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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 2021

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 2021 (the “**Year**”), together with the comparative figures for the year ended 31 March 2020 (the “**Year 2020**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 March	
		2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4(a)	102,907	210,543
Cost of sales		<u>(18,292)</u>	<u>(30,387)</u>
Gross profit		84,615	180,156
Other income	5(a)	13,728	2,909
Other net gains/(losses)	5(b)	3,300	(206)
Selling and distribution expenses		(73,620)	(139,173)
General and administrative expenses		<u>(24,005)</u>	<u>(28,467)</u>

	<i>Notes</i>	Year ended 31 March	
		2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit		4,018	15,219
Finance costs	<i>6(b)</i>	(544)	(787)
Profit before taxation	<i>6</i>	3,474	14,432
Income tax credit/(expense)	<i>7</i>	370	(2,385)
Profit for the year attributable to owners of the Company		<u>3,844</u>	<u>12,047</u>
Other comprehensive (expense)/income:			
Item that will not be reclassified to profit or loss:			
— Fair value changes of equity investment at fair value through other comprehensive income (“FVTOCI”)		(1,688)	—
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of operations based outside Hong Kong		25	(45)
Other comprehensive expense for the year, net of tax		<u>(1,663)</u>	<u>(45)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>2,181</u>	<u>12,002</u>
Earnings per share attributable to owners of the Company — basic and diluted	<i>8</i>	<u>HK0.50 cents</u>	<u>HK1.60 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March	
	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	27,243	29,243
Rental deposits	3,619	4,119
Right-of-use assets	11,181	21,136
Equity investment at FVTOCI	5,506	7,194
Prepayment for properties	17,853	—
Deferred tax assets	1,098	714
	66,500	62,406
Current assets		
Inventories	10 14,445	17,000
Trade and other receivables	11 18,994	16,028
Income tax recoverable	1,750	5,156
Time deposits	12 40,495	59,161
Bank balances and cash	12 59,987	54,935
	135,671	152,280
Current liabilities		
Trade and other payables	13 9,988	8,883
Dividend payable	57	7
Lease liabilities	10,855	12,972
Provisions	392	334
Income tax payable	974	1,669
	22,266	23,865
Net current assets	113,405	128,415
Total assets less current liabilities	179,905	190,821
Non-current liabilities		
Lease liabilities	3,259	8,778
Provisions	419	377
	3,678	9,155
NET ASSETS	176,227	181,666
CAPITAL AND RESERVES		
Share capital	7,620	7,620
Reserves	168,607	174,046
Total equity attributable to owners of the Company	176,227	181,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 April 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Office E, 28/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 September 2016 (the "Listing Date" and the "Listing", respectively). The Company's immediate and ultimate holding company is Beatitudes International Ltd. which was incorporated in the British Virgin Islands and controlled by Mr. Choy Chi Fai and Ms. Ho Ka Man.

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

The consolidated financial statements of the Group for the Year (the "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 the amendments to HKFRSs and interpretations issued by the HKICPA for the first time which are mandatorily effective for the annual period beginning on or after 1 April 2020. Of these, the following developments are relevant to the Group's consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform

In addition to the above amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was adopted in the current year.

The adoption of the amendments to HKFRSs in the current year 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.

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early adopted the following new and amendments to HKFRSs which are not yet effective:

Amendments to HKAS 39, HKFRS 7, HKFRS 9, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ¹
Amendments to HKFRS 3 Amendments to HKAS 16	Reference to the Conceptual Framework ² Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37 Amendments to HKFRSs HKFRS 17	Onerous Contracts — Cost of Fulfilling a Contract ² Annual Improvements to HKFRSs 2018–2020 ² Insurance Contracts 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 HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2021

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

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the adoption of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Specialty stores	32,100	31,836
Consignment counters	47,382	162,279
E-commerce	16,563	9,481
Other sales channels	6,862	6,947
	<u>102,907</u>	<u>210,543</u>

	Year ended 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Health supplement products	97,846	194,770
Honey and pollen products	1,821	2,962
Personal care products	3,240	12,811
	<u>102,907</u>	<u>210,543</u>

For the years ended 31 March 2021 and 2020, all revenue is recognized at a point in time basis.

The performance obligation is satisfied, and hence the revenue is recognized 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.

