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Miricor Enterprises Holdings Limited

卓珈控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1827)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

HIGHLIGHTS

- The Group's revenue amounted to approximately HK\$128.9 million for the year ended 31 March 2021, representing a decrease of approximately HK\$47.6 million or 27.0% as compared to approximately HK\$176.5 million for the year ended 31 March 2020.
- Loss attributable to the owners of the Company was approximately HK\$12.7 million for the year ended 31 March 2021, while profit of approximately HK\$13.6 million was recorded for the year ended 31 March 2020.
- Basic loss per share for the year ended 31 March 2021 amounted to HK\$3.16 cents (2020: Earnings per share of HK\$3.39 cents).
- The Board does not recommend or declare the payment of any dividend for the year ended 31 March 2021.

ANNUAL RESULTS

The Board of Directors (the “Board”) of Miricor Enterprises Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2021 together with the comparative audited figures for the corresponding period of last year as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
REVENUE	5	128,871	176,529
Other income	5	12,753	4,139
Cost of inventories and consumables		(12,990)	(17,473)
Staff costs		(70,889)	(81,844)
Property rentals and related expenses		(21,166)	(22,471)
Depreciation of property, plant and equipment		(12,971)	(12,336)
Other expenses		(37,976)	(28,664)
Finance costs	7	(1,849)	(2,211)
PROFIT/(LOSS) BEFORE TAX	6	(16,217)	15,669
Income tax credit/(expense)	8	3,564	(2,113)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(12,653)	13,556
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(4)	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(12,657)	13,556
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic and diluted	10	HK(3.16) cents	HK3.39 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		34,498	39,491
Right-of-use assets		42,719	50,310
Goodwill		4,305	4,305
Deposits		5,820	9,540
Deferred tax assets		6,815	3,179
		<hr/>	<hr/>
Total non-current assets		94,157	106,825
CURRENT ASSETS			
Inventories		14,154	14,320
Trade receivables	<i>11</i>	16,263	7,974
Prepayments, other receivables and other assets		24,966	12,141
Tax recoverable		3,476	3,204
Pledged time deposits		57,346	55,460
Cash and cash equivalents		161,773	157,327
		<hr/>	<hr/>
Total current assets		277,978	250,426
CURRENT LIABILITIES			
Trade payables	<i>12</i>	2,076	338
Other payables and accruals		6,616	6,067
Contract liabilities and deferred revenue		168,182	135,675
Provision for reinstatement costs		483	1,825
Lease liabilities		16,948	15,690
Tax payable		–	933
		<hr/>	<hr/>
Total current liabilities		194,305	160,528
NET CURRENT ASSETS			
		83,673	89,898
TOTAL ASSETS LESS CURRENT LIABILITIES			
		177,830	196,723

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,604	1,594
Provision for reinstatement costs	5,114	4,085
Lease liabilities	25,538	32,813
	<hr/>	<hr/>
Total non-current liabilities	32,256	38,492
	<hr/>	<hr/>
Net assets	145,574	158,231
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Issued capital	4,000	4,000
Reserves	141,574	154,231
	<hr/>	<hr/>
Total equity	145,574	158,231
	<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 1605, 16th Floor, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

The Company is an investment holding company and the Company's subsidiaries were principally engaged in the provision of medical aesthetic services and the sale of skin care products.

In the opinion of the Directors, the immediate holding company and the ultimate holding company of the Company is Sunny Bright Group Holdings Limited, a company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

Except for the early adoption of the amendment to HKFRS 16, the adoption of the Conceptual Framework and these revised standards did not have a significant effect on the Group's financial statements or accounting policies.

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 March 2021, certain monthly lease payments for the leases of the Group's medical aesthetic centres and office premises have been reduced by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 April 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 March 2021. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$2,055,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 March 2021.

