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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 2019

The board (the "**Board**") of directors (the "**Directors**") of Ausupreme International Holdings Limited (the "**Company**") is pleased to present the consolidated results of the Company and its subsidiaries (together as the "**Group**") for the year ended 31 March 2019, together with the comparative figures for the year ended 31 March 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2019	2018
	Note	***HK$'000***	*HK$'000*
Revenue	*4(a)*	**289,329**	242,500
Cost of sales		**(41,199)**	(37,162)
Gross profit		**248,130**	205,338
Other income	*5(a)*	**766**	711
Other net gains	*5(b)*	**250**	176
Selling and distribution expenses		**(180,596)**	(163,738)
General and administrative expenses		**(31,402)**	(27,604)
Profit before taxation	*6*	**37,148**	14,883

	Note	Year ended 31 March **2019** ***HK$'000***	 2018 *HK$'000*
Income tax expense	*7*	**(5,938)**	(2,353)
Profit for the year attributable to owners of the Company		**31,210**	12,530
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of operations based outside Hong Kong		**(72)**	—
Other comprehensive expense for the year, net of tax		**(72)**	—
Total comprehensive income for the year attributable to owners of the Company		**31,138**	12,530
Earnings per share attributable to owners of the Company — basic and diluted	*8*	**HK4.16 cents**	HK1.67 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2019	2018
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**31,135**	33,421
Rental deposits		**4,753**	2,877
Deferred tax assets		**707**	640
		36,595	36,938
Current assets			
Inventories	*10*	**19,835**	17,212
Trade and other receivables	*11*	**32,025**	31,343
Tax recoverable		**—**	2,446
Cash and cash equivalents	*12*	**119,775**	91,738
		171,635	142,739
Current liabilities			
Trade and other payables	*13*	**15,638**	14,487
Dividend payable		**3**	—
Provisions		**246**	403
Income tax payable		**3,808**	—
		19,695	14,890
Net current assets		**151,940**	127,849
Total assets less current liabilities		**188,535**	164,787
Non-current liabilities			
Provisions		**381**	271
		381	271
NET ASSETS		**188,154**	164,516
CAPITAL AND RESERVES			
Share capital		**7,500**	7,500
Reserves		**180,654**	157,016
Total equity attributable to owners of the Company		**188,154**	164,516

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 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's shares are 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 Limited 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 involved in retail and wholesale of health and personal care products.

These consolidated financial statements 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 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 (the "**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 required by 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 AMENDMENTS TO HKFRSs

(a) New and amended standards adopted by the Group

In the current year, the Group has adopted for the first time the new and amendments to HKFRSs issued by the HKICPA that had been issued and effective for the Group's financial year beginning on 1 April 2018. Of these, the following developments are relevant to the Group's financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)

Except as described below, the adoption of the new and amended HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognized at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognized in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and the related interpretations.

The Group recognizes revenue from the retail and wholesale of health and personal care products.

The revenue of the Group is recognized at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from retail and wholesale of health and personal care products is generally recognized when the goods are delivered to the customers or, in the case of consignment sales through consignees, when the goods are collected by the end-customers, which is the point of time when the customer has the ability to direct the use of products and obtain substantially all of the remaining benefits of the products. A receivable is recognized by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The application of HKFRS 15 has had no material impact on the amounts reported and/or disclosures set out in these consolidated financial statements.

HKFRS 9 Financial Instruments ("HKFRS 9")

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for the Group's financial year beginning on or after 1 April 2018.

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities; 2) expected credit losses ("**ECL**") for financial assets; and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognized as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognized as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018, if any, are recognized in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Classification and measurement of financial assets

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. There is no change in classification and measurement on the Group's financial assets.

Impairment under ECL model

The Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been assessed individually.

Loss allowance for other financial assets at amortized cost mainly comprises deposits, other receivables, pledged bank deposits, bank deposits with original maturity of more than three months and bank balances, and are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, no additional credit loss allowance has been recognized against accumulated profits as the estimated allowance under the ECL model was not significantly different to that under HKAS 39 based on the counterparties' past repayment history and forward looking information.

(b) New and amended standards issued but not yet effective

The Group has not early adopted the following new and amended HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[2]

[1] Effective for annual periods beginning on or after 1 January 2019.
[2] Effective for annual periods beginning on or after 1 January 2020.

Except for the new and amended standards mentioned below, the directors of the Company anticipate that the application of all other new and amended standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 Leases ("HKFRS 16")

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the Group.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$28,661,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group will elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group will elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognize the cumulative effect of initial application to opening accumulated profits without restating comparative information.