(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 executive directors of the Company) 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 tables set out information about the geographical location of the Group's revenue from external customers and the Group's property, plant and equipment and right-of-use assets ("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 2021 and 2020 and specified non-current assets as at 31 March 2021 and 2020 is set out below:

	Revenue from external customers	
	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	69,713	168,058
Mainland China	16,350	9,002
Macau	15,478	31,435
Singapore	1,366	2,048
	<u>102,907</u>	<u>210,543</u>

	Specified non-current assets	
	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	38,137	49,784
Mainland China	17	14
Macau	189	396
Singapore	81	185
	<u>38,424</u>	<u>50,379</u>

(ii) **Information about major customers and wholesaler/consignees**

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

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Consignee A	24,881	96,491
Wholesaler/Consignee B	10,346	27,645
	<u>35,227</u>	<u>124,136</u>

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

(a) Other income

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Bank interest income on bank deposits	1,088	1,313
Government grants (<i>note i</i>)	9,872	—
Rent concession income (<i>note ii</i>)	2,232	1,383
Others	536	213
	<u>13,728</u>	<u>2,909</u>

Notes:

- (i) Government grants are cash subsidies granted by the government of the Hong Kong Special Administrative Region (the “SAR”) under the Anti-epidemic Fund amounting to HK\$960,000 from the Retail Sector Subsidy Scheme granted to 12 eligible specialty stores of the Group, approximately HK\$8,394,000 from the Employment Support Scheme and HK\$20,000 from One-off Subsidy (Goods Vehicles) for 2 eligible goods vehicles. The Group has complied with all of the conditions for these government grants for the year ended 31 March 2021 and recognized the amounts in profit or loss under “other income”.

The remaining grants of approximately HK\$498,000 were granted from other subsidy schemes launched by the governments of the Macau SAR and the Republic of Singapore (“Singapore”). The Group has complied with all of the conditions for these government grants for the year ended 31 March 2021 and recognized the amounts in profit or loss under “other income”.

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

(b) Other net gains/(losses)

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Loss on write-off of property, plant and equipment	(10)	(55)
Reversal of allowance for trade receivables	—	812
Gain on lease modification	—	2
Net foreign exchange gains/(losses)	3,310	(965)
	<u>3,300</u>	<u>(206)</u>

6. PROFIT BEFORE TAXATION

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

(a) Staff costs (including directors' remuneration)

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Contributions to defined contribution retirement plans	1,476	2,043
Directors' remuneration	4,485	5,539
Salaries, wages and other benefits	32,448	46,287
	<u>38,409</u>	<u>53,869</u>

(b) Finance costs

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Interest on lease liabilities	544	787

(c) Other items

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	2,214	2,235
Depreciation of right-of-use assets	14,178	14,146
Minimum lease payments in respect of properties	86	48
Net foreign exchange (gains)/losses	(3,310)	965
Loss on write-off of property, plant and equipment	10	55
Gain on lease modification	—	(2)
Auditors' remuneration		
— Audit services	778	779
— Non-audit services	—	42
Cost of inventories (note 10)	18,292	30,387
Impairment losses of right-of-use assets	2,139	—
Provision for obsolete inventories (note 10)	1,238	594
Consignment expenses (Note)	19,388	73,076
Donations	272	439

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".

7. INCOME TAX (CREDIT)/EXPENSE

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

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	—	1,750
Over-provision in respect of prior years	<u>(20)</u>	<u>(39)</u>
	<u>(20)</u>	<u>1,711</u>
Current tax — Overseas		
Provision for the year	325	681
Over-provision in respect of prior year	<u>(291)</u>	<u>—</u>
	<u>34</u>	<u>681</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(384)</u>	<u>(7)</u>
Total	<u>(370)</u>	<u>2,385</u>

For the year ended 31 March 2020, the Hong Kong Profits Tax of the elected Hong Kong subsidiary 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. Taxation for other Hong Kong subsidiaries is calculated using the statutory rate of 16.5%. No provision for Hong Kong Profits Tax is provided for the year ended 31 March 2021 as the subsidiaries operating in Hong Kong have no assessable profits.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation based on the rules and regulations in the relevant tax jurisdictions. Enterprise Income Tax (“EIT”) in Mainland China has been provided at the rate of 25% (2020: 25%) on the estimated assessable profits in Mainland China during the Year except as described below. Certain subsidiaries in Mainland China of the Company 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.

No provision of Singapore Income Tax has been made for the years ended 31 March 2021 and 2020.