4. OPERATING SEGMENT INFORMATION

The Group has one reportable operating segment, namely the non-surgical medical aesthetic services segment, and is principally engaged in the provision of medical aesthetic services and the sale of skin care products in Hong Kong and the People's Republic of China (the "PRC"). Information reported to the Group's management, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and therefore no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Information about geographical areas

The following tables set out geographical information about revenue from external customers for the years ended 31 March 2021 and 2020 and non-current assets as at 31 March 2021 and 2020.

(a) Revenue from external customers

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	126,057	176,529
The PRC	2,814	–
	<u>128,871</u>	<u>176,529</u>

The revenue information above is based on the locations of the services provided or products delivered.

(b) Non-current assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	80,427	98,236
The PRC	1,214	–
	<u>81,641</u>	<u>98,236</u>

The non-current asset information above is based on the location of the assets and excludes financial assets and deferred tax assets.

Information about major clients

Since no revenue derived from sales to a single client of the Group has accounted for over 10% of the Group's total revenue during the years ended 31 March 2021 and 31 March 2020, no information about major clients in accordance with HKFRS 8 *Operating Segments* is presented.

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follow:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers		
Treatment services	108,417	156,601
Skin care products	19,915	18,636
Medical consultation services	31	138
Prescription and dispensing of medical products	508	1,154
	<u>128,871</u>	<u>176,529</u>

An analysis of other income is as follow:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income		
Bank interest income	2,739	3,968
Government subsidies	9,625	–
Others	389	171
	<u>12,753</u>	<u>4,139</u>

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Lease payments not included in the measurement of lease liabilities	296	246
Employee benefit expenses (excluding Directors' remuneration):		
Salaries, bonuses and other allowances	60,516	73,117
Retirement benefit scheme contributions (defined contribution scheme)	2,213	2,097
	<u>62,729</u>	<u>75,214</u>
Depreciation of property, plant and equipment	12,971	12,336
Depreciation of right-of-use assets	18,329	17,932
Impairment of trade receivables, net	100	2
Loss on disposal/write-off of items of property, plant and equipment, net	269	–
Foreign exchange differences, net	(176)	5
	<u>124,531</u>	<u>112,632</u>

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on lease liabilities	<u>1,849</u>	<u>2,211</u>

8. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at a rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current		
— Charge for the year	83	3,559
— Overprovision in prior years	(21)	(3)
Deferred tax	<u>(3,626)</u>	<u>(1,443)</u>
Total tax charge/(credit) for the year	<u>(3,564)</u>	<u>2,113</u>

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK\$12,653,000 (2020: profit of HK\$13,556,000), and the weighted average number of ordinary shares of 400,000,000 (2020: 400,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2021 and 31 March 2020.

11. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade and credit card receivables	16,344	7,921
Others	47	81
	<u>16,391</u>	<u>8,002</u>
Impairment	(128)	(28)
	<u>16,263</u>	<u>7,974</u>

The Group's trading terms with its clients are mainly on cash and/or credit card settlement while the trading terms with its corporate customers are on credit. The credit period is generally 2 to 30 days for credit card settlement for the respective financial institutions and up to 60 days for corporate customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follow:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	15,559	7,886
1 to 3 months	669	70
Over 3 months	35	18
	<u>16,263</u>	<u>7,974</u>

12. TRADE PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Third party suppliers	2,076	338

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follow:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	2,076	338

The trade payables are non-interest-bearing and generally have an average settlement term of 30 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2021 (the “Year Under Review”), the Group’s revenue decreased by HK\$47.6 million, or 27.0%, to HK\$128.9 million when compared with that of the year ended 31 March 2020 (“Previous Year”). The decline was mainly due to the impacts of COVID-19, which had brought unprecedented interruptions to the Group’s business. Social distancing measures and the compulsory closure of all beauty parlours in Hong Kong for certain periods as implemented by the Government of Hong Kong Special Administrative Region (the “Hong Kong Government”) had dealt a further blow to the Group’s business operation. As a result, loss for the Year Under Review amounted to approximately HK\$12.7 million (Previous Year: net profit of approximately HK\$13.6 million).

