MI MING MART HOLDINGS LIMITED
彌明生活百貨控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8473)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Mi Ming Mart Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2020, audited operating results of the Group were as follows:

- the Group recorded a revenue of approximately HK$142.5 million for the year ended 31 March 2020 (2019: HK$149.7 million), representing a decrease of approximately 4.8% as compared to that in the previous year.

- the Group recorded a gross profit of approximately HK$91.4 million for the year ended 31 March 2020 (2019: HK$93.5 million), representing a decrease of approximately 2.2% as compared to that in the previous year.

- Profit attributable to the owners of the Company for the year ended 31 March 2020 amounted to approximately HK$15.9 million (2019: HK$27.6 million). Excluding the legal and professional fees in relation to the preparation for the Proposed Transfer of Listing, the Group's profit attributable to the owners of the Company for the year ended 31 March 2020 amounted to approximately HK$22.9 million (2019: HK$27.6 million), representing a decrease of approximately 17.1% as compared to that in the previous year.

- The Board did not recommend the payment of any final dividend for the year ended 31 March 2020 (2019: HK 0.6 cent per ordinary share, in an aggregate amount of approximately HK$6.7 million).

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

The board of Directors (the "**Board**") of the Company is pleased to announce the consolidated results of the Group for the year ended 31 March 2020 together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

		2020	2019
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**142,465**	149,705
Cost of sales		**(51,048)**	(56,204)
Gross profit		**91,417**	93,501
Other income, gains and losses		**243**	195
Selling and distribution expenses		**(34,637)**	(33,343)
Administrative and operating expenses		**(35,508)**	(26,906)
Interest expense on lease liabilities		**(788)**	–
Profit before tax	*5*	**20,727**	33,447
Income tax expense	*6*	**(4,875)**	(5,820)
Profit and total comprehensive income for the year		**15,852**	27,627
Basic earnings per share (HK cents)	*7*	**1.42**	2.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Notes	**2020** **HK$'000**	2019 HK$'000
Non-current assets			
Property, plant and equipment		**33,007**	2,711
Right-of-use assets		**10,421**	–
Deferred tax assets		**619**	505
Deposits paid for acquisition of assets		**1,140**	2,878
Other non-current assets		**2,385**	3,712
		47,572	9,806
Current assets			
Inventories		**12,000**	10,252
Trade receivables	*9*	**720**	1,570
Deposits, prepayments and other receivables		**4,766**	4,056
Pledged bank deposits		**3,243**	3,224
Bank balances and cash		**77,037**	98,154
		97,766	117,256
Current liabilities			
Trade payables	*10*	**1,681**	2,036
Accrued expenses and other payables		**6,625**	6,693
Contract liabilities		**609**	323
Refund liabilities		**189**	–
Lease liabilities		**8,532**	–
Tax payable		**528**	2,064
		18,164	11,116
Net current assets		**79,602**	106,140
Total assets less current liabilities		**127,174**	115,946
Non-current liability			
Lease liabilities		**2,096**	–
Net assets		**125,078**	115,946
Capital and reserves			
Share capital		**11,200**	11,200
Reserves		**113,878**	104,746
		125,078	115,946

NOTES:

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 4 November 2016 and its shares have been listed on the GEM of the Stock Exchange. Its immediate and ultimate holding company is Prime Era Holdings Limited ("**Prime Era**"), a private limited company incorporated in the British Virgin Islands ("**BVI**"). The address of the registered office of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company in Hong Kong is 16th Floor, Guangdong Tours Centre, 18 Pennington Street, Hong Kong.

The Company acts as an investment holding company and the Group is principally engaged in the retail of multi-brand beauty and health products in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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 in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

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 performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected 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. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group applied HKFRS 16 from 1 April 2019. The Group applied the modified retrospective approach and has not restated comparative amounts with the cumulative effect recognised at the date of initial application. Right-of-use assets relating to the Group's operating leases are measured at the amount of lease liabilities on initial application by applying HKFRS 16.C8(b)(ii) transition.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

(ii) excluded initial direct costs for measurement of the right-of-use assets at the date of initial application; and

(iii) the use of hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Company's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate applied was 5.375% per annum.

