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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 2022**

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 2022, audited operating results of the Group were as follows:

- the Group’s revenue increased by approximately HK\$12.1 million or approximately 8.1% from approximately HK\$148.9 million for the year ended 31 March 2021 to approximately HK\$161.0 million for the year ended 31 March 2022.
- the Group recorded a gross profit of approximately HK\$104.3 million for the year ended 31 March 2022 (2021: HK\$97.9 million), representing an increase of approximately 6.5% as compared to that for the previous year.
- profit attributable to the owners of the Company for the year ended 31 March 2022 amounted to approximately HK\$20.1 million (2021: HK\$27.1 million), representing a decrease of approximately 25.9% as compared to that for the previous year. Excluding the (i) non-recurring legal and professional fees in relation to the preparation for the transfer of listing application of the shares of the Company from the GEM to the Main Board of the Stock Exchange (“Transfer of Listing Application”); (ii) subsidies received from the Hong Kong Government under the Retail Sector Subsidy Scheme and Employment Support Scheme; and (iii) charity donation in respective years, the Group’s profit attributable to owners of the Group for the year ended 31 March 2022 amounted to approximately HK\$23.8 million (2021: approximately HK\$27.8 million).
- The Board has recommended a final dividend of HK0.6 cent per ordinary share for the year ended 31 March 2022 (2021: HK0.6 cent per ordinary share), in an aggregate amount of approximately HK\$6.7 million (2021: approximately HK\$6.7 million), to shareholders of the Company (the “Shareholders”) whose names appeared on the register of members of the Company on Friday, 7 October 2022 and it is subject to approval by the Shareholders of the Company in the forthcoming annual general meeting.

After taking into consideration the financial position and the cash flow of the Company, the Board has paid a special dividend of HK1.8 cents per ordinary share on or about Friday, 24 September 2021 (the “Special Dividend”), in an aggregate amount of approximately HK\$20.2 million, to the Shareholders whose names appear in the register of members of the Company at the close of business on Tuesday, 31 August 2021.

As disclosed in the annual report of the Company for the year ended 31 March 2021, a final dividend of HK0.6 cent per share, in an aggregate amount of approximately HK\$6.7 million (the “2021 Final Dividend”), has been recommended by the Board to the Shareholders whose names appear in the register of members of the Company at the close of business on Tuesday, 28 September 2021. The payment of the 2021 Final Dividend have been approved by the Shareholders in the annual general meeting held on Friday, 10 September 2021 (the “2021 AGM”). The 2021 Final Dividend have been paid on Wednesday, 20 October 2021.

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

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 2022 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 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	161,049	148,913
Cost of sales		<u>(56,772)</u>	<u>(50,998)</u>
Gross profit		104,277	97,915
Other income, gains and losses		362	3,630
Selling and distribution expenses		(38,182)	(32,598)
Administrative and operating expenses		(41,027)	(35,679)
Expected credit loss on trade receivables		(401)	–
Finance costs		<u>(755)</u>	<u>(733)</u>
Profit before income tax	5	24,274	32,535
Income tax expense	6	<u>(4,152)</u>	<u>(5,398)</u>
Profit and total comprehensive income for the year		<u>20,122</u>	<u>27,137</u>
Basic and diluted earnings per share (HK cents)	7	<u>1.80</u>	<u>2.42</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		37,810	31,882
Right-of-use assets		12,831	13,339
Deferred tax assets		757	575
Deposits paid for acquisition of assets		818	317
Other non-current assets		2,052	2,266
		54,268	48,379
Current assets			
Tax recoverable		148	–
Inventories		11,851	13,743
Trade receivables	9	2,852	1,641
Financial assets at fair value through profit or loss		7,829	–
Deposits, prepayments and other receivables		5,426	4,253
Pledged bank deposits		3,269	3,261
Time deposits with original maturity more than three months		28,539	–
Bank balances and cash		63,745	110,382
		123,659	133,280
Current liabilities			
Trade payables	10	1,873	1,401
Accrued expenses and other payables		11,852	10,027
Contract liabilities		4,860	2,335
Lease liabilities		8,798	8,365
Tax payable		312	1,612
		27,695	23,740
Net current assets		95,964	109,540
Total assets less current liabilities		150,232	157,919
Non-current liabilities			
Lease liabilities		4,663	5,629
Deferred tax liabilities		112	75
		4,775	5,704
Net assets		145,457	152,215
CAPITAL AND RESERVES			
Share capital		11,200	11,200
Reserves		134,257	141,015
		145,457	152,215

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 Windward 3, Regatta Office Park, P.O. Box 1350, 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. NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amended HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of the amendments to HKFRSs in the current year had no material impact on how the results and financial position of the Group for the current and prior years have been prepared and presented.

