190,429**	**78.5%**	164,426	80.1%
E-commerce	**7,208**	**3.0%**	1,762	0.9%
Other sales channels	**6,314**	**2.6%**	7,372	3.6%
Total	**242,500**	**100%**	205,250	100%

During the Year, sales channels of consignment counters, specialty stores and e-commerce recorded a remarkable increase. For the year ended 31 March 2018, revenue derived from consignment counters and specialty stores increased by approximately 15.8% to HK$190,429,000 (2017: HK$164,426,000) and approximately 21.6% to HK$38,549,000 (2017: HK$31,690,000), respectively. Due to the Group's effort on expanding online sales channels, revenue derived from sales channel of e-commerce recorded a significant increase of approximately 309.1% to HK$7,208,000 (2017: HK$1,762,000). The remaining sales was generated from other sales channels which included wholesale and distribution business in Singapore by an exclusive distributor and sales at trade fairs and exhibitions. The revenue derived from other sales channels decreased by approximately 14.4% to HK$6,314,000 for the year ended 31 March 2018 (2017: HK$7,372,000).

The cost of sales increased by approximately 23.7% to HK$37,162,000 for the year ended 31 March 2018 (2017: HK$30,051,000). The increase was mainly attributable to the sales growth and the increase in procurement costs resulting from the appreciation of Australian dollars during the Year. As a percentage of revenue, cost of sales remained stable at approximately 15.3% for the year ended 31 March 2018 (2017: 14.6%).

The selling and distribution expenses of the Group increased by approximately 18.5% to HK$163,738,000 for the year ended 31 March 2018 (2017: HK$138,160,000). The increase was mainly attributable to higher selling expenses including sales commissions and expenses incurred for the expansion of various sales channels.

The general and administrative expenses of the Group decreased by approximately 11.6% to HK$27,604,000 for the year ended 31 March 2018 (2017: HK$31,209,000). The decrease was mainly due to the absence of non-recurring listing expenses in the Year, which were incurred in the year ended 31 March 2017. Such effects were partially offset by the increases in (i) staff costs because of an increase in headcount to cope with business expansion; (ii) relevant professional fees incurred after the Company's Listing; (iii) depreciation because an industrial property unit was acquired for warehouse and ancillary purposes during the Year.

There were no finance costs for the year ended 31 March 2018 (2017: HK$302,000) as the Group did not have any bank borrowings for the Year.

The Group's revenue was mainly derived in Hong Kong and Macau during the year under review. For the year ended 31 March 2018, income tax expense increased by approximately 4.1% to HK$2,353,000 (2017: HK$2,261,000) mainly due to an increase in the Group's profit before taxation. The provision of Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years ended 31 March 2018 and 2017. 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, there was a profit attributable to equity owners of the Company for the year ended 31 March 2018 of approximately HK$12,530,000 as compared to a profit of approximately HK$3,082,000 for last year. The increase was mainly due to (i) the increase in sales from various sales channels; and (ii) the absence of non-recurring listing expenses which were incurred for the year ended 31 March

2017. Such effects were partially offset by an increase in direct selling expenses including sales commissions and expenses incurred for the expansion of various sales channels.

For the year ended 31 March 2018, the basic earnings per share was HK1.67 cents (2017: HK0.46 cents), the calculation is based on the profit for the year attributable to equity owners of the Company of approximately HK$12,530,000 (2017: HK$3,082,000) and the weighted average number of 750,000,000 (2017: 665,753,425) ordinary shares in issue during the year under review. Diluted earnings per share is the same as the basic earnings per share because the Company had no dilutive potential ordinary shares during the years ended 31 March 2018 and 2017.

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 utilize 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 2018, the Group had net current assets and net assets of approximately HK$127,849,000 (2017: HK$141,942,000) and HK$164,516,000 (2017: HK$151,986,000), respectively. As at 31 March 2018, the current ratio calculated based on current assets divided by current liabilities of the Group was approximately 9.6 (2017: 12.3).

Cash and Cash Equivalents

Cash and cash equivalents held by the Group amounted to approximately HK$91,738,000 as at 31 March 2018 (2017: HK$112,303,000) and were mainly denominated in Hong Kong dollars, Japanese yen, Australian dollars and Renminbi.

Other Financial Resources and Gearing

As at 31 March 2018 and 2017, the Group did not have any bank borrowing and therefore no gearing ratio (calculated based on the interest-bearing liabilities divided by the total equity as at the respective end of period and multiplied by 100%) was applicable as at 31 March 2018 and 2017.

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. Therefore, the Group considers that the impact of foreign exchange risks is not significant.

Capital Commitments

As at 31 March 2018, the Group did not have any capital commitment (2017: Nil).

USE OF PROCEEDS

The net proceeds from the Hong Kong public offering completed in mid-September 2016 was approximately HK$71,676,000 (after deducting underwriting fees and related listing expenses), out of which approximately HK$45,993,000 had been utilized as at 31 March 2018.

Intended applications	Net actual proceeds *HK$'000*	Amount utilized as at 31 March 2018 *HK$'000*	Balance as at 31 March 2018 *HK$'000*
Developing and strengthening the Group's brand	**25,086**	**15,460**	**9,626**
Maintaining, expanding and improving sales network	**17,919**	**10,326**	**7,593**
Exploring business collaboration and expanding customer base	**12,185**	**8,737**	**3,448**
Diversifying and expanding product portfolio	**9,318**	**7,656**	**1,662**
General working capital	**7,168**	**3,814**	**3,354**
	71,676	**45,993**	**25,683**

The balance of the unutilized net proceeds has been securely placed as deposits in licensed banks in Hong Kong.

