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 2023

HIGHLIGHTS

- The Group's revenue amounted to approximately HK$463.1 million for the year ended 31 March 2023, representing an increase of approximately HK$99.2 million or 27.3% as compared to approximately HK$363.9 million for the year ended 31 March 2022.

- Loss attributable to the owners of the Company was approximately HK$20.5 million for the year ended 31 March 2023, while profit of approximately HK$25.4 million was recorded for the year ended 31 March 2022.

- Basic loss per share for the year ended 31 March 2023 amounted to HK5.13 cents (2022: Earnings per share of HK6.35 cents).

- The Board does not recommend or declare the payment of any dividend for the year ended 31 March 2023.

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 2023 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 2023

	Notes	**2023**	2022
		HK$'000	*HK$'000*
REVENUE	*4*	**463,117**	363,915
Other income and gain, net	*4*	**9,445**	1,314
Cost of inventories and consumables		**(47,430)**	(29,038)
Staff costs		**(177,460)**	(125,341)
Property rentals and related expenses		**(69,959)**	(48,641)
Depreciation of property, plant and equipment		**(44,449)**	(24,797)
Other expenses, net		**(153,471)**	(103,184)
Finance costs		**(3,660)**	(3,027)
PROFIT/(LOSS) BEFORE TAX	*5*	**(23,867)**	31,201
Income tax credit/(expense)	*6*	**3,366**	(5,819)
PROFIT/(LOSS) FOR THE YEAR		**(20,501)**	25,382
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(56)**	314
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(20,557)**	25,696
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic and diluted		**HK(5.13) cents**	HK6.35 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**101,075**	117,678
Right-of-use assets		**109,304**	129,898
Goodwill		**–**	4,305
Deposits		**15,460**	16,794
Deferred tax assets		**17,643**	8,033
Total non-current assets		**243,482**	276,708
CURRENT ASSETS			
Inventories		**38,194**	37,969
Trade receivables	*9*	**18,077**	2,237
Prepayments, deposits, other receivables and other assets		**34,013**	31,259
Tax recoverable		**3,720**	485
Pledged time deposits		**62,414**	62,476
Cash and cash equivalents		**116,911**	65,680
Total current assets		**273,329**	200,106
CURRENT LIABILITIES			
Trade payables	*10*	**10,544**	7,829
Other payables and accruals		**21,300**	20,467
Contract liabilities and deferred revenue		**182,048**	130,238
Interest-bearing bank borrowings		**19,170**	–
Lease liabilities		**44,467**	37,997
Tax payable		**5,417**	4,419
Provision for reinstatement costs		**3,619**	2,044
Total current liabilities		**286,565**	202,994
NET CURRENT LIABILITIES		**(13,236)**	(2,888)
TOTAL ASSETS LESS CURRENT LIABILITIES		**230,246**	273,820

	2023	2022
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**66,639**	89,587
Provision for reinstatement costs	**9,749**	10,161
Deferred tax liabilities	**3,145**	2,802
Total non-current liabilities	**79,533**	102,550
Net assets	**150,713**	171,270
EQUITY		
Issued capital	**4,000**	4,000
Reserves	**146,713**	167,270
Total equity	**150,713**	171,270

NOTES:

1. CORPORATE INFORMATION

Miricor Enterprises Holdings Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at 18/F, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the provision of medical aesthetic services and the sale of skincare 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.

2.1 BASIS OF PREPARATION

The 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. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. 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 skincare products in Hong Kong and Mainland China. Information reported to the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**431,976**	350,547
Mainland China	**31,141**	13,368
	463,117	363,915

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

(b) Non-current assets

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**208,194**	255,003
Mainland China	**2,935**	664
	211,129	255,667

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

Information about major customers

Since no revenue derived from sales to a single customer of the Group has accounted for over 10% of the Group's total revenue during the years ended 31 March 2023 and 2022, no information about major customers is presented.

4. REVENUE, OTHER INCOME AND GAIN, NET

An analysis of revenue is as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Treatment services	**333,213**	289,096
Skincare products	**129,573**	74,295
Medical consultation services	**9**	15
Prescription and dispensing of medical products	**322**	509
	463,117	363,915

An analysis of other income and gain, net is as follows:

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**2,354**	494
Government subsidies*	**6,678**	648
Gain on disposal of property, plant and equipment, net	**164**	–
Others	**249**	172
	9,445	1,314

* There are no unfulfilled conditions or contingencies relating to these subsidies.