The Group is presently operating three medical aesthetic centres at prime locations in Causeway Bay, Central District and Tsim Sha Tsui under brand of “CosMax”. The Causeway Bay centre is in a duplex unit with an overall area of 12,156 sq ft and has 30 treatment rooms. While Tsim Sha Tsui centre and Central centre occupy 6,050 sq ft and 3,092 sq ft, respectively and they have up to 17 and 9 treatment rooms. Leveraging the strategic locations, the centres have allowed the Group to attract a wide range of customers and effectively strengthen its customer base. The Group continuously keeps abreast of latest technologies to ensure it is able to provide top-notch quality services for the customers. As at 31 March 2021, the Group had over 140 treatment devices enabling it to provide a diversified range of treatment procedures. The devices and procedures have all been clinically evaluated by doctors before being adopted to give customers safe and superb quality experience.

With a new collective standard of “Healthy beauty”, the Group has unveiled a new beauty brand “VITAE by CosMax”. Mrs. Gigi Ma, founder of the brand, has emphasised the principle of “Inner health realises external beauty” and established the brand, initiating a new category in the medical aesthetic industry. The philosophy of the brand is to balance beauty, maintain a perfect balance between beauty and health, and emanate beauty from within. It has thus inspired the concept of VITAE — Wellness Beauty medical aesthetic services. The Group believes that the new concept of the brand will be the new market trend given the increasing awareness of health, hence VITAE by CosMax has been launched in all CosMax centres to allow more customers to experience the new brand.

Besides, the Group provides quality skin care products that complement its treatments for customers to achieve optimum results. The Group has launched a new skin care product line XOVË, the fruit of hard work by the responsible Swiss skin care research team. It has also exclusively developed the “White Truffles W-TruComplex” which can reach deep into the bottom layer of the skin and combine with muscle cells to provide natural nutrients, activate regeneration and repair of cells, and strengthen the barrier and restore youthfulness of the skin. In the view of the growing trend of online shopping, the Group has stepped up its efforts to promote e-commerce and established XOVË’s e-shop online in July 2020. Meanwhile, the Group launched an online platform to sell XOVË products to the PRC customers through T-mall (天貓), Xiaohongshu (小紅書) and Mini program (小程序) in a bid to expand the customer base.

Recently, the Group has also been exploring potential opportunities to further penetrate the market by opening new medical aesthetic service centres and retail stores of skin care products in Hong Kong and the PRC during FY2022, showing that it is well-prepared to expand its customer base.

FINANCIAL REVIEW

Revenue

Our revenue is mainly derived from the provision of medical aesthetic services, which include treatment services, consultation services, as well as the prescription and dispensing of medical products. In addition, we sell skin care products to our clients.

Our Group's revenue amounted to approximately HK\$128.9 million for the Year Under Review, representing a decrease of approximately HK\$47.6 million or 27.0% as compared with HK\$176.5 million for the Previous Year. The decrease was primarily attributable to the COVID-19 pandemic which brought unprecedented interruptions to the Group's business. The social distancing measures and the compulsory closure of all beauty parlour in Hong Kong for certain periods as implemented by the Hong Kong Government further result in Group's inability to conduct business. These factors adversely affected the Group's financial performance during the Year Under Review.

Set forth below is a breakdown of our total revenue during the years ended 31 March 2021 and 2020:

	For the year ended 31 March			
	2021		2020	
	HK\$'000	%	HK\$'000	%
Treatment services	108,417	84.1	156,601	88.7
Skin care products	19,915	15.5	18,636	10.6
Medical consultation services	31	0.0	138	0.1
Prescription and dispensing of medical products	508	0.4	1,154	0.6
Total revenue	<u>128,871</u>	<u>100.0</u>	<u>176,529</u>	<u>100.0</u>

(i) Revenue from treatment services

During the Year Under Review, most of our revenue was derived from treatment services. Revenue from treatment services amounted to approximately HK\$108.4 million for the Year Under Review and approximately HK\$156.6 million for the Previous Year, representing 84.1% and 88.7% of our total revenue, respectively.

