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 2024

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 2024 (the "**Year**"), together with the comparative figures for the year ended 31 March 2023 (the "**Year 2023**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

		Year ended 31 March	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**269,022**	146,158
Cost of sales		**(34,729)**	(24,924)
Gross profit		**234,293**	121,234
Other income	*5(a)*	**1,194**	4,238
Other gains and losses, net	*5(b)*	**(1,928)**	(486)
Selling and distribution expenses		**(159,450)**	(90,837)
General and administrative expenses		**(35,490)**	(32,421)
Finance costs	*6*	**(1,100)**	(568)

	Notes	Year ended 31 March **2024** ***HK$'000***	 2023 *HK$'000*
Profit before taxation		**37,519**	1,160
Income tax expense	*7*	**(6,845)**	(663)
Profit for the year	*8*	**30,674**	497
Other comprehensive income (expenses):			
Item that will not be reclassified to profit or loss:			
— Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income		**150**	(1,714)
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of foreign operations		**(1,054)**	(1,668)
Other comprehensive expenses for the year, net of tax		**(904)**	(3,382)
Total comprehensive income (expenses) for the year		**29,770**	(2,885)
		HK cents	HK cents
Earnings per share	*9*		
— Basic		**4.03**	0.07
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	As at 31 March 2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**59,263**	61,618
Right-of-use assets		**17,778**	15,317
Investment properties		**9,898**	1,899
Equity investment at fair value through other comprehensive income		**1,890**	1,740
Deposits paid for acquisition of properties		**—**	8,934
Deferred tax assets		**836**	3,897
		89,665	93,405
CURRENT ASSETS			
Inventories		**21,787**	17,807
Trade and other receivables	*11*	**31,997**	29,847
Time deposits		**5,518**	7,309
Cash and cash equivalents		**69,844**	41,044
		129,146	96,007
CURRENT LIABILITIES			
Trade and other payables	*12*	**13,712**	12,202
Bank borrowing		**2,486**	2,898
Dividend payable		**12**	10
Lease liabilities		**10,274**	9,068
Provisions		**376**	578
Income tax payable		**4,767**	1,382
		31,627	26,138
NET CURRENT ASSETS		**97,519**	69,869
TOTAL ASSETS LESS CURRENT LIABILITIES		**187,184**	163,274

	As at 31 March	
	2024	2023
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**8,033**	6,671
Provisions	**941**	543
	8,974	7,214
NET ASSETS	**178,210**	156,060
CAPITAL AND RESERVES		
Share capital	**7,620**	7,620
Reserves	**170,590**	148,440
TOTAL EQUITY	**178,210**	156,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 April 2015. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Office E, 30/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to Hong Kong Accounting Standards ("**HKAS**") 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

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

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") — Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the Hong Kong Special Administrative Region ("**HKSAR**") gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 March 2023, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

The Group assessed that the cumulative catch-up adjustment in profit and loss for the service costs, interest expense and remeasurement effect from changes in actuarial assumptions and the corresponding adjustment to the LSP obligation for the year ended 31 March 2023 are immaterial. This change in accounting policy (i) did not have any impact on the opening balance of equity at 1 April 2022 and the cash flows for the year ended 31 March 2023, and (ii) did not have material impact on the profit for the year ended 31 March 2023 and the consolidated financial position as at 31 March 2023.

Impacts of application of changes in other accounting policies on the consolidated financial statements

The effects of the changes in accounting policies as a result of application of the abolition of the MPF-LSP offsetting mechanism in Hong Kong on the consolidated statement of profit or loss and other comprehensive income and earnings per share, are as follows:

For the year ended 31 March 2024

	The abolition of the MPF-LSP offsetting mechanism
	HK$'000
Impact on profit for the year	
Increase in general and administrative expenses	56
Increase in finance costs	24
Net decrease in profit for the year	80
Decrease in total comprehensive income for the year attributable to:	
— Owners of the Company	80

The effects of the changes in accounting policies as a result of application of the abolition of the MPF-LSP offsetting mechanism in Hong Kong on the consolidated statement of financial position, are as follows:

	2024
	HK$'000
Current liabilities	
Increase in trade and other payable	80
Decrease in net current assets and net assets	80