5. PROFIT/(LOSS) BEFORE TAX

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

	2023	2022
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**44,449**	24,797
Depreciation of right-of-use assets	**46,098**	34,991
Impairment/(reversal of impairment) of trade receivables, net	**561**	(92)
Impairment of goodwill	**4,305**	–
Loss/(gain) on disposal/write-off of items of property, plant and equipment, net	**(164)**	3

6. INCOME TAX

Hong Kong profits tax has been provided at a rate of 16.5% (2022: 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 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2023	2022
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**5,820**	5,792
Underprovision in prior years	**81**	47
Deferred	**(9,267)**	(20)
Total tax charge/(credit) for the year	**(3,366)**	5,819

7. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year ended 31 March 2023 (2022: Nil).

8. 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$20,501,000 (2022: profit of HK$25,382,000), and the weighted average number of ordinary shares of 400,000,000 (2022: 400,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2023 and 2022.

9. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**18,674**	2,273
Impairment	**(597)**	(36)
	18,077	2,237

The Group's trading terms with its individual customers 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 from 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 follows:

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**13,331**	763
1 to 3 months	**4,032**	896
Over 3 months	**714**	578
	18,077	2,237

10. TRADE PAYABLES

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

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**10,544**	7,829

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The business environment in Hong Kong remained difficult in the year ended 31 March 2023 (the "Year Under Review"). The city was dealt a significant blow by the fifth wave of COVID-19 in early 2022, which severely impacted the retail market. This was further compounded by external factors affecting the international supply chain, rising inflationary pressures, and an unclear global economic environment, all of which added to the uncertainty about the future economy. Despite the introduction of a series of economic stimulus measures by the government, which gradually improved market and consumer sentiment following the containment of the COVID-19 pandemic during the Year Under Review, the operating environment remained challenging.

Nevertheless, capitalising on its good reputation and solid foundation established over the years, the Group was able to maintain strong growth momentum in its main business segments. It has been preparing for society's full return to normalcy while actively deploying for its long-term business growth. In order to better meet future development needs, the Group has given full play to its existing competitive advantages, explored new business areas and expanded into new markets, all of which have helped it maintain its leading market position.

During the Year Under Review, the Group's revenue increased by approximately HK$99.2 million, or 27.3%, to HK$463.1 million when compared with the year ended 31 March 2022 (the "Previous Year"). The number of days that the Group's medical aesthetic centres were closed also decreased significantly (Year Under Review: 20 days; Previous Year: 84 days) as a result of the containment of the pandemic and the government's economic stimulus measures. The treatment centres and skincare retail outlets recorded notable growth in footfall and revenue, showing consumers' recognition of the Group's brand and the quality of its services and products. This also bodes well for another wave of rapid growth for the Group, supported by strong market demand in the wake of the pandemic.

During Year Under Review, the Group's premium skincare brand XOVĒ officially marched into Sephora, an internationally renowned beauty products retail group, in Mainland China, which has provided an excellent platform for the Group and XOVĒ to increase brand awareness. Due to its entry into the Mainland China market, the Group recorded higher marketing costs and other expenses and resulted a net loss of approximately HK$20.5 million (Previous Year: net profit of HK$25.4 million) during the year. This expansion is forecasted to positively contribute and impact the Group's revenue and profit as the business in Mainland China is currently in the seeding period and is expected to enter the harvesting period and achieve stronger economies of scale in the future.

The Group operates three CosMax+ medical aesthetic centres in prime and strategic locations, enabling it to attract and build a diverse customer base. All devices and treatments have been clinically evaluated by doctors before adoption to ensure the provision of safe and high-quality customised treatment services. In addition, drawing on its solid foundation built over the years, CosMax+ has established a leading position in the high-end medical aesthetics market.

The Group also operates three VITAE treatment centres in prime locations. The brand emphasises the need to maintain an optimal balance between beauty and health, so that customers have beauty that emanates from within. By adhering to the above service philosophy for a year, VITAE has already built a steadily expanding customer base. After the COVID-19 pandemic was brought under control, both footfall and revenue of the VITAE centres have increased substantially. As public awareness of health and beauty increases, the Group believes that "healthy beauty" will become a new trend in the market and VITAE will further contribute to the Group's overall customer base, revenue and profitability.