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

	Year ended 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	<u>3,474</u>	<u>14,432</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	483	2,115
Tax effect of non-deductible expenses	263	664
Tax effect of non-taxable income	(2,316)	(216)
Tax effect of tax losses not recognized	1,695	133
Utilization of tax losses not previously recognized	(78)	(23)
Income tax at concession rate	—	(165)
Tax effect of tax exemption under Macau Complementary Income Tax	(70)	(70)
Tax effect of tax exemption under PRC Enterprise Income Tax	(36)	—
Over-provision in prior years	(311)	(39)
Others	<u>—</u>	<u>(14)</u>
Actual tax (credit)/expense	<u>(370)</u>	<u>2,385</u>

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:

	2021	2020
Profit attributable to owners of the Company (<i>HK\$'000</i>)	3,844	12,047
Weighted average number of ordinary shares in issue (<i>Number of shares</i>)	762,000,000	751,147,541
Basic and diluted earnings per share (<i>HK cents</i>)	<u>0.50</u>	<u>1.60</u>

The Company did not have any potential ordinary shares outstanding during the years ended 31 March 2021 and 2020, hence diluted earnings per share is the same as basic earnings per share.

9. DIVIDEND

During the Year, dividend declared and recognized as distribution were as follows:

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
2020 Final dividend — HK1 cent per ordinary share	7,620	—
2019 Final dividend — HK3 cents per ordinary share	—	22,500
	<u>7,620</u>	<u>22,500</u>

A final dividend in respect of the year ended 31 March 2021 of HK1 cent per ordinary share (2020: HK1 cent), amounting to HK\$7,620,000 (2020: HK\$7,620,000) in aggregate, was proposed pursuant to a resolution passed by the Board on 29 June 2021 and subject to the approval of the shareholders at the annual general meeting (“AGM”) of the Company to be held on 3 September 2021. This proposed dividend is not yet reflected as dividend payable in the Consolidated Financial Statements.

10. INVENTORIES

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Goods for resale	16,277	17,594
Less: Provision for obsolete inventories	<u>(1,832)</u>	<u>(594)</u>
	<u>14,445</u>	<u>17,000</u>

Movements on the Group’s provision of impairment of inventories are as follows:

	2021	2020
	HK\$'000	HK\$'000
At 1 April	594	—
Provision for obsolete inventories (<i>note 6(c)</i>)	<u>1,238</u>	<u>594</u>
At 31 March	<u>1,832</u>	<u>594</u>

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

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Carrying amount of inventories sold (<i>note 6(c)</i>)	<u>18,292</u>	<u>30,387</u>

11. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade receivables	11,109	7,229
Other receivables	729	881
Deposits and prepayments (<i>Note</i>)	7,156	7,918
	<u>18,994</u>	<u>16,028</u>

Note: Deposits and prepayments comprised mainly current portion of rental deposits and prepaid operating expenses.

The Group usually allows a credit period ranging from 0 to 60 days to its trade customers and consignees. 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	
	2021	2020
	HK\$'000	HK\$'000
Within 30 days	4,531	2,163
31–60 days	3,032	1,705
61–90 days	3,094	1,767
Over 90 days	452	1,594
	<u>11,109</u>	<u>7,229</u>

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 or consignee, the Group's management will assess the potential customer's or consignee's credit quality and determine the credit limits of each customer or consignee. Credit limits attributable to customers or consignees 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 or consignee.

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

12. BANK BALANCES AND CASH/TIME DEPOSITS

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Cash at bank and on hand	100,482	114,096
Less: Time deposits	(40,495)	(59,161)
	<u>59,987</u>	<u>54,935</u>

13. TRADE AND OTHER PAYABLES

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade payables (<i>note a</i>)	1,700	1,513
Contract liabilities (<i>note b</i>)	821	426
Accrued staff costs	5,419	4,695
Other accruals and payables	2,048	2,249
	<u>9,988</u>	<u>8,883</u>

Notes:

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

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Within 30 days	393	—
31–90 days	1,307	1,513
	<u>1,700</u>	<u>1,513</u>

(b) Details of contract liabilities as at 31 March 2021 are as follows:

	As at		
	31 March 2021	31 March 2020	1 April 2019
	HK\$'000	HK\$'000	HK\$'000
Receipt in advance from customers	<u>821</u>	<u>426</u>	<u>620</u>

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

All the amount in the beginning balance was 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 “Ausupreme”, “Organic Nature”, “Superbee” and “Top Life”, which are sold under our well-established “澳至尊” sales and distribution network.