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 March	
	2024	2023
	HK$'000	*HK$'000*
Types of goods		
Health supplement products	**256,941**	141,400
Honey and pollen products	**989**	1,683
Personal care products	**11,092**	3,075
Total	**269,022**	146,158
Timing of revenue recognition		
A point in time	**269,022**	146,158
Sales channel		
Specialty stores	**43,546**	39,890
Consignment counters	**190,305**	79,829
E-commerce	**20,583**	17,921
Other sales channels	**14,588**	8,518
Total	**269,022**	146,158

(ii) Performance obligations for contracts with customers

Revenue from retail and wholesale of health and personal care products is recognised at a point in time upon the delivery of the health and personal care products to the customers or, in case of consignment sales through consignees, upon collection of the products by end-customers, which is the point of time when customer has the ability to direct the use of products and obtain substantially all of the remaining benefits of the products. The payment terms are generally within 0 to 60 days.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(b) Segment reporting

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

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

Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from retail and wholesale of health and personal care products for the years ended 31 March 2024 and 2023.

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 March	
	2024	2023
	HK$'000	*HK$'000*
Bank interest income on bank deposits	**930**	635
Dividend income	**123**	—
Government grants *(Note (i))*	**28**	2,781
Rent concession income *(Note (ii))*	**—**	536
Insurance claim for employee compensation *(Note (iii))*	**—**	237
Others	**113**	49
	1,194	4,238

Notes:

(i) The grants of approximately HK$28,000 (2023: HK$9,000) were granted from certain subsidy schemes launched by the Government of Singapore.

During the year ended 31 March 2023, the Group recognised government grants includes cash subsidies granted by the Government of the HKSAR under the Anti-epidemic Fund of approximately HK$2,772,000.

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

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

(iii) The insurance claim for employee compensation is related to the Group recovered the employee compensation from the insurance policy by the insurance company.

(b) Other gains and losses, net

	Year ended 31 March	
	2024	2023
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**(6)**	—
Loss on written-off of property, plant and equipment	**(59)**	—
Net foreign exchange loss	**(1,346)**	(568)
(Loss) gain from changes in fair value of investment properties, net	**(517)**	63
Others	**—**	19
	(1,928)	(486)

6. FINANCE COSTS

	Year ended 31 March	
	2024	2023
	HK$'000	*HK$'000*
Interest on bank borrowing	**89**	18
Interest on lease liabilities	**1,011**	550
	1,100	568

7. INCOME TAX EXPENSE (CREDIT)

	Year ended 31 March	
	2024	2023
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**2,268**	97
PRC Enterprise Income Tax ("**EIT**")	**26**	—
Macau Complementary Tax	**1,490**	659
	3,784	756
Deferred tax:		
Current year	**3,061**	(93)
Total	**6,845**	663

Notes:

(a) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

(b) Under the Law of the People's Republic of China (the "**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China is 25% for both years. Certain subsidiaries of the Company in Mainland China satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises. The portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 25% as taxable income amount and be subject to EIT at 20% tax rate. The portion over RMB1 million but not exceeding RMB3 million shall be calculated at a reduced rate of 50% as taxable income amount and be subject to EIT at 20% tax rate.

(c) Singapore Corporate Income Tax is calculated at 17% of its chargeable income for both years. No provision for taxation in Singapore has been made for the years ended 31 March 2024 and 2023.

(d) According to the Macau Complementary Tax Law, Macau Complementary Tax is calculated at progressive rates up to 12% (2023: progressive rates up to 12%) on the estimated taxable profits arising in Macau during the year with an exemption allowance amounted to Macau Pataca ("**MOP**") 600,000 (equivalent to approximately HK$583,000) (2023: MOP600,000 (equivalent to approximately HK$583,000)) as tax relief measures which are managed by the Financial Services Bureau.