(ii) Revenue from sale of skin care products

Skin care products include cleanser, toner, serum, moisturiser, eye care products, ultraviolet (UV) protection products and masks under the new skin care product line XOVĚ, which backed up by scientific research team in Switzerland.

Revenue from sale of skin care products amounted to approximately HK\$19.9 million for the Year Under Review and approximately HK\$18.6 million for the Previous Year, representing 15.5% and 10.6% of our total revenue, respectively. The increase of approximately HK\$1.3 million, or 7.0%, was primarily due to the active promotional campaigns mounted on various social media platforms for skin care products and the launch of online platform to sell XOVĚ product in Hong Kong and the PRC.

(iii) Revenue from consultation services

First-time clients are required to attend medical consultation with our doctors, during which our doctors will perform examination as well as assess and/or make a diagnosis on the client's skin conditions and recommend suitable treatment services accordingly based on their specific conditions, needs and concerns. After the first visit, follow up consultation sessions will also be provided when appropriate to keep track of clients' conditions.

Revenue from consultation services amounted to approximately HK\$31,000 for the Year Under Review and approximately HK\$138,000 for the Previous Year.

(iv) Revenue from prescription and dispensing of medical products

Based on clients' skin conditions, their specific needs and requirements, our doctors may prescribe medication and/or recommend certain skin care products which are dispensed at our medical aesthetic centres.

Revenue from prescription and dispensing of medical products amounted to approximately HK\$0.5 million for the Year Under Review and approximately HK\$1.2 million for the Previous Year, representing 0.4% and 0.6% of our total revenue, respectively.

Other income

Other income amounted to approximately HK\$12.8 million for the Year Under Review and HK\$4.1 million for the Previous Year. The increase of approximately HK\$8.7 million or 212.2% was primarily due to approximately HK\$9.6 million government subsidies received in relation to Employment Support Scheme and other subsidy scheme under the Anti-epidemic Fund during the Year Under Review.

Cost of inventories and consumables

Cost of inventories and consumables amounted to approximately HK\$13.0 million for the Year Under Review and HK\$17.5 million for the Previous Year, representing 10.1% and 9.9% of the total revenue, respectively.

Staff costs

Staff costs decreased by approximately HK\$10.9 million, or 13.3%, from approximately HK\$81.8 million for the Previous Year to approximately HK\$70.9 million for the Year Under Review. The decrease was mainly attributable to the decrease in commission paid to doctors and front-line staff whose incentive scheme tied to various key performance indicators such as number of treatment conducted and number of package sold. As a result of decrease in total revenue and sales of packages during the Year Under Review, commission paid to doctors and front-line staff were reduced.

Property rentals and related expenses

Property rentals and related expenses and depreciation of right-of-use assets decreased by approximately HK\$1.3 million, or 5.8%, from approximately HK\$22.5 million for the Previous Year to HK\$21.2 million for the Year Under Review. The decrease was primarily due to rental concession offered by the landlord during the periods of mandatory closure as required by the Hong Kong Government.

Depreciation of property, plant and equipment

Depreciation expenses in relation to property, plant and equipment increased by approximately HK\$0.7 million, or 5.7%, from approximately HK\$12.3 million for the Previous Year to approximately HK\$13.0 million for the Year Under Review.

Other expenses

Other expenses increased by approximately HK\$9.3 million from approximately HK\$28.7 million for the Previous Year to approximately HK\$38.0 million for the Year Under Review. The increase was primarily attributable to higher advertising expenses for the launch of new promotions and active promotional campaigns mounted on various social media platforms for “XOVĚ” product lines in Hong Kong and China.

Finance costs

Finance cost decreased by approximately HK\$0.4 million from approximately HK\$2.2 million for the Previous Year to approximately HK\$1.8 million for Year Under Review.

Income tax credit/(expense)

Income tax expense amounted to approximately HK\$2.1 million for the Previous Year and income tax credit of approximately HK\$3.6 million for the Year Under Review. The tax credit was primarily attributable to the loss incurred for the Year Under Review.