Market Overview

In this Year, the ongoing COVID-19 pandemic has been casting severe implications for many business sectors especially in global tourism industry since year 2020. Most people were expecting vaccine could help to seal the spread of virus in order to improve the economy. Despite the fact that vaccines have been developed, the recurrent outbreak and variations of virus strain are still hindering the recovery in the global market.

According to the Hong Kong Tourism Board, the total number of visitor arrivals was only 96,203 during the period from April 2020 to March 2021. The total number of visitor arrivals during the same period of last year was 41,167,439. There was a drastic drop of 99.77% of visitor arrivals to Hong Kong. It is mainly due to the continuous imposition of travel restriction and quarantine measures. The overall retail market in Hong Kong is adversely suffered from the COVID-19 pandemic.

Overall Performance

For the year ended 31 March 2021, the Group’s revenue amounted to HK\$102,907,000, representing a decrease of 51.1% from HK\$210,543,000 for Year 2020. Meanwhile, the consolidated profit attributable to owners of the Company for the Year amounted to HK\$3,844,000, which represented a decrease of 68.1% from HK\$12,047,000 for Year 2020. Unfavourable performance of the sales and results of the Group was mainly due to the sharp decline in tourist spending, weak local consumer sentiments and fluctuating retail market conditions in Hong Kong as a result of the impact of the COVID-19. The Group has been closely monitoring the market conditions and the pandemic development and adopting tightened cost control and other cautious approaches to cope with the volatile business environment.

As at 31 March 2021, the Group had 16 specialty stores and 74 consignment counters (31 March 2020: 15 specialty stores and 75 consignment counters) in Hong Kong, Macau and Singapore, among which 13 consignment counters were closed temporarily due to the COVID-19 epidemic and the closure of Hong Kong’s borders by the government. The Group will continue to identify carefully suitable locations for the specialty stores and other sales channels to maximize its exposure to the target customers.

FINANCIAL REVIEW

For the year under review, the Group's revenue and consolidated profit attributable to owners of the Company recorded a decline. The decrease in the Group's results for the Year was mainly attributable to the decrease in sales resulting from the adverse retail conditions caused by the COVID-19 pandemic for over a year. The significant reduction in tourist arrivals and tourist spending in Hong Kong as well as weakened local consumer sentiments continuously pose a negative impact on the overall retail market. The Group's revenue decreased by 51.1% to HK\$102,907,000 (2020: HK\$210,543,000) and the consolidated profit attributable to owners of the Company for the Year decreased by 68.1% to HK\$3,844,000 (2020: HK\$12,047,000).

The following table sets forth the breakdown of the Group's revenue by categories of products for the years ended 31 March 2021 and 2020:

	For the year ended 31 March		2020	
	2021		2020	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Health supplement products	97,846	95.1%	194,770	92.5%
Personal care products	3,240	3.1%	12,811	6.1%
Honey and pollen products	1,821	1.8%	2,962	1.4%
Total	<u>102,907</u>	<u>100.0%</u>	<u>210,543</u>	<u>100.0%</u>

During the Year, the Group's revenue attributable to health supplement products decreased by 49.8% to HK\$97,846,000 (2020: HK\$194,770,000) while its revenue attributable to personal care products decreased by 74.7% to HK\$3,240,000 (2020: HK\$12,811,000). The revenue attributable to honey and pollen products decreased by 38.5% to HK\$1,821,000 for the year ended 31 March 2021 (2020: HK\$2,962,000). The adverse sales performance was greatly impacted by COVID-19 which had weakened the consumer sentiments and reduced tourist spending substantially.