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 amounts of each significant category of revenue during the year, all of which represented revenue recognized by the Group from contracts with customers, are as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Specialty stores	**37,911**	38,549
Consignment counters	**236,293**	190,429
E-commerce	**7,409**	7,208
Other sales channels	**7,716**	6,314
	289,329	242,500

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Health supplement products	**264,346**	222,799
Honey and pollen products	**4,341**	4,862
Personal care products	**20,642**	14,839
	289,329	242,500

For the year ended 31 March 2019, all revenue is recognized at a point in the time.

The performance obligation is satisfied, and hence the revenue is recognized upon delivery of the health and personal care products to the customers or, in the 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 90 days from delivery date.

(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. The chief operating decision maker reviews the financial performance and position of the Group as a whole and 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 2019 and 2018 and specified non-current assets as at 31 March 2019 and 2018 is set out below:

	Revenue from external customers	
	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**247,302**	206,782
Mainland China	**6,937**	7,079
Singapore	**508**	320
Macau	**34,582**	28,319
	289,329	242,500

	Specified non-current assets	
	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**31,065**	33,314
Mainland China	**70**	95
Macau	**—**	12
	31,135	33,421

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 earned through the Group's consignees of the corresponding years contributing over 10% of the Group's revenue is as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Consignee A	**143,641**	111,336
Consignee B	**50,788**	46,212

5. OTHER INCOME AND OTHER NET GAINS

(a) Other income

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Bank interest income on bank deposits	**745**	538
Others	**21**	173
	766	711

(b) Other net gains

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Loss on disposal/write-off of property, plant and equipment	**—**	(91)
Net foreign exchange gains	**250**	267
	250	176

6. PROFIT BEFORE TAXATION

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

(a) Staff costs (including directors' remuneration)

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Contributions to defined contribution retirement plans	**2,107**	1,837
Directors' remuneration	**5,523**	5,420
Salaries, wages and other benefits	**50,371**	45,149
	58,001	52,406

(b) Other items

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Depreciation	**2,605**	2,409
Minimum lease payments in respect of properties	**16,019**	17,431
Net foreign exchange gains	**(250)**	(267)
Loss on disposal/write-off of property, plant and equipment	**—**	91
Auditors' remuneration	**780**	750
Cost of inventories *(Note 10)*	**41,199**	37,162
Consignment expenses	**108,352**	86,910
Allowance for trade receivables	**812**	—
Donations	**585**	611

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	
	2019	2018
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**5,260**	994
Over-provision in respect of prior years	**(50)**	(20)
	5,210	974
Current tax — Overseas		
Provision for the year	**795**	600
Deferred tax		
Origination and reversal of temporary differences	**(67)**	779
Total	**5,938**	2,353

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% (2018: flat rate of 16.5%). 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	
	2019	2018
	HK$'000	*HK$'000*
Profit before taxation	**37,148**	14,883
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**5,807**	2,226
Tax effect of non-deductible expenses	**383**	131
Tax effect of non-taxable income	**(122)**	(145)
Tax effect of tax losses not recognized	**33**	289
Utilization of tax losses not recognized	**(35)**	—
Income tax at concession rate	**(165)**	—
Tax effect of tax exemption under Macau Complementary Income Tax	**(70)**	(70)
Over-provision in prior years	**(50)**	(20)
Others	**157**	(58)
Actual tax expense	**5,938**	2,353

8. EARNINGS PER SHARE

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

	2019	2018
Profit attributable to owners of the Company *(HK$'000)*	**31,210**	12,530
Weighted average number of ordinary shares in issue *('000 Number of shares)*	**750,000**	750,000
Basic and diluted earnings per share *(HK cents)*	**4.16**	1.67

The Company did not have any potential ordinary shares outstanding during the years ended 31 March 2019 and 2018.

9. DIVIDEND

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
2018 Final dividend — HK1 cent per ordinary share	**7,500**	—

A final dividend in respect of the year ended 31 March 2019 of HK3 cents per ordinary share (2018: HK1 cent), amounting to HK$22,500,000 (2018: HK$7,500,000) in aggregate, was proposed pursuant to a resolution passed by the Board on 27 June 2019 and subject to the approval of the shareholders at the annual general meeting of the Company to be held on 20 September 2019. This proposed dividend is not yet reflected as dividend payable in the consolidated financial statements.

10. INVENTORIES

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Goods for resale	**19,835**	17,212

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

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**41,199**	37,162

No write down of inventories made for the years ended 31 March 2019 and 2018.

11. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**24,527**	22,659
Less: Allowance for trade receivable	**(812)**	—
Trade receivables, net of loss allowance	**23,715**	22,659
Other receivables	**897**	766
Deposits and prepayments	**7,413**	7,918
	32,025	31,343

The Group usually allows a credit period ranging from 0 to 90 days to its trade customers. The ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance as of the end of the reporting period, is as follows:

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**12,090**	10,993
31–60 days	**11,615**	11,067
61–90 days	**3**	59
Over 90 days	**7**	540
	23,715	22,659

The management of the Group closely monitors the credit quality of trade receivables and considers the debtors that are neither past due nor impaired to be of a good credit quality. Before accepting any new customer, the Group's management will assess the potential customer's credit quality and determine the credit limits of each customer. Credit limits attributable to customers are reviewed periodically.

The Group has a policy for allowance of impairment loss which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the creditworthiness and the past collection history of each customer.

As at 31 March 2018, included in the Group's trade receivables and debtors with aggregate carrying amount of HK$6,884,000, which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group did not hold any collateral over these balances.

The following is an ageing analysis of trade receivables, which are past due but not impaired, at 31 March 2018:

	As at 31 March 2018 *HK$'000*
Overdue by:	
0–30 days	6,360
31–90 days	102
Over 90 days	422
	6,884

Based on the historical experience of the Group, trade receivables that are past due but not impaired are generally recoverable.

12. CASH AND CASH EQUIVALENTS

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Cash and cash equivalents in the consolidated statement of financial position:		
— Cash at bank and on hand	**119,775**	91,738

13. TRADE AND OTHER PAYABLES

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Trade payables *(note a)*	**4,800**	5,181
Contract liabilities *(note b)*	**620**	—
Accrued staff costs	**7,482**	6,233
Other accruals and payables	**2,736**	3,073
	15,638	14,487

Notes:

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

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**1,123**	3,047
31–90 days	**3,677**	2,134
	4,800	5,181

(b) Details of contract liabilities as at 31 March 2019 are as follows:

	As at 31 March 2019	As at 1 April 2018
	HK$'000	*HK$'000*
Receipt in advance from customers	**620**	103

Contract liabilities are receipt in advance from customers to deliver health and personal care products.

All the amount in the beginning balance was all recognized to revenue during the year.

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 "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 decelerating growth of 4.6% during the period from April 2018 to March 2019 as compared to the corresponding period in the previous year of 6.3% according to the statistics from the Census and Statistics Department of Hong Kong. This indicated a sign of slowdown in the retail industry in Hong Kong.

According to the Hong Kong Tourism Board, the total visitor arrivals increased by 11.4% in 2018 to about 65.2 million, among which, overnight arrivals recorded a growth of 4.9% indicating that the tourism industry in Hong Kong maintained the momentum of growth. The rise of visitor arrivals in Hong Kong may continuously sustain the retail industry in the near future. However, external uncertainties may further affect consumer sentiment and the retail market in Hong Kong in the long run. The Group remains cautiously optimistic about the future prospects.

Overall Performance

For the year ended 31 March 2019 (the "**Year**" or the "**year under review**"), the Group achieved a remarkable performance in both revenue and consolidated profit attributable to owners of the Company. The revenue for the Year was HK$289,329,000, representing an increase of 19.3% as compared to HK$242,500,000 of last year. Meanwhile, the consolidated profit attributable to owners of the Company for the Year was HK$31,210,000, representing an increase of 149.1% as compared to HK$12,530,000 of last year. The increase in sales of the Group outperformed the overall growth rate of the Hong Kong retail market and this was the result of the Group's strategy of reallocating some sales counters in Hong Kong to locations with a larger potential customer base generating higher sales and its successful promotion and marketing strategy. In early 2018, the Group has invited Ms. Sammi Cheng, the queen of pop music in Asia, as the spokesperson of the Group. Her healthy and professional image has positively magnified the effects of the promotion plans and has enhanced the overall brand awareness of the Group. The substantial increase in the Group's earnings was also the result of strict expenses control strategy. A detailed analysis of the improvement in sales and profit is disclosed in the Financial Review section below.

As at 31 March 2019, the Group had 13 specialty stores and 83 consignment counters (31 March 2018: 14 specialty stores and 82 consignment counters) in Hong Kong and Macau. 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.

FINANCIAL REVIEW

For the year under review, the Group achieved encouraging results. It represented a remarkable revenue growth of 19.3% to HK$289,329,000 (2018: HK$242,500,000) and a significant increase in consolidated profit attributable to owners of the Company of 149.1% to HK$31,210,000 (2018: HK$12,530,000). This was due to the success of the Group's strategy in optimizing its retail network and exercising a stringent control of expenses.