	At 1 April 2019 *HK$'000*
Operating lease commitments at 31 March 2019	20,897
Lease liabilities discounted at relevant incremental borrowing rate and recognised as right-of-use assets upon application of HKFRS 16 as at 1 April 2019	17,683

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current Asset			
Right-of-use assets	–	17,683	17,683
Current Liability			
Lease liabilities	–	10,591	10,591
Non-current Liability			
Lease liabilities	–	7,092	7,092

Note:

For the purpose of reporting cash flows from operating activities under the indirect method for the year ended 31 March 2020, movements in working capital have been computed based on the opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

3. REVENUE

	2020	2019
	HK$'000	*HK$'000*
Sales of goods		
Retail stores	**127,061**	133,871
Online shop	**10,972**	9,779
Consignment sales	**2,367**	1,404
Distributors	**1,743**	4,191
Subtotal	**142,143**	149,245
Consignment commission		
Retail stores	**318**	457
Online shop	**4**	3
Subtotal	**322**	460
Total	**142,465**	149,705

Performance obligation for contracts with customers

All revenue generated by the Group are recognised at a point in time as described below.

Sales of goods

The Group sells a wide range of beauty and health products to the distributors and directly to customers both through its own retail outlets and through online sales.

For sales of goods to the distributors, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the distributors' specific location (delivery). Following delivery, the distributors have full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 days upon delivery. Starting from the current year, the Group allows one of the distributors an unconditional right of return for the goods purchased for a certain period prior to product expiry. Revenue recognised for sales to this distributor is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. A refund liability is recognised for billings of goods delivered to this distributor, of which revenue is constrained, not recognised and estimated to be refunded.

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For sales of goods to bulk purchase customers, revenue is recognised when control of the goods has transferred, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases from the Group, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customers.

For online sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods online, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

Consignment commission income

The Group provides consignment sales services to customers. Such services are recognised at a point in time when the services rendered.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

	Customer loyalty programme	
	2020	2019
	HK$'000	*HK$'000*
Within one year	**203**	116

The customer loyalty stamps are effective for 6 months from the date of issuance. The amount disclosed above represent the Group's expectation on the timing of redemption made by customers.

4. SEGMENT INFORMATION

The Group has one operating segment based on information reported to the chief operating decision maker of the Group (the executive directors of the Company) (the "**CODM**"), for the purpose of resource allocation and performance assessment, which is the aggregate results of the Group including all income, expenses (excluding the legal and professional expenses for the proposed transfer of listing of the shares of the Company from GEM to Main Board of the Stock Exchange ("**Transfer Listing Expenses**") and tax charges. As a result, there is only one operating and reporting segment of the Group.

The following is an analysis of the Group's revenue and results by its operating segment – marketing, selling and distributing a wide range of beauty and health products.

	2020	2019
	HK$'000	*HK$'000*
Revenue – external sales	**142,465**	149,705
Segment results	**22,893**	27,627
Less:		
Transfer Listing Expenses	**(7,041)**	–
Profit for the year	**15,852**	27,627

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents profit earned from each segment without allocation of Transfer Listing Expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

Revenue from major products and service

The following is an analysis of the Group's revenue from its major products and service:

	2020	2019
	HK$'000	*HK$'000*
Skincare	**105,573**	110,984
Cosmetics	**12,472**	13,845
Food and health supplements	**15,772**	16,201
Other products	**8,326**	8,215
Consignment sales service	**322**	460
Total	**142,465**	149,705

Geographical information

The Group's operations are located in Hong Kong. All of the Group's non-current assets are located in Hong Kong and over 99% (2019: 99%) of the Group's revenue from external customers during the year ended 31 March 2020 are generated in Hong Kong.

Information about major customers

No revenue from a single customer of the Group contributed over 10% of the total revenue of the Group during both years.

5. PROFIT BEFORE TAX

	2020	2019
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**3,761**	2,394
Depreciation of right-of-use assets	**13,051**	–
Exchange loss (included in other income, gains and losses)	**1,126**	685
Transfer Listing Expenses	**7,041**	–
Interest income	**(1,175)**	(720)

6. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current year	**4,992**	5,935
– Overprovision in prior years	**(3)**	(66)
	4,989	5,869
Deferred taxation	**(114)**	(49)
	4,875	5,820

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations in Hong Kong for the years of assessment commencing on or after 1 April 2018 will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to the Group for both years and only one subsidiary in the Group could elect for the two-tiered rates regime and the election, once made, is irrevocable.