3. REVENUE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales of goods		
Retail stores	128,520	124,329
Online shop	26,445	21,512
Consignment sales	3,945	2,258
Distributors	103	407
	<hr/>	<hr/>
Subtotal	159,013	148,506
	<hr/>	<hr/>
Consignment commission income		
Retail stores	175	212
Online shop	3	195
Consignment sales	202	–
	<hr/>	<hr/>
Subtotal	380	407
	<hr/>	<hr/>
Provision of beauty services	1,656	–
	<hr/>	<hr/>
Total	<u>161,049</u>	<u>148,913</u>

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15

The Group derives revenue from the transfer of goods at a point in time and services over time in the following major product and services lines:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Skincare	105,823	106,443
Cosmetics	6,409	7,129
Food and health supplements	40,073	26,628
Other products	6,708	8,306
Consignment commission income	380	407
Provision of beauty services	1,656	–
	<hr/>	<hr/>
Total	<u>161,049</u>	<u>148,913</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Timing of revenue recognition		
At a point in time	159,393	148,913
Over time	1,656	–
	<u>161,049</u>	<u>148,913</u>
Total	<u><u>161,049</u></u>	<u><u>148,913</u></u>

Performance obligation for contracts with customers

Revenue generated from sales of goods and consignment commission income by the Group have recognised at a point in time and revenue generated from provision of beauty services by the Group is recognised over time.

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. Revenue recognised for sales to distributors are constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

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.

Provision of beauty services

Revenue from provision of beauty services is recognised over time when the services have been rendered to customers.

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

The Group offers loyalty stamps to customers when they meet a certain level of sales amount in every transaction. The customer loyalty stamps are generally effective for 6 months from the date of issuance.

The sales amount will be allocated based on the performance obligations and the unsatisfied or partially unsatisfied portion will be recorded as contract liabilities and the expected timing of recognising revenue are within one year.

The amount of HK\$2,555,000 (2021: HK\$2,160,000) 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, being 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 Transfer of Listing Application ("Transfer Listing Application Expenses") and donations). As a result, there is only one operating and reportable segment of the Group.

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 Application Expenses and donations. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by its operating segment.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue – external sales	161,049	148,913
Segment results	23,818	33,053
Less:		
Transfer Listing Application Expenses	(693)	(5,900)
Donations	(3,003)	(16)
Profit for the year	20,122	27,137

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

Geographical information

The Group's revenue from external sales and its non-current assets (other than deferred tax assets) are divided into the following geographical areas:

	Revenue from external sales		Non-current assets	
	Year ended 31 March 2022 <i>HK\$'000</i>	Year ended 31 March 2021 <i>HK\$'000</i>	As at 31 March 2022 <i>HK\$'000</i>	As at 31 March 2021 <i>HK\$'000</i>
Hong Kong (domicile)	160,901	148,717	46,494	47,804
The United States of America ("USA")	–	–	7,017	–
Macau	148	196	–	–
Total	161,049	148,913	53,511	47,804

Information about major customers

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

5. PROFIT BEFORE INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before income tax has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	4,491	4,129
Depreciation of right-of-use assets	10,621	11,852
Exchange gain (included in other income, gains and losses)	(9)	(2,030)
Transfer Listing Application Expenses	693	5,900
Interest income	(29)	(561)
	<u> </u>	<u> </u>

6. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong Profits Tax		
– Current year	4,274	5,341
– Underprovision/(overprovision) in prior years	23	(62)
	<u> </u>	<u> </u>
	4,297	5,279
Deferred taxation	(145)	119
	<u> </u>	<u> </u>
	<u>4,152</u>	<u>5,398</u>

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 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%.