The following table sets forth the breakdown of the Group's revenue by categories of products for the years ended 31 March 2019 and 2018:

	For the year ended 31 March			
	2019		2018	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Health supplement products	**264,346**	**91.4%**	222,799	91.9%
Personal care products	**20,642**	**7.1%**	14,839	6.1%
Honey and pollen products	**4,341**	**1.5%**	4,862	2.0%
Total	**289,329**	**100%**	242,500	100%

During the Year, the Group's revenue attributable to health supplement products and personal care products increased by 18.6% to HK$264,346,000 (2018: HK$222,799,000) and 39.1% to HK$20,642,000 (2018: HK$14,839,000), respectively. The revenue attributable to honey and pollen products decreased by 10.7% to HK$4,341,000 for the year ended 31 March 2019 (2018: HK$4,862,000). The increase of revenue was mainly due to (i) the Group's strategy of reallocating some sales counters in Hong Kong to locations with a larger potential customer base generating higher sales; and (ii) strong marketing campaigns through various media and channels with a famous spokesperson successfully promoting the products and enhancing brand awareness.

The table below sets forth the breakdown of the Group's revenue by sales channels for the years ended 31 March 2019 and 2018:

	For the year ended 31 March			
	2019		2018	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Specialty stores	**37,911**	**13.1%**	38,549	15.9%
Consignment counters	**236,293**	**81.7%**	190,429	78.5%
E-commerce	**7,409**	**2.5%**	7,208	3.0%
Other sales channels	**7,716**	**2.7%**	6,314	2.6%
Total	**289,329**	**100%**	242,500	100%

During the Year, the Group was committed to optimizing its retail network by gradually reallocating some sales counters in Hong Kong to locations with a larger potential customer base. Revenue for sales channels of consignment counters recorded a remarkable increase by 24.1% to HK$236,293,000 during the Year (2018: HK$190,429,000). For the year ended 31 March 2019, revenue derived from e-commerce recorded an increase by 2.8% to HK$7,409,000 (2018: HK$7,208,000) while the revenue for specialty stores recorded a slight decrease by 1.7% to HK$37,911,000 (2018: HK$38,549,000). The decline in revenue of specially stores was mainly due to the closure of a specialty store with higher rent during the Year. The remaining sales were 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 rose notably by 22.2% to HK$7,716,000 for the year ended 31 March 2019 (2018: HK$6,314,000). The increase in revenue was attributable to the success of aforesaid brand promotion and marketing strategies of the Group, which greatly improved the "Ausupreme" brand awareness.

The cost of sales increased by HK$4,037,000 or 10.9% to HK$41,199,000 for the year ended 31 March 2019 (2018: HK$37,162,000). The increase was mainly attributable to the sales growth for the Year.

The selling and distribution expenses of the Group increased by 10.3% to HK$180,596,000 for the year ended 31 March 2019 (2018: HK$163,738,000). This increase was mainly attributable to the increments in (i) consignment commission as a result of revenue growth; and (ii) sales staff costs because of an increase in headcount to cope with the business expansion.

The general and administrative expenses of the Group increased by 13.8% to HK$31,402,000 for the year ended 31 March 2019 (2018: HK$27,604,000). The increase was mainly attributable to the increase in administrative staff costs as a result of a yearly salary adjustment and an impairment allowance made for the trade receivables under the doubtful list. As at the date of this announcement, the majority of the doubtful trade receivables are settled.

There were no finance costs for the years ended 31 March 2019 and 2018 as the Group did not have any bank borrowings for these years.

The Group's revenue was mainly derived in Hong Kong and Macau during the Year. For the year ended 31 March 2019, income tax expense increased by 152.4% to HK$5,938,000 (2018: HK$2,353,000) mainly due to an increase in the profit before taxation of the Group. The provision of 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% (2018: 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, profit attributable to owners of the Company for the year ended 31 March 2019 recorded an increase of HK$18,680,000 or 149.1% to HK$31,210,000 as compared to a profit of HK$12,530,000 for last year. The increase was mainly due to (i) an increase in sales of both health supplement products and personal care products; (ii) the reallocation of some sales counters in Hong Kong to locations with a larger potential customer base generating higher sales; and (iii) exercising a more stringent control of expenses.

For the year ended 31 March 2019, the basic earnings per share was HK4.16 cents (2018: HK1.67 cents), the calculation of which is based on the profit for the year attributable to owners of the Company of HK$31,210,000 (2018: HK$12,530,000) and the number of 750,000,000 ordinary shares in issue during the Year (2018: 750,000,000). 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 2019 and 2018.