The directors of the Company are in the view that the impact of the two-tiered profits tax rates regime on the Group's deferred tax position is not material.

7. BASIC EARNINGS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Earnings		
Earnings attributable to the owners of the Company for the purpose of calculation of basic earnings per share	**15,852**	27,627

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	**1,120,000**	1,120,000

No diluted earnings per share was presented for the years ended 31 March 2020 and 2019 as there was no potential dilutive ordinary share in issue during both years.

8. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
2019 Interim, paid – HK0.9 cent per ordinary share	**–**	10,080
2019 Final, paid – HK0.6 cent per ordinary share	**6,720**	–
	6,720	10,080

No dividend was proposed for ordinary shareholders of the Company during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period.

9. TRADE RECEIVABLES

The following is an aged analysis of trade receivables from sales of goods and services presented based on the revenue recognition date at the end of the reporting period.

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**686**	1,318
31 – 60 days	**16**	91
61 – 90 days	**6**	161
Over 90 days	**12**	–
	720	1,570

As at 1 April 2018, trade receivables from contracts with customers amounted to HK$1,061,000.

The Group's revenue is generated mainly from cash, credit card sales, cash vouchers from a landlord of retail stores, sales to distributors and consignment sales. The average credit periods on credit cards sales, cash vouchers from a landlord of retail stores, sales to distributors and consignment sales are 2 days, 35 days, 30 days and 30 days, respectively.

As at 31 March 2020, included in the Group's trade receivables balance are primarily debtors from credit card sales, cash vouchers from a landlord of retail stores, consignment sales and sales to distributors in which the carrying amount of approximately HK$27,000 (2019: HK$247,000) are past due as at the reporting date. All the past due balances are not considered as in default because the trade receivables are of good credit quality and those debtors do not have any default payment history. The Group does not hold any collateral over these balances.

10. TRADE PAYABLES

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**1,659**	1,930
31 – 60 days	**22**	106
	1,681	2,036

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a multi-brand retailer, which operates ten retail stores under the brand of "MI MING MART" ("彌明生活百貨") in Hong Kong. The Group offers a wide range of beauty and health products, which can mainly be categorised into (i) skincare products; (ii) cosmetic products; and (iii) food and health supplements (the "**Business**").

Driven by the Group's philosophy "defining clean beauty" ("擇善美麗"), the Group endeavours to select and offer products that do not contain any ingredients that, in our view, would adversely affect or impair the health of its customers. The Group targets to serve and offer our products to customers who are ingredient conscious and aspire to the betterment of their health.

The Group mainly sells products at our retail stores, with a portion through its online shop at "www.mimingmart.com" and other online distribution channel, consignment sales and distributors. The Group also acts as the consignee for some suppliers on a consignment basis whereby the Group is entitled to consignment commission based on the amount of sales of the consignors' products and the predetermined percentage as agreed between the consignors and the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK$7.2 million or approximately 4.8% from approximately HK$149.7 million for the year ended 31 March 2019 to approximately HK$142.5 million for the year ended 31 March 2020. The Directors believe that the decrease in revenue was primarily due to the net effect of (i) decrease in revenue generated from the sales of the Group's products through its retail shops of approximately HK$6.8 million primarily due to the decrease in customer traffic since the outbreak of Novel Coronavirus in early 2020; (ii) decrease in revenue generated from the sales of the Group's products to its distributors of approximately HK$2.4 million mainly due to the decrease in sales of certain electronic skincare devices primarily attributable to the shift in focus of the Group's marketing activities away from such products; and (iii) increase in revenue generated from the sales of the Group's products through its online shop and other online distribution channel of approximately HK$1.2 million.

For the year ended 31 March 2020, the revenue generated from the sale of our products accounted for approximately 99.8% of our total revenue, whilst consignment commission accounted for approximately 0.2% of our total revenue.