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. EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Earnings attributable to the owners of the Company for the purpose of calculation of basic earnings per share	<u>20,122</u>	<u>27,137</u>
	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	<u>1,120,000</u>	<u>1,120,000</u>

Diluted earnings per share was the same as basic earnings per share for the years ended 31 March 2022 and 2021 as there was no potential dilutive ordinary share in issue during both years.

8. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Approved and paid		
2022 special dividend, paid – HK1.8 cents per ordinary share	20,160	–
2021 final dividend, paid – HK0.6 cent per ordinary share	<u>6,720</u>	<u>–</u>
	<u>26,880</u>	<u>–</u>
Proposed		
Final dividend, proposed – HK0.6 cent (2021: HK0.6 cent) per ordinary share	<u>6,720</u>	<u>6,720</u>
	<u>6,720</u>	<u>6,720</u>

After taking into consideration the financial position and the cash flow of the Company, the Board has paid a special dividend of HK1.8 cents per ordinary share on Friday, 24 September 2021, in an aggregate amount of approximately HK\$20.2 million, to the Shareholders whose names appear in the register of members of the Company at the close of business on Tuesday, 31 August 2021.

As disclosed in the annual report of the Company for the year ended 31 March 2021, a final dividend of HK0.6 cent per share, in an aggregate amount of approximately HK\$6.7 million, has been recommended by the Board to the Shareholders whose names appear in the register of members of the Company at the close of business on Tuesday, 28 September 2021. The payment of the 2021 final dividend have been approved by the Shareholders in the 2021 annual general meeting. The 2021 final dividend have been paid on Wednesday, 20 October 2021.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2022 of HK0.6 cent per ordinary share, in an aggregate amount of approximately HK\$6.7 million, has been proposed by the Directors of the Company to the Shareholders whose names appeared on the register of members of the Company on Friday, 7 October 2022 and is subject to approval by the Shareholders of the Company in the forthcoming annual general meeting.

9. TRADE RECEIVABLES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	1,293	943
31 – 60 days	1,167	548
61 – 90 days	116	150
Over 90 days	276	–
	<u>2,852</u>	<u>1,641</u>

The Group's revenue, including the sales of goods, consignment commission income and provision of beauty services, is generated mainly from cash, credit card sales, cash vouchers from landlords of retail stores, sales to distributors and consignment sales. The credit periods on credit cards sales, cash vouchers from landlords of retail stores, sales to distributors and consignment sales are 2 days, ranging from 30 to 45 days, 30 days and ranging 30 to 90 days, respectively.

As at 31 March 2022, included in the Group's trade receivables balance are primarily debtors from credit card sales, cash vouchers from landlord of retail stores, consignment sales and sales to distributors, in which the carrying amount of approximately HK\$928,000 (2021: HK\$16,000) are past due as at the reporting date. Except for the past due balances of HK\$401,000 (2021: nil), the remaining 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.

Trade receivables on overdue debtors are provided for allowance based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience, if any.

10. TRADE PAYABLES

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	1,825	1,240
31 – 60 days	48	161
	<hr/> 1,873 <hr/>	<hr/> 1,401 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Driven by the Brand’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 its view, would adversely affect or impair the health of its customers. The Group targets to serve and offer its products to customers who are ingredient conscious and aspire to the betterment of their health.

The Group mainly sells products at its retail stores, with a portion through its online shop at www.mimingmart.com and other e-commerce platforms operated by independent third parties, consignees 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. The Group has also launched beauty services since September 2021.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$12.1 million to approximately HK\$161.0 million for the year ended 31 March 2022 from approximately HK\$148.9 million for the previous year, representing an increase of approximately 8.1%. The Directors believe that the increase in revenue was primarily due to the (i) an increase in the sales of the Group's products of approximately HK\$4.2 million through its newly opened Kwai Fong store in November 2021; (ii) an increase in the revenue generated from the sales of the Group's products of approximately HK\$4.9 million through its online shops primarily due to a shift to online shopping as a result of social distancing measures during the fifth wave of the COVID-19 pandemic in Hong Kong; (iii) an increase in the sales of the Group's products through its consignees of approximately HK\$1.7 million; and (iv) receipt of service income of approximately HK\$1.7 million generated since the launch of beauty service in September 2021.

For the year ended 31 March 2022, the revenue generated from the sale of our products accounted for approximately 98.7% of our total revenue, whilst the provision of beauty services and consignment commission income accounted for approximately 1.0% and 0.3% of our total revenue, respectively.