8. PROFIT FOR THE YEAR

	Year ended 31 March	
	2024	2023
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs including directors' emoluments:		
Salaries and allowances	**66,095**	47,105
Contributions to retirement benefits scheme	**2,858**	1,992
Total staff costs	**68,953**	49,097
Staff costs included in selling and distribution expenses	**(45,475)**	(27,778)
Staff costs included in general and administrative expenses	**23,478**	21,319
Depreciation of:		
— Property, plant and equipment	**2,803**	2,035
— Right-of-use assets	**12,435**	12,699
Total depreciation	**15,238**	14,734
Depreciation included in selling and distribution expenses	**(11,352)**	(11,431)
Depreciation included in general and administrative expenses	**3,886**	3,303
Auditor's remuneration		
— Audit services	**760**	730
— Non-audit services	**50**	55
Cost of inventories recognised as expense	**34,729**	24,924
Reversal of write-down of obsolete inventories including in cost of inventories	**(92)**	(1,233)
Consignment expenses *(Note)*	**81,610**	30,589
Advertising and promotion expense included in selling and distribution expenses	**10,455**	11,773
Donations	**465**	132

Note:

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

9. EARNINGS 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:

	Year ended 31 March	
	2024	2023
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**30,674**	497

	As at 31 March	
	2024	2023
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**762,000**	762,000

No diluted earnings per share for both years ended 31 March 2024 and 2023 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2024 and 2023.

10. DIVIDEND

	Year ended 31 March	
	2024	2023
	HK$'000	*HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2022 Final dividend — HK1 cent per share	**—**	7,620
2023 Final dividend — HK1 cent per share	**7,620**	—

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2024 of HK2 cents (2023: final dividend in respect of the year ended 31 March 2023 of HK1 cent) per ordinary share, in an aggregate amount of HK$15,240,000 (2023: HK$7,620,000), has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2024	2023
	HK\$'000	*HK\$'000*
Trade receivables *(Note)*	**21,163**	16,772
Other receivables	**750**	1,334
Deposits and prepayments	**10,084**	11,741
	31,997	29,847

Note:

As at 1 April 2022, trade receivables from contracts with customers amounted to approximately HK\$7,312,000.

The Group usually allows a credit period of 0 to 60 days (2023: 0 to 60 days) to its trade customers and consignees. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised.

	As at 31 March	
	2024	2023
	HK\$'000	*HK\$'000*
Within 30 days	**10,561**	9,233
31–60 days	**8,184**	7,422
61–90 days	**1,510**	73
Over 90 days	**908**	44
	21,163	16,772

12. TRADE AND OTHER PAYABLES

	As at 31 March	
	2024	2023
	HK$'000	*HK$'000*
Trade payables *(Note)*	**1,822**	2,553
Accrued staff costs	**9,020**	6,662
Other payables and accruals	**2,870**	2,987
	13,712	12,202

Note:

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

	As at 31 March	
	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**990**	1,430
31–90 days	**829**	1,120
Over 90 days	**3**	3
	1,822	2,553

The average credit period on purchases of goods is 0 to 90 days (2023: 0 to 90 days).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Market Overview

With the elimination of the epidemic-related restrictions in early 2023 and the launch of "Hello Hong Kong" Campaign by the Hong Kong Government to promote Hong Kong around the world, the resumption of tourism and economic activities have improved the business environment of Hong Kong's retail market.

According to the Hong Kong Tourism Board, the total visitor arrivals during the Year recorded a continuous growth of 715.0% to approximately 40,814,000, in which approximately 32,094,000 visitor arrivals were visitors from the Mainland China. The rise of visitor arrivals in Hong Kong since the full resumption of normal travel stimulated retail activities in Hong Kong.

Nevertheless, the retail market of Hong Kong persistently experienced challenges under macro-economic uncertainties and geopolitical tensions. Cost pressures are expected to increase alongside the economic recovery. A growing trend of Hong Kong residents "tripping north" to Shenzhen for leisure activities and even daily purchases indicated a change in consumer behaviours of Hong Kong residents which may affect local retail sales.

With reference to the statistics from the Census and Statistics Department of Hong Kong, the overall retail sales in Hong Kong recorded a growth of 9.6% during the period from April 2023 to March 2024 as compared to the corresponding period in the previous year. On the other hand, the overall retail sales in Hong Kong during the first quarter of 2024 recorded a decline of 2.8% as compared to the last quarter of 2023. This indicated a slowdown of retail market in Hong Kong.