Cost of sales

The Group's cost of sales primarily consists of cost of inventories sold, commission expenses, and incoming shipping, freight and delivery charges. The Group's cost of sales decreased by approximately HK$5.2 million or approximately 9.2% from approximately HK$56.2 million for the year ended 31 March 2019 to approximately HK$51.0 million for the year ended 31 March 2020. Notwithstanding the decrease in cost of sales along with the decrease in sales during the year, the Group recorded an increase in sales of (i) products for which the Group had exclusive distribution rights and (ii) the Group's own "POME" branded products, both of which had a relatively lower cost of sales as compared to the non-exclusive products.

Gross profit and gross profit margin

The Group's gross profit decreased to approximately HK$91.4 million for the year ended 31 March 2020 from approximately HK$93.5 million for the year ended 31 March 2019, representing a decrease of approximately 2.2%, whilst its gross profit margin increased to approximately 64.2% for the year ended 31 March 2020 from approximately 62.5% for the year ended 31 March 2019. The increase in the gross profit margin for the year ended 31 March 2020 was mainly attributable to the increase in sales of (i) products for which the Group had exclusive distribution rights; and (ii) the Group's own "POME" branded products, both of which had a relatively lower cost of sales, as compared to the non-exclusive products, and therefore a higher gross profit margin.

Other income, gains and losses

Other income, gains and losses remained relatively stable at approximately HK$0.2 million for the year 31 March 2020 as compared to previous year.

Selling and distribution expenses

The Group's selling and distribution expenses increased to approximately HK$34.6 million for the year ended 31 March 2020 from approximately HK$33.3 million for the year ended 31 March 2019, representing an increase of approximately 3.9%. The increase in the Group's selling and distribution expenses was primarily due to (i) increase in staff costs of approximately HK$0.7 million relating to salary adjustments for existing employees; and (ii) increase in marketing expenses of approximately HK$0.3 million.

Administrative and operating expenses

Administrative and operating expenses increased to approximately HK$35.5 million for the year ended 31 March 2020 from approximately HK$26.9 million for the year ended 31 March 2019, representing an increase of approximately 32.0%. Such increase was mainly due to (i) increase in legal and professional fees of approximately HK$7.0 million primarily due to the non-recurring legal and professional fees incurred in relation to the preparation for the Proposed Transfer of Listing; and (ii) increase in depreciation of approximately HK$1.4 million in relation to depreciation of the warehouse acquired in May 2019 and the corresponding leasehold improvement.

Interest expense on lease liabilities

The Group has applied the new HKFRS 16 for the first time since 1 April 2019. The interest expenses on lease liabilities amounted to approximately HK$0.8 million for the year ended 31 March 2020 (2019: nil).

Income tax expense

For the years ended 31 March 2019 and 2020, the Group's income tax expense was approximately HK$5.8 million and HK$4.9 million, respectively, representing an effective tax rate of approximately 17.4% and 23.5%, respectively. The higher effective tax rate for the year ended 31 March 2020 was mainly attributable to the non-recurring legal and professional fees in relation to the preparation for the Proposed Transfer of Listing incurred in that year but were not deductible for taxation purpose.

Profit and total comprehensive income for the year attributable to owners of the Company

As a result of the foregoing, the Group's net profit decreased by approximately HK$11.7 million or approximately 42.6% from approximately HK$27.6 million for the year ended 31 March 2019 to approximately HK$15.9 million for the year ended 31 March 2020, whilst the Group's net profit margin decreased from approximately 18.5% to approximately 11.1% for the respective years.

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 31 March	
	2020	2019
Current ratio *(Note)*	**5.4**	10.5

Note: Current ratio is calculated by dividing current assets by current liabilities as at the end of respective years.

The current ratio of the Group was 5.4 times and 10.5 times as at 31 March 2020 and 2019, respectively. The decrease in current ratio was mainly due to (i) decrease in bank balances and cash as a result of the acquisition of a warehouse and the payment of a final dividend for the year ended 31 March 2019; and (ii) increase in lease liabilities as a result of the Group having applied HKFRS 16 for the first time since 1 April 2019.

The Group's management closely monitors the Group's cash flow position to ensure that the Group has sufficient working capital available to meet its operational needs. The management takes into account the trade receivables, trade payables, cash on hand, accrued expenses and other payables, administrative and capital expenditures of the Group when preparing the cash flow forecast to forecast the Group's future financial liquidity.