Cost of sales

The Group's cost of sales primarily consists of cost of inventories sold, cost of service, commission expenses, and incoming shipping, freight and delivery charges. The cost of sales increased by approximately HK\$5.8 million to approximately HK\$56.8 million for the year ended 31 March 2022 from approximately HK\$51.0 million for the previous year, representing an increase of approximately 11.3%. In addition to the increase in the cost of sales along with the increase in sales during the year, the cost of its products purchased in Australian dollar further increased mainly due to an increase in the average exchange rate of Australian dollar to Hong Kong dollar for the year ended 31 March 2022 as compared to that for the previous year.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$6.4 million to approximately HK\$104.3 million for the year ended 31 March 2022 from approximately HK\$97.9 million for the previous year, representing an increase of approximately 6.5%, whilst the Group's gross profit margin decreased from approximately 65.8% to approximately 64.7% for the respective years. The decrease in the gross profit margin was mainly attributable to the increase in the cost of its products purchased in Australian dollar as a result of the increase in the average exchange rate of Australian dollar to Hong Kong dollar for the year ended 31 March 2022 as compared to that for the previous year.

Other income, gains and losses

The Group recorded a slight gain of approximately HK\$0.4 million for the year ended 31 March 2022; whilst the Group recorded a gain of approximately HK\$3.6 million for the previous year primarily attributable to (i) an exchange gain of approximately HK\$2.0 million; (ii) the subsidy received from the Hong Kong Government under the Retail Sector Subsidy Scheme of approximately HK\$0.8 million; and (iii) the bank interest income of approximately HK\$0.6 million.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately HK\$5.6 million to approximately HK\$38.2 million for the year ended 31 March 2022 from approximately HK\$32.6 million for the previous year, representing an increase of approximately 17.1%. The increase was primarily due to (i) an increase in marketing expenses of approximately HK\$2.0 million; and (ii) an increase in staff costs for sales staff of approximately HK\$3.3 million to support the Group's business expansion after taken into account that the subsidy from the Hong Kong Government under the Employment Support Scheme of approximately HK\$2.3 million was received in the previous year whereas no such subsidy was received for the year ended 31 March 2022.

Administrative and operating expenses

Administrative and operating expenses increased by approximately HK\$5.3 million to approximately HK\$41.0 million for the year ended 31 March 2022 from approximately HK\$35.7 million for the previous year, representing an increase of approximately 15.0%. Such increase was primarily due to the net effect of (i) an increase in donation of approximately HK\$3.0 million; (ii) an increase in salaries and allowances for administrative staff of approximately HK\$5.1 million to support the Group's business expansion after taken into account the subsidy from the Hong Kong Government under the Employment Support Scheme of approximately HK\$2.1 million was received in the previous year whereas no such subsidy was received for the year ended 31 March 2022; (iii) an increase in the Directors' remuneration of approximately HK\$1.5 million; (iv) an increase in the travelling expenses of approximately HK\$0.8 million; and (v) a decrease in the non-recurring legal and professional fees in relation to the preparation for the Transfer of Listing Application ("Transfer Listing Application Expenses") of approximately HK\$5.2 million.

Expected credit loss on trade receivables

For the year ended 31 March 2022, the Group recognised a loss allowance of approximately HK\$0.4 million for expected credit losses on trade receivables (2021: Nil).

Finance costs

Finance costs primarily consists of interest expenses on the lease liabilities and bank borrowing. The finance costs remained relatively stable at approximately HK\$0.8 million for the year ended 31 March 2022 as compared to that for the previous year.

Income tax expense

For the years ended 31 March 2021 and 2022, the Group's income tax expense was approximately HK\$5.4 million and HK\$4.2 million respectively, representing an effective tax rate of approximately 16.6% and 17.1% respectively. The higher effective tax rate for the year ended 31 March 2022 was mainly due to the net effect of (i) no subsidies received from the Hong Kong Government under the Retail Sector Subsidy Scheme and Employment Support Scheme for the year ended 31 March 2022 which were not taxable for taxation purpose; and (ii) lower non-recurring Transfer Listing Application Expenses incurred in the year ended 31 March 2022 which were not deductible for taxation purpose.