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 2019, the Group had net current assets and net assets of HK$151,940,000 (2018: HK$127,849,000) and HK$188,154,000 (2018: HK$164,516,000), respectively. As at 31 March 2019, the current ratio calculated based on current assets divided by current liabilities of the Group was approximately 8.7 (2018: 9.6).

Cash and Cash Equivalents

Cash and cash equivalents held by the Group amounted to HK$119,775,000 as at 31 March 2019 (2018: HK$91,738,000) and were mainly denominated in Hong Kong dollars, Japanese yen, Australian dollars and Renminbi.

Other Financial Resources and Gearing

As at 31 March 2019 and 2018, 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 2019 and 2018.

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 2019, the Group did not have any capital commitment (2018: Nil).

USE OF PROCEEDS

The net proceeds from the Hong Kong public offering completed in mid-September 2016 were approximately HK$71,676,000 (after deducting underwriting fees and related listing expenses). All net proceeds have been fully applied as at 31 March 2019 in accordance with the proposed application set out in the prospectus of the Company dated 30 August 2016.

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 2019.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no material contingent liabilities (2018: Nil).

EMPLOYEE INFORMATION

As at 31 March 2019, the Group had 228 (2018: 208) 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 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 2019, and no share options were exercised, cancelled or lapsed during the year ended 31 March 2019.

DIVIDEND

The Board has resolved to recommend a final dividend of HK3 cents per ordinary share for the year ended 31 March 2019, totalling HK$22,500,000 (2018: HK1 cent, totalling HK$7,500,000). Such payment of dividend will be subject to the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company (the "**AGM**") and has not been recognized as a liability in the consolidated financial statements for the Year. If the resolution for the proposed final dividend is passed at the AGM, the final dividend will be payable on or around 18 October 2019.

FUTURE OUTLOOK AND PROSPECTS

The Sino-US trade war has lasted for almost a year and its continuous tension and effect to the global economy is foreseen to be lingered for some time. The recent political crisis about the extradition bill and the massive protests in Hong Kong have escalated the market sentiment to an anxious mood in the Hong Kong economy.

Although uncertainties exist internationally and locally, the Group is determined to strive for the long-term growth and development. Both self-operated specialty stores and consignment counters will be constantly reviewed for their performance. Elevation of the stores' operation and reallocation of sales counters to locations with greater growth potentials will be continued to optimize the sales network. Besides, collaboration with new potential business partners is being implemented to enhance sales coverage.

Besides physical stores and counters, the expedited-growing e-Commerce business will continue to develop at high speed. Co-operation with an increasing number of reputable online platforms and launching of various promotion campaigns will deepen the market penetration of the brand to the vast online customers. In addition to the People's Republic of China, e-Commerce business will be expanded to other major regions for easy access to the high-quality products of the Group with just a few clicks.

The initiative of inviting Ms. Sammi Cheng, a superstar in Asia, as the spokesperson of the brand is proven to be a huge success. Her significance in the music world mirrors the superior-quality image of the brand in the market and fosters customers' confidence in the products. In addition, the Group will continue to support various sports and charity events such as marathons and visits to left-behind families so as to contribute to the community and at the same time strengthen the corporate/brand image of promoting health and well-being.

Talented and experienced staff has been an important asset of the Group. Various staff trainings will be provided to enhance the product knowledge and customer service competence, as well as to keep abreast of the latest industry development. Desirable employee benefits are provided to attract and retain personnel of high calibre so as to maintain the Group's competitiveness in the market.

In the years ahead, the Group is committed to fostering business development and achieving promising growth to reward investors' continuous support.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENT AFTER THE REPORTING PERIOD

A final dividend in respect of the year ended 31 March 2019 of HK3 cents per ordinary share, totalling HK$22,500,000 (2018: HK1 cent, totalling HK$7,500,000) has been proposed pursuant to a resolution passed by the Board on 27 June 2019 and will be subject to the approval of the Shareholders at the AGM. This proposed dividend has not been recognized as a liability in the consolidated financial statements for the Year.

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 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 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 ACCOUNTS

The Group's results for the year ended 31 March 2019 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 2019 included in this preliminary results announcement have been agreed by the Group's independent 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 Company's annual report for the year ended 31 March 2019 will be despatched to the Shareholders and will be available on the aforesaid websites in due course in the manner 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 management and staff for their ongoing contributions.

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

Hong Kong, 27 June 2019

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.