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

Except for the acquisition of properties as disclosed in the announcement of the Company dated 23 May 2017, the Group had no material investments, acquisitions or disposals during the year under review.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group had no material contingent liabilities (2017: Nil).

EMPLOYEE INFORMATION

As at 31 March 2018, the Group had 208 (2017: 198) employees, including part-time staff. The Group remunerates employees based on their performance and experience 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 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. No share options have been granted under the Scheme since the Listing Date and there were no outstanding share options as at 31 March 2018 and 2017.

DIVIDEND

The Board has resolved to recommend a final dividend of HK1 cent per share for the year ended 31 March 2018, totalling HK$7,500,000 (2017: Nil). Such payment of dividend will be subject to the approval of the shareholders at the forthcoming annual general meeting of the Company and has not been recognized as a liability in these consolidated financial statements. If the resolution for the proposed final dividend is passed at the annual general meeting, the final dividend will be payable on or around 22 October 2018.

During the year ended 31 March 2017 and prior to the Listing Date, a subsidiary of the Company declared an interim dividend of HK$7,100,000. The dividend declared was paid in cash out of the internally generated resource to the then shareholders, which are also the Company's controlling shareholders, prior to the Group's reorganization for the Listing.

FUTURE OUTLOOK AND PROSPECTS

The overall retail market is currently in the midst of growth and benign circumstances. According to the statistics from the Census and Statistics Department of Hong Kong released on 31 May 2018, the overall retail sales in Hong Kong increased by approximately 11.5% and 12.3% in March and April 2018 over the same months in 2017 respectively with a positive outlook in the near future.

The net proceeds from the Listing have facilitated the Group to execute its business plan. The Group is determined to strive for further business expansion and sustainable growth by implementing the strategies below.

Further development of brand

Since the beginning of 2018, the Group has invited Ms. Sammi Cheng, a superstar in Asia, to become the spokeperson of the Group. Her superior status as a singer and an actress and her healthy image perfectly echo with the Group's brand image of superior product quality promoting health and well-being. Marketing campaigns with the healthy image of Ms. Sammi Cheng will be launched in various media and the Group believes that its brand recognition would further be enhanced.

In addition, with the support of various sports and charity events such as marathons and fund-raising projects, the healthy and social-responsible corporate/brand image of the Group will gradually be strengthened.

Expansion of sales network and system

The Group will optimize its retail networks of self-operated specialty stores and consignment sales coverage by constantly reviewing the performance of each location. New and potential sales channels will continuously be explored and setup to expand the customer base. Besides, the Group will actively seek co-operation with various business partners to expand the sales network to other countries.

Besides, an upgrade of the Group's computer system will be planned and implemented to improve the efficiency and effectiveness of sales and other operation of the business. Advanced customer membership programs and other system upgrades will definitely promote the shopping experience of customers.

Growth of e-commerce business

The original strong development of online retail business has even been expedited with the popularity of mobile phone purchase and electronic wallet. The Group will continue to partner with an increasing number of reputable e-commerce platforms in different regions to seize the vast online retail opportunities. Various discounts and programs will be launched to foster sales and increase customers' loyalty.

Expansion of product portfolio

The Group will constantly evaluate and expand the existing product portfolio to ensure the evolving customer preference will be met. Professional research and development process of new products is strictly complied to ensure only products with top quality will be launched.

Amid a fast-changing retail environment, the Group will continue to focus on developing the business and enhancing viable growth to reward the constant support of customers and investors.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENT AFTER THE REPORTING PERIOD

A final dividend in respect of the year ended 31 March 2018 of HK1 cent per share, totalling HK$7,500,000 (2017: Nil) was proposed pursuant to a resolution passed by the Board on 28 June 2018 and subject to the approval of the shareholders at the forthcoming annual general meeting of the Company. This proposed dividend has not been recognized as a liability in these consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries throughout the year ended 31 March 2018.

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 ended 31 March 2018 save for the deviation from code provision A.2.1 as follows:

Under code provision A.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 managing Director) 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 managing Director.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 of all Directors by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2018.

REVIEW OF ACCOUNTS

The Group's results for the year ended 31 March 2018 have been reviewed by the Audit Committee.

SCOPE OF WORK OF WELLINK CPA LIMITED

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 2018 included in this preliminary results announcement have been agreed by the Group's auditor, Wellink CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Wellink 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 assurance has been expressed by Wellink CPA Limited on this preliminary results 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 annual report for the year ended 31 March 2018 will be despatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to our shareholders, business partners and customers for their continuing support, and extend our heartfelt appreciation to all staff for their commitments and contributions.

By Order of the Board
Ausupreme International Holdings Limited
Choy Chi Fai
Chairman, Executive Director and Managing Director

Hong Kong, 28 June 2018

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Choy Chi Fai (Chairman and Managing Director), Ms. Ho Ka Man, Mr. Ho Chun Kit, Saxony and Mr. Au Chun Kit; and three Independent Non-executive Directors, namely Dr. Luk Ting Kwong, Mr. Ko Ming Kin and Mr. 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.