XOVĒ is a premium skincare product line developed by a team of Swiss skincare experts. At the end of the Year Under Review, the Group had 10 retail stores in first-tier shopping malls in Hong Kong and promoted and sold its products online through various platforms in Mainland China and Hong Kong. During Year Under Review, XOVĒ officially landed Sephora, an internationally renowned beauty product retail group, in Mainland China. With more than 350 stores across Mainland China, Sephora has provided an excellent platform for the Group and XOVĒ to raise brand awareness. The Group also plans to launch new product lines during the year to further enlarge its market share and attract more potential customers.

In order to enhance the image of the brands and secure new customers, the Group launched a number of advertising and promotional activities during the Year Under Review.

In April 2022, CosMax+ expanded its Central branch and relocated the store to New World Tower. The new store is more spacious and has a stronger artistic atmosphere, creating a superior and more comfortable treatment experience for customers. In the same year, CosMax+ collaborated with international fashion magazine VOGUE to interview socialites and entrepreneurs, who shared their insights on beauty based on the theme "Authentic Beauty". The campaign has helped CosMax+ strengthen its "exquisite beauty" brand image among consumers. The brand also introduced new medical aesthetic equipment and products, including Sofwave™, to provide more diversified treatment services.

Observing the growing market demand for facial contouring treatments, medical aesthetic brand VITAE upgraded its "FaceGym™ treatment in November 2022 and once again invited international celebrity Fala Chen to take part in a series of promotional videos, which received positive feedback from the market. Both CosMax+ and VITAE received the "Quality Service Recognition" from the Hong Kong Retail Management Association (HKRMA) this year, recognising the brands' achievements in providing consumers with quality medical aesthetic services.

As for XOVĒ, the brand has increased the number of sales outlets to ten. To complement the upgrade of the official website, XOVĒ has optimised the interface and operation process to improve the user experience and further deepen its omni-channel advantage. Meanwhile, as a way to raise brand awareness and strengthen relationships with customers, XOVĒ held a two-day "White Truffle Five Senses Journey" event at Rosewood Hong Kong in November 2022. The event garnered widespread attention, inviting more than 100 socialites, celebrities and loyal customers, and was widely covered by the media. In addition, XOVĒ engaged celebrities and internet celebrities, including Kary Ng, Cecilia Choi and Cecilia Yeung, to promote the benefits of XOVĒ products and raise brand recognition. The brand also participated in the "Pink Revolution" campaign organised by the Cancer Fund for the second year in a row, demonstrating its commitment to corporate social responsibility and deepening its positive brand image.

In addition to capitalising on the rapid growth momentum of the medical aesthetic industry in the past few years, the Group has also actively made long-term deployments for its future business development. Its entry into the Mainland China market during the Year Under Review represented one of the major strategic milestones for the Group, and the advertising and promotional activities have had a positive impact on the Group's sales. It is expected that the Group's brands will bring more financial and non-financial contributions to the Group, especially when the Mainland business enters the harvest period and gains economies of scale, thereby supporting the Group's overall performance.

FINANCIAL REVIEW

Revenue

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

Our Group's revenue amounted to approximately HK$463.1 million for the Year Under Review, representing an increase of approximately HK$99.2 million or 27.3% as compared with HK$363.9 million for the Previous Year. During the Year Under Review, our Group opened 1 new treatment centre and 6 retail stores for the sale of skincare products. By implementation of effective market promotions which increase the public awareness for our brands, revenue from both treatment services and sale of skincare products increased significantly as compared to Previous Year.

	For the year ended 31 March			
	2023		2022	
	HK$'000	*%*	*HK$'000*	*%*
Treatment services	**333,213**	**72.0**	289,096	79.4
Skincare products	**129,573**	**28.0**	74,295	20.5
Medical consultation services	**9**	**0.0**	15	0.0
Prescription and dispensing of medical products	**322**	**0.0**	509	0.1
Total revenue	**463,117**	**100.0**	363,915	100.0

(i) Revenue from treatment services

Revenue from treatment services amounted to approximately HK$333.2 million for the Year Under Review and approximately HK$289.1 million for the Previous Year, representing 72.0% and 79.4% of our total revenue, respectively. The increase of approximately HK$44.1 million or 15.3% was primarily due to (1) introduction of new treatment services; (2) steady expanding customer base of VITAE; (3) the implementation of effective market promotions which increase the public awareness of the brands and (4) decrease in number of days that the Group's medical aesthetic centres were closed during the Year Under Review (Year Under Review: 20 days; Previous Year: 84 days).

(ii) Revenue from sale of skincare products

Skincare products represents series of products include cleanser, toner, serum, moisturiser, eye care products, ultraviolet (UV) protection products and masks, etc, which backed up by scientific research team in Switzerland.

