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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 2022

HIGHLIGHTS

- The Group's revenue amounted to approximately HK\$363.9 million for the year ended 31 March 2022, representing an increase of approximately HK\$235.0 million or 182.3% as compared to approximately HK\$128.9 million for the year ended 31 March 2021.
- Profit attributable to the owners of the Company was approximately HK\$25.4 million for the year ended 31 March 2022, while loss of approximately HK\$12.7 million was recorded for the year ended 31 March 2021.
- Basic earnings per share for the year ended 31 March 2022 amounted to HK6.35 cents (2021: Loss per share of HK3.16 cents).
- The Board does not recommend or declare the payment of any dividend for the year ended 31 March 2022.

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 2022 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 2022

	Notes	2022 HK\$'000	2021 HK\$'000
REVENUE	5	363,915	128,871
Other income	5	1,314	12,753
Cost of inventories and consumables		(29,038)	(12,990)
Staff costs		(125,341)	(70,889)
Property rentals and related expenses		(48,641)	(21,166)
Depreciation of property, plant and equipment		(24,797)	(12,971)
Other expenses		(103,184)	(37,976)
Finance costs	7	(3,027)	(1,849)
PROFIT/(LOSS) BEFORE TAX	6	31,201	(16,217)
Income tax credit/(expense)	8	(5,819)	3,564
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		25,382	(12,653)
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		314	(4)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		25,696	(12,657)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic and diluted	10	HK6.35 cents	HK(3.16) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		117,678	34,498
Right-of-use assets		129,898	42,719
Goodwill		4,305	4,305
Deposits		16,794	5,820
Deferred tax assets		8,033	6,815
		<hr/>	<hr/>
Total non-current assets		276,708	94,157
CURRENT ASSETS			
Inventories		37,969	14,154
Trade receivables	<i>11</i>	2,237	16,263
Prepayments, other receivables and other assets		31,259	24,966
Tax recoverable		485	3,476
Pledged time deposits		62,476	57,346
Cash and cash equivalents		65,680	161,773
		<hr/>	<hr/>
Total current assets		200,106	277,978
CURRENT LIABILITIES			
Trade payables	<i>12</i>	7,829	2,076
Other payables and accruals		20,467	6,616
Contract liabilities and deferred revenue		130,238	168,182
Provision for reinstatement costs		2,044	483
Lease liabilities		37,997	16,948
Tax payable		4,419	–
		<hr/>	<hr/>
Total current liabilities		202,994	194,305
NET CURRENT ASSETS/(LIABILITIES)		(2,888)	83,673
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		273,820	177,830
		<hr/>	<hr/>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	2,802	1,604
Provision for reinstatement costs	10,161	5,114
Lease liabilities	89,587	25,538
	<hr/>	<hr/>
Total non-current liabilities	102,550	32,256
	<hr/>	<hr/>
Net assets	171,270	145,574
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Issued capital	4,000	4,000
Reserves	167,270	141,574
	<hr/>	<hr/>
Total equity	171,270	145,574
	<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 18/F, Nan Fung Tower, 88 Connaught Road Central, Central, 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9,
HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform — Phase 2

*Covid-19-Related Rent Concessions beyond 30 June
2021*

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy. The amendment did not have any significant impact on the financial position and performance of the Group.
- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has adopted the amendment on 1 April 2021 and applied the practical expedient during the year ended 31 March 2022 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of HK\$1,297,000 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 2022. There was no impact on the opening balance of equity as at 1 April 2022.

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 2022 and 2021 and non-current assets as at 31 March 2022 and 2021.

(a) Revenue from external customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	350,547	126,057
The PRC	<u>13,368</u>	<u>2,814</u>
	<u><u>363,915</u></u>	<u><u>128,871</u></u>

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

(b) Non-current assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	255,003	80,427
The PRC	<u>664</u>	<u>1,214</u>
	<u><u>255,667</u></u>	<u><u>81,641</u></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 2022 and 31 March 2021, 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers		
Treatment services	289,096	108,417
Skin care products	74,295	19,915
Medical consultation services	15	31
Prescription and dispensing of medical products	509	508
	<u>363,915</u>	<u>128,871</u>

An analysis of other income is as follow:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income		
Bank interest income	494	2,739
Government subsidies	648	9,625
Others	172	389
	<u>1,314</u>	<u>12,753</u>

6. PROFIT/(LOSS) BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Employee benefit expenses (excluding Directors' remuneration):		
Salaries, bonuses and other allowances	111,088	60,516
Retirement benefit scheme contributions (defined contribution scheme)	4,669	2,213
	<u>115,757</u>	<u>62,729</u>
Depreciation of property, plant and equipment	24,797	12,971
Depreciation of right-of-use assets	34,991	18,329
Impairment/(reversal of impairment) of trade receivables, net	(92)	100
Loss on disposal/write-off of items of property, plant and equipment, net	3	269
Foreign exchange differences, net	(266)	(176)
	<u>(266)</u>	<u>(176)</u>