Net profit for the year

As a result of the foregoing, the Group's net profit decreased by approximately HK\$7.0 million or approximately 25.9% from approximately HK\$27.1 million for the year ended 31 March 2021 to approximately HK\$20.1 million for the year ended 31 March 2022, whilst the Group's net profit margin decreased from approximately 18.2% to approximately 12.5% for the respective years. Excluding the (i) non-recurring Transfer Listing Application Expenses; (ii) subsidies received from the Hong Kong Government under the Retail Sector Subsidy Scheme and Employment Support Scheme; and (iii) charity donation in respective years, the Group's profit attributable to owners of the Group for the year ended 31 March 2022 amounted to approximately HK\$23.8 million (2021: approximately HK\$27.8 million).

GEARING RATIO

As at 31 March 2022, the Group did not have any bank borrowings or other borrowings and therefore, gearing ratio is not applicable (31 March 2021: nil).

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 31 March	
	2022	2021
Current ratio <i>(Note)</i>	4.5	5.6

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

The Group's financial position remained healthy. As at 31 March 2022, the Group's aggregated amount of (i) bank balances and cash and (ii) time deposits with original maturity more than three months amounted to HK\$92.3 million (2021: bank balances and cash of HK\$110.4 million). The current ratio of the Group as at 31 March 2022 was 4.5 times as compared to that of 5.6 times as at 31 March 2021. The decrease in current ratio was mainly due to the payment of Special Dividend and 2021 Final Dividend during the year ended 31 March 2022 of approximately HK\$20.2 million and HK\$6.7 million, respectively.

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, bank balances and cash, time deposits with original maturity more than three months, 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.

Since the listing of the Company's shares on the GEM of the Stock Exchange on 12 February 2018 (the "Listing"), the Group generally financed its capital expenditure and operational requirements through a combination of cash generated from operations, net proceeds from the share offer of the Company's shares from the Listing and bank borrowings.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2022, the Group had certain bank balances denominated in foreign currency, such as Australian dollar, United States Dollars, Japanese Yen, Canadian Dollars and New Zealand Dollars which exposed the Group to foreign currency risk. The Directors consider that the Group's policy to maintain sufficient Australian dollar and United State Dollars for payment of purchase for at least six months and keeping of about three months' inventory, with reference to its historical sales, will provide us with a sufficient buffer to minimise its exposure to the fluctuation in those foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

SIGNIFICANT INVESTMENTS

As at 31 March 2022, there was no significant investment held by the Group (2021: nil).

CAPITAL STRUCTURE

The Shares of the Company (the “Shares”) were successfully listed on the GEM of the Stock Exchange 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

On 13 January 2022, Inwell US Limited, an indirect wholly-owned subsidiary of the Company, entered into a residential purchase agreement with an independent third party, pursuant to which Inwell US Limited, agreed to purchase a residential property located in the United States (the “US Property”) at a consideration of USD745,000 (equivalent to approximately HK\$5,811,000).

As at 31 March 2022, an amount of USD7,500 (equivalent to approximately HK\$59,000) has been paid as deposit for the acquisition of the US Property. The outstanding capital expenditure in respect of the acquisition of the US Property amounted to USD737,500 (equivalent to approximately HK\$5,753,000). As at the date of this announcement, the acquisition of the US Property has been completed and the outstanding capital expenditure have been paid.

As at 31 March 2021, the Group did not have any significant capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any material contingent liabilities (2021: nil).

DIVIDEND

The Board has recommended a final dividend of HK0.6 cent per ordinary share for the year ended 31 March 2022 (2021: HK0.6 cent per ordinary share), in an aggregate amount of approximately HK\$6.7 million (2021: HK\$6.7 million), to Shareholders whose names appeared on the register of members of the Company on Friday, 7 October 2022 and it is subject to the approval by the Shareholders in the forthcoming annual general meeting.

After taking into consideration the financial position and the cash flow of the Company, the Board has paid a Special Dividend of HK1.8 cents per ordinary share on Friday, 24 September 2021, in an aggregate amount of approximately HK\$20.2 million, to the Shareholders whose names appear in the register of members of the Company at the close of business on Tuesday, 31 August 2021.