Revenue from sale of skincare products amounted to approximately HK$129.6 million for the Year Under Review and approximately HK$74.3 million for the Previous Year, representing 28.0% and 20.5% of our total revenue, respectively. The increase of approximately HK$55.3 million, or 74.4%, was primarily due to (1) well acceptance of our existing & new products; (2) loyalty of customers built over the years; and (3) increase in brand awareness and sales in Mainland China.

(iii) 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 skincare products which are dispensed at our medical aesthetic centres.

Revenue from prescription and dispensing of medical products amounted to approximately HK$0.3 million for the Year Under Review and approximately HK$0.5 million for the Previous Year, representing 0.0% and 0.1% of our total revenue, respectively.

Other income and gain, net

Other income and gain, net amounted to approximately HK$9.4 million for the Year Under Review and HK$1.3 million for the Previous Year. The increase of approximately HK$8.1 million or 623.1% was primarily due to approximately HK$6.7 million government subsidies received in relation to Employment Support Scheme and other subsidy scheme under the Anti-epidemic Fund during the Year Under Review, whereas there was approximately HK$0.6 million government subsidies received in Previous Year.

Cost of inventories and consumables

Cost of inventories and consumables amounted to approximately HK$47.4 million for the Year Under Review and HK$29.0 million for the Previous Year. The increase of approximately HK$18.4 million or 63.4% was primarily due to increase in revenue during the Year Under Review.

Staff costs

Staff costs increased by approximately HK$52.2 million, or 41.7%, from approximately HK$125.3 million for the Previous Year to approximately HK$177.5 million for the Year Under Review. The increase in staff costs during the Year Under Review was mainly attributable to the increase in number of staff due to 6 retail stores for the sale of skincare products opened during the Year Under Review and 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.

Property rentals and related expenses

Property rentals and related expenses and depreciation of right-of-use assets increased by approximately HK$21.4 million, or 44.0%, from approximately HK$48.6 million for the Previous Year to HK$70.0 million for the Year Under Review. The increase was primarily due to full year impact for the 2 new treatment centres opened in Previous Year and 6 retail stores for the sale of skincare products opened during the Year Under Review.

Depreciation of property, plant and equipment

Depreciation expenses in relation to property, plant and equipment increased by approximately HK$19.6 million, or 79.0%, from approximately HK$24.8 million for the Previous Year to approximately HK$44.4 million for the Year Under Review.

Other expenses, net

Set forth below is a breakdown of our other expenses, net during the years ended 31 March 2023 and 2022:

	2023	2022	
	HK$'000	*HK$'000*	% change
Credit card commission	**15,722**	8,658	81.6
Advertising and promotion expenses	**62,229**	47,829	30.1
Repair and maintenance fees	**4,740**	3,939	20.3
Professional fees	**7,947**	4,494	76.8
Donations	**129**	29	344.8
Consultancy fees	**18,723**	13,236	41.5
Loss on disposal of items of property, plant and equipment, net	**–**	3	(100.0)
Others	**43,981**	24,996	76.0
	153,471	103,184	48.7

Other expenses, net increased by approximately HK$50.3 million from approximately HK$103.2 million for the Previous Year to approximately HK$153.5 million for the Year Under Review. The increase was primarily attributable to (1) increase in operation scale; and (2) higher advertising expenses for the launch of new promotions and active promotional campaigns mounted on various social media platforms to increase the public awareness of the brands.

Finance costs

Finance costs increased by approximately HK$0.7 million from approximately HK$3.0 million for the Previous Year to approximately HK$3.7 million for Year Under Review.

Income tax

Income tax expense amounted to approximately HK$5.8 million for the Previous Year and income tax credit of approximately HK$3.4 million for the Year Under Review. The tax credit was primarily attributable to deferred tax during the Year Under Review.

Loss for the year

Loss attributable to the owners of the Company was approximately HK$20.5 million for the Year Under Review.

DIVIDEND

The Board does not recommend or declare the payment of any dividend for the Year Under Review (2022: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

Financial Resources

We continue to maintain a stable financial position with cash and cash equivalents HK$116.9 million as at 31 March 2023 (2022: HK$65.7 million). Our working capital, excluding those lease liabilities relating to properties leased for own use, was HK$31.2 million (2022: HK$35.1 million). With our steady cash inflow from operations, coupled with sufficient cash and bank balances, we have adequate liquidity and financial resources to meet the working capital requirements as well as to fund its budgeted expansion plans in the next financial year.