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on lease liabilities	<u>3,027</u>	<u>1,849</u>

8. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at a rate of 16.5% (2021: 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 (2021: 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%.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current		
— Charge for the year	5,792	83
— Overprovision in prior years	47	(21)
Deferred tax	<u>(20)</u>	<u>(3,626)</u>
Total tax charge/(credit) for the year	<u>5,819</u>	<u>(3,564)</u>

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: 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 profit for the year attributable to ordinary equity holders of the Company of HK\$25,382,000 (2021: loss of HK\$12,653,000), and the weighted average number of ordinary shares of 400,000,000 (2021: 400,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2022 and 31 March 2021.

11. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade and credit card receivables	2,188	16,344
Others	85	47
	<u>2,273</u>	<u>16,391</u>
Impairment	(36)	(128)
	<u><u>2,237</u></u>	<u><u>16,263</u></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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	812	15,559
1 to 3 months	847	669
Over 3 months	578	35
	<u>2,237</u>	<u>16,263</u>

12. TRADE PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Third party suppliers	<u>7,829</u>	<u>2,076</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	<u>7,829</u>	<u>2,076</u>

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 2022 (the “Year Under Review”), the Group’s revenue increased by HK\$235.0 million, or 182.3%, to HK\$363.9 million when compared with that of the year ended 31 March 2021 (“Previous Year”). The notable climb was mainly due to improved consumer sentiments with the COVID-19 pandemic situation contained. The Group has set up new treatment centres and retail stores during the Year Under Review, together with help from the Consumption Voucher Scheme, sales increased significantly. As a result, the Group turned profitable for the Year Under Review with profit amounting to approximately HK\$25.4 million (Previous Year: net loss of approximately HK\$12.7 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 29 treatment rooms. While Tsim Sha Tsui centre and Central centre occupy 6,050 sq ft and 4,920 sq ft, respectively and they have up to 17 and 14 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 2022, the Group had over 300 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.

The Group has unveiled a new beauty brand “VITAE” with a new collective standard called “Healthy Beauty”. Mrs. Gigi Ma, founder of the brand, emphasizes the principle of “Inner health realizes external beauty”, thus established the brand with the philosophy of balancing beauty, maintaining a perfect balance between beauty and health, and emanating beauty from within. That is what inspired the concept of VITAE — Wellness Beauty services. With health awareness increasing among people, the Group believes “healthy beauty” will be the new market trend. The Group currently operates three VITAE treatment centres in prime locations, providing over 60 service rooms.

Quality skin care products brand XOVĒ, a new skin care product line created by the responsible Swiss skin care research team, are offered to customers complementing treatments for delivering optimum results. As at 31 March 2022, the Group operated five retail stores in first-tier shopping malls in Hong Kong, and has been promoting our products online through various online platforms both in Mainland China and Hong Kong, including T-mall (天貓), Xiaohongshu (小紅書), Douyin (抖音) and Mini program (小程序).

The Group is well-prepared to capture more potential customers capitalizing on its continuous effort to seize opportunities to deepen market penetration by using effective marketing strategies and opening new skin care products retail stores in Hong Kong in FY2023.

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 skin care products to our clients.

Our Group's revenue amounted to approximately HK\$363.9 million for the Year Under Review, representing an increase of approximately HK\$235.0 million or 182.3% as compared with HK\$128.9 million for the Previous Year. During the Year Under Review, our Group opened 2 new treatment centres and 5 retail stores for the sale of skin care products. By implementation of effective market promotions which increase the public awareness for our brands, revenue from both treatment services and sale of skin care products were increased significantly as compared to Previous Year.

	For the year ended 31 March			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Treatment services	289,096	79.4	108,417	84.1
Skin care products	74,295	20.5	19,915	15.5
Medical consultation services	15	0.0	31	0.0
Prescription and dispensing of medical products	509	0.1	508	0.4
Total revenue	<u>363,915</u>	<u>100.0</u>	<u>128,871</u>	<u>100.0</u>

(i) Revenue from treatment services

Revenue from treatment services amounted to approximately HK\$289.1 million for the Year Under Review and approximately HK\$108.4 million for the Previous Year, representing 79.4% and 84.1% of our total revenue, respectively. The increase of approximately HK\$180.7 million or 166.7% was primarily due to 2 new treatment centres has been opened during the Year Under Review and the implementation of effective market promotions which increase the public awareness of the brands.