Loss for the year

Loss attributable to the owners of the Company was approximately HK\$12.7 million for the Year Under Review.

DIVIDENDS

The Board does not recommend or declare the payment of any dividend for the Year Under Review (Previous Year: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

Financial Resources

We continue to maintain a strong financial position with cash and cash equivalents of HK\$161.8 million as at 31 March 2021. Our working capital, represented by net current assets was HK\$83.7 million. Based on our steady cash inflows from operations, coupled with sufficient cash and bank balances, we have adequate liquidity and financial resources to meet our working capital requirements and to fund our budgeted expansion plans in the next financial year.

As at 31 March 2021, most of our cash and bank balances was denominated in Hong Kong Dollar, United State Dollar and Renminbi.

Cash Flow Analysis

The tables below sets forth the information as extracted from the consolidated statement of cash flows of our Group for the years ended 31 March 2021 and 2020:

	2021	2020	
	<i>HK\$'000</i>	<i>HK\$'000</i>	% change
Net cash flows from operating activities	24,535	63,505	(61.4)
Net cash flows from investing activities	52,197	26,122	99.8
Net cash flows used in a financing activity	(14,650)	(15,372)	(4.7)
Net increase in cash and cash equivalents	<u>62,082</u>	<u>74,255</u>	<u>(16.4)</u>

Our cash and cash equivalents were approximately HK\$147.6 million as at 31 March 2021, as compared to approximately HK\$85.6 million as at 31 March 2020. The increase was due to the decrease in non-pledged time deposits with original maturity of more than three months when acquired.

Net Cash Flows From Operating Activities

For the year ended 31 March 2021, our net cash flows from operating activities was approximately HK\$24.5 million, representing a decrease of approximately HK\$39.0 million as compared with the year ended 31 March 2020. The decrease was primarily attributable to the COVID-19 pandemic which brought unprecedented interruptions to the Group's business, which lower the cash flow from operating activities.

Net Cash Flows From Investing Activities

For the year ended 31 March 2021, our net cash flows from investing activities was approximately HK\$52.2 million, which was primarily attributable to decrease in non-pledged time deposits with original maturity of more than three months when acquired.

Net Cash Flows Used In Financing Activities

For the year ended 31 March 2021, our net cash flows used in a financing activity was approximately HK\$14.7 million, represented principal portion of lease payments during the Year Under Review in relation to operating lease arrangements entered into by the Group.

LEASE LIABILITIES

As at 31 March 2021, the Group had lease liabilities of approximately HK\$42.5 million (2020: approximately HK\$48.5 million).

CAPITAL COMMITMENTS

As at 31 March 2021, our Group had no capital commitments in respect of the acquisition of items of property, plant and equipment (2020: approximately HK\$0.5 million).

PROPERTY, PLANT AND EQUIPMENT

During the Year Under Review, the Group acquired items of plant and equipment amounting to approximately HK\$8.3 million (2020: approximately HK\$8.9 million).

INDEBTEDNESS

Interest-bearing Bank Borrowings

As at 31 March 2021, our Group had no outstanding interest-bearing bank borrowings (2020: Nil).

Contingent Liabilities and Guarantees

As at 31 March 2021, our Group had no significant contingent liabilities and guarantees (2020: Nil).

Charge of Assets

As at 31 March 2021, there was no charge on the assets of our Group except for the time deposits of approximately HK\$57.3 million (2020: approximately HK\$55.5 million) pledged for banking facilities as security for credit card instalments programmes.

Gearing Ratio

As at 31 March 2021, our Group had no interest-bearing bank borrowings (2020: Nil).

Foreign Currency Risk

Our Group carries out its business mainly in Hong Kong and most of its transactions are denominated in Hong Kong Dollar. Our Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the years ended 31 March 2021 and 31 March 2020.