As at 31 March 2023, most of our cash and bank balances were denominated in Hong Kong Dollar, United State Dollar and Renminbi.

INDEBTEDNESS

Interest-bearing Bank Borrowings

As at 31 March 2023, our Group had approximately HK$19.2 million outstanding interest-bearing bank borrowings (2022: Nil).

Contingent Liabilities and Guarantees

As at 31 March 2023, our Group had no significant contingent liabilities and guarantees (2022: Nil).

Charge of Assets

As at 31 March 2023, there was no charge on the assets of our Group except for the time deposits of approximately HK$62.4 million (2022: approximately HK$62.5 million) pledged for banking facilities as security for credit card services programmes.

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings divided by total share capital and reserves, was approximately 12.7% as at 31 March 2023 (2022: 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 2023 and 2022.

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 2023, nor were there any material acquisitions or 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 2023, the Group has a total of 314 employees (2022: 366). Staff costs, including Directors' remuneration, of our Group were approximately HK$177.5 million for the year ended 31 March 2023 (2022: approximately HK$125.3 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

The business environment in Hong Kong remained challenging during the Year Under Review. Nevertheless, the Group did not slow down its pace of development amid the uncertain economic environment. Instead, it actively formulated deployment plans and invested resources to capture the anticipated surge in demand for medical aesthetic services and products following the pandemic. During the Year Under Review, the Group launched a number of advertising and promotional activities, including the expansion and relocation of the CosMax+ Central branch to enhance customer experience with a brand-new environment and facilities. In addition, socialites and entrepreneurs were invited to share their insights on "Authentic Beauty"; VITAE also worked with international celebrity Fala Chen again for advertising and promotion. With the omni-channel advantage, XOVĒ launched several product promotion projects with celebrities and influencers, and organised large-scale customer events to enhance brand awareness and customer loyalty. The aforementioned advertising and promotional activities further enhanced the image of the three brands and attracted new customers.

As the core brand of the Group, in addition to enhancing its brand image and continuing to introduce new treatment services in the past year, CosMax+ is also actively considering the expansion of its existing business scope in order to serve more customers and provide them with a wider and more comfortable space, thus optimising and enriching the customer experience.

Since launch, VITAE has established a steadily growing customer base. In the future, it will continue to uphold the concept of "maintaining a perfect balance between beauty and health, and emanating beauty from within", and serve more customers who value "healthy beauty".

During Year Under Review, XOVĒ was officially staged in Sephora, a world-renowned beauty retail group, in Mainland China. Sephora has more than 350 stores in Mainland China, offering an excellent platform for the Group and XOVĒ to increase brand awareness. In order to expand and improve the coverage of its products, the Group plans to launch new product series during the year to attract more potential customers.

Although marketing expenses and other expenses increased during the year due to the development of the Mainland market, the Group's financial position remained healthy, with a significant increase in revenue from the Previous Year and ample cash to support future development.

With the containment of the COVID-19 pandemic and the government's economic stimulus measures, consumer confidence has continued to improve, and the number of tourists visiting Hong Kong has gradually increased. The Group is optimistic about the local market and future economic recovery. In addition to the investments made last year to prepare for the post-COVID rebound, the team has worked hard to expand into new markets and mapped out the Group's future development. Some plans are already beginning to bear fruit. Among them, the sales of XOVĒ products in Sephora, for the first three months in Mainland China were encouraging, and it ranked among Sephora's best-selling beauty brands in Mainland China, marking a significant step forward for the brand and the Group's growth in the country.

From 2023 to 2024, the Group will strive to build on the foundation it has established over the years and consolidate the development of the past year for long-term, steady growth. Leveraging its good reputation and loyal customer base, coupled with the strategic long-term business layout, the Group is confident that it can continue to utilise its advantages in the future, maintain its leading position in the market, further increase its revenue and profit contribution, and create returns for shareholders and long-term value for stakeholders.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held on Friday, 15 September 2023. 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, 11 September 2023 to Friday, 15 September 2023 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 8 September 2023.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 March 2023, 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 2023, the Company had complied with all the applicable code provisions of the CG Code, except the deviation stipulated below.

According to the code provision C.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 C.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

There was no significant event occurred after the reporting period.

REVIEW OF FINANCIAL STATEMENTS

An audit committee of the Company (the "Audit Committee") has been established by the Board with specific written terms of reference following the Rules 3.21 to 3.23 of the Listing Rules and the CG Code. The Audit Committee comprises three INEDs, 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.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 March 2023, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

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

Hong Kong, 26 June 2023

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.