As disclosed in the annual report of the Company for the year ended 31 March 2021, a final dividend of HK0.6 cent per share, in an aggregate amount of approximately HK\$6.7 million, has been recommended by the Board to the Shareholders whose names appear in the register of members of the Company at the close of business on Tuesday, 28 September 2021. The payment of the 2021 Final Dividend have been approved by the Shareholders in the 2021 AGM. The 2021 Final Dividend have been paid on Wednesday, 20 October 2021.

EMPLOYEES AND REMUNERATION POLICIES

The Group recognises the importance of a good relationship with its employees. The Directors believe that the work 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 management, industry and product knowledge of the employees. The Directors believe such training programs will equip the employees with skills and knowledge to enhance the Group's services to its customers.

A Remuneration Committee has been set up since the Listing for reviewing the Group's emolument policy and structure of all the 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.

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.

As at 31 March 2022, the Group employed a total of 84 (2021: 79) full-time employees and 13 (2021: 11) part-time employees. The staff costs, including Directors' emoluments, of the Group for the year ended 31 March 2022 was approximately HK\$38.9 million (2021: HK\$28.9 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, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 31 May 2022, Rosy Horizon Global Limited ("Rosy Horizon"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party, pursuant to which Rosy Horizon, agreed to purchase a residential property located in Japan (the "Japan Property"), for a cash consideration of JPY420,000,000 (equivalent to approximately HK\$25,620,000). Completion of the acquisition of the Japan Property is expected to take place on 29 July 2022. For details of the acquisition of Japan Property, please refer to the announcements of the Company dated 31 May 2022 and 6 June 2022.

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 announcements entitled "Change in use of proceeds" and "Further change in use of proceeds" dated 9 March 2020 and 13 August 2021 (the "Announcements"), respectively, with the actual business progress up to 31 March 2022.

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcements

Actual progress up to 31 March 2022

Expand its retail network by opening more retail stores and refurbishing its existing retail stores

- Open three retail stores, one in Causeway Bay, one in Kwun Tong and one in Kowloon Bay/Tai Po

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 a number of factors including but not limited to (i) accessibility of the location; (ii) the foot traffic of the premises or the shopping malls in which the premises and situated; and (iii) size of the premises, 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.

The Kwun Tong store commenced business in April 2019.

Since the Listing, the Group has actively searched for suitable premises to open new retail stores in Kowloon Bay/Tai Po and has received offers from a number of landlords. However, after considering above factors, the Directors concluded that most of the premises presented were unsuitable save and except that in mid 2021, the Group has subsequently identified and rented a suitable premises in Kwai Fong for opening a new retail store, which has commenced business in November 2021.

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcements

Actual progress up to 31 March 2022

- Recruitment of new staff members
Owing to the postponed shop expansion plan as mentioned above, the Group did not recruit additional staff members originally planned for these retail stores.

The Group recruited eight additional staff members to cater for the manpower required for the Group's larger retail store in Causeway Bay and the new retail stores in Kwun Tong and Kwai Fong as mentioned above
- Recruitment of a shop expansion manager and payment of his/her salaries
The Group has fully utilised the proceeds designed for the recruitment of a shop expansion manager.
- Refurbishing existing retail stores
The Group has fully utilised the proceeds designated for refurbishing its existing retail stores.

Acquire a warehouse

- Partial payment for acquiring the warehouse
The Group has acquired a warehouse.

Expand its product portfolio and explore new suppliers

- Recruitment of a product expansion manager and payment of his/her salaries
The Group has fully utilised the proceeds designated for the recruitment of a product expansion manager and supporting staff to handle the product expansion work.
- Attending trade fairs, exhibitions and conducting feasibility studies and research on new products and markets
The representatives of the Group had fully utilised the proceeds designated for attending trade fairs/field visit in Korea, the United States, Japan, Australia and Europe.

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcements

Actual progress up to 31 March 2022

Enhance its marketing strategies by expanding and exploring more effective online marketing strategies, transforming its website as a lifestyle information portal, revamping its online shop and deploying more mainstream media

- Deploying mainstream advertising through traditional media such as television, outdoor advertising, newspapers, magazines, advertising in mass transit railway stations and mobile phone applications
- Hiring third parties to transform its website into an information portal and revamping its online shop

The Group has deployed advertisements through traditional media and online channels.

The Group has hired 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
- System maintenance and point-of-sale system hosting

The Group has acquired a new integrated system. The implementation of the new integrated system have been completed.

The Group has deployed funds for system maintenance and point-of-sale system hosting.