The Group generally financed its capital expenditure and operational requirements through a combination of cash generated from operations and the net proceeds from the share offer of the Company's shares on the GEM of the Stock Exchange on 12 February 2018.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2020, the Group had certain bank balances denominated in Australian dollar, which exposed the Group to foreign currency risk. The Directors consider that the Group's policy to maintain sufficient Australian dollar for payment of purchase for at least three months and keeping of at least two months' inventory, with reference to our historical sales, will provide us with a sufficient buffer to minimise our exposure to the fluctuation in Australian dollar.

SIGNIFICANT INVESTMENTS

As at 31 March 2020, there was no significant investment held by the Group (2019: nil).

CAPITAL STRUCTURE

The Shares of the Company (the "**Shares**") were successfully listed on the GEM of the Stock Exchange ("**Listing**") on 12 February 2018 ("**Listing Date**"). There has been no change in the capital structure of the Company since then. The equity of the Company only comprises of ordinary shares.

As at the date of this announcement, the issued share capital of the Company is HK$11.2 million and the number of issued ordinary shares was 1,120,000,000 of HK$0.01 each.

CAPITAL COMMITMENT

As at 31 March 2020, the Group did not have any significant capital commitments (2019: HK$25,902,000).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any material contingent liabilities (2019: nil).

DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 March 2020.

EMPLOYEES AND REMUNERATION POLICIES

The Group recognises the importance of a good relationship with its employees. The Directors believe that the working environment and benefits offered to the employees have contributed to building good staff relations and retention. The Group is committed to employee development and has implemented various training programs to strengthen their management, industry and product knowledge. The Directors believe such training programs will equip the employees with skills and knowledge to enhance the Group's services to its customers.

The remuneration policy of the Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Employee remuneration packages are typically comprised of salary, sales commission, contribution to pension schemes and discretionary bonuses relating to the profit of the Group. The remuneration package of the Group's Executive Directors and the senior management is, in addition to the above factors, linked to the return to the shareholders. The Remuneration Committee will review the remuneration of all the Group's Executive Directors and senior management annually to ensure that it is attractive enough to attract and retain a competent team of executive members.

A Remuneration Committee has been set up since the Listing for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual duties and responsibilities, individual performance and comparable market practices.

As at 31 March 2020, the Group employed a total of 78 (2019: 73) full-time employees and 11 (2019: 15) part-time employees. The staff costs, including Directors' emoluments, of the Group for the year ended 31 March 2020 was approximately HK$29.4 million (2019: HK$27.9 million). The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this announcement, no option has been granted under the share option scheme.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Other than the acquisition set out in the circular issued by the Company dated 26 April 2019 in respect of the acquisition of warehouse through acquisition of a subsidiary, the Group had no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 March 2020, the Group did not have other plans for material investments and capital assets.

COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus of the Company dated 30 January 2018 (the "**Prospectus**") and the announcement entitled "**Change in use of proceeds**" dated 9 March 2020 (the "**Announcement**") with actual business progress up to 31 March 2020.

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcement	Actual progress up to 31 March 2020
Expand our retail network by opening more retail stores and refurbishing our existing retail stores	
– Open four retail stores, one in Kowloon Bay/Tai Po, one in Mongkok, one in Kwun Tong and one in Causeway Bay	Since the Listing, the Group has been actively searching for suitable premises to open its new retail stores in Kowloon Bay, Mongkok, Tai Po and Kwun Tong and has received offers from a number of landlords. However, after considering factors such as (i) spending power of target customers in a particular area; (ii) accessibility of the location; (iii) neighbouring tenants and competition of other retail stores and merchandise sold in the neighbourhood; (iv) the availability of other amenities, entertainment and dining facilities in the location or nearby area; (v) the relevant lease terms or other restrictions on the premises; (vi) the foot traffic of the premises or the shopping malls in which the premises are situated; and (vii) size of the premises, the Directors concluded that most of the premises presented to them were unsuitable save and except that in December 2018, the Group identified and rented a suitable premises in Kwun Tong for opening a new retail store, which subsequently commenced business in April 2019.