(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 XOVĒ, which backed up by scientific research team in Switzerland.

Revenue from sale of skin care products amounted to approximately HK\$74.3 million for the Year Under Review and approximately HK\$19.9 million for the Previous Year, representing 20.5% and 15.5% of our total revenue, respectively. The increase of approximately HK\$54.4 million, or 273.4%, was primarily due to 5 retail stores for the sale of skin care products has been launched during the Year Under Review.

(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 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 both Year Under Review and Previous Year, representing 0.1% and 0.4% of our total revenue, respectively.

Other income

Other income amounted to approximately HK\$1.3 million for the Year Under Review and HK\$12.8 million for the Previous Year. The decrease of approximately HK\$11.5 million or 89.8% 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 in Previous Year, whereas there was approximately HK\$0.6 million government subsidies received during the Year Under Review.

Cost of inventories and consumables

Cost of inventories and consumables amounted to approximately HK\$29.0 million for the Year Under Review and HK\$13.0 million for the Previous Year, representing 8.0% and 10.1% of the total revenue, respectively.

Staff costs

Staff costs increased by approximately HK\$54.4 million, or 76.7%, from approximately HK\$70.9 million for the Previous Year to approximately HK\$125.3 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 staffs due to 2 new treatment centres and 5 retail stores for the sale of skin care 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\$27.4 million, or 129.2%, from approximately HK\$21.2 million for the Previous Year to HK\$48.6 million for the Year Under Review. The increase was primarily due to 2 new treatment centres and 5 retail stores for the sale of skin care 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\$11.8 million, or 90.8%, from approximately HK\$13.0 million for the Previous Year to approximately HK\$24.8 million for the Year Under Review.

Other expenses

Set forth below is a breakdown of our other expenses during the years ended 31 March 2022 and 2021:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	% change
Credit card commission	8,658	3,611	139.8
Advertising and promotion expenses	47,829	12,303	288.8
Repair and maintenance fees	3,939	2,496	57.8
Professional fees	4,494	3,613	24.4
Donations	29	29	0.0
Consultancy fees	13,236	6,917	91.4
Loss on disposal of items of property, plant and equipment, net	3	269	(98.9)
Others	24,996	8,738	186.1
	<u>103,184</u>	<u>37,976</u>	<u>171.7</u>

Other expenses increased by approximately HK\$65.2 million from approximately HK\$38.0 million for the Previous Year to approximately HK\$103.2 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 the 2 new treatment centres and increase the public awareness of the brands.

Finance costs

Finance cost increased by approximately HK\$1.2 million from approximately HK\$1.8 million for the Previous Year to approximately HK\$3.0 million for Year Under Review.

Income tax

Income tax credit amounted to approximately HK\$3.6 million for the Previous Year and income tax expenses of approximately HK\$5.8 million for the Year Under Review. The tax expense was primarily attributable to profit during the Year Under Review.

Profit for the year

Profit attributable to the owners of the Company was approximately HK\$25.4 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 HK\$65.7 million as at 31 March 2022 (2021: HK\$161.8 million). Our working capital, excluding those lease liabilities relating to properties leased for own use, was HK\$35.1 million (2021: HK\$100.6 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 2022, most of our cash and bank balances were 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 2022 and 2021:

	2022	2021	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>% change</i>
Net cash flows from operating activities	44,367	24,535	80.8
Net cash flows from/(used in) investing activities	(97,510)	52,197	(286.8)
Net cash flows used in a financing activity	(29,085)	(14,650)	98.5
Net increase/(decrease) in cash and cash equivalents	<u>(82,228)</u>	<u>62,082</u>	<u>(232.5)</u>

The Group's cash and cash equivalents were approximately HK\$65.7 million as at 31 March 2022, as compared to approximately HK\$147.6 million as at 31 March 2021. The decrease was due to capital expenditure incurred and deposit paid for the new treatment centres and retail stores.

Net Cash Flows From Operating Activities

For the year ended 31 March 2022, the Group's net cash flows from operating activities was approximately HK\$44.4 million, representing an increase of approximately HK\$19.8 million as compared with the year ended 31 March 2021. The increase was primarily attributable to the implementation of effective market promotions, which increase revenue from both treatment services and sale of skin care products.

Net Cash Flows Used In Investing Activities

For the year ended 31 March 2022, the Group's net cash flows used in investing activities was approximately HK\$97.5 million, which was primarily attributable to capital expenditure incurred and deposit paid for the new treatment centres and retail stores.

Net Cash Flows Used In Financing Activities

For the year ended 31 March 2022, the Group's net cash flows used in a financing activity was approximately HK\$29.1 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 2022, the Group had lease liabilities of approximately HK\$127.6 million (2021: approximately HK\$42.5 million).