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcements

Actual progress up to 31 March 2022

Enhance the Group's existing self-operated 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 enhancement of the Group's self-operated online shop have been completed. |
| – 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 has recruited additional staff to handle customer services and orders placed on its self-operated online shop. |

Develop and utilise the retail analytics solutions

- | | |
|---|--|
| – development of the retail analytics solutions | The Group has engaged a vendor for developing the retail analytics solutions. |
| – employ additional staff to process and analyse market data using the retail analytics solutions | The Group has employed additional staff to prepare for the implementation of retail analytics solutions. |

USE OF PROCEEDS

An analysis of the planned usage of net proceeds up to 31 March 2022 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) <i>HK\$'000</i>	Use of proceeds as disclosed in the Prospectus (adjusted on a pro rata basis on the actual net proceeds and subsequently adjusted according to the Announcements) <i>HK\$'000</i>	Actual usage of net proceeds up to 31 March 2022 <i>HK\$'000</i>	Unutilised net proceeds as at 31 March 2022 <i>HK\$'000</i>
Expand its retail network by opening more retail stores and refurbishing its existing retail stores	16,215	13,215	11,399	1,816 ^(Note 1)
Acquire a warehouse	13,181	13,181	13,181	–
Expand its product portfolio and explore new suppliers	1,581	1,581	1,581	–
Enhance its marketing strategies by expanding and exploring more effective online marketing strategies, transforming its website as a lifestyle information portal, revamping its online shop and deploying more mainstream media	10,591	10,591	10,591	–
Conduct system improvement and integration	1,533	1,533	1,533	–
Enhance the Group's existing self-operated online shop	–	1,000	1,000	–
Develop and utilise the retail analytics solutions	–	2,000	859	1,141 ^(Note 2)
General working capital	2,614	2,614	2,614	–
	<u>45,715</u>	<u>45,715</u>	<u>42,758</u>	<u>2,957</u>

Notes:

1. Based on the best estimation of the Directors and after taking into consideration the COVID-19 outbreak and the current retail and economic environment in Hong Kong, the unutilised net proceeds allocated to this business strategy will be fully applied for the purpose as planned by March 2023.
2. Based on the best estimation of the Directors, all the unutilised net proceeds allocated to this business strategy, including the development of the retail analytics solutions and employment of additional staff to process and analyse market data, will be applied for the purpose as planned by around March 2023.

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 its 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 its marketing strategy, established network of retail stores and the quality products offered by the Group will continue to strengthen its brand image and customer base.

The Group aims to expand its sales network, product portfolio, service offerings and e-commerce business to enhance its competitiveness and maintain its 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 paragraphs headed "Comparison of business plan with actual business progress" and "Use of proceeds" in this section. With its 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.

RELEVANT DATES FOR FINAL DIVIDEND

Ex-entitlement date	Monday, 3 October 2022
Latest time to lodge share transfer	4:30 p.m., Wednesday, 5 October 2022
Closure of register of members	From Thursday, 6 October 2022 to Friday, 7 October 2022, both dates inclusive
Record date	Friday, 7 October 2022
Payment date	Monday, 31 October 2022

In order to qualify for the abovementioned final dividend, all share transfer form, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 5 October 2022.

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 the 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 C.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 C.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 the 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 the Group since 2009 and is a prominent social media icon on one of the most popular social media platforms in Hong Kong. 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 2022, 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 has been noted by the Company.

EVENTS AFTER THE REPORTING DATE

As from 31 March 2022 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 2022 Annual General Meeting has been scheduled to be held on Friday, 16 September 2022 (the “**2022 AGM**”). A notice convening the 2022 AGM will be issued and despatched to the shareholders on Wednesday, 29 June 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 13 September 2022 to Friday, 16 September 2022, 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 2022 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 Friday, 9 September 2022.

AUDIT COMMITTEE

The Company has 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 D.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 and the appointment of external auditors. The Audit Committee had reviewed the audited final results of the Group for the year ended 31 March 2022.

SCOPE OF WORK OF MESSRS. GRANT THORNTON HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Grant Thornton Hong Kong Limited 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, 20 June 2022

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, Mr. Lam Yue Yeung Anthony and Mr. Wong Siu Ki; 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 the Stock Exchange at www.hkexnews.hk 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.