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcement	Actual progress up to 31 March 2020
	As disclosed in the Prospectus, the Group planned to open a second retail store in Causeway Bay during the six months ended 31 March 2019. However, having identified a larger premises in a prime shopping mall in the same district and having considered the above factors, the Group relocated its old Causeway Bay retail store to the larger premises in June 2018 in order to drive more foot traffic and enhance its customers' shopping experience. As mentioned in the Announcement, the Group intends to proceed with its plan to open the two remaining new retail stores, one in a prime shopping area, being Mongkok, and one in a local shopping area, being either Kowloon Bay or Tai Po, of Hong Kong, when the suitable premises is available, while closely monitoring the retail market environment in Hong Kong to ensure that the business expansion is conducted in a prudent and cost effective manner.
– Recruitment of new staff members	Owing to the postponed shop expansion plan in Mongkok, Kowloon Bay/Tai Po as mentioned above, the Group did not recruit additional staff members originally planned for these retail stores.

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcement	Actual progress up to 31 March 2020
	The Group recruited five additional staff members to cater for the manpower required for the Group's larger retail store in Causeway Bay and new retail store in Kwun Tong as mentioned above.
– Recruitment of a shop expansion manager and payment of his/her salaries	The Group has recruited a shop expansion manager.
– Refurbishing nine existing retail stores	The Group has refurbished eight existing retail stores. Owing to the postponed shop expansion plan in Mongkok as mentioned above, the Group has not rendered its renovation work.
Acquire a warehouse	
– Partial payment for acquiring the warehouse	The Group has acquired a warehouse.
Expand our product portfolio and explore new suppliers	
– Recruitment of a product expansion manager and payment of his/her salaries	The Group has recruited a product expansion manager. As the net proceeds received from the share offer during Listing is higher than our expectation, the Group has recruited additional staffs to support the product expansion work.
– Attending trade fairs, exhibitions and conducting feasibility studies and research on new products and markets	During the period under review, representatives of the Group have attended trade fairs/field visit in Korea, the United States, Japan and Australia.
Enhance our marketing strategies by expanding and exploring more effective online marketing strategies, transforming our website as a lifestyle information portal, revamping our online shop and deploying more mainstream media	

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcement	Actual progress up to 31 March 2020
– Deploying mainstream advertising through traditional media such as television, outdoor advertising, newspapers, magazines, advertising in mass transit railway stations and mobile phone applications	The Group has deployed its advertisement through traditional media and online channels.
– Hiring third parties to transform our website into an information portal and revamping our online shop	The Group has recruited a contractor to perform research and development for transforming its website into an information portal and revamping its online shop.
Conduct system improvement and integration	
– Purchase of new integrated system	The Group has paid a deposit for acquiring a new integrated system. The implementation of the point-of-sale function of the new system have been completed in May 2020. The implementation of residual functions of the new system is expected to be completed in late 2020.
– System maintenance and point-of-sale system hosting	During the period under review, the Group has deployed funds for system maintenance and point-of-sale system hosting.
Enhance the Group's existing self-operate Online Shop	
– upgrade and enhance the Group's self-operated Online Shop and integrate it with the Group's point-of-sale system	The upgrade and enhance of the Group's self-operated Online Shop is expected to be completed in late 2020.
– employ additional staff to handle customer services and orders placed on the self-operated Online Shop in anticipation of the increase in online customer traffic	The Group is recruiting staff to handle customer services and orders placed on its self-operated Online Shop.

USE OF PROCEEDS

An analysis of the planned usage of net proceeds up to 31 March 2020 and the actual utilisation are set out below:

	Use of proceeds as disclosed in the Prospectus (adjusted on a pro rata basis on the actual net proceeds) and subsequently adjusted in the Announcement *HK$'000*	**Actual usage of net proceeds up to 31 March 2020** *HK$'000*
Expand our retail network by opening more retail stores and refurbishing our existing retail stores	15,215	5,962
Acquire a warehouse	13,181	13,181
Expand our product portfolio and explore new suppliers	1,581	1,185
Enhance our marketing strategies by expanding and exploring more effective online marketing strategies, transforming our website as a lifestyle information portal, revamping our online shop and deploying more mainstream media	10,591	10,361
Conduct system improvement and integration	1,533	1,469
Enhance the Group's existing self-operated Online Shop	1,000	–
General working capital	2,614	2,614

The business objectives, future plans and planned use of proceeds as stated in the Prospectus and the Announcement were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus and the Announcement while the proceeds were applied based on the actual development of the Group's business and the industry.