Interest Rate Risk

Our Group has no significant interest rate risk. Our Group currently does not have any specific policies in place to manage interest rate risk and has not entered into any interest rate swap transactions to mitigate interest rate risk, but will closely monitor related risk in the future.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, there were no significant investments held by the Company during the year ended 31 March 2021, nor were there any material acquisitions and disposals of subsidiaries, associates and joint ventures during the reporting period. Save as disclosed in this announcement, there is no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, our Group has a total of 195 employees (2020: 171). Staff costs, including Directors' remuneration, of our Group were approximately HK\$70.9 million for the year ended 31 March 2021 (2020: approximately HK\$81.8 million). Remuneration is determined with reference to factors such as comparable market salaries and work performance, time commitment and responsibilities of each individual. Employees are provided with relevant in-house and/or external training from time to time. In addition to a basic salary, year-end bonuses are offered to employees who performed outstandingly to attract and retain eligible employees to contribute to our Group.

PROSPECTS

Subsequent to the Government's disease prevention arrangements to counter the COVID-19 pandemic on beauty parlours during the Year Under Review, the Group closed all of its treatment centres for the periods from 10 April to 7 May 2020, 15 July to 28 August 2020 and 10 December 2020 to 17 February 2021. Although it's major services and treatments were not associated with those procedures defined to be provided by beauty parlours under the Amendment Regulation, all of its medical aesthetic centres were nonetheless closed as the safety and health of its staff and the public is of paramount importance to the Group. As the pandemic outbreak has seriously dampened consumer sentiment, it is anticipated that the Group will suffer from the recent challenging business environment until the spread of COVID-19 is successfully contained.

Subsequent to the Year Under Review, the Group has entered into two lease agreements to further expand its businesses. Locations of the new premises are 1) the entire 10th (as VITAE centre) and 11th Floor (as CosMax centre) of New World Tower II, 16–18 Queen’s Road Central and 2) the entire 16th Floor of The Peninsula Office Tower, 18 Middle Road, Tsim Sha Tsui (as VITAE centre). The lease agreements increase the total service floor area of the Group by more than 98% to over 42,000 sq ft. As such, the Group can enlarge its medical aesthetic service centre capacity at prime locations in Hong Kong to meet the increased market demand for medical aesthetic services, and strengthen the market shares of CosMax and VITAE.

Meanwhile, the Group believes that its proactive and responsive management strategy makes it resilient in the face of drastic changes. During the Year Under Review, the Group has invested in various operations and supporting systems so as to improve the back-end support. This investment allows the management to revamp the current operational flow, which could benefit both the employees and experience of customers. The Group expects that such reform would maximise the return to shareholders in the post-pandemic era. Nevertheless, sales of products and services and utilisation rate of medical aesthetic centres’ will fluctuate, depending on the recovery of the overall business environment. Therefore, the Group would continue its stringent cost-control measures and evaluate its financial position.

In addition, after the launch of the VITAE brand in all CosMax centres, the Group will continue to seize opportunities arising from rising consciousness of people on health and strategically expand its beauty brand “VITAE by CosMax”.

Furthermore, the Group will continue to expand its distribution channels by selling XOVĚ products online to PRC customers. It is expected that more online platforms such as T-mall and Douyin (抖音) will participate in selling the Group’s products during the second half of FY2022 in order to boost the overall sales of their products. Moreover, starting in mid-October 2020, the Group has dispatched about 50 free media articles for the brand, mainly highlighting the skin care and beauty experiences of Ms Gigi Ma and the unique ingredients of XOVĚ white truffles, which has further promoted the new XOVĚ skin care product line and enhanced the brand awareness. The Group has also been exploring potential opportunities to open skin care product retail stores in Hong Kong and the PRC, demonstrating that it is well-equipped to expand its retail products business.

In light of the relaxation of social distancing measures once Hong Kong’s pandemic situation has become more effectively controlled, the business performance of the Group has been in line with management’s expectations, and has recorded significant year-on-year revenue growth from April to mid-June in FY2022. The Group’s investment in various operations and supporting systems has substantially enhanced its operational efficiency and facilitates its expansion plan. Looking ahead, the Group is fully committed to offering top-notch non-surgical aesthetic services by actively paying close attention to the latest technologies and procuring the best devices to enrich its services and to enhance the overall treatment experience of customers. At the same time, it continues to explore potential expansion opportunities so as to strengthen the Group’s leading position in the industry, strive to maximise profitability, and generate optimal returns for shareholders.

ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) of the Company will be held on Friday, 24 September 2021. A notice convening the meeting will be issued and sent to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 20 September 2021 to Friday, 24 September 2021, both dates inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all transfers 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, 17 September 2021.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares.

CORPORATE GOVERNANCE CODE

The Group recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the Board is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders’ interests.

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of Listing Rules. During the year ended 31 March 2021, the Company had complied with all the applicable code provisions of the CG Code, except the deviation stipulated below.

According to the code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Under the current management structure of the Company, Ms. LAI Ka Yee Gigi (Mrs. Gigi Ma) is the chairlady of the Board (the “Chairlady”) and chief executive officer of the Company (the “Chief Executive Officer”). As Mrs. Gigi Ma has been leading the Group as the Group’s Chief Executive Officer and sole director of each of major subsidiaries since the establishment of the relevant major subsidiaries, the Board believes that it is in the best interest of the Group to continue to have Mrs. Gigi Ma acting as the Chairlady and Chief Executive Officer for more effective management and planning of the Group. Therefore, the Board considers that the deviation from provision A.2.1 of the CG Code is acceptable and appropriate in the circumstances and currently does not propose to separate the functions of chairman and the chief executive officer.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions Directors of Listed Issuers contained in Appendix 10 of the Listing Rules of the Stock Exchange. Having made specific enquiries to all the Directors, all the Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the Year Under Review.

EVENTS AFTER THE REPORTING PERIOD

On 20 May 2021, the Company, as lessee, and The Peninsula Hotel Limited, as lessor, entered into the lease agreement in respect of the lease of the whole 16th Floor, The Peninsula Office Tower, which shall commence from 1 August 2021 and expire on 31 July 2027 (both days inclusive). The Company plans to use this premises as medical aesthetic centre and for the sale of skin care products.

On 21 May 2021, the Company, as lessee, and New World Tower Company Limited, as lessor, entered into the lease agreements in respect of the lease of the 10th Floor and 11th Floor of New World Tower II, which commenced from 22 May 2021 and expire on 15 November 2024 (both days inclusive), and shall commence from 16 November 2021 and expire on 15 November 2024 (both days inclusive), respectively. The Company plans to use these premises as medical aesthetic centres.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 March 2021, including the accounting principles and practices adopted by the Group in conjunction, with the Company's external auditor.

AUDIT COMMITTEE

An audit committee has been established by the Board with specific written terms of reference following the Rules 3.21 to 3.24 of the Listing Rules and the CG Code. The audit committee of the Company (the "Audit Committee") is authorised to commit Company funds in order to obtain advice from outside legal counsel, accountants, investigatory services or other expert advice. Details of the authority and responsibilities of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Cheng Fu Kwok David, Mr. Cheng Yuk Wo and Mr. Li Wai Kwan and Mr. Cheng Yuk Wo is the chairman of the Audit Committee.

During the Year Under Review, the Audit Committee had reviewed with the Management and the external auditor the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the following:

- the review of the audited financial statements for the year ended 31 March 2020;
- the review of the annual results announcement;
- the recommendation to the Board for the proposal for re-appointment of the external auditor of the Company and approval of the remuneration and terms of engagement of the external auditor; and
- the review of the risk management and internal control systems of the Company and its subsidiaries.

By Order of the Board
Miricor Enterprises Holdings Limited
Lai Ka Yee Gigi
Chairlady and Chief Executive Officer

Hong Kong, 18 June 2021

As at the date of this announcement, the Board comprises three executive directors, namely, Ms. LAI Ka Yee Gigi, Mr. HO Tsz Leung Lincoln and Dr. LAM Ping Yan and three independent non-executive directors, namely, Mr. CHENG Fu Kwok David, Mr. CHENG Yuk Wo and Mr. LI Wai Kwan.