Overall Performance

For the year ended 31 March 2024, the Group's revenue amounted to HK$269,022,000, representing an increase of 84.1% from HK$146,158,000 for Year 2023. The increase in revenue was mainly due to the Hong Kong's tourism rebound which brought back the spending power of tourists to the territory.

During the Year, the Group recorded a profit of HK$30,674,000, as compared to a profit of HK$497,000 for Year 2023. With the Group's effective marketing campaigns and sales channel reallocation, the Group's sales increase outperformed the overall growth rate of the Hong Kong retail market. The Group has been closely monitoring the market conditions and adopting tightened cost control and other cautious approaches to cope with the challenging economic environment.

As at 31 March 2024, the Group had 18 specialty stores and 63 consignment counters (2023: 17 specialty stores and 60 consignment counters) in Hong Kong, Macau and Singapore. The Group will continue to identify carefully suitable locations for the specialty stores and other sales channels to maximise its exposure to the target customers.

FINANCIAL REVIEW

The Group generated revenue primarily from sales channels of specialty stores, consignment counters and e-commerce etc. The main types of goods are health supplement products, personal care products and honey and pollen products. For the year under review, the business performance of the Group recovered to the level before the outbreak of COVID-19 pandemic. The Group recorded the revenue for the Year amounted to HK$269,022,000 (2023: HK$146,158,000) and profit for the Year amounted to HK$30,674,000 (2023: HK$497,000).

During the Year, the Group's revenue for (i) health supplement products increased by 81.7% to HK$256,941,000 (2023: HK$141,400,000); (ii) personal care products increased by 260.7% to HK$11,092,000 (2023: HK$3,075,000); and (iii) honey and pollen products decreased by 41.2% to HK$989,000 (2023: HK$1,683,000). The Group's revenue for sales channels of (i) specialty stores grew by 9.2% to HK$43,546,000 (2023: HK$39,890,000); (ii) consignment counters increased by 138.4% to HK$190,305,000 (2023: HK$79,829,000); (iii) e-commerce increased by 14.9% to HK$20,583,000 (2023: HK$17,921,000); and other sales channels rose by 71.3% to HK$14,588,000 (2023: HK$8,518,000). The improvement in overall sales performance was mainly due to the resumption of visitor's arrival and consumer sentiment after the elimination of epidemic-related restrictions. In addition, the Group's constructive sales and marketing resource reallocation in response to tourism rebound and the increased demand for health products after the prolonged COVID-19 pandemic are also reflected in this favourable performance.

The following table sets forth the breakdown of the Group's revenue by types of goods for the years ended 31 March 2024 and 2023:

	For the year ended 31 March			
	2024		2023	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Health supplement products	**256,941**	**95.5%**	141,400	96.7%
Personal care products	**11,092**	**4.1%**	3,075	2.1%
Honey and pollen products	**989**	**0.4%**	1,683	1.2%
Total	**269,022**	**100.0%**	146,158	100.0%

The table below sets forth the breakdown of the Group's revenue by sales channels for the years ended 31 March 2024 and 2023:

	For the year ended 31 March			
	2024		2023	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Specialty stores	**43,546**	**16.2%**	39,890	27.3%
Consignment counters	**190,305**	**70.7%**	79,829	54.6%
E-commerce	**20,583**	**7.7%**	17,921	12.3%
Other sales channels	**14,588**	**5.4%**	8,518	5.8%
Total	**269,022**	**100.0%**	146,158	100.0%

The cost of sales increased by HK$9,805,000 or 39.3% to HK$34,729,000 for the year ended 31 March 2024 (2023: HK$24,924,000). The increase of cost was in line with the rise of revenue. The rise in purchase price from suppliers due to the upward adjustment of cost in raw material also caused the cost increment for the Year. The gross profit margin increased to 87.1% for the Year (2023: 82.9%). It is mainly attributable to the optimisation of the pricing strategy in according to the market situation.

As the Group did not recognized any government grants from the Hong Kong Government and rent concession from landlords during the Year, the other income of the Group dropped by 71.8% to HK$1,194,000 for the Year (2023: HK$4,238,000).