The table below sets forth the breakdown of the Group's revenue by sales channels for the years ended 31 March 2021 and 2020:

	For the year ended 31 March			
	2021		2020	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Specialty stores	32,100	31.2%	31,836	15.1%
Consignment counters	47,382	46.0%	162,279	77.1%
E-commerce	16,563	16.1%	9,481	4.5%
Other sales channels	6,862	6.7%	6,947	3.3%
Total	<u>102,907</u>	<u>100.0%</u>	<u>210,543</u>	<u>100.0%</u>

During the Year, the Group's revenue for sales channels of specialty stores and e-commerce increased by 0.8% to HK\$32,100,000 (2020: HK\$31,836,000) and 74.7% to HK\$16,563,000 (2020: HK\$9,481,000) respectively. The impressive increase in revenue of e-commerce was a result of the Company reallocating more human and promotion resources to this channel during the Year. Some experienced nutritionists and sales staff have been trained to be professional Key Opinion Leaders (KOLs) webcast on Tmall and Facebook live-streaming platforms, sharing our high-quality products and nutrients' tips to foster online sales and nurture long-term relationship with customers through real-time interactions through the screen. Such measures received good responses and greatly increased the revenue of e-commerce channel. The sales of consignment counters decreased by 70.8% to HK\$47,382,000 for the Year (2020: HK\$162,279,000). The decline was mainly due to the recurrent outbreak of the COVID-19 in Hong Kong since January 2020, which adversely weakening the overall retail condition. For the year ended 31 March 2021, the revenue of remaining sales which included wholesale and sales at trade fairs and exhibitions dropped by 1.2% to HK\$6,862,000 for the year ended 31 March 2021 (2020: HK\$6,947,000).

The cost of sales decreased by HK\$12,095,000 or 39.8% to HK\$18,292,000 for the year ended 31 March 2021 (2020: HK\$30,387,000). The decrease was mainly attributable to the diminution in revenue for the Year. The gross profit ratio decreased by 3.4% to 82.2% for the Year (2020: 85.6%). The decrease was mainly attributable to the additional provision for obsolete inventories and more sales promotions and discounts offered to boost sales during the Year as a result of the COVID-19 pandemic.

The selling and distribution expenses of the Group decreased by 47.1% to HK\$73,620,000 for the year ended 31 March 2021 (2020: HK\$139,173,000). This decrease was mainly attributable to the decline in consignment commission and the sales staff cost as a result of the diminution in revenue and the strengthening of the cost control, respectively.

The general and administrative expenses of the Group dropped by 15.7% to HK\$24,005,000 for the year ended 31 March 2021 (2020: HK\$28,467,000). The decrease was mainly attributable to (i) the diminution in salaries and allowance expense and Directors' remuneration; and (ii) decrease in travelling expense. Governments of various countries have adopted strict anti-epidemic control measures at the borders due to the outbreak of COVID-19, the staff have changed the way of contacting suppliers and employees outside Hong Kong via email or video conference to replace the previous form of business trip.

No finance costs for bank borrowings were incurred for the years ended 31 March 2021 and 2020 as the Group did not have any bank borrowings for these years. The Group's finance costs of interest expense on lease liabilities amounting to HK\$544,000 for the Year (2020: HK\$787,000) were incurred as a result of the application of Hong Kong Financial Reporting Standard 16 "Leases".

The Group's revenue was mainly derived in Hong Kong during the Year. For the year ended 31 March 2021, there is income tax credit of HK\$370,000 (2020: income tax expense of HK\$2,385,000). No provision for Hong Kong Profits Tax is provided for the year ended 31 March 2021 as the subsidiaries operating in Hong Kong have no assessable profits. The income tax credit mainly arose from the increase in non-taxable income such as income from government grants. 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 2021 recorded a decrease of HK\$8,203,000 or 68.1% to HK\$3,844,000 as compared to a profit of HK\$12,047,000 for Year 2020.

For the year ended 31 March 2021, the basic earnings per share was HK0.50 cent (2020: HK1.60 cents), the calculation of which is based on the profit for the year attributable to owners of the Company of HK\$3,844,000 (2020: HK\$12,047,000) and the weighted average number of 762,000,000 ordinary shares in issue during the Year (2020: 751,147,541 ordinary shares). 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 2021 and 2020.

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 2021, the Group had net current assets and net assets of HK\$113,405,000 (2020: HK\$128,415,000) and HK\$176,227,000 (2020: HK\$181,666,000) respectively. As at 31 March 2021, the current ratio calculated based on current assets divided by current liabilities of the Group was approximately 6.1 (2020: 6.4).

Bank Balances and Cash and Time Deposits

Bank balances and cash and time deposits held by the Group amounted to HK\$100,482,000 as at 31 March 2021 (2020: HK\$114,096,000), of which HK\$59,987,000 (2020: HK\$54,935,000) was bank balances and cash and HK\$40,495,000 (2020: HK\$59,161,000) was non-pledged time deposits with original maturity of over three months. They were mainly denominated in Hong Kong dollars, Japanese yen, Australian dollars and Renminbi.