CAPITAL COMMITMENTS

As at 31 March 2022, our Group had capital commitments in respect of the acquisition of items of property, plant and equipment of HK\$340,000 (2021: nil).

PROPERTY, PLANT AND EQUIPMENT

During the Year Under Review, the Group acquired items of plant and equipment amounting to approximately HK\$112.4 million (2021: approximately HK\$8.3 million).

INDEBTEDNESS

Interest-bearing Bank Borrowings

As at 31 March 2022, our Group had no outstanding interest-bearing bank borrowings (2021: Nil).

Contingent Liabilities and Guarantees

As at 31 March 2022, our Group had no significant contingent liabilities and guarantees (2021: Nil).

Charge of Assets

As at 31 March 2022, there was no charge on the assets of our Group except for the time deposits of approximately HK\$62.5 million (2021: approximately HK\$57.3 million) pledged for banking facilities as security for credit card instalments programmes.

Gearing Ratio

As at 31 March 2022, our Group had no interest-bearing bank borrowings (2021: 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 2022 and 31 March 2021.

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 2022, 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 2022, our Group has a total of 341 employees (2021: 195). Staff costs, including Directors' remuneration, of our Group were approximately HK\$125.3 million for the year ended 31 March 2022 (2021: approximately HK\$70.9 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

FY2022 was a challenging year due to the ongoing COVID-19 pandemic. The Group temporarily closed its treatment centres from 7 January 2022 to 21 April 2022 in response to the government's pandemic prevention measures. In view of the changing business environment under the new normal, we have reviewed and successfully fine-tuned our strategy and operation. We also set up new treatment centres and retail stores in FY2022 to further engage our customers. Thus, the Group achieved a record-high revenue of approximately HK\$363.9 million for the year.

As the Group's core brand, CosMax's excellent reputation and service standard enable us to capture the high growth in the medical aesthetic services market. As a result of the expansion of CosMax treatment centres in FY2022, our total service floor area now exceeds 23,000 sq. ft. The enlarged area, with a sublimated environment, will allow us to broaden our customer base while continuing to provide first-class services. We will continue to explore and diversify our treatment and service range to further enrich the CosMax customer experience.

In line with our vision of "balance, beauty and health" and the belief that "inner health realises external beauty", we introduced our second treatment brand, VITAE, in FY2022. We currently operate three VITAE treatment centres in prime locations, providing over 60 service rooms. We have successfully rolled out the FaceGym concept, which is one of the most well-known treatments in the market and built a strong foundation for VITAE's brand awareness across different media platforms. We developed VITAE's business model based on the expertise and knowhow of CosMax, with the aim of diversifying our business lines. The Group expects VITAE to experience a period of high growth in the next few years and create significant synergies between the two treatment brands.

In addition to treatment services, the Group also considers the daily skincare needs of its customers. Our product brand, XOVĒ, provides best-in-class products that have undergone years of research and development before being commercialised. We set up five retail stores for the brand in first-tier shopping malls in Hong Kong, as well as promoting our products online through various online platforms both in Mainland China and Hong Kong. In FY2023, we are planning to expand our product range as well as grow our footprint. On top of setting up new retail stores in Hong Kong in FY2023, we will also strengthen our presence in Mainland China based on the excellent market acceptance of the brand's products and reputation built. We are in discussion with various shopping malls, retail operators and online platforms to explore business opportunities both in Mainland China and Hong Kong.

The Group is committed to realising its mission of helping customers "master one's own beauty and be a masterpiece". We believe the high-quality services and products offered by our three independent but correlated brands will further strengthen our prominent market position and enable us to capture potentially lucrative opportunities. In spite of the economic cycles and challenges we are experiencing under the new normal, the Group maintains a positive outlook for FY2023. The local economy has showed steady recovery and we have experienced a strong rebound in the aesthetic industry. The Group expects a strong and resilient demand for medical aesthetic services, with a high growth rate in the coming years. The Group will continuously strive to provide premium treatment experiences and high-quality services and products, which in turn will create long-term value for its stakeholders.

ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) of the Company will be held on Friday, 23 September 2022. 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 Tuesday, 20 September 2022 to Friday, 23 September 2022, 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 Monday, 19 September 2022.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 March 2022, 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 2022, 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.

Since 1 January 2022, certain amendments to the CG Code has come into effect and the requirements under the revised CG Code will apply to all listed issuers for financial years commencing on or after January 1, 2022. The Board will continue to review and enhance the corporate governance practice of the Company to ensure compliance with the revised CG Code and align itself with the latest developments.

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

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 March 2022, 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 3.23 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 2021;
- the review of the interim results for the six months ended 30 September 2021;
- 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, 24 June 2022

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.