The selling and distribution expenses of the Group increased by 75.5% to HK$159,450,000 for the Year (2023: HK$90,837,000), while the general and administrative expenses of the Group increased by 9.5% to HK$35,490,000 for the Year (2023: HK$32,421,000). The increase of these two expenses was mainly due to (i) consignment expenses increased by 166.8% to HK$81,610,000 (2023: HK$30,589,000) which in line with significant increase in revenue; and (ii) an increase of staff cost in order to retain and attract talents.

During the Year, the Group's finance costs represented interest on bank borrowing amounting to HK$89,000 (2023: HK$18,000) and interest on lease liabilities amounting to HK$1,011,000 (2023: HK$550,000).

The Group's revenue was mainly derived in Hong Kong, Mainland China, Macau and Singapore during the Year. For the year ended 31 March 2024, income tax expense was HK$6,845,000 (2023: HK$663,000). The provision for Hong Kong Profits Tax has been provided in accordance with the two-tiered profits tax rates regime; the first HK$2,000,000 of assessable profits of a qualifying corporation of the Group is taxed at 8.25% and the assessable profits above HK$2,000,000 are taxed at 16.5%. The assessable profits of group entities not qualified for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

As a result of the above factors, the Group recorded a profit for the Year of HK$30,674,000 (2023: HK$497,000).

For the year ended 31 March 2024, the Group recorded a basic earnings per share of HK4.03 cents as compared to the basic earnings per share of HK0.07 cent for Year 2023, the calculation of which is based on the profit for the year of HK$30,674,000 (2023: HK$497,000) and the weighted average number of 762,000,000 ordinary shares in issue during the Year (2023: 762,000,000 ordinary shares). No diluted earnings per share for both years ended 31 March 2024 and 2023 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2024 and 2023.

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

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The main objective is to utilise the funding efficiently and to manage the financial risks effectively. The Group generally meets its working capital requirements from its internally generated funds, and maintains a healthy financial position.

As at 31 March 2024, the Group had net current assets and net assets of HK$97,519,000 (2023: HK$69,869,000) and HK$178,210,000 (2023: HK$156,060,000) respectively. As at 31 March 2024, the current ratio calculated based on current assets divided by current liabilities of the Group was approximately 4.1 (2023: 3.7).

Cash and Cash Equivalents/Time Deposits

Cash and cash equivalents and time deposits held by the Group amounted to HK$75,362,000 as at 31 March 2024 (2023: HK$48,353,000), of which HK$69,844,000 (2023: HK$41,044,000) was cash and cash equivalents and HK$5,518,000 (2023: HK$7,309,000) was non-pledged time deposits with original maturity of over three months. They were mainly denominated in Hong Kong dollars, Japanese yen, Australian dollars, Renminbi and United States dollars.

Other Financial Resources and Gearing

As at 31 March 2024, the total outstanding bank borrowing of the Group amounted to HK$2,486,000 (2023: HK$2,898,000) and it is a secured bank mortgage loan. The bank mortgage loan was repayable based on scheduled repayment dates set out in the loan agreement and the last payment is on 21 August 2029.

Interest on bank borrowing is charged at floating rates. The bank borrowing of the Group is denominated in Hong Kong dollars. No financial instruments for hedging purposes were employed by the Group for the year ended 31 March 2024.

As at 31 March 2024, the bank borrowing was secured by the Group's certain leasehold land and building with aggregate net carrying value of approximately HK$28,542,000 (2023: HK$29,496,000).

As at 31 March 2024, the Group's gearing was considered to be at a reasonable level, as the debt to equity ratio was only 1.4% (2023: 1.9%), expressed as a percentage of total bank borrowings to total net assets.

Foreign Exchange Exposure

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

Capital Commitments

As at 31 March 2024, the Group did not have any capital commitment (2023: Nil).

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group had no material investment, acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2024.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group had no material contingent liabilities (2023: Nil).

EMPLOYEE INFORMATION

As at 31 March 2024, the Group had 210 (2023: 189) 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 2024, and no share options were exercised, cancelled or lapsed during the year ended 31 March 2024.