Other Financial Resources and Gearing

As at 31 March 2021 and 2020, the Group did not have any bank borrowing and therefore, a gearing ratio (calculated based on the interest-bearing liabilities, which excluded lease liabilities, divided by the total equity as at the respective end of period and multiplied by 100%) was not applicable as at 31 March 2021 and 2020.

Foreign Exchange Exposure

The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Japanese yen, Australian dollars and Renminbi. The Group currently does not have any foreign currency hedging policy. However, the Group maintains a conservative approach in treasury management by constantly monitoring foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The management will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

Capital Commitments

As at 31 March 2021, the Group did not have any capital commitment (2020: Nil).

USE OF PROCEEDS

In February 2020, the Company entered into a subscription agreement with each of the three independent investors who subscribed for certain new shares of the Company (the “**Subscription**”). The aggregate gross proceeds from the Subscription were HK\$4,800,000 and the aggregate net proceeds from the Subscription (the “**Net Proceeds**”), after deducting related expenses, were HK\$4,675,000. For details, please refer to the Company’s announcements dated 18 and 26 February 2020, respectively.

As at 31 March 2020, the Net Proceeds intended for general working capital of the Group had not been utilized. As at 31 March 2021, the Net Proceeds amounting to HK\$4,675,000 had been fully utilized for general working capital.

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 2021.

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no material contingent liabilities (2020: Nil).

EMPLOYEE INFORMATION

As at 31 March 2021, the Group had 164 (2020: 201) 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 2021, and no share options were exercised, cancelled or lapsed during the year ended 31 March 2021.

DIVIDEND

The Board has resolved to recommend a final dividend of HK1 cent per ordinary share for the year ended 31 March 2021, totalling HK\$7,620,000 (2020: 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 AGM and has not been recognized as a liability in the Consolidated Financial Statements. If the resolution for the proposed final dividend is passed at the AGM, the final dividend will be payable on or around 8 October 2021.

FUTURE OUTLOOK AND PROSPECTS

The year under review was a drastic year with the pandemic affecting the globe. Recently, number of new cases of COVID-19 appears to be reduced in many parts of the world. People have adopted the life in the era of the “new normal” and situations seem to be gradually stabilized.

In Macau, the retail business of physical stores and sales counters were the first to be revitalized as the re-opening of the border for visitors from the Mainland China since September 2020. Sales in Macau are in the course of recovering to pre-pandemic level and it is expected that economic activities in Macau will continue to foster with the launch of new consumption e-voucher scheme.

In Hong Kong, retail sales have been hindered by closure of border with almost no in-bound visitors, various social distancing measures and unfavourable economic conditions reducing local consumer sentiments. With the recent improved epidemic conditions, the kick-off of the vaccination program and the roll-out of the consumption voucher scheme by the government of the Hong Kong SAR, retail sectors are expected to gradually pick up the momentum for local consumers. Meanwhile, the Group has launched strategic marketing campaign with various advertising program featuring in social media, television and public transportation to further establish the brand and product image of supreme quality to strengthen local customer base. In anticipation of re-opening of the inbound border in the future, the sales of the Group will fully resume and grow in both the local and tourist markets.

The pandemic has catalyzed the development of online shopping, in particular, the global trend of omni-channel retailing. The Group will continue to utilize digital technology and various social media platforms to promote “livestream shopping” and introduce “Key Opinion Consumers” (KOC) who have experienced products and shared their authentic comments to increase credibility and attract potential customers. Seamless online-to-offline (O2O) shopping experiences is continued to be enhanced by providing resourceful product and health information, quality services and reliable product delivery to each valuable customer.

In summary, headwinds and turbulences in the retail sector still exist in the near future. The Group will continue to constantly review the global and local market development and adopt proactive strategies to achieve sustainable growth of the business.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENT AFTER THE REPORTING PERIOD

A final dividend in respect of the year ended 31 March 2021 of HK1 cent per ordinary share, totalling HK\$7,620,000 was proposed pursuant to a resolution passed by the Board on 29 June 2021 and will be subject to the approval of the Shareholders at the AGM to be held on 3 September 2021. The proposed final dividend has not been recognized as a liability in the Consolidated Financial Statements.

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 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 2021 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 2021 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 2021 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 2021

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.