OUTLOOK AND PROSPECTS

The Directors believe that the Group's success is attributable to the brand image of "MI MING MART" ("**彌明生活百貨**"), which emphasises its offer of quality beauty and health products selected by our senior management team, reinforcing its customers' confidence in the Group's products and building up its customers' loyalty to the Group's brand. The Group believes that our marketing strategy, established network of retail stores and the quality products offered by the Group will continue to strengthen our brand image and customer base.

The Group aims to expand our sales network, product portfolio and e-commerce business to enhance our competitiveness and maintain our leading position in the small and medium segments of the skincare and cosmetics multibrand specialty retailers' market in Hong Kong. Going forward, the Group will gradually carry out the implementation plans as set out in the Prospectus and the Announcement. With our comprehensive knowledge in both the skincare and cosmetics market and the health supplements market in Hong Kong, the Directors believe that the Group is well-positioned to capture the growth.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to maintaining good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules.

As the shares of the Company were listed on GEM of the Stock Exchange on the Listing Date, the Company has since then adopted and complied with, where applicable, the CG Code from the Listing Date up to the date of this announcement (the "**Relevant Period**"), except for code provision A.2.1 which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Company has deviated from code provision A.2.1 of the CG Code since Ms. Yuen Mi Ming Erica is both the chairlady of the Board and the chief executive officer of our Company. The Board believes that it is necessary to vest the roles of the chairlady and the chief executive officer in the same person as Ms. Yuen Mi Ming Erica has been operating and managing our Group since 2009 and is a prominent social media icon on one of the most popular social media platforms. The dual role arrangement provides strong and consistent market leadership and is critical for effective management and business development. As all major decisions are made in consultation with the members of the Board, and there are three Independent Non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

Further information on the Company's corporate governance practices will be set out in the corporate governance report contained in the Company's annual report for the year ended 31 March 2020, which will be dispatched to the shareholders in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "required standard of dealings" as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code regarding securities transactions by Directors (the "**Model Code**").

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Relevant Period.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

EVENTS AFTER THE REPORTING DATE

As from 31 March 2020 to the date of this announcement, no significant events have occurred.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained the public float required by the GEM Listing Rules.

ANNUAL GENERAL MEETING (THE "AGM")

The 2020 Annual General Meeting has been scheduled to be held on Tuesday, 18 August 2020. A notice convening the 2020 Annual General Meeting will be issued and despatched to the shareholders on Tuesday, 30 June 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 13 August 2020 to Tuesday, 18 August 2020, both days inclusive, during which period no transfer of shares will be registered. For determining the entitlement of members of the Company to attend and vote at the 2020 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 12 August 2020.

AUDIT COMMITTEE

The Company established an audit committee ("**Audit Committee**") with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee consists of three Independent Non-executive Directors, namely Ms. Tsang Wing Yee, Ms. Chan Sze Lai Celine and Ms. Hung Yuen Wa. Ms. Tsang Wing Yee possesses the appropriate professional accounting qualifications and related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules, and she serves as the chairlady of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Group's internal audit function, financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the audited final results of the Company for the year ended 31 March 2020.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 2020 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By order of the Board
Mi Ming Mart Holdings Limited
Yuen Mi Ming Erica
Chairlady, chief executive officer and executive Director

Hong Kong, 22 June 2020

As at the date of this announcement, the Executive Directors are Ms. Yuen Mi Ming Erica and Ms. Yuen Mimi Mi Wahng; the Non-executive Directors are Mr. Cheung Siu Hon Ronald and Mr. Lam Yue Yeung Anthony; and the Independent Non-executive Directors are Ms. Chan Sze Lai Celine, Ms. Hung Yuen Wa and Ms. Tsang Wing Yee.

This announcement will remain on the "Latest Listed Company Information" page of the website of GEM (www.hkgem.com) for at least seven days from its date of publication. This announcement will also be published on the website of the Company at www.mimingmart.com.