DIVIDEND

The Board has resolved to recommend a final dividend of HK2 cents per ordinary share for the year ended 31 March 2024, totalling HK$15,240,000 (2023: HK1 cent, totalling HK$7,620,000). Such payment of dividend will be subject to the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting (the "**AGM**"). If the resolution for the proposed final dividend is passed at the AGM, the final dividend will be payable on or around 8 October 2024.

FUTURE OUTLOOK AND PROSPECTS

In the macroeconomic environment, the armed conflicts around the world and various geopolitical tensions between regions have posed uncertainties to the global economy. Domestically, cost pressures have increased from the supply side and various operation areas. In addition, continuous high interest rates as well as sluggish equity and real-estates markets adversely affect consumer sentiment. Changes in the consumption pattern of inbound tourists coupled with a northbound spending shift by local consumers further weaken the local retail market.

Amidst the rapidly-changing economic environment, the Group is determined to strive for long-term development as always. First, the Group will continue to enrich its product portfolio to target a wider range of customers. Product innovation with emphasis on scientific research will become a new element to strengthen various product lines. The Group believes that products with superior quality and diversified functions to support consumers' health are important to keep customer loyalty.

Both online and offline sales networks are constantly being optimized. Physical stores and counters will be set up in areas with high customer flow. Co-operation with reputable online platforms and the launch of various promotion campaigns will deepen market penetration of the brand to the vast online customers. Collaboration with new business partners to strengthen the overall business development is being explored and established.

With the use of advanced technologies such as artificial intelligence, sophisticated analysis and prediction of customer preferences can be accurately conducted. This serves as a solid foundation to support the Group's advanced online-merge-offline ("**OMO**") sales strategy to facilitate a unified and comprehensive shopping experience through the customer database. The Group can utilize valuable insights of customer preferences to provide sound product recommendation and to enhance overall customer satisfaction.

No matter facing headwinds or tailwinds, the Group is committed to steering through all kinds of market conditions with a cautious but flexible approach and achieving sustainable growth of the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENT AFTER THE REPORTING PERIOD

A final dividend in respect of the year ended 31 March 2024 of HK2 cents per ordinary share, in an aggregate amount of HK$15,240,000 was proposed pursuant to a resolution passed by the Board on 26 June 2024 and will be subject to the approval of the Shareholders in the forthcoming AGM.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE CODE

The Company has complied with all the mandatory disclosure requirements and the applicable code provisions set out in the section headed "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code contained in Appendix C1 (formerly Appendix 14) to the Listing Rules (the "**CG Code**") throughout the Year save for the deviation from code provision C.2.1 as follows:

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

In view of the present composition of the Board, the in-depth knowledge of the chairman of the Board (the "**Chairman**") (who is also the co-chief executive officer) of the operations of the Group and the health and personal care industry in general, his extensive business network and connections, and the scope of operations of the Group, the Board believes that it is in the best interest of the Group for Mr. Choy Chi Fai to assume the roles of both the Chairman and the co-chief executive officer. As all major decisions are made in consultation with all the members of the Board, with the three independent non-executive Directors offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

COMPLIANCE WITH RULES 3.10, 3.21 AND 3.25 OF THE LISTING RULES

Immediately following the passing away of Mr. Ko Ming Kin as an independent non-executive Director, the chairman of the Audit Committee and a member of the remuneration committee of the Board on 5 October 2023, the Company did not meet the requirement of Rules 3.10, 3.21 and 3.25 of the Listing Rules. On 4 January 2024, following the appointment of Ms. Pang Sin Mei Ada as an independent non-executive Director, the chairman of the Audit Committee and a member of the remuneration committee of the Board, the Company has fulfilled the aforesaid requirements of the Listing Rules.

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 C3 (formerly 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 2024 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 2024 included in this preliminary announcement have been agreed by the Group's auditors, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently, no opinion or assurance conclusion has been expressed by Asian Alliance (HK) CPA Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.ausupreme.com). The Company's annual report for the year ended 31 March 2024 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, 26 June 2024

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, Dr. Wan Cho Yee and Ms. Pang Sin Mei Ada.

In case of any inconsistency between the English and Chinese versions, the English text of this announcement shall prevail